**PROJECT MANAGEMENT GUIDELINES FOR**

**THE ASEAN-KOREA FREE TRADE AREA (AKFTA) ECONOMIC COOPERATION**

**Background**

1. The Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations (ASEAN) and the Republic of Korea (ROK) (hereinafter referred to as “AKFTA Agreement”) was signed in Kuala Lumpur on 13 December 2005. As provided for in Chapter 3 of the AKFTA Agreement and the Annex on Economic Cooperation of the Agreement, ASEAN Member States (AMS) and the Republic of Korea agreed to explore and undertake economic cooperation projects (hereafter referred to as “AKFTA Projects”) in areas of mutual interests.

1. These Guidelines aim to facilitate the development, appraisal, selection or approval, and implementation of the AKFTA Projects, with the funding support from the ASEAN-Korea Economic Cooperation (AKEC) Fund.

**I. Eligibility**

**Eligibility of Proponents and Implementing Agencies (IA)**

1. Proponent is Project formulator/designer. Implementing Agency (IA) is the party that receives funding through the ASEAN Secretariat (ASEC) and utilises it to implement AKFTA Projects. The IA may be the Proponent, or other agency or entity. To be eligible to obtain the funding from AKEC Fund, Proponents and IA should be from Ministries, Government-affiliated Organizations, Business Associations, Non-profit Organizations and Universities in ASEAN and ROK, ASEAN sectoral bodies and the ASEC.
2. Individuals or Profit-making Organisations are not eligible to be Proponents. Individuals are not eligible to be IA.

**Eligibility of Project**

1. A project eligible for application should meet the following qualifications:
2. The scope of the proposed project must fall under at least one of the 19 areas[[1]](#footnote-2) listed in Chapter 3 of the AKFTA Agreement and the Annex on Economic Cooperation, and in line with the areas of priority identified by AKFTA Parties.
3. The Project must be regional in nature and of benefit to AMS and the ROK, and must not be bilateral in nature.
4. The project should involve, at the minimum, the participation of any two (2) AMS and the ROK, and must be implemented with the participation of as many Parties as possible.
5. The project should not duplicate other AKEC projects that are ongoing or have been implemented.
6. Overall cost for a project should not exceed US$100,000 for a single-year project and US$ 300,000 for a multi-year project. These are indicative limits and individual projects will be assessed on the basis of need, priorities and the yearly funding availability for AKFTA Projects.
7. Multi-year projects must not exceed three (3) years. For multi-year projects, the approval for funding will be only for the first year. The approval for funding in subsequent years will be made based on the satisfactory outcomes of the implemented activities. The Proponent is required to update the AKFTA Working Group on Economic Cooperation (AKFTA-WGEC) on the project implementation plan and the budget which should be within the approved amount.
8. Project Proponents who would like to repeat a project or extend a project into the next phase must submit a new project proposal and supported by satisfactory outcomes of the previously-conducted project(s).

**II. Project Proposal Development and Submission**

1. Project proposals will be developed and submitted to ASEC using the templates provided in **APPENDIX 1**. Project proponent can refer to guidance in the Handbook on Proposal Development for ASEAN Cooperation Projects (Chapter 3, and Annex 1 &2 in filling up the templates (<https://asean.org/storage/2012/05/Handbook-on-Proposal-Development-for-ASEAN-Cooperation-Projects-1st-Reprint-NEW.pdf>).
2. In addition, the proposal should be in line with the guidance below:
3. Each budget item in the budget proposal ([Annex 1 of the Project Template](http://www.asean.org/wp-content/uploads/images/2013/resources/ASEAN%20project%20template/Annex%201%20project%20proposal%20-%20Budget%20format%20or%20template.xls)) should follow the AKEC Pro-forma Cost in **APPENDIX 2**. Budget items that are not stated in the Pro-forma Cost should be consulted with the AKFTA WGEC through ASEC.
4. If the proponent intends to employ an Implementing Agency (IA), they are requested to include the TOR of IA in the proposal, including detailed information on the IA and the allocation of budget. The proponents should provide their selection criteria and the justification of selection in the proposal.
5. Proposals of multi-year programme /projects should include a paragraph on the submission of an Annual Financial Interim Report, Annual Interim Report and Project Completion Report. The annual reports shall be submitted within 30 calendar days after the end of ASEC’s fiscal year while a Project Completion Report (PCR) should be submitted within 60 calendar days after the project is implemented.

