
3rd day of July 2001
Madrid, Spain

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In accordance with the General Friendship and Cooperation Treaty between the Republic of the Philippines and the Kingdom of Spain signed in Manila on the 30th day of June 2000, as well as the Basic Agreement on Technical Cooperation signed by both countries on the 20th day of September 1974, the Fourth Philippines-Spain Joint Commission for Cooperation is being held in Madrid on the 3rd day of July 2001.

The Philippine Delegation is headed by the Undersecretary for Policy of the Department of Foreign Affairs (DFA), Honorable Mr. Lauro L. Baja, Jr. and the Deputy Director-General of the National Economic and Development Authority (NEDA), Honorable Mr. Raphael P. M. Lotilla.

The Spanish Delegation is headed by the Secretary General of the Agencia Española de Cooperación Internacional (AECI) of the Ministry of Foreign Affairs, Honorable Mr. Rafael Rodriguez-Ponga.

The complete composition of both the Philippine and Spanish Delegations may be found in the Annex to this Statement.

The Parties express their readiness to give high priority to the attainment of deeper relations between the two countries as already manifested by the Spanish Party in its presentation in October 2000 of the Asian Pacific Framework Plan for the period 2000-2002.

The Spanish Party confirms that the Republic of the Philippines continues to be a priority country within the 2001-2004 Master Plan for Spanish Cooperation. This ensures that the Philippines may avail of the full array of existing financial instruments and mechanisms of the Agencia Española de Cooperación Internacional (AECI) in the implementation of its development policies in those areas and sectors defined as priorities such as the Food Security Program, the Fund for Equipment Aid, the Emergency and Reconstruction Aid and the Micro-finance Fund.

The Philippine Party acknowledges and expresses its appreciation for the significant support that Cooperación Española has granted to the Philippines within the framework of the prevailing excellent relations of friendship and cooperation between both countries.

In the course of the preparatory meetings that have preceded this Joint Commission, both Parties have reviewed and evaluated the programs of cooperation carried out within the context of the 1998-2000 Third Joint Commission and manifested their satisfaction with the
programs implemented and took note of the importance of improving the technical quality and efficient management of the projects.

Both Parties also acknowledge the significant increase in the volume of Spanish Official Development Assistance (ODA) granted by the AECI to the Philippines [i.e., from a total of 2,583 million Ptas (Php 645.7 M) under the Second Joint Commission to 3,726 million Ptas. (Php 931 M) under the Third Joint Commission representing a 45% increase].

Both Parties also manifest their satisfaction for the progress made in the identification and programming of interventions to be focused in those areas or sectors considered as priorities by both countries within the framework of the Updated Medium-Term Philippine Development Plan “Towards Sustainable Growth and Equitable Development”, as formulated under the current Philippine Administration.

The Spanish Party expresses its desire to concentrate its cooperation interventions in the Philippines during the next triennium (2001-2003) both according to geographic and sector considerations in order to attain greater efficiency and impact.

Both Parties agree to promote the aforementioned concentration of the assistance principally in the following areas: Caraga, Misamis Oriental, Camiguin and the Autonomous Region of Muslim Mindanao (ARMM), in Mindanao; Ilocos Sur and Metro Manila, in Luzon; and Cebu, in Visayas.

Within the horizontal priorities of the Cooperación Española’s Directive Plan, both Parties agree to grant special attention, during this three-year period, to the fight against poverty, human development, sustainability of the environment, and the promotion of gender equality and good governance. As far as sector priorities are concerned, both Parties agree to give preference to the following areas: basic social needs (education, health, water supply, governance and civil society, food security and emergency and reconstruction aid), and strengthening of economic infrastructure (micro-credit, enterprise, agriculture and rural development, industry, urban development, tourism). As far as cultural and educational cooperation is concerned, priority will be given to the promotion of the Spanish language and the dissemination of the Philippine-Spanish socio-cultural reality, as well as the preservation and conservation of the historical and cultural heritage shared by the two countries.

Both Parties agree that the conclusions arrived during this session of the Fourth Joint Commission will be introduced and applied during the 2001-2003 period.

