

2012 MEMORANDUM OF UNDERSTANDING BETWEEN THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND THE ASIAN DEVELOPMENT BANK

Signed in Phnom Penh, Cambodia on 4 April 2012

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The Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB), (hereinafter individually referred to as the "Party" and collectively as "the Parties")

BEING advocates of regionalism with the mutual desire to help accelerate the ASEAN regional cooperation and integration (RCI) process;

NOTING the RCI strategies, goals and targets are embodied in their respective strategic documents; namely, ASEAN's Roadmap for an ASEAN Community 2009-2015 and the Master Plan on ASEAN Connectivity (MPAC), and ADB's RCI Strategy, 2006 and its Long-Term Strategic Framework 2008-2020 (Strategy 2020);

SHARING a common goal in promoting RCI as a means of harnessing the potentials of the region and its sub-regions to make it cohesive, more competitive and adaptive to the changing global environment towards the improvement of the quality of life of the people in the region;

CONSIDERING the Memorandum of Understanding for Administrative Arrangements between the ASEAN Secretariat (ASEC) and ADB (2006-2010) (MOU), and

DESIRING to build upon this established cooperation between ASEC and ADB; and

AGREEING that cooperation rests on the adherence to their respective charters and on the implementation of their respective strategic frameworks while serving the mutual interests of the Parties,

HAVE REACHED THE FOLLOWING UNDERSTANDING:

ARTICLE 1 OBJECTIVE

- 1.1 The Parties agree to cooperate in supporting and accelerating the RCI process within the ASEAN region, guided by the following principles:
- a. conform to the consensus-building process in ASEAN;
 - b. recognize and engage the sub-regional economic cooperation programs;
 - c. exercise flexibility in light of emerging concerns and institutional reprioritization;
 - d. work within available resources, and leverage additional ones;
 - e. promote country and regional ownership of development policies and programs;
 - f. uphold the confidentiality prerogatives of Parties;
 - g. build cooperation on transparent relationships; and

- h. explore areas of cooperation and keep each other informed.
- 1.2 The Parties aim to leverage on the MOU to continue the technical support to ASEAN in promoting regional cooperation and integration.

ARTICLE 2

SCOPE AND AREAS OF COOPERATION

- 2.1 The Parties mutually agree to focus their cooperation in the following areas:
- a. implementation of connectivity projects, including the physical, institutional and people-to-people projects identified in MPAC, and the priority infrastructure-related connectivity projects being prepared at the sub-regional levels, all of which would act as concrete building blocks to the establishment of an ASEAN Community and test beds in the implementation of ASEAN agreements;
 - b. deeper and extended financial and capital market integration, including ADB's support to the Roadmap for Monetary and Financial Integration of ASEAN, ASEAN Capital Market Forum, ASEAN Infrastructure Fund (AIF) and Asian Bond Markets Initiative (ABMI) to help better intermediate the region's significant national savings to productive investments, including in physical infrastructure, and to finance private sector development along and around developing regional and subregional economic corridors;
 - c. supporting the East Asia Summit (EAS) process and the ASEAN+3 Finance Ministers' process;
 - d. facilitating the process of institutionalizing ADB's participation, as appropriate, in ASEAN organized meetings in support of ADB's regional cooperation and integration role;
 - e. macroeconomic surveillance and monitoring of regional economic integration including ADB's support for the ASEAN Surveillance Process (ASP), ASEAN+3 Economic Review and Policy Dialogue (ERPD), the Chiang Mai Initiative Multilateralisation (CMIM), and the establishment of the ASEAN Integration Monitoring Office (AIMO);
 - f. fostering environmentally sustainable growth, initially through the promotion of energy efficiency, renewable energy and climate change adaptation and mitigation;
 - g. supporting the implementation of the ASEAN Integrated Food Security Framework (AIFS) and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS);
 - h. facilitating agricultural and commodity-based development through improved trade facilitation, including with respect to food safety and sanitary and phyto-sanitary (SPS) standards;

- i. supporting trade integration, including feasibility of new ASEAN Free Trade Agreements (FTAs), implementation of existing FTAs, economic effects of evolving trade architecture and capacity building activities, to foster trade-led growth and intraregional trade and investment including FTAs;
- j. programs and projects that will sustain and enhance flow of investment in ASEAN and promote the region as single destination for investment, including facilitating and promoting inter-regional and intra-ASEAN FDI, enhancing regionalization of ASEAN firms, bridging the development divide, narrowing policy, institutional and capacity gaps within the region; and
- k. supporting the implementation of the ASEAN Roadmap for the Attainment of the Millennium Development Goals (MDGs), particularly in the areas of advocacy, information sharing, and expertise.

2.2 Primary Focus Areas

- a. Connectivity (i.e. physical and soft infrastructure);
- b. Financial and capital market integration (i.e. Asian Bond Markets Initiative (ABMI));
- c. Environmental sustainability through climate change mitigation and adaptation, energy efficiency, and renewable energy;
- d. Macroeconomic surveillance and monitoring of regional economic integration;
- e. Trade; and
- f. Investment.

