

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES CONCERNING PRIVATE
ENTERPRISE ACCELERATED RESOURCE LINKAGES PROJECT II**

The Government of Canada (hereinafter referred to as "Canada") and the Government of the Republic of the Philippines (hereinafter referred to as "the Philippines"), desiring to record an understanding concerning the Private Enterprise Accelerated Resource Linkages Project II (hereinafter referred to as "the Project"), have reached the following understanding:

**ARTICLE I
NATURE OF THE MEMORANDUM OF UNDERSTANDING**

Section 1.01

This Memorandum of Understanding ("MOU") constitutes a subsidiary arrangement made pursuant to the General Agreement on Development Cooperation between the Government of Canada and the Government of the Republic of the Philippines dated 13th November 1987 and is intended to set out the responsibilities of the two Governments in relation to the Project that is described under Article III. It does not constitute an international treaty.

**ARTICLE II
RESPONSIBLE AUTHORITIES**

Section 2.01

Canada designates the Canadian International Development Agency (hereinafter referred to as "CIDA") as the Agency responsible for the implementation of its undertakings under this Memorandum of Understanding. CIDA will award a contract to a Canadian Executing Agency (hereinafter referred to as "CEA") who will be responsible for the overall financial, administrative and technical management of the Project under the direction of the Project Steering Committee (PSC).

Section 2.02

The Philippines designates the Department of Trade and Industry (hereinafter referred to as "DTI") as the Agency responsible for the implementation of its undertakings under this Memorandum of Understanding. DTI will work through the Board of Investments (hereinafter referred to as "BOI") in the implementation of the Project.

**ARTICLE III
THE PROJECT**

Section 3.01

Canada and the Philippines will participate in the Private Enterprise Accelerated Resource Linkages Project II in the Philippines (hereinafter referred to as the "Project"). The goal of the Project is: To contribute to the reduction of poverty in the Philippines through equitable, sustainable development. The purpose of the Project is: To support the development of small and medium enterprises that create meaningful jobs for both men and women.

The Project is described in Annex "A" of this Memorandum of Understanding.

ARTICLE IV PROJECT IMPLEMENTATION PLAN

Section 4.01

For the implementation of the Project, the CEA will prepare a Project Implementation Plan for approval by the PSC and signature by Canada and the Philippines, within one hundred and eighty days (180) from the date of the contract referred to in Section 2.01 executed by CIDA and the CEA. When duly executed by Canada and the Philippines, the Project Implementation Plan will be attached hereto as Annex "D". The Project Implementation Plan will constitute an operational document between DTI and CIDA. The Plan will contain, inter alia, the following:

- (a) a detailed description of the Project;
- (b) an outline of the management strategy, process, methods and means to be used to carry out the Project;
- (c) a schedule for the implementation of the project activities, including a milestone chart;
- (d) budget and duration of the Project;
- (e) the reporting requirements for the Project;
- (f) the nature, timing and responsibilities for project monitoring and evaluations and the means by which they will be made;
- (g) the project organization including resources required for the project; and
- (h) a statement of additional responsibilities of Canada and the Philippines together with their contributions.

Section 4.02

The Project Implementation Plan may be amended, from time to time, with the agreement of both Parties and without formal modification to this Memorandum of Understanding.

ARTICLE V CONTRIBUTION OF CANADA

Section 5.01

The contribution of Canada will consist of professional and technical services as well as monitoring and evaluation of the Project, more particularly set forth in Annex "B" of this Memorandum of Understanding. The total value of Canada's contribution will not exceed eight million six hundred thousand dollars (Cdn\$8,600,000).

Section 5.02

The proceeds of the contribution will not be used by the Philippines to pay any taxes, fees, customs duties or any other levies or charges imposed directly or indirectly by the Philippines on any goods, materials, equipment, vehicles or services purchased or acquired for, or related to, the execution of the Project.

