

MEMORANDUM OF UNDERSTANDING RELATING TO THE PROVISION OF AID TO THE PHILIPPINES UNDER THE SECTOR INPUTS PROGRAM

1. GENERAL

1.1 This MEMORANDUM OF UNDERSTANDING expresses the understanding of the Government of the Philippines (GOF) and the Government of Australia (GOA) concerning the respective responsibilities of the two Governments in regard to the provision by Australia of specific budget support aid to the Philippines by means of a Sector-Inputs Program (SIP).

1.2 Under the SIP the GOA will assist the GOP with the budget funding of specified humanitarian and developmental programs. The funds for these purposes will be generated from the supply from Australia, through normal commercial channels, of essential inputs for use in key industries or development programs in the Philippines.

1.3 The main objects of the SIP are to:

- . . contribute to GOP budget resources in the health, education and/or social services sectors;
- . . contribute to growth in the Philippine economy by providing essential imported inputs;
- . . assist in relieving balance of payments pressures in the Philippines; and
- . . encourage the growth of trade and commercial links between the Philippines and Australia.

1.4 The peso funds generated under the SIP will be used to assist certain mutually agreed categories of health, education and/or social services programs, included in the General Appropriations Act (GAA) of the GOP. The peso funds generated under the SIP may also be used to assist in the implementation of Australia-Philippines jointly funded development projects.

2. AUTHORITIES

2.1 The Executing Authorities for the SIP will be:

(a) For the GOP:

The Department of Finance (DOF)

(b) For the GOA:

The Australian International Development Assistance Bureau (CAIDAB) of the Department of Foreign Affairs and Trade.

2.2 A SIP executive officer will be appointed and will be responsible to the DOF for the effective implementation of the program, including liaison with the Australian executing authority. The contact for the Australian executing authority in the Philippines will be the Counsellor (Development Assistance), Australian Embassy, Manila.

2.3 There will be a coordinating committee for the SIP chaired by the DOF and including representatives from the National Economic and Development Authority (NEDA), Department of Foreign Affairs (DFA), DOF, Department of Trade and Industry (DTI), Department of Budget and Management (DEM), Central Bank of the Philippines (CBP), Coordinating Council for Philippine Assistance Program (CCPAP) and AIDAB. The Committee will meet biannually and at such other times as the Chairman deems necessary.

3. DURATION

The MEMORANDUM OF UNDERSTANDING will take effect from the date of its signature. The Program and all undertakings stated herein will cease on 30 June 1994 unless another date is agreed upon between the GOA and GOP through an exchange of letters.

4. RESPONSIBILITIES

4.1 The GOF will be responsible for -

- (a) the establishment of administrative machinery within the Philippines for facilitating the implementation of the SIP in the Philippines;
- (b) identifying commodity requirements under the SIP and determining the entities within the Philippines which are to receive the specified commodities in the Philippines; and
- (c) providing the GOA with all the information required on the relevant administrative actions and commercial transactions to enable the GOA to maintain the SIP.

4.2 The GOA will be responsible for -

- (a) examining the proposed commercial transactions to determine their eligibility for inclusion in the SIP and advising the GOP accordingly; and
- (b) effecting payments broadly in accordance with the mechanism described in general terms in paragraphs 8 and 9 below.

4.3 The Philippine entities identified as the importers under the SIP will be responsible for negotiating and entering into normal commercial contracts with Australian exporters. The establishment of such contracts and their financing, including special provisions relating to the SIP, will be the direct responsibility of the contracting parties under commercial arrangements in consultation with the two Governments.