

ASEAN-ROK Cooperation Fund (AKCF) Manual

Working Draft

Prepared by

ASEAN-ROK Programme Management Team (AKPMT)



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List of Abbreviations

AEC	ASEAN Economic Community
AFRP	ASEC Financial Rules and Procedure
AKCF	ASEAN Korea Cooperation Fund
AKPMT	ASEAN-ROK Programme Management Team
AMS	ASEAN Member States
ASEAN	Association of South East Asian Nations
ASCC	ASEAN Socio Cultural Community
APSC	ASEAN Political Security Community
CLMV	Cambodia, Laos, Myanmar, Vietnam
CPR	Committee of Permanent Representative
DO	Desk Officer
DP	Dialogue Partner
ERD1	External Relation Division 1
FBD	Finance and Budget Division
FOCF	Future Oriented Cooperation Fund
GAAP	Generally Accepted Accounting Principles
IA	Implementing Agency
IAI	Initiative for ASEAN Integration
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
M&E	Monitoring & Evaluation
MOFA	Ministry of Foreign Affairs
PCR	Project Completion Report
ROK	Republic of Korea

SCF	Special Cooperation Fund
ToR	Terms of Reference
UN	United Nations
USD	United States Dollar

Chapter 1. Introduction: How to use this Manual

1.1. Objectives

The purpose of the AKCF Manual is to provide general information on operational rules and practices that are applicable to the ASEAN-ROK Cooperation Fund (AKCF) with the overall aim to maximize the effective utilization of the AKCF.

The main objective can be split up in two:

- 1) Improve **Transparency & Accountability** through ensuring better communication & information flow between various actors dealing with the AKCF. This includes ensuring that the AKCF Manual is supplemented with a compliance of the *Handbook Proposal for ASEAN Cooperation Projects*¹.
- 2) Increase **Ownership** by ensuring proper interventions for each stages of the AKCF project management cycle, and advise proponents/Implementing Agencies (IAs) to adhere to the AKCF regulations.

1.2. Target Audience

All actors involved in the AKCF management. This manual serves as a reference guide for existing proponents and Implementing Agencies (IAs) of the AKCF and as an introduction to the AKCF management for new arrivals. Some of the procedures suggested will need to be carried out by IAs and their project managers.

1.3 Contents of the Manual

Chapter 1 : Introduction

- Provides an overview of the handbook and its target users

Chapter 2: Overview of AKCF

- Provides background information on the

¹ <http://asean.org/storage/2012/05/Handbook-on-Proposal-Development-for-ASEAN-Cooperation-Projects-Final.pdf>

establishment of AKCF and AKPMT

Chapter 3: Application for AKCF

- Sets out the AKCF Eligibility Rules and provide procedures for all phases of the AKCF project management cycle.

Chapter 2. Overview of AKCF

2.1 Background

Following the establishment of sectoral dialogue relations between ASEAN and the ROK in 1989, the Korean government launched the ASEAN-ROK Special Cooperation Fund (SCF) in 1990 with an aim to enhance people to people exchanges. In 1996, the ASEAN-ROK Future-Oriented Cooperation Fund (FOCF) was further launched in order to implement cooperation projects outlined in the ASEAN-ROK Plan of Action. In 2015, SCF and FOCF were merged into AKCF with an annual contribution of 7 million US dollars. The total scale of contribution would be 88 million USD by the end of 2017.

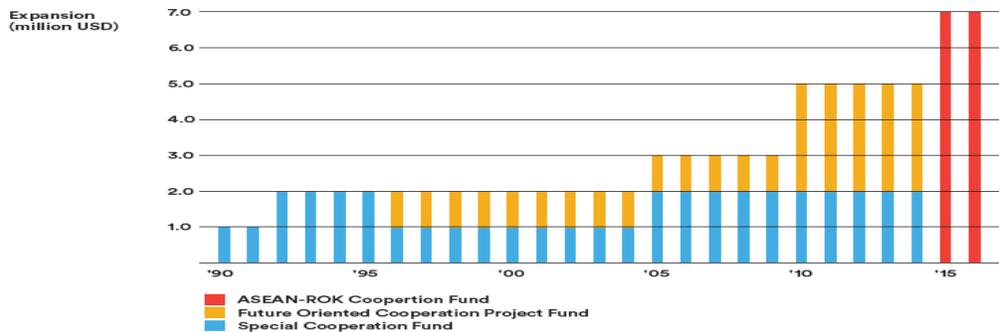


Figure 1. The Expansion of AKCF (1999-curent)

