

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF CANADA CONCERNING THE LOCAL
GOVERNMENT SUPPORT PROGRAM - PHASE II (PROJECT
NUMBER 734/20272)**

The Government of the Republic of the Philippines (hereinafter called "PHILIPPINES") and the Government of Canada (hereinafter called "CANADA"), desiring to collaborate on the implementation of a development cooperation project in the PHILIPPINES have reached the following understanding:

**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 objectives and purposes of the General Agreement on Development Cooperation between the PHILIPPINES and CANADA 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 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

The PHILIPPINES and CANADA will participate in the effective and efficient implementation of a project called the Local Government Support Program - Phase II ', (hereinafter called the "Project"). The goal of the Project is to assist the PHILIPPINES in realizing its objectives of equitable growth and poverty reduction through more effective local governance with enhanced stakeholder participation in the target regions: Region VI in the Western Visayas, Regions IX, X, XI, XII, XIII, and the Autonomous Region in Muslim Mindanao (ARMM) in Mindanao.

SECTION 3.02

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

ARTICLE IV MANAGEMENT STRATEGY

SECTION 4.01

For the purpose of implementing the Project, the PHILIPPINES and CANADA have developed the Management Strategy attached as Annex "A" to this Memorandum of Understanding, and duly signed by CIDA and NEDA. The Management Strategy includes the following;

- a) a detailed description of the Project including a copy of the Logical Framework Analysis used in the Project Approval Document;
- b) a description of how CANADA'S and the PHILIPPINES' development priorities and cross-cutting themes will be addressed in the Project;
- c) a description of project management organization demonstrating the lines of authority, communication and accountability between the principal participants and decision-makers of the Project;
- d) roles and responsibilities of project participants and management committees;
- e) the resources required for the Project including a description of the flow of funds from the Development Fund;
- f) a project performance measurement framework;
- g) the reporting requirements for the Project;
- h) a sustainability plan, including a phase-out plan; and
- i) a contract plan.

This Management Strategy may be amended as deemed necessary by NEDA and CIDA, by mutual understanding through an exchange of letters.

ARTICLE V CONTRIBUTION OF CANADA

SECTION 5.01

The contribution of CANADA will consist of the provision of Canadian professional, technical and advisory services, management services, and the services of Canadian monitor(s), evaluator(s) and consultants, all as more particularly described in Annex "A": of this Memorandum of Understanding. The total value of CANADA'S contribution will not exceed nine million, five hundred and twenty-five thousand Canadian dollars (Cdn\$9,525,000).

SECTION 5.02

The proceeds of CANADA'S 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