

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

The Government of the Republic of the Philippines (hereinafter called the "PHILIPPINES"), and the Government of Canada (hereinafter called "CANADA") desiring to record an understanding concerning Canadian development assistance in the Philippines have agreed as follows:

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

SECTION 1.01

This Memorandum of Understanding does not constitute an international treaty. It is a subsidiary arrangement made pursuant to the General Agreement on Development Cooperation between the PHILIPPINES and CANADA dated the 13th day of 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.

**ARTICLE II
RESPONSIBLE AUTHORITIES**

SECTION 2.01

CANADA designates the Canadian International Development Agency (hereinafter called "CIDA") as the agency responsible for the implementation of its obligations under this Memorandum of Understanding. CIDA will make a contribution to a Canadian Organization (hereinafter called "Canadian Executing Agency" or "CEA") upon the condition that it will be responsible for assisting in the implementation of the Project.

SECTION 2.02

The PHILIPPINES designates its Department of Trade and Industry (hereinafter called "DTI") as the Agency responsible for the implementation of its obligations under this Memorandum of Understanding. DTI will work with the Board of Investments (hereinafter called "BOI") which will be responsible for assisting DTI in the implementation of the Project.

**ARTICLE III
THE PROJECT**

SECTION 3.01

The PHILIPPINES and CANADA will participate in the Private Enterprise Accelerated Resource Linkages Project in the Philippines (hereinafter called the "Project"). The goal of the Project is to promote Philippine economic development by enhancing the role of small and medium enterprises (SMEs) and establishing long term business collaboration with Canadian counterparts.

The objectives of the Project are:

to foster an environment conducive to the development of dynamic Philippine SMEs;
and

to promote the development of linkages between Canadian and Philippine SMEs to effect technology transfers and enhance the development of Philippine SMEs.

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

ARTICLE IV MANAGEMENT PLAN

SECTION 4.01

For the implementation of the Project, the PHILIPPINES and CANADA will develop a Management Plan which will constitute an operational document between DTI and CIDA. The Management Plan will be completed and signed within ninety (90) days from the date of this Memorandum of Understanding, and when duly signed on behalf of the PHILIPPINES and CANADA, will be attached hereto as Annex "D" and will contain, inter alia, the following:

a detailed description of the Project; an outline of management strategy, process, methods and means to be used to carry out the Project;

a schedule for the implementation of the project activities, including a milestone chart;

the budget and duration of the Project; the reporting requirements for the Project;

the nature, timing and responsibilities for project monitoring and evaluations and the means by which they will be made;

the project organization including resources required for the Project; and

a statement of obligations, duties and responsibilities of the PHILIPPINES and CANADA together with their contributions.

SECTION 4.02

The Management Plan can 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 in providing professional and technical services as well as monitoring and evaluating the Project, all as more particularly set forth in Annex "B" of this Memorandum of Understanding. The total value of CANADA'S contribution will not exceed four million five hundred thousand dollars Canadian (4,500,000\$CA).

SECTION 5.02

The proceeds of the Canadian 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 and services purchased or acquired for, or related to, the execution of the Project.

ARTICLE VI CONTRIBUTION OF THE PHILIPPINES

SECTION 6.01

The contribution of the PHILIPPINES will consist in providing the project requirements all as more particularly set forth in Annex "C" of this Memorandum of Understanding.

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 or 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 X400 telecommunication system at its respective address, namely:

For the PHILIPPINES:

Undersecretary Melito S. Salazar, Jr.
Industry and Investments Group
Industry and Investments Building
385 Sen. Gil Puyat Avenue
Makati Avenue

Telephone: 896-8484; 896-3638

Fax: 895-3512

For CANADA:

The President
Canadian International Development Agency
200 Place du Portage
Hull, Quebec
K1A0G4

Telex: 053-4140 CIDA Hull

Fax: (819) 953-5469

SECTION 8.02

Either Party hereto may, by written notice to the other Party hereto, change the address to which any notice or request intended for the Party so giving such notice will be addressed.

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 or application of the provisions of this Memorandum of Understanding will be settled by means of negotiations between the PHILIPPINES and CANADA or by any other manner mutually agreed upon by the PHILIPPINES and CANADA.

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. Annex "D" will be completed and signed within ninety (90) days from the date of this Memorandum of Understanding.

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 force and 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.

IN WITNESS WHEREOF, the undersigned have signed this Memorandum of Understanding in duplicate, in the English language, in Manila on the 19th day of February, 1997.

ON BEHALF OF THE
OF THE REPUBLIC

ON BEHALF OF THE
GOVERNMENT