- From 1990 to 1991, the ROK contributed USD 1 million per year to the AKCF (after the establishment of the ASEAN-ROK sectoral dialogue partnership in 1989).
- From 1992 to 2004, the ROK increased its contribution to USD 2 million per year (after the establishment of a full dialogue partnership between ASEAN and the ROK in 1991).
- From 2005 to 2009, the ROK increased its contribution to USD 3 million per year (after the 15th anniversary of the dialogue partnership in 2004).
- From 2010 to 2014, the ROK increased its contribution to USD 5 million per year (after the 20th anniversary of the dialogue partnership in 2009).
- Since 2015, the ROK has increased its contribution to USD 7 million per year (after the 25th

anniversary of the dialogue partnership in 2014).

2.2. Framework

According to the Terms of Reference (ToR) of the AKCF adopted in 2015, AKCF shall provide funding for the implementation of cooperation projects initiated by ASEAN Member States (AMS) and the ROK under the Programme-based Approach of the ASEAN-ROK Cooperation Framework that should be reviewed and approved by ASEAN and the ROK every five years in accordance with the ASEAN-ROK Plan of Action.

The Framework is comprised of priority sectors, goals, and targets of the AKCF Cooperation projects. The First Framework, ***New Framework for the ASEAN-ROK Cooperation Fund (AKF) 2017-2020***, was adopted by ASEAN and the ROK in February, 2017 (Please refer to Appendix 2).

The overall goal of the Framework is to contribute to **the realization of the ASEAN Vision 2025** outlined in ASEAN's Political-Security, Economic, and Socio-Cultural Community Blueprints, in accordance with the selected priorities laid out in the ASEAN-ROK Plan of Action (2016-2020) (Please refer to Appendix 1).

The sectors of **i) education, ii) environment and iii) culture** are considered as the focal areas for the next four years (2017-2020) as they are areas in which the ASEAN-ROK Cooperation Fund has a comparative advantage and made great progress. In addition, for a cross-sectoral approach, the AKCF shall support **policy dialogue programmes** initiated by ASEAN-related agencies, think-tanks, UN agencies, international organizations, and other Dialogue Partners (DPs) of ASEAN are expected to create a conducive environment for the AKCF Framework.

