

TERMS OF REFERENCE FOR THE ESTABLISHMENT OF AN ARF FUND

1. Mandate

The 12th ASEAN Regional Forum, which was held on 29 July 2005 in Vientiane, Lao PDR, adopted this Terms of Reference (TOR) for the Establishment of an ARF Fund.

2. Purpose

To support the implementation of projects, activities and decisions of the ARF that (a) strengthen regional security through enhanced international cooperation; (b) enhance the ability of the ARF Chair to promote regional security and stability, including through research, training and outreach; and (c) would not ordinarily be funded by individual ARF participants.

3. Contributions

Contributions to the ARF Fund may be made by the governments of the ARF participants on voluntary basis. They may be earmarked by donor countries, consistent with their respective legal and regulatory requirements, for specific projects or activities which shall be approved in accordance with Section 5 of this TOR.

4. Financial Regulations

The management of the ARF Fund shall be guided, as appropriate, by the ASEAN Secretariat Financial Rules and Regulations, especially those governing Project Financing. (*Copies of the Financial Rules were distributed at the ARF-ISG-CBM on 22-23 February 2005. Additional copies shall be made available upon request.*)

5. Fund Usage

The utilization of the ARF Fund shall be guided by an Annual Work Plan to be approved by the ARF-SOM by consensus. The Annual Work Plan shall be consolidated by the ARF Chair, with the support of the ARF Unit, and based on projects and activities recommended by the ARF ISG on CBMs and PD and other ARF ISMs. The Annual Work Plan shall be accompanied by project briefs, describing the objectives, specific activities, expected outputs and required budget for each of the projects and activities requiring such funds. The project briefs shall be prepared by project proponent/s in consultation with the Co-Chairs of the ARF ISG on CBMs and PD and other ARF ISMs. A standard format for such project briefs shall be adopted for this purpose.

6. **Project Review**

Project proponents and or managers shall submit project completion reports containing a review and analysis of the effectiveness and efficiency of the projects in realizing their objectives. Project reports shall include a statement on the utilization of project financial resources. Progress reports for projects of continuing nature shall be made on an annual basis. Project reports shall be annexed to the Annual Work Plan referred to in Section 5 of this TOR.

7. **Financial Management**

The ARF Fund shall be placed under the custody of the ARF Unit in the ASEAN Secretariat. Financial management, accounting and reporting of the ARF Fund will be under the responsibility of the Trust Funds Unit of the ASEAN Secretariat. The ARF Fund shall be audited on a periodic basis by a reputable international auditing firm. The cost of such audit services shall be borne by the ARF Fund.

8. **Authorization for Drawing-down Funds**

Request for drawing-down of funds should be based on approved projects and activities under the Annual Work Plan, which should be accompanied by Project Disbursement Approval Form and approved by the Secretary-General of ASEAN.

9. **Bank Account**

Bank account/s will be opened under the name of the ARF Fund. Any transaction involving monies of and for the ARF Fund will be deposited to and drawn from this account/s. Signatory operations of the ARF Fund will be based on the ASEAN Secretariat Trust Funds signatories.

10. **Reporting Requirements**

Financial reports will be prepared by the ASEAN Secretary-General and presented to the ARF-SOM through the ARF Chair. The ASEAN Standing Committee will also receive monthly reports on the status of the ARF Fund as part of the ASEAN Trust Funds Monthly Report.

11. **Future Review and Amendment**

This Terms of Reference shall be reviewed for possible amendments or revisions, including formulating additional guidelines, if and when the need arises in the future. Any amendment or revision shall be made on the basis of consensus of all ARF participants.

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