

New Framework for the ASEAN-ROK Cooperation Fund (AKCF) 2017-2020

1. Background

The Association of Southeast Asian Nations (ASEAN) and the Republic of Korea (ROK) established its dialogue partnership in 1989. Building upon this partnership, the ROK Government launched the ASEAN-ROK Special Cooperation fund (SCF) in 1990 with an aim of enhancing people-to-people exchanges. In 1996, the ASEAN-ROK Future-Oriented Cooperation Project Fund (FOCF) was further launched in order to implement cooperation projects in the fields of human resource development, science and technology, governance, culture and sports, etc. So far, the volume of the annual fund of SCF and FOCF has been gradually increased from USD 3 million to USD 5 million in 2010 and to USD 7 million in 2015.

Figure 1. The ASEAN-ROK Cooperation Fund Annual Expansion

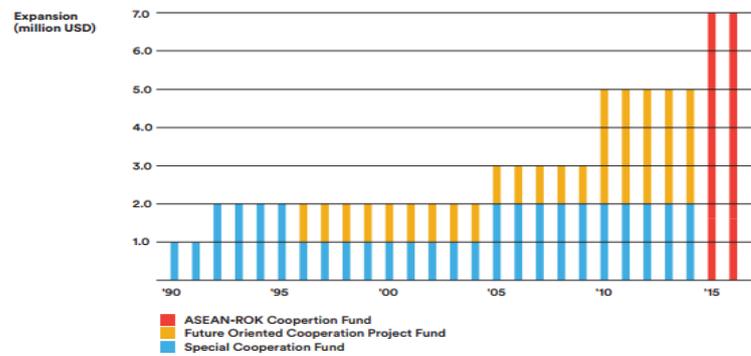
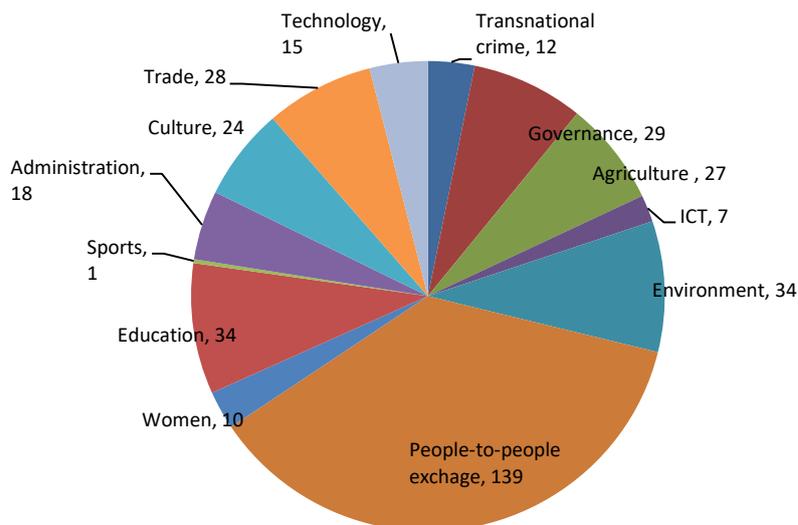


Figure 2. Number of the AKCF Projects by Sectors (1990-2015)



In the meantime, reformation of the fund utilization was required due to increased demand of developing sustainable ASEAN-ROK Cooperation Projects. The Terms of Reference (ToR) of the ASEAN-ROK Cooperation fund adopted in August 2015 by the ASEAN-ROK Foreign Ministers articulates three main objects which are i) merging of two separate funds; SCF and FOCF into the AKCF; ii) shifting to the programme-based approach for designing flagship multi-year programmes; and iii) establishing the PMT in Jakarta for efficient utilization of overall AKCF. Under the project-based approach, a number of projects were implemented to contribute to substantially bolstered cooperative ties between the two sides, mostly in people-to-people exchange. The projects also furthered development among and within ASEAN member states. However, most of the projects were one-off events which did not seem to accommodate sustainability or institutionalization. In this regard, the increased volume in the budget as well as the merging of the fund called for the need to develop more efficient funding mechanism with an avid focus on certain areas of cooperation.