ARTICLE VI CONTRIBUTION OF THE PHILLIPINES

Section 6.01

The contribution of the Philippines will consist of technical and administrative inputs provided by the government representatives to the Project more particularly set forth in Annex "C".

ARTICLE VII INFORMATION

Section 7.01

The Philippines and Canada will ensure that this Memorandum of Understanding is carried out with due diligence and efficiency and each will furnish to the other all such information relating to the Project as will reasonably be requested.

ARTICLE VIII COMMUNICATIONS

Section 8.01

Any communications or documents given, made or sent by either the Philippines and Canada pursuant to this Memorandum of Understanding will be in writing and will be deemed to have been duly given, made or sent to the Party to which it is addressed at the time of its delivery by hand, mail, facsimile or the electronic mail system at its respective address, namely:

For Canada:

The President
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Canada

Fax: (819) 953-5469

Email: len_good@acdi-cida.gc.ca

For the Philippines:

The Undersecretary
Industry and Investments Group
Industry and Investments Building
385 Sen. Gil Puyat Avenue
Makati Avenue

Tel. 890-9303
Fax 895-3512

Section 8.02

Either Party hereto may, by written notice to the other Party hereto, change the address to which any notice or request is to be received.

Section 8.03

All communications and documents submitted to CANADA will be in either the English or the French language, and those submitted to the Philippines will be in the English or the Filipino language.

ARTICLE IX INTERPRETATION

Section 9.01

Differences, which may arise in the interpretation and/or application of the provisions of this Memorandum of Understanding will be settled by means of negotiations between Canada and the Philippines or by any other manner mutually agreed upon by Canada and the Philippines.

ARTICLE X ENTIRE UNDERSTANDING

Section 10.01

This Memorandum of Understanding together with Annexes "A", "B", "C" and "D" which form an integral part hereof, constitute the entire understanding between the Parties with respect to the Project.

ARTICLE XI CONSULTATION

Section 11.01

The Philippines and Canada will endeavour to consult each other in respect of any matter that may from time to time arise in connection with this Memorandum of Understanding.

ARTICLE XII GENERAL PROVISIONS

Section 12.01

This Memorandum of Understanding will come into effect on the date of signature and will expire on completion of the Project. This Memorandum of Understanding may be amended from time to time as deemed necessary, by mutual agreement by an exchange of letters.

ARTICLE XIII ENVIRONMENTAL ASSESSMENT

Section 13.01

This Memorandum of Understanding may involve the carrying out of sub-projects which will constitute "projects" under the Canadian Environmental Assessment Act ("CEAA"). Except where the sub-projects are exempt from the application of CEAA, Canada will ensure that an environmental assessment of such sub-projects will be carried out as early as practicable in the planning stages of the sub-projects in accordance with CEAA, before CIDA decides upon allocating funds for the purpose of enabling the sub-projects to be carried out.

Section 13.02

Canada will ensure that the screening report and all other records relating to the assessment of the environmental effects of the sub-projects are placed in the public registry as required by CEAA.

DONE in Ottawa, in two copies, this 29th day of January 2002, in the English and French languages, each version being equally valid.

(Sgd.)
For the
Government of the
Republic of the Philippines

(Sgd.)
For the
Government of Canada

ANNEX "A" PROJECT SUMMARY

LINKS TO THE COUNTRY DEVELOPMENT POLICY FRAMEWORK ("CDPF")

This new project supports CIDA policies and objectives at all levels. Promoting Private Sector Development ("PSD") is one of CIDA's six programming priorities and supports the Canadian Official Development Assistance ("ODA") objective of: *"support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable and prosperous world"* (Canada in the World). It also contributes to the Asia Branch goal of growth with equity, and directly to two of the Branch's three objectives namely: contributing to poverty reduction; and strengthening the basis for prosperity.

Private Sector Development continues as a principle focus within the updated Philippines Country Development Policy Framework (CDPF). The PSD strategic objective within the CDPF is: *"to support the development of small and medium enterprises that create meaningful jobs for both*