

**MEMORANDUM OF UNDERSTANDING BETWEEN THE  
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE  
GOVERNMENT OF AUSTRALIA RELATING TO MINDANAO  
COMMUNITY HEALTH PROJECT**

**1. GENERAL**

1.1. THIS MEMORANDUM expresses the understandings of the Government of the Philippines and the Government of Australia concerning the responsibilities and contributions respectively of the two Governments with regard to the Philippines/Australia Mindanao Community Health Project (the Project).

1.2 The Project and its objectives and the responsibilities and contributions of the two Governments are described further in Annexures 1-4 of this Memorandum.

1.3 The Project is intended to strengthen the delivery of provincial and municipal health services through the development of key health subsystems in six provinces over six years. The subsystems will be suitable for widespread replication in other provinces. The Project is a component of the Government of the Philippines' Integrated Community Health Services Project (ICHSP).

**2. DEFINITIONS**

For the purposes of this Memorandum:

(a) "Australian institutions, firms and organizations" means Australian institutions, firms and organizations engaged in the Project;

(b) "Australian Project personnel" means Australian nationals or permanent residents or other persons who are not nationals or permanent residents of the Philippines who are working in the Philippines on an activity under this Memorandum and whose salaries or other costs are funded from the contribution of the Government of Australia to the activity;

(c) "dependant" means the spouse or unmarried minor children of a member of the Australian Project personnel or any person recognized by the two Governments as a dependent of a member of the Australian Project personnel;

(d) "professional and technical material" means equipment and other goods imported by members of the Australian Project personnel or Australian institutions, firms and organizations for their professional use in carrying out their assigned duties under the Project and paid for from funds provided by the Government of Australia;

(e) "Australian Project supplies" means equipment, material and other goods supplied for the execution of the Project, the costs of which are funded from the contribution of the Government of Australia to the Project;

(f) "motor vehicles" means motor vehicles supplied for the execution of the Project, the cost of which is funded from the contribution of the Government of Australia to the Project;

(g) "services" means services performed by individuals or by general professional partnerships registered in the Philippines as detailed in Annex 1;

(h) "Australian Team Leader" means the designated representative in the Philippines of the consultant contracted by AusAID on behalf of the Government of Australia to implement the Project; and

(i) "personal and household effects" means equipment and other goods imported by Australian Project personnel or Australian institutions, firms and organizations for the personal use of Australian Project personnel and their dependants while engaged in the Project.

### **3. AUTHORITIES AND COORDINATION**

3.1 The Executing Authorities for this Project will be:

For the Government of the Philippines, the Department of Health (DOH).

For the Government of Australia, the Australian Agency for International Development (AusAID) of the Department of Foreign Affairs and Trade, and

The Executing Authorities, however, may nominate suitably qualified agents to undertake any part of their functions on their behalf.

3.2 A management structure comprising a Project Coordinating Committee (PCC) and a Project Management Office (PMO) will be established to oversee and manage Project activities and ensure timely and effective coordination and utilization of inputs.

3.3 Project implementation will be facilitated through the Project Coordinating Committee (PCC). This Committee will assess progress and provide policy and planning direction to the Project. The members of the PCC will include the Secretary of the Department of Health, the Government of the Philippines Project Manager, the Governors of Surigao del Norte and South Cotabato, the AusAID Philippines Counsellor, the Australian Project Director, the Australian Team Leader, or their nominees. The PCC will meet to discuss the Project at least twice a year. Additional meetings of the PCC may be requested by DOH or AusAID.

3.4 The Project Management Office (PMO), representing all major stakeholders, will be responsible for the day-to-day implementation of the Project.

3.5 Coordination between the Project and the Asian Development Bank (ADB)-assisted ICHSP will be the day-to-day responsibility of the Australian Team Leader and the Government of the Philippines Project Manager, and will be encouraged by maximizing cross membership between the PCC and the ICHSP's Project Steering Committee (PSC).

### **4. CONTRIBUTIONS**

The contributions of the Government of the Philippines and the Government of Australia, as described in Annex 1, are estimated to value 56,494,000 Philippine

Pesos and \$23,371,800 Australian Dollars, respectively. The financial contribution of the Government of the Philippines will be subject to its annual Congressional appropriations. The financial contribution of the Government of Australia will be subject to the normal annual Parliamentary approval of appropriations.

## **5. PERSONNEL**

5.1 Personnel provided by the Government of Australia to be the Project will be responsible for ensuring the effectiveness of the contribution to the Project and will have an advisory and consultative role.

5.2 The Australian Team Leader will have administrative control with respect to duties, discipline, leave and other administrative issues concerning personnel funded by the Government of Australia (including Philippine nationals employed as consultants) to achieve Project objectives and subject to the laws and regulations of the Republic of the Philippines.

## **6. IMPLEMENTATION. MONITORING AND REVIEW**

6.1 An Annual Plan will be prepared by the Australian Project Team, in coordination with the Philippine Project Team, by 31 March of each year and will be submitted to AusAID and the Government of the Philippines for consideration. The Plan will contain an assessment of progress to date, a detailed schedule of tasks as well as resource and budget proposals. The Plan will initially be drafted by the Australian Team Leader in coordination with the Philippine Project Manager. The Plan will cover the period July 1 to June 30 of the following year. The first Annual Plan will be prepared during the first months of Project implementation, and will cover that period from the Annual Plan's approval by AusAID, to the 30 June of the first year of the Project.