2.3 Secondary Focus Area (subsumed under Primary Focus Areas)

- Agricultural development through trade facilitation

2.4 Crosscutting Theme

- Narrowing the development gap, poverty reduction, and attainment of the MDGs

ARTICLE 3 APPROACH AND COMMUNICATION

- 3.1 The Parties agree to be selective to enable a more results-based and measurable approach under this Memorandum of Understanding within the purview of their respective pillars under the ASEAN Economic Community and the Master Plan on ASEAN Connectivity and ADB's RCI Strategy and Strategy 2020.
- 3.2 The areas of cooperation will be promoted through stand-alone interventions and/or through the sub-regional programs, inclusive of the following instruments: technical assistance, capacity and institutional strengthening programs, policy dialogue, knowledge products, training, research and information dissemination, resource leveraging, and partnership building.
- 3.3 The Parties recognize that an effective collaboration rests on a continuing exchange of information through print, electronic or verbal communication at the institutional and working

levels. The Parties will share all information relevant to the cooperation and the implementation of this Memorandum of Understanding.

- 3.4 Communications will be subject to respective relevant policies and procedures of both Parties.

ARTICLE 4 CONFIDENTIALITY

- 4.1 Each Party will undertake to observe the confidentiality and secrecy of documents, information and other data received from or supplied to the other Party during the period of the implementation of this Memorandum of Understanding or any other agreements made pursuant to this Memorandum of Understanding.
- 4.2 Notwithstanding Article 8.2., the Parties agree that the provisions of this Article will continue to apply between the Parties notwithstanding the termination of this Memorandum of Understanding.

ARTICLE 5 IMPLEMENTATION

- 5.1 The Parties agree that ASEAN through ASEC will consult and work closely with ADB to develop a two-year rolling results-based Work Program and supporting processes within six (6) months after the date of entry into force of this Memorandum of Understanding.
- 5.2 It is envisaged that the work program will include the projects/activities to be undertaken under each area, the implementation timeline and the responsible implementing divisions within ASEC, in consultation with the relevant ASEAN sectoral bodies, and ADB, including the Southeast Asia Department, the Regional and Sustainable Development Department, and the Office of Regional Economic Integration for the ADB. Notwithstanding, the Parties will ensure that there is enough room for flexibility in light of the dynamic operating environments.
- 5.3 To facilitate coordination and communication, the respective focal points in ASEC and ADB are as follows:

For ASEAN Secretariat: Director, Finance, Industry and Infrastructure Department, ASEAN Economic Community Department

For Asian Development Bank: Director, Regional Cooperation and Operations Coordination Division, Southeast Asia Department

ARTICLE 6 ENTRY INTO EFFECT, DURATION AND TERMINATION

- 6.1 This Memorandum of Understanding will come into effect on the date of signing by the authorized representatives of the Parties and will remain in force until 31 December 2015, unless it is extended through mutual agreement in writing by the Parties.
- 6.2 Notwithstanding the provision in the preceding paragraph, either Party may terminate this Memorandum of Understanding by notifying the other Party of its intention to do so by a notice in writing at least six (6) months prior to its intention to do so.

- 6.3 The termination of this Memorandum of Understanding will not affect any agreement or undertaking concluded or entered into during its duration which will be fulfilled in accordance with the provisions of such agreement or undertaking and will not discontinue any ongoing project and agreed arrangements of mutual cooperation and joint activities under the said ongoing projects.

ARTICLE 7

REVISION, MODIFICATION AND AMENDMENT

- 7.1 Either Party may request in writing a revision, modification or amendment of all or any part of this Memorandum of Understanding.
- 7.2 Any revision, modification or amendment agreed to by the Parties will be reduced into writing and will form part of this Memorandum of Understanding.
- 7.3 Such revision, modification or amendment will come into force on such date as may be determined by the Parties.
- 7.4 Any revision, modification or amendment will not prejudice any agreement or undertaking concluded or entered into or any ongoing project, agreed agreements of mutual cooperation and joint activities under the said ongoing projects before or up to the date of such revision, modification or amendment.

ARTICLE 8

SETTLEMENT OF DISPUTES

- 8.1 Any difference or dispute between the Parties concerning the interpretation and/or implementation and/or application of any of the provisions of this Memorandum of Understanding will be settled amicably through mutual consultations and/or negotiations between the Parties without reference to any third party or international tribunal.
- 8.2 This Memorandum of Understanding constitutes an expression of mutual good faith and is not intended to create legally binding obligations on either Party. This Memorandum of Understanding does not represent any commitment on the part of either Party to give preferred treatment to the other in any matter contemplated under this Memorandum of Understanding. This Memorandum of Understanding does not also represent any commitment with regard to funding and/or resources on the part of the Parties. Any such commitment, if agreed by the Parties, will be reflected in separate agreements that may be entered into by the Parties under this Memorandum of Understanding.
- 8.3 In keeping with the administrative nature of these arrangements, no provision of this Memorandum of Understanding will be construed to interfere in any way with the independent decision-making autonomy of either Party with regard to their respective affairs and operations.

IN WITNESS WHEREOF, the undersigned, being duly authorised representatives of the Parties have signed this Memorandum of Understanding.

DONE at Phnom Penh, Cambodia on this Fourth Day of April in the Year Two Thousand and Twelve, in two original copies in the English Language.

**ASSOCIATION OF SOUTHEAST
ASIAN NATIONS**

Surin Pitsuwan
Secretary-General

ASIAN DEVELOPMENT BANK

Haruhiko Kuroda
President