BILATERAL

FINANCING AGREEMENT BETWEEN THE GOVERNMENT OF THE PHILIPPINES AND THE GOVERNMENT OF DENMARK

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The Government of the Philippines and the Government of Denmark, desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to the economic development of the Philippines, Danish financial assistance, by way of grant, shall be extended to the Government of the Philippines in accordance with the following provisions:

ARTICLE I
THE FUNDS

The Government of Denmark represented by the Danish International Development Agency (Danida) shall make available to the Government of the Philippines by way of grant, the amount of 100 million Danish Kroner for the purposes described in article II.

ARTICLE II
USE OF THE FUNDS

1. The Funds shall be used to finance purchases in Denmark of Danish goods and services (including transport and insurance from Denmark to the project site in the Philippines) for the following projects:

a. LWU – Local Water Utilities Administration 63.0 mio. DKK

- Construction of waterworks in Camarines Norte and Ligao-Oas (Region V), Danish components only (remaining parts of 6
Water Districts Project)

11.0 mio DKK

- Design, tendering and construction supervision for Phase I, i.e. Puerto Princesa, (Palawan Island), Masbate (Region V), Bago City (Region VI), and Cadiz (Region VI), selected on the basis of the pre-feasibility study, of 12 Towns Water Supply Project plus construction work in same towns (incl. of local construction costs up to a ceiling of 13 mio.DKK). Phase I is subject to a favourable outcome of the feasibility study.

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In general reference is made to the findings and recommendations contained in the Review and Appraisal Report prepared by a Danida mission in September 1988 - Final Report of May 1989 - agreed upon between the parties.

52.0 mio.DKK

b.DPWH – Department of Public Works and Highways 3.5 mio DKK

- Pilot Testing of "Rocking Filters" for the Palawan Integrated Area Development Project

c. Feasibility Studies Account 23.5 mio.DKK

- Balanced Agro-Industrial Development (BAIDS) in Region X

9.0 mio DKK

- Comprehensive Agrarian Reform Programme (CARP) in Region X

1.5 mio.DKK

- Integrated Area Development (IAD) in Aklan, Region VI

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2.0 mio.DKK

- Pasig River Rehabilitation

11.0 mio.DKK

d. Contingencies 10.0 mio.DKK

Total 100.0 mio.DKK

2. Any proposal for additional projects or for the substitution of new projects for any of the above-mentioned projects shall be subject to the approval of both Parties.

ARTICLE III
REALIZATION OF THE PROJECTS

The Projects shall be contracted for by Danida and implemented in accordance with the procedures laid down in this Agreement and with the plans, allocations and other provisions stated in the Agreed Minutes signed in Manila on 20th February, 1989, by representatives of both Parties.

ARTICLE IV
TRANSFER OF OWNERSHIP

Unless the Parties agree otherwise, the Government of the Philippines or any third Party designated by the Philippines and approved by Danida shall take over all rights and duties relating to the supplies financed by Danida after the contracts for the realization of the projects mentioned in Article II have been fulfilled.

ARTICLE V
SHIPMENT

All shipments of capital goods covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

ARTICLE VI
TAXES AND OTHER PUBLIC CHARGES

1. This Agreement shall be free from any present and future taxes imposed under existing or future laws of the Philippines in connection with the issue, execution, registration, entry into force of the Agreement or otherwise.

2. The proceeds of the Funds shall not be used for payment of any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments, licences or import licences.

ARTICLE VII
COLLABORATION AND INFORMATION

1. Both Parties shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To that end the Parties shall at the request of one or the other of the Parties exchange views with regard to matters relating to

the projects under this Agreement and provide each other with all such information as can reasonably be requested with regard to the matters in question.

2. Each. Party has the right to send his own agents or duly authorized representatives to carry out any technical or financial mission that he may consider necessary to follow the execution of the projects to be financed under this Agreement.

To facilitate the work of such missions all relevant assistance, information and documentation shall toe provided by both Parties.

3. Representatives of the Auditor General of Denmark shall have the right to carry out any audit or inspection considered necessary as regards the use of the Funds made available to the Philippines under this Agreement on the basis of all relevant documentation. 4. Joint Danish-Philippine project evaluations shall be carried out at the request of either Party.

ARTICLE VIII
SUSPENSION

1. In the event of non-fulfilment by the Government of the Philippines of any commitment or arrangement between the Parties regarding this Agreement Danida may suspend, in whole or in part, further financing according to this Agreement.

2. Notwithstanding any suspension under this Article all the other provisions of the Agreement shall continue in full force and effect.

ARTICLE IX
SETTLEMENT OF DISPUTES

1. Any dispute between the Parties arising out of the interpretation or administration of the present Agreement, which has not been settled within six months through diplomatic channels, shall, at the request of either Party, be submitted to a tribunal of arbitration consisting of three members. The chairman of the tribunal shall be a citizen of a third country and shall be appointed by common consent of the Parties. Should the Parties fail to agree on the appointment of the chairman of the tribunal within two months, either Party may request the President of the International Court of Justice to make the appointment. Each Party appoints his own arbitrator; if a Party abstains from appointing an arbitrator, the latter may be appointed by the chairman of the tribunal.

2. Each Party shall observe and carry out awards handed down by the tribunal.

ARTICLE X
MISCELLANEOUS PROVISIONS

Any notices, requests or agreements under this Agreement shall be in writing.

ARTICLE XI
SPECIFICATION OF ADDRESSES

The following addresses are specified for the purpose of this Agreement:

For the Government of
the Philippines

National Economic and Development Authority (NEDA)

Cablegrams:

NEDAPHIL

Telefax:

29058 NED PH

For the Government of
Denmark:

Danish International Development Agency, Danida
Ministry of Foreign Affairs
Asiatisk Plads 2,
DK-1448 Copenhagen K,
Denmark.

Cablegrams:

ETRANGERES COPENHAGEN

Telex:

31292 ETK DK

ARTICLE XII
ENTRY INTO FORCE OF THE AGREEMENT

This Agreement shall enter into force on the date of the signature.

In witness whereof the Parties hereto, acting through their representatives duly authorized for this purpose, have caused this Agreement to be signed in two originals in the English language in Manila on this 30th day of October 1989.

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For the Government of the Philippines:

For the Government of Denmark:

(Sgd.) RAUL S. MANGLAPUZ

(Sgd.) GUNNAR ALBERT FISCHER BLAHR

FULL POWERS

I, the undersigned UFFE ELLEMANN-JENSEN, Minister for Foreign Affairs of the Kingdom of Denmark, do hereby authorize Mr. GUNNAR ALBERT FISCHER BL/EHR, Knight of the Order of the Dannebrog, Charge d'Affaires e.p. of Denmark to the Philippines, to sign on behalf of the Danish Government the Agreement between the Government of Denmark and the Government of the Philippines on a development grant to the Philippines to the amount of 100 million Danish Kroner.

Copenhagen, 30th September 1989.

(Sgd.) UFFE ELLEMAN-JENSEN

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