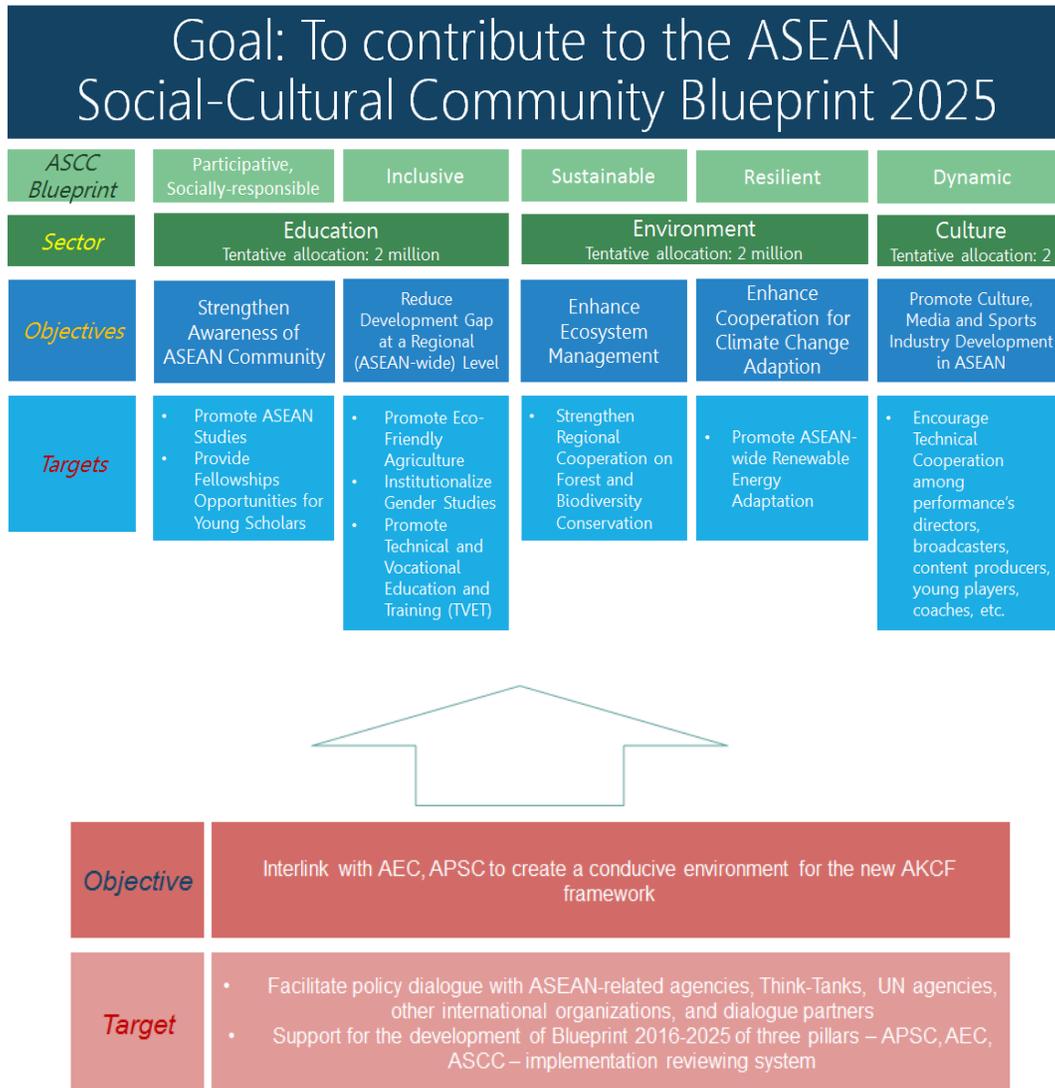


Figure 2. AKCF Framework 2017-2020

2.3 AKCF Logo

The AKCF logo was created with a view to enhancing the visibility of the AKCF to the wider audience and beneficiaries. When carrying out AKCF-supported projects, the AKCF logo should be used by AKCF supported projects in all soft and hard copy of project documents, project reports, publications, meeting materials and other kinds of promotional materials to indicate support from AKCF. The AKCF logo is available for download on the AKCF website². The logo can also be shared through e-mail by AKPMT upon request.



Figure 3. the AKCF logo

2.4 ASEAN-ROK Programme management Team (AKPMT)

The ASEAN-ROK Programme Management Team (AKPMT) was established at the end of 2016 under the funding of AKCF. For efficient utilization of overall AKCF, the AKPMT works closely with the ASEC and the relevant DOs in the transparent use of project fund under AKCF particularly in reviewing proposals, tracking the appraisal and approval process and monitoring of the project implementation.

The roles of the AKPMT include but not limited to:

- 1) To be a contact point for general enquiries from proponents
- 2) To assist in formulating and reviewing the concept note and project proposal
- 3) To maintain close coordination among the proponents, DOs of the ASEC and the MOFA ROK
- 4) To monitor the progress in AKCF supported projects and keep track on the approval process by updating AKCF Project Matrix
- 5) To receive and evaluate progress report for multi-year projects.

² http://www.aseanrokfund.com/eng/sub_01/sub_03.asp.

Chapter 3: Application for AKCF

3.1. Eligibility

Projects eligible for application should meet the following qualifications:

- 1) The project should enhance the cooperative relationship between ASEAN and the ROK → Please refer to the **ASEAN-ROK Plan of Action to Implement the Joint Declaration on Strategic Partnership for Peace and Prosperity (2016-2020)** (Appendix 1).
- 2) The project should be in line with the action lines laid out in the blueprints of the APSC, the ASCC, and the AEC so as to achieve the ASEAN Vision 2025 → Please refer to **the blueprints of the three ASEAN communities and the ASEAN Vision 2025** as well as **sectoral bodies' Work Plans**, Master Plan on ASEAN Connectivity 2025, and Initiative for ASEAN Integration (IAI) Work Plan III.
- 3) The project should be in line with the ASEAN-ROK Cooperation Fund Framework (2017-2020) → Please refer to **the New Framework for AKCF 2017-2020** (Appendix 2).
- 4) The project should generally engage **all ASEAN Member States (AMS)** as well as **the ROK**. However, for **the IAI Work Plan III** project, only CLMV countries can be the beneficiaries of the AKCF funded projects. In terms of the IAI accredited Project, only 2 countries from CLMV countries are allowed to be the main beneficiaries.