2. History of Discussion

In this context, at the 1st ASEAN-ROK Joint Cooperation Committee (JCC) Working Group in 2014, the ROK suggested transitioning from a project-based to a programme-based approach. Following this proposal, the Terms of Reference (ToR) was welcomed at the ASEAN-ROK Foreign Ministers' Meeting in August 2015. The Adoption of the ToR signals the start of institutionalizing the programme approach.

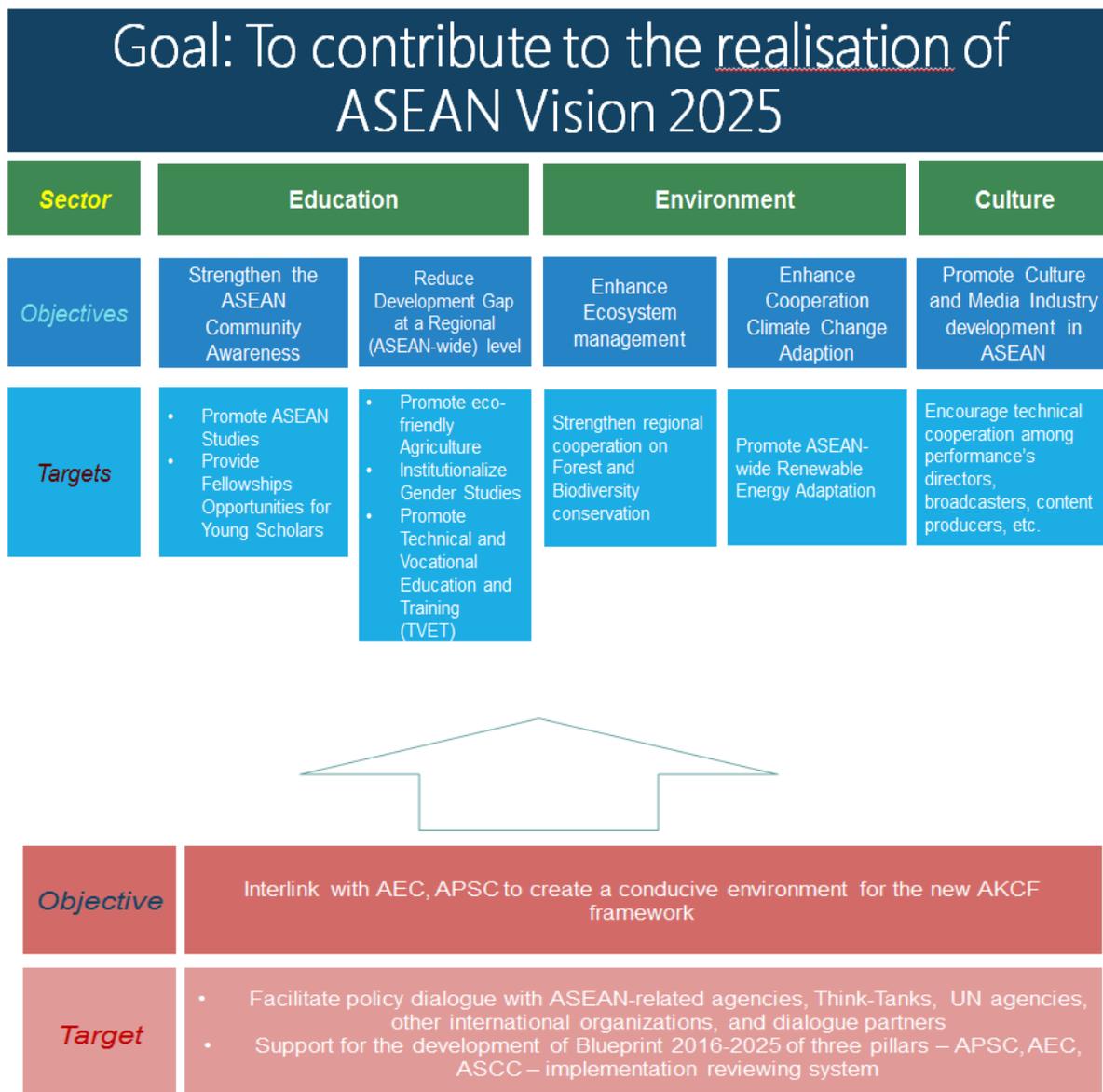
At the 3rd ASEAN-ROK JCC in March 2016, the meeting noted the determination of priority areas of ASEAN-ROK Cooperation for a 5-year framework, suggested by the ROK. The suggested framework identifies 3 to 4 sectors and subsequent goals and specific targets, reflecting the future direction of ASEAN-ROK Cooperation, which considers; i) **the ASEAN-ROK Plan of Action (2016-2020)**; ii) **the current international trend in ODA**; iii) **relevant ASEAN documents including but not limited to the ASEAN Vision 2025, and the AEC, ASCC, and APSC blueprints**; iv) **ROK's bilateral ODA to individual ASEAN Member States**; and v) **ASEAN-ROK Development Cooperation projects from 1990-2015**.