6.2 A major review of progress of the project may be made at times arranged between, and mutually convenient to, the two Governments, to be communicated through diplomatic channels. Such a review would be undertaken by a joint investigation team appointed by the two Governments and independent staff involved in the Project.

6.3 The Australian Team Leader will coordinate directly with the Philippine Project Manager and the Provincial Coordinators in matters concerning the execution of Project plans.

## **7. PROJECT SUPPLIES. MOTOR VEHICLES AND PROFESSIONAL AND TECHNICAL MATERIAL AND SERVICES**

7.1 In respect of project supplies, motor vehicles and professional and technical material and services whether to be imported into and/or procured within the Philippines, the Government of the Philippines will:

- (a) be responsible for the payment of import duties, Value Added Tax (VAT) and other duties and imposed in the Philippines, and be responsible for inspection fees, storage charges and all other levies, fees and charges levied in the Philippines.

- (b) facilitate the expeditious clearance and release of imported project supplies and motor vehicle including the provision of appropriate customs

and wharfage facilities in the port of entry closest to the site of the Project; and

(c) unless provided otherwise, provide expeditious internal transport to the site of the Project.

7.2 Project supplies and motor vehicles provided by the Government of Australia for the Project will be available for the unrestricted use of the Project and will not be withdrawn from such use without the consent of the Australian Executing Authority. The Australian Team Leader will exercise administrative control over such supplies for the duration of the Project or such other time as mutually arranged between the Governments.

7.3 Motor vehicles provided by the Government of Australia will be registered and insured jointly in the names of the Australian Embassy, representing AusAID and, the Project, and will be under the administrative control of the Australian Team Leader for the duration of the Project. At the completion of the Project, all motor vehicles will be handed over to the Philippine Executing Authority in furtherance of the objectives of the Project,

## **8. IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS**

In respect of the importation into the Philippines of bona fide personal and household effects for the personal use of Australian personnel or their dependents/dependants, which accompany such persons or arrive within six months from the date of their arrival in the Philippines, the Government of the Philippines will;

(a) be responsible for the payment of all customs duties, other duties, taxes, levies and other charges of similar nature; and

(b) expedite their clearance through Customs.

## **9. MOTOR VEHICLES FOR PERSONAL USE**

9.1 Subject to sub-paragraph 9.3 below, the Government of the Philippines will, pursuant to Section 105 G-I of the Tariff and Customs Code, allow the entry of one motor vehicle imported into the Philippines or purchased locally by Australian personnel for their personal use once during the project period provided that:

(a) the expected assignment of Australian personnel on the Project is for a minimum period of twelve (12) months;

(b) such imported motor vehicle has been use by the person concerned in the country of his or her last posting or such motor vehicle is purchased locally or from a third country within the period of six (6) months from the date of his or her arrival in the Philippines;

(c) no transfer of ownership shall be made within a period of three (3) years from the time such motor vehicle was registered, unless the member of the Australian personnel is posted to another country or his or her contract in the Philippines has expired, however, that the vehicle should have been registered in the country for not less than twelve (12) months;

(d) the motor vehicle conforms with existing Government of the Philippines regulations on the allowable imported motor vehicles; and

(e) if the motor vehicle is sold or otherwise disposed of to non-exempt entities or personnel it will be subject to the normal duties and other charges at the rate in force on the date the exemption was given and on its entered value at the time of disposal.

9.2 In respect of sub-paragraph 9.1 above, the Government of the Philippines will expedite the clearance through Customs of motor vehicles imported by Australian personnel for their personal use.

9.3 In the event of fire, theft, substantial damage or destruction, the provisions under this clause may be exercised at any time during the assignment of the person concerned.

## **10. EXPORT OF PROFESSIONAL AND TECHNICAL MATERIAL AND PERSONAL AND HOUSEHOLD EFFECTS**

10.1 In respect of the export from the Philippines at the end of the assignment of Australian personnel, of professional and technical material, personal and household effects and motor vehicles for personal use, the Government of the Philippines will:

(a) be responsible for the payment of all customs duties, other duties, taxes, levies and other charges of similar nature; and

(b) expedite clearance through customs and other export controls.

## **11. TAXES ON INCOME**

The Government of the Philippines will be responsible for the payment of income taxes and other similar taxes on fees, salaries, wages and other similar remuneration paid for by the Government of Australia and incurred by Australian personnel, firms, institutions and organizations derived from work performed under this Memorandum in the Philippines.

## **12. REMITTANCE OF FUNDS**

The Government of the Philippines will facilitate repatriation by Australian personnel, firms, institutions and organizations of their funds in accordance with the rules and procedures laid down by the Bangko Sentral ng Pilipinas and consistent with the rights and obligations of the Philippines as a member of the International Monetary Fund.

## **13. LOCAL LAWS AND REGULATIONS**

The Philippine Executing Authority will exert its best efforts to inform and keep advised Australian personnel and Australian firms, institutions and organizations of local laws and regulations which may be pertinent to the performance of their duties in the Project.

## **14. CLAIMS**

14.1 The Government of the Philippines will release the Government of Australia, its representatives and its Australian Project Personnel from all actions, suits, proceedings, claims and demands whatsoever which the Government of the