The followings are **the eligibility requirements of proponents and Implementing Agency (IA)** for AKCF-supported projects.

1) Eligible entities:

- i. ASEAN: ASEC, ASEAN Intergovernmental Organization, Ministries, Government-affiliated Organizations, Non-profit Organizations and Universities whose proposals have been endorsed or jointly proposed by a relevant ministry; and
- ii. ROK: Ministries, Government-affiliated Organizations, Public Associations and Foundations, Non-profit Organizations and Universities whose proposals have been endorsed or jointly proposed by a relevant ministry; and
- iii. International Organizations, subject to prior endorsement by the Ministry of Foreign Affairs of ROK and AMS.

2) Non-eligible entities:

- i. Individuals or for Profit Organizations;

3. 2. Proposal Formulation

AKPMT Consultation and Review in Proposal Formulation

The proponents are highly suggested to have consultation with the AKPMT on the proposal prior to the ASEC Project Appraisal and Approval Process to facilitate smooth approval of the proposal. The prior consultation with the AKPMT covers, but not limited to, the review of:

- 1) The budget proposal, which includes clarification on budget calculations based on the proper unit costs specified in the AKCF Pro-forma Cost (such as administrative support, per diem, travel expenses, as well as acceptable costing of the budget items included);
- 2) The ASEAN Cooperation Project Proposal format, which includes relevant annexes such as budget, indicative work plan, and ToR if applicable; and
- 3) Contents, which include, but not limited to, completeness of the information required for a proposal.

In this regard, proponents are requested to follow the below-mentioned practices and engage in sufficient consultation with the AKPMT before the official proposal submission.

Preparation of Concept Note

- 1) Before preparing the full ASEAN Project Proposal, the proponents are encouraged to prepare a Concept Note in AKCF format to be submitted through ASEC DO and/or AKPMT. The proponents are suggested to have an initial consultation with AKPMT and seek the preliminary view of ROK, and sectoral bodies.
- 2) A Concept Note may include, but not limited to, the following points in at least 2-3 pages; i) Project title, ii) Project Description, iii) Background and iv) Indicative budget. The template for the AKCF Concept Note is in Appendix 5.

It is highly recommended for the proponents to articulate the rationales for applying AKCF as well as how to ensure the ROK participation in the project activities.

Proposal Formulation

- 1) Project proposals should be **submitted in electronic copies**. Project proposals must be submitted to the ASEC at least 83 working days (or approximately 4

months and 1 week) for single sector projects, and 96 working days (or approximately 4 months and 3 weeks) for cross-sectoral projects prior to implementation.

- 2) Application for AKCF supported project should include: i) ASEAN Cooperation Project Proposal, ii) Annex 1. Budget Proposal. iii) Annex 2. Indicative Work Plan and iv) Annex 3. Notation on Additional Supporting Documents (where applicable) such as the ToR of IA. (See the Appendices the above-mentioned templates³). Incomplete submission will not be processed to the next step in the appraisal and approval process.
- 3) It is essential that proponents develop a project proposal following the guidelines provided in ***the Handbook on Proposal Development for ASEAN Cooperation Projects*** published by ASEC.
- 4) The proponents should make sure that the proposed project is not a replication of existing or past projects supported by AKCF, other Ministries of ROK or any other donor organizations. The proponents are suggested to further consult the AKPMT or DOs if it has further enquiries related to project proposal formulation.
- 5) The proposal should clearly mention that the support of ROK will be highlighted during the implementation by using AKCF logo in relevant documents and publications, also participation of Korean organizations/officials in relevant events.
- 6) The proposal should state that unspent balance and/or any interest earned from the fund should be returned to the AKCF account within 90 days of the project implemented.
- 7) For the multi-year project proposal, it should include **a paragraph on the submission of Annual Financial Interim Report, Annual Interim Report and Project Completion Report**. The annual reports shall be submitted within 30 days of every end of ASEC fiscal year⁴ while Project Completion Report (PCR) and Final Financial Report are within 60 days of the project implemented.
- 8) Each budget item in the budget proposal (Annex 1 of the full Project Proposal) should follow **the AKCF Pro-forma Cost** (Please refer to Appendix 3.) Other costs that are not stated in the Pro-forma Cost should be consulted with MOFA ROK through AKPMT.

