

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS ON THE
PROGRAMME FOR COOPERATION WITH EMERGING MARKETS
(PSOM)**

Hereafter referred to as "the Signatories".

The Signatories have decided as follows:

**PARAGRAPH 1
OBJECTIVES OF THE PROGRAMME**

- a) This Programme aims to support private sector development by promoting and supporting economic cooperation between the business sectors of the Philippines and The Netherlands on the basis of equal partnership and mutual benefit with the focus on private investments.
- b) Support is provided to initiatives of the business communities of The Netherlands and Philippines in setting up joint innovative pilot-projects in specific sectors, making use of the international and local know-how, goods and services.
- c) It is expected that successful try-outs will be continued and/or duplicated by the private sector.
- d) The business projects are expected to contribute to poverty alleviation. Projects creating substantial local employment, transferring knowledge, making extensive use of local SMEs in the supply chain, operating in geographically disadvantaged regions, generating income for a substantial group of beneficiaries and/or contributing in other ways substantially to poverty alleviation will receive priority in the selection process. Projects however have to be at all times sound business proposals that lead to a sustainable business relation.

**PARAGRAPH 2
BUDGET**

Official Development Assistance will be provided by the Government of The Netherlands to provide support to joint Netherlands-Philippines business projects starting from 2004 under the Programme for Cooperation with Emerging Markets (PSOM) with a target budget of four (4) projects per year. The average PSOM contribution per project is expected to be approximately €500,000.

**PARAGRAPH 3
TAXES**

All taxes (import duty and other direct and indirect taxes) shall be borne by the beneficiary of the Programme. The "beneficiary" would be the established project/consortium. The beneficiary shall be entitled to benefit from the privileges as provided by existing Philippine laws and rules to encourage foreign and local investments.

PARAGRAPH 4
EXECUTIVE AGENCY

The Programme shall, on behalf of the Government of the Kingdom of The Netherlands, be executed by the Netherlands Government Agency SENTER, in consultation with the Royal Netherlands Embassy in the Philippines. On behalf of the Government of the Philippines, the Department of Trade and Industry - Board of Investments (DTI-BOI) will act as the focal point for the Programme.

PARAGRAPH 5
AREAS OF THE PROGRAMME

The Signatories will not restrict the Programme to a limited number of economic sectors. Therefore projects in all economic sectors will be considered.

Geographic preference will be given to projects located in less developed areas/regions hereto identified as follows:

REGION	PROVINCE
CAR (Cordillera Autonomous Region)	Abra
	Apayao
	Ifugao
	Kalinga
	Mt. Province
II	Quirino Nueva Vizcaya
IV	Aurora Marinduque
VI	Guimaras
VII	Siquijor
VIII	Biliran Eastern Samar Southern Leyte
ARMM (Autonomous Region of Muslim Mindanao)	Basilan
	Maguindanao
	Sulu
	Tawi-Tawi

In all sectors, specific attention shall be given to corporate social responsibility issues. The pro-poor aspects referred to in Paragraph 1.d will receive special weight in the selection procedure of the projects.

The Signatories will help, where possible, to ensure the smooth implementation of the Programme.

PARAGRAPH 6
SUBMISSION OF PROPOSALS