Since the adoption of new framework as well as the transition to the programme-based approach require more time, ASEAN and the ROK decided to define 2017 as a transition period. Therefore, the usual procedure for the project-based scheme shall be continued until the end of 2017 while concurrently preparing for the commencement of the programme-based approach.

3. Key Elements

The overall goal of the Framework of the AKCF 2017-2020 is to **contribute to the realization of ASEAN Vision 2025 outlined in ASEAN's Political-Security, Economic, and Socio-Cultural Community Blueprints**, in accordance with selected priorities contained within **the ASEAN-ROK Plan of Action (2016-2020)**. By looking further into the comparative

advantage in which the ASEAN-ROK Cooperation Fund has made considerable progress, the sectors of i) **Education**, ii) **Environment** and iii) **Culture** are considered as the focal areas for the next 4 years (2017-2020). In addition, as a **cross-sectoral approach**, the policy dialogue programme with participation of ASEAN-related agencies, think-tanks, UN agencies, other international organizations, and dialogue partners would be suggested in the aim of creating conducive environment for the new AKCF framework. The assistance provided under the New Framework for the AKCF 2017-2020 will target six broad objectives and seven targets as articulated in the figure below. However, other non-listed targets that are in line with achieving the indicated objectives can be suggested by ASEAN.



Apart from these priorities, other cooperation areas articulated in the ASEAN-ROK Plan of Action (2016-2020) will be concurrently covered by other ASEAN-related funding sources and projects provided by the ROK, such as the i) **Mekong-ROK Cooperation Fund** (Annual contribution: USD 1 Million); ii) **ASEAN-ROK Economic Cooperation Fund** (Annual

contribution: USD 0.5 Million); iii) **other regional Official Development Cooperation (ODA) projects of relevant ministries in the ROK** (e.g. *Technology Advice and Solutions from Korea (TASK)* by Ministry of Trade, Industry and Energy, *Supporting the ASEAN Agreement on Disaster Management and Emergency Response (AADMER)* by Ministry of Public Safety and Security); and iv) **projects initiated by the ASEAN-Korea Centre (AKC)** (e.g. the ASEAN Trade Fair, the ASEAN Culinary Festival, the ASEAN Connectivity Forum, etc.)

4. Applications

Once the new framework is established, the PMT (Programme Management Team) in Jakarta will receive a project concept note which caters to and can meet the goals of the new framework. Project proponents shall prepare a project concept note based on the consultation with relevant ASEAN Sectoral Bodies. Then, the concept note shall be submitted to the ROK side and ASEAN Sectoral Body, if deemed necessary, through the PMT and Desk Officers (DOs), ASEAN Secretariat, in order to confirm ROK's and ASEAN Sectoral Body's support at the initial stage. If confirmed, the project proponent shall further develop the supported project concept into a full project proposal through the assistance of the PMT. The completed project proposal shall be submitted to the ASEAN Secretariat. Once the proposal is endorsed via the Standard Operating Procedure (SOP) on Project Appraisal and Approval Process, the project shall be subsequently implemented based on the Standard Operating Procedure (SOP) on Project Financial Disbursement and Reporting (PFDR).

Aside from the approval process, the PMT shall conduct monitoring and evaluation of each project in order to track the progress towards accomplishing the objectives and targets as outlined in the New Framework for the AKCF 2017-2020 and provide recommendations for future directions. The results of monitoring and evaluation shall be shared with the Secretariat, Member States, project proponents and partners. Through this renewed mechanism, all stakeholders shall expect the effective and efficient delivery of the AKCF.