³ The ASEAN Cooperation Project Proposal Format and templates are also available from ASEAN National Secretariats, External Relations Division 1 of ASEC, ASEC's official website (<http://www.asean.org/resources/asean-project-template>) and AKPMT's website (<http://www.aseanrokfund.org>).

⁴ AKCF-supported projects follow the ASEAN Secretariat (ASEC)'s fiscal year, which is from January to December.

- 9) In case the proponents differ from IA, the proponents are requested to annex the Terms of Reference (TOR) of IA to the ASEAN Cooperation Project Proposal, including sub-contractor information as well as detailed allocation of budget where applicable. The proponents are also expected to select a qualified IA in accordance with their own rules and regulations. Otherwise, the ASEC Financial Rules and Procedures (AFRP) shall be applied. Moreover, where applicable, the proponent/IA is expected to select a qualified sub-contractor in accordance with their own rules and regulations. The proponent/IA is requested to provide justification of the selection or explanation of selection method in the proposal.
- 10) Proposals for multi-year project with the total budget of USD 1,000,000 and above are encouraged to conduct **external audit** at the end of the project. Relevant cost should be included in the budget plan.

3.3. Appraisal and Approval

Proponents should follow the following procedure, beginning with the submission of a concept paper to the completion of the project.

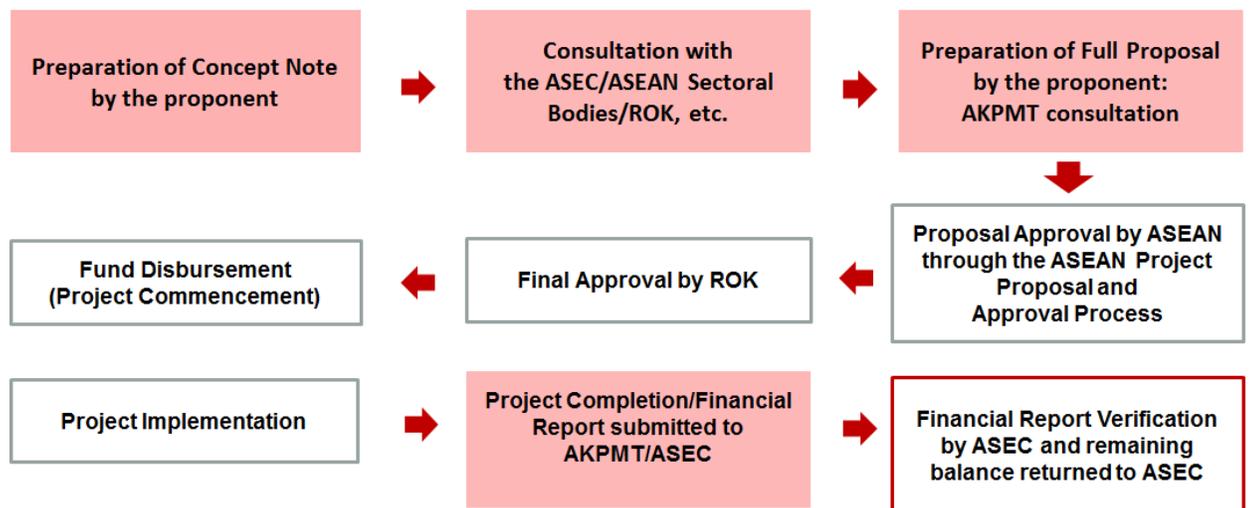


Figure 4. Flow Chart of the Process

3.4. Implementation

After a project proposal is approved, the project will follow the following process from the fund disbursement to the completion. The process of project implementation

through project completion under AKCF is as follows:

