

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF CANADA CONCERNING THE PHILIPPINES-
CANADA MONETIZATION FACILITY PROJECT (PROJECT NO.
734/18917)**

The Government of Canada (hereinafter called "CANADA") and the Government of the Republic of the Philippines (hereinafter called the "PHILIPPINES"), desiring to record an understanding concerning a Canadian development assistance project to contribute to the sustained growth of the Philippines through the provision of Canadian commodities, have agreed as follows:

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

Section 1.01

This Memorandum of Understanding constitutes an arrangement pursuant to the objectives and purposes of the General Agreement on Development Cooperation between CANADA and the PHILIPPINES dated 13th day of November 1987 and is intended to set out the responsibilities of the two governments in relation to the Project.

**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.

Section 2.02

The PHILIPPINES designates the National Economic and Development Authority (hereinafter called "NEDA") as the agency responsible for the implementation of its obligations under this Memorandum of Understanding.

**ARTICLE III
THE PROJECT**

Section 3.01

CANADA and the PHILIPPINES shall participate in a project to be known as Commodity Assistance Program III to provide the Philippines with Canadian commodities (hereinafter called the "Project"). The project shall provide Canadian goods to generate a Development Counterpart Fund which will be used in accordance with the provisions of the Memorandum of Understanding (MOU) dated 19 December 1988 establishing the Canada-Philippines Development Counterpart Fund. This was originally established to promote improved governance at the local

level; address capacity building of key institutions and support Philippines private sector development.

This counterpart fund MOU has a duration of ten years and will need to be extended or modified to cover the reception of all funds under the Project. Some Canadian goods supplied will also directly support programs aimed at supporting the Philippine Government's Social Reform Agenda and/or satisfying basic human needs. The Project is more completely described in Annex "A" attached hereto.

Section 3.02

Procurement of the commodities relating to the Project shall be performed with the assistance of a Canadian and a local procurement advisor(s)/monitor(s) provided by CANADA as set forth in Annex "D",

Section 3.03

Procurement of the commodities relating to the project shall be supplied from Canadian suppliers. The Canadian government content regulations for the commodities supplied under the Project will apply. The obligation of satisfying CANADA that these content requirements are being met is the responsibility of the Canadian exporter.

ARTICLE IV CONTRIBUTION OF CANADA

Section 4.01

The contribution of Canada shall consist of the procurement, financing and shipping of Canadian commodities to a Philippine port of entry identified by the Government of the Philippines as well as the provision of professional services of a Canadian and local procurement advisor(s)/monitor(s), and of a Canadian consultant to evaluate the Project, all as more particularly set forth in Annexes "A" and "B". The total value of CANADA'S contribution shall not exceed Fifteen Million Canadian Dollars (Cdn \$ 15,000,000).

Section 4.02

The Canadian contribution shall not be used by the PHILIPPINES to pay taxes, fees, customs duties or any other levies such as value added tax charges imposed directly or indirectly by the PHILIPPINES on any goods, equipment, vehicles and services purchased or acquired for, or related to, the execution of the Project.

ARTICLE V CONTRIBUTION OF THE PHILIPPINES

Section 5.01

The contribution of the PHILIPPINES shall consist of the provision of qualified personnel, facilities, services and other Project requirements, all as more particularly set forth in Annex "C".

ARTICLE VI INFORMATION

Section 6.01