

November 07, 1989

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF CANADA CONCERNING THE COMMODITY
ASSISTANCE PROGRAM II (PROJECT NO. 734/15669)**

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 support the Philippines macro-economic adjustment process and to sustain social development programs 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 Commodity Assistance Program II to provide the Philippines with Canadian commodities (hereinafter called the "Project"). The objectives of the Project are to support development programs in the education and health sectors, to provide essential imports of commodities and to generate funds to be deposited in the Canada-Philippines Development Counterpart Fund which shall be used in accordance with the provisions of the Memorandum of Understanding (MOU) dated 19 December 1988. The Project is more particularly 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 procurement advisor/monitor provided by CANADA and as set forth in Annex "D".

SECTION 3.03

Procurement of the commodities relating to the Project shall be supplied from Canadian suppliers and shall have a Canadian content of at least 66 2/3%. The obligation of satisfying CANADA that the Canadian 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 nearest to the site of the activity as well as the provision of professional services of a Canadian procurement advisor/monitor, 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 fifty million six hundred thousand Canadian dollars (Cdn \$50,600,000).

SECTION 4.02

The Canadian contribution shall not be used by the PHILIPPINES to pay any taxes, fees, customs duties or any other levies such as value added tax 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 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

ARTICLE VI INFORMATION

SECTION 6.01

CANADA and the PHILIPPINES shall ensure that this Memorandum of Understanding is carried out with due diligence and efficiency and each shall furnish to the other all such information relating to the Project as shall reasonably be requested.

ARTICLE VII COMMUNICATIONS

SECTION 7.01

Any communications or documents given, made or sent by either CANADA or the PHILIPPINES pursuant to this Memorandum of Understanding, shall be in writing and shall 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, telegram, cable, facsimile or telex at its respective address, namely:

For the PHILIPPINES:

Mail Address:	The Director General National Economic and Development Authority (NEDA) Amber Avenue Pasig, Metro Manila Philippines
Cable Address:	NEDAPHIL
Telex:	29058
Fax:	639-5312

For CANADA:

Mail Address:	The President Canadian International Development Agency c/o The Canadian Development Program Director Canadian Embassy 9 th Floor, Allied Bank Centre 6754 Ayala Avenue, Makati Metro Manila, Philippines
Cable Address:	DOMCAN MANILA
Telex:	63676 DOMCAN PN
Fax:	815-9595

SECTION 7.02

Any one of the parties hereto may, by written notice to the other party hereto, change the address to which any notice or request shall be sent.

SECTION 7.03

All communications and documents submitted to CANADA shall be in either the English or the French language, and those submitted to the PHILIPPINES shall be in the English language.

**ARTICLE VIII
INTERPRETATION**

SECTION 8.01

Differences which may arise in the application of the provisions of this Memorandum of Understanding shall be settled by means of negotiations between CANADA and the PHILIPPINES or by any other manner mutually agreed upon by their respective Governments.

**ARTICLE IX
ENTIRE UNDERSTANDING**

SECTION 9.01

This Memorandum of Understanding together with Annexes "A", "B", "C" and "D" which form an integral part hereof constitutes the entire understanding between the parties with respect to the Project.

**ARTICLE X
CONSULTATION**

SECTION 10.01

CANADA and the PHILIPPINES will endeavour to consult each other in respect of any matter that may arise from time to time in connection with this Memorandum of Understanding.

**ARTICLE XI
GENERAL PROVISIONS**

SECTION 11.01

In connection with the contribution of CANADA for the purchase and delivery of Canadian commodities pursuant to this Memorandum of Understanding, the PHILIPPINES agrees to undertake all reasonable precautions to avoid:

- (a) diverting any shipment to non-Philippine destinations or re-exporting the Canadian commodities received under this contribution; and
- (b) utilizing any shipment of Canadian commodities under this contribution for military purposes.

SECTION 11.02

This Memorandum of Understanding shall come into force and effect on the date of signature and shall expire on the 31st day of March 1997. This Memorandum of Understanding may be amended from time to time, as deemed necessary, by mutual agreement through an exchange of letters.

IN WITNESS WHEREOF, the undersigned have signed this Memorandum of Understanding in duplicate in Ottawa, Canada on the 7 November 1989.

ON BEHALF OF THE

ON BEHALF OF THE

GOVERNMENT
OF THE REPUBLIC OF THE
PHILIPPINES

(Sgd.) RAUL S. MANGLAPUS
(Name)
(Title)

GOVERNMENT OF CANADA

(Sgd.)
(Name)
(Title)

ANNEX "A"
PROJECT DESCRIPTION

Two types of commodities will be supplied under this Project. The first type will consist of support commodities which shall be used directly by the PHILIPPINES as part of its national development programs in the education and health sectors and thus ensuring continuity to ongoing CIDA assistance. The second type will consist of industrial commodities which shall be sold to-public or private agencies/groups in order to generate local currency. The net peso proceeds arising from the sale of the commodities will be deposited into a special account named Canada-Philippines Development Counterpart Fund pursuant to the Memorandum of Understanding (MOU) signed on 19 December 1988.

Following are the commodities that may be financed under this Project, unless otherwise agreed to by CIDA and NEDA through an exchange of letters:

A. Support Commodities

1. Paper for textbook in support for the Secondary Education Development Program (SEDP);
2. Vaccines, related equipment and supplies for Expanded Program on Immunization (EPI);

B. Industrial Commodities

1. Fertilizers such as potash and urea;
2. Thermal coal;
3. Steel (slabs and coil); and
4. Other commodities such as zinc ingots, ammonia and graphite electrodes.

The type and quantity of commodities sourced under this Project will be determined by mutually agreed Annual Procurement Plans prepared by NEDA with the assistance of the CIDA procurement advisor/monitor. The acceptability of Canadian commodities to the PHILIPPINES will, in part, be based on their continued competitiveness compared to other international sources. All commodities, with the exception of the vaccines, will be procured by the PHILIPPINES' designated purchasers through a competitive tendering process. In the case of vaccines, Supply and Services Canada will conduct the procurement. For all other commodities, the PHILIPPINES' designated purchasers will issue the tenders to Canadian Suppliers as described in Annex "D".

A procurement advisor/monitor will be hired by CIDA to assist NEDA and CIDA in the project's implementation. The consultant will monitor the procurement activities, provide up-to-date information on the PHILIPPINES' requirements,