

Cooperation Fund for Regional Trade and Financial Security Initiative

FACT SHEET AND STATUS REPORT

1 January 2006

1. The Asian Development Bank (ADB) approved, on 9 June 2004, the proposal to set up a multi-donor Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI). Initial contributions to the multi-donor trust fund came from the Government of the Commonwealth Australia (AUS\$1.5 million), and from the governments of Japan and the United States of America (USA) (US\$1 million each). The Fund became effective on 1 July 2004 for an initial period of 3 years. The establishment of the Fund allows ADB to take a more active role in regional AML/CFT capacity-building activities and support enhanced port security (including airports, cargo ports, and containers) and customs modernization efforts of its developing member countries. The Government of USA has seconded an expert from their Treasury Department for a period of 2 years to assist ADB with implementation of the FRTFSI and work with operational departments to develop proposals for possible technical assistance.
2. The funds can be used for conducting feasibility studies, capacity building activities, and development of policies, legislation, systems, and procedures related to trade and financial security. Priority is given to high-impact projects that can catalyze investments and further policy reforms in these areas, and have a good chance of local or regional replication.
3. Two batches containing seven concept papers were submitted to the three donors. Batch 1 with three technical assistance proposals were approved and are currently on-going projects. Batch 2 consisting of four technical assistance concept papers was forwarded on 29 March 2005 for donor consideration. The final donor comments were received on the second batch on 11 June 2005. All concept papers in Batch 2 were approved by the donors by end 2005. ADB continues to collaborate with local FRTFSI and non-FRTFSI donors ensure maximum outcomes for expenditures made. The current status of the Batch 1 and Batch 2 technical assistance grants is given in Appendix 1.
4. The committed funding for Batch 1 and 2 amounts to \$2,550,000. As of 13 January 2006 disbursements under approved projects have reached about \$120,000.00, and the FRTFSI has about \$2.8 million cash on hand (inclusive of investment accounts) including AUS\$250,000 deposited on 22 June 2005. A final Australian remittance of AUS\$250,000 (from its commitment of AU\$1.5 million) is expected by 30 June 2006.
5. A 0.05% ADB administrative charge or \$127,500 will be added making the current fund expenditure \$2,677,500. Out of the total committed contributions from the three donors and the interest and investment income so far earned by the account, the Fund will have a balance of about \$470,000 available for further commitment after allocating \$2,677,500 for seven projects (Appendix 1). This balance of \$470,000 includes the estimated US dollar value of the final remittance expected from Australia on 30 June 2006
6. There are several concept papers in the pipeline: (i) computer-based training program for the international ships and port facilities security (ISPS) code \$400,000; (ii) regional port security enhancements \$400,000; (iii) regional trade transparency capacity building for trade data collection and AML targeting \$500,000; and (iv) others.

Summary of Concept Papers Forwarded to Donors

Country	Project Title	Funding	Status 1 January 2006
A. Batch I Proposals			
Indonesia	Development of an AML Regime (Phase II)	\$500,000	ADB Management Approved TA 23 Dec 2004, 50% completed. Completion est. 2nd quarter 06
Philippines	Strengthening the AML Regime (Phase II)	\$400,000	ADB Management Approved TA 24 June 2005, 40% completed. Completion est. 3 rd quarter 06
Thailand	Promoting Cooperation on AML/CFT	\$300,000	ADB Management Approved TA 10 June 2005, 45% completed. Completion est. 3 rd quarter 06
	Total Batch I	\$1,200,000	
B. Batch II Proposals			
Indonesia	Capacity Building for Improving Indonesian Port Security System	\$300,000	Donors have approved concept paper. TA prep under way.
BIMP-EAGA (SR)	Support for Customs, Immigration, Quarantine, & Security Harmonization	\$500,000	Donors have approved concept paper. TA prep underway.
BIMP-EAGA (SR)	Port and Trade Security Working Group	\$100,000	Donors have approved concept paper. TA prep underway.
Pacific Region	Harmonization of Pacific Civil Aviation Safety and Security Regulation	\$450,000	Donors have approved concept paper. TA proposal done. Related Loan signed 27 October 2005*. TA expected to start 1 st quarter 06 after loan effectiveness.
	Total Batch II	\$1,350,000	

Loan 2183 Establishment of Pacific Aviation Safety Office Project signed 27 October 2005 and effectiveness expected by March 06