- 1) The project is approved by ASEAN and ROK.
- 2) DO informs the proponents of the approval of the project.
- 3) Once a project is approved, DO sends Disbursement Letter to the fund recipient within 5 working days of approval. The fund recipient is requested to return Disbursement Letter with the counter-signature as well as the bank account information for the disbursement of approved project to the DO.
- 4) The fund will be disbursed in tranches. ASEC disburses initial disbursement of the approved budget to the designated bank account of the fund recipient [Project commencement date]. The proponents should submit the First Tranche Financial Report for the next tranche (if applicable) with financial summary and supporting documents. For multi-year projects, the proponents will also submit Annual Interim Report and Annual Financial Interim Report (as of 31 December) within days after end of ASEC fiscal year (January – December).
- 5) IA conducts the project activities according to the Indicative Work Plan, which is an integral part of the approved proposal. The final project activity mentioned in the Indicative Work Plan is conducted [Project implemented date]

3.5. Monitoring and Evaluation

IA assumes a primary responsibility for monitoring the progress of project activities and reporting it to ASEAN and/or the ROK through the proponents based on the management arrangements and monitoring methods as indicated in the approval proposal.

The monitoring by IA should capture tangible outputs, which should be reported in annual interim report as well as the PCR. Items to monitor and report include but not limited to:

- 1) The number and types of participants who benefited from each activity
- 2) Key results from each activity such as workshops, studies and reports
- 3) Progress of activities in light of project objectives and expected outputs stated in the proposal; and
- 4) Necessary follow-up actions if any.

To capture the outputs, various monitoring methods can be used e.g. surveys/questionnaires, reviews, interviews, site visits, focus group interviews.

As part of monitoring, IA is encouraged to coordinate closely with DOs of the ASEC and the AKPMT. If substantial changes such as budget and timeframe are made in

implementation, especially in the Indicative Work Plan, IA is required to inform the DO, through the proponents, so that the DO can inform the Mission of ROK through AKPMT accordingly.

The monitoring report, if any, should be shared with the relevant ASEAN Body through ASEC DO as well as the AKPMT for review and retention. With regard to any M&E related concerns, the IAs are invited to consult directly with the AKPMT. The AKPMT can provide technical assistance, advice and guidance and clarify procedures to assist IA at the earliest stages for project development (from the concept note to the full project proposal).

The AKPMT shall carry out field monitoring under the budget of the project, if needed. If the project is not in line with the approved project and operation method, the proponents shall be imposed disadvantages in carrying out future projects.

3.6. Completion and Reporting

Within 60 days after the project implemented, the proponents are requested to submit a Project Completion Report (PCR) and Final Financial Report together with financial summary and the remaining financial supporting documents to ERD1 of ASEC. The proponents are requested to prepare two sets of reports since the original reports are requested to submit to the ASEAN Secretariat and the copy version is submitted to AKPMT. The project completion and financial reports shall follow ASEAN Template which can be downloaded at www.asean.org.⁵

In case where proponents have not submitted these two reports for project completion, funding for the next project will be withheld until the pending report is settled.

Financial Report Verification by Finance and Budget Division (FBD) of ASEC

FBD of ASEC verifies the financial supporting documents and informs the proponent/IA, through DOs of ASEC, of the amount of final disbursement from ASEC or unspent balance and/or any interest earned from the project fund to be refunded to ASEC. Any findings during the verification process should be followed up and settled (i.e. lack of supporting documents, miscalculation of expenditure, deviation from the approved budget proposal, etc.) by FBD through DOs of ASEC. Once all the follow up actions have been taken and settled, FBD will inform DOs and ERD1 of ASEC and AKPMT, by which the verification is considered completed.

If the deviations from the approved budget proposal have been found during verification process, the proponents may be requested to refund the amount paid for

⁵ <http://asean.org/resource/asean-project-templates/>

the unapproved/overspent budget items and it shall be impose disadvantages for the proponents in carrying out future projects.

Refund of Unspent Balance and Accrued Interest

The unexpended balance of any project and activities under the funded project shall be returned to the ASEAN-ROK Cooperation Fund account through FBD of the ASEAN Secretariat within sixty (60) days after the completion of the project.

Appendix 1: ASEAN-ROK Plan of Action 2016-2020

Appendix 2: New Framework for AKCF 2017-2020

Appendix 3: AKCF Pro-forma Cost

Appendix 4: Q & A on AKCF Pro-forma Cost

Appendix 5: AKCF Project Concept Note Template

Appendix 6: Full Project Proposal Template

Appendix 7: Disbursement Letter Template