**III. Project Proposal Assessment and Approval**

1. The assessment of a project proposal will be conducted on the project’s compliance with the eligibility criteria, its alignment with sectoral strategic plan/ work plan or equivalent and potential for positive contribution to the sectoral priorities. ASEC will conduct initial screening of project proposals before conveying to the AKFTA-WGEC.
2. The Assessment Form, appearing as **APPENDIX 3**, shall be used in assessing the project proposal in term of compliance with the eligibility criteria, and its possible value/impact. Double score is assigned to “Relevance/ Priority” and “Impact”. Projects will be ranked with an ordinal ranking according to their scores. The selection of project proposals shall be based on the ranking and on the availability of fund.
3. Approved projects at the AKFTA-WGEC level will be submitted for the AKFTA-Implementing Committee of the AKFTA (AKFTA-IC)’s consideration and final approval. Approval by the AKFTA-WGEC and AKFTA-IC can be done either at meetings, or inter-sessionally through email communication.
4. Proponents may be requested to revise the proposal at any stage of the process. If the proponent does not submit the revised proposal within 14 calendar days upon the request, the proposal will be deemed withdrawn. Within the period, the proponent can request extension for the maximum of additional 14 calendar days.

**IV. Project Implementation and Monitoring**

1. The Proponent will confirm the actual start date of the project and update the implementation plan with the ASEC.
2. The disbursement of funding for an AKFTA project should be aligned with the Standard Operating Procedure on Project Financial Disbursement and Reporting (“PFDR”), which appears as **APPENDIX 4**. However, prior to the disbursement, ASEC will request for a letter authorizing the payment of the approved amount from the Korean Ministry of Foreign Affairs.
3. Implementation of an AKFTA Project will start within the approved timeframe. If the implementation of the project’s approved timelines is delayed, the project proponent is required to submit a justified explanation for the delay and provide the new implementation date within 6 months since the date of implementation of the approved activity as mentioned in the project proposal. The proponents may extend the project for 12 months after the notification. The funding allocation for the project will be withdrawn if the project proposal is not implemented within 6 months since the revised date for implementation.
4. Proponents or implementing agencies must notify the focal points and the ASEC, at least one month in advance, on the actual dates and details of activities and participation.
5. Proponents will seek approval from AKFTA-WGEC through the ASEC prior to changing any approved contents of the project, including changes to budget line items.
6. Air transportation costs should first be set based on economy class flight prices and should later be officially calculated based on the prices recorded on the receipts.

**V. Project Completion**

1. The Proponent must submit original receipts. When original receipts are not available for submission to the ASEC, copies of receipts certified by the Head of Office of the IA and justified explanation for the absence of original receipts are required. The financial statement, report and the form of Statement of Accounts explaining the project approved budget, actual expenditure and balances, including total fund received and disbursed, must indicate the USD equivalent at the prevailing exchange rates at the time of transaction.
2. Proponents will submit to AKFTA-WGEC, through the ASEC, a Project Completion Report and a Financial Report with the full accounting statement of the grant within 60 days after the end of each project. These reports must be submitted using the specified templates as in **Annexes A and C of the PFDR** respectively. The project Proponent is required to return to the ASEC any unspent amount of the AKEC Fund and interest earned within 90 calendar days after the end of each project.
3. For a multi-year project, the project proponent will submit to AKFTA-WGEC a yearly financial statement (for reporting period January – December) within 30 days after the end of ASEC’s fiscal year and a progress report where necessary. In case where proponents have not submitted the reports for project completion, funding for the next project will be withheld until the pending report is settled.
4. In addition, project Proponents through their respective country focal points will be requested to submit progress/implementation status reports on the approved projects on quarterly basis and at every AKFTA-WGEC meeting until the projects end. The Progress Report Template appears as **APPENDIX 5.**
5. The Proponent will, upon request, provide financial data and/or related information, as necessary, in case the audit of the funds is required.
6. The Proponent will return the fund obtained from the AKEC Fund as ascertained by the AKFTA-WGEC in the event that the fund is used for purposes other than the implementation of the project, or when the project is suspended or terminated.

**VI. Summary of Process[[2]](#footnote-3)**

1. **Miscellaneous Provisions**

24. These Guidelines shall be effective immediately upon approval from the AKFTA-IC.

25. Any amendment to these Guidelines shall be made upon the approval of the AKFTA-IC.

1. 19 areas are as follows: (1)customs procedures, (2)trade and investment promotion, (3)small and medium enterprises, (4)human resources management and development, (5)tourism, (6)science and technology, (7)financial services, (8)information and community technology, (9)agriculture, fisheries, livestock, plantation commodities and forestry, (10) intellectual property, (11)environmental industry, (12) broadcasting, (13) construction technology, (14)standard and conformity assessment and sanitary and phytosanitary measures, (15)mining, (16)energy, (17)natural resources, (18) shipbuilding and maritime transport. (19) film [↑](#footnote-ref-2)
2. *The duration for the revision is not counted* [↑](#footnote-ref-3)