The Annex to this Statement shall constitute an integral part of the same.
1. **Education**

The Spanish Party recognizes the importance of education as a pillar of socio-economic development and commends the Philippines for the progress carried out in this area. To capture the gains from the growing internationalization of the economy as well as narrow down existing skills and income gaps, the current Philippine Administration is committed to expanding public investments in education, skills acquisition, and technological progress.

During the period 1998-2000, a total of 261.6 million Ptas. (Php 65.4 M) were directed for capacity-building activities which were distributed via subsidies granted primarily to non-governmental organizations. The Philippine Party expresses its satisfaction for the progress attained by Cooperación Española through its co-financing program to NGOs in order to extend assistance in the fields of vocational training and capability building. These have led to the enhancement of the employment opportunities of the target beneficiaries of the following projects: (i) Extension of Education Opportunities in General Santos (Manos Unidas/Notre Dame Business Resource Center Foundation Inc.), (ii) Improvement of the Technical and Vocational Training of the Population of Davao del Sur (Manos Unidas/Saint Anthony’s Boys Village Foundation), (iii) Extension of the Technical and Vocational Training of the Population in Silang (Manos Unidas/Saint Anthony’s Boys Village Foundation), (iv) Improvement of the Quality of Vocational Training (Codespa/Dualtech Training Center Foundation Inc.), (v) Improvement of Training Programs in Industrial Technology (Codespa/Center for Industrial and Technological Enterprise, CITE), and (vi) Youth Training in Zamboanga (FERE).

Within this framework, the Spanish Party expresses its intention to continue its cooperation interventions in the fields of vocational training through development programs and projects at the national and regional levels through bilateral cooperation and development NGOs in the next three (3) years.

The Philippine Party expresses its desire to strengthen the areas identified in the Philippine Manpower Development Plan for higher education and middle level skills development.

Both Parties are aware of the significance of exchanging information and programs relative to the educational systems of their countries. In line with this goal and so that both countries can grow more familiar with each other’s educational systems as well as to share experiences in this field, an exchange of three (3) experts on primary, secondary education and educational management shall be carried out while this Fourth Joint Commission is in force. In this regard, both Parties will exchange information on their respective educational systems in the fields of secondary and university education and degrees, in order to facilitate the appropriate evaluation thereof and their recognition by the competent institutions in the other country.
2. Health

To improve the health conditions of the Filipino people, the Philippine Government will pursue the following strategies over the next 3 years: (1) strengthening public health programs; (2) supporting local health systems development; (3) supporting hospital system development, and (4) improving health financing.

The Philippine Party manifests its satisfaction with the projects carried out by Cooperación Española both at the tertiary level as well as primary health through bilateral projects or co-financing programs of the NGOs during the 1998-2000 period. A total of 504.2 million Ptas. (Php 126.0 M) was directed to the health sector for said period.

The Philippine Party acknowledges the importance and future impact of the establishment of the National Eye Referral Center of the Philippine General Hospital in the diagnosis and treatment of ocular illnesses in the country, through the transfer of Spanish technology in this field, one wherein Spain holds a leading comparative advantage. Within this context, the Philippine Party likewise manifests its satisfaction with the formulation of a Master Plan which will guide all interventions as well as for the fruitful results at the institutional level brought about by the creation of the “Filipinas Eye Center Foundation, Inc.” which will guarantee the Center’s self sustainability in the future.

The equipping of the Emergency Unit of the Philippine General Hospital and the construction of a Mental Health Center in Cebu (Cáritas/ Hospitaler Sisters of the Sacred Heart of Jesus) are likewise examples of the assistance given by Spain in order to strengthen the public health service, a cooperation endeavor which both Parties agree to pursue.

Both Parties also express their satisfaction for the positive impact made by interventions of development NGOs in the field of basic health through projects such as the “National Tuberculosis Program” (Médicos del Mundo/Philippines Tuberculosis Society Inc.), “National Program to Fight against Leprosy” (Anesvad/ Culion Foundation Inc.) and on “Community Health in Vigan” (Cruz Roja/Philippine Red Cross).

The Spanish Party stresses its willingness to support the efforts carried out by the Government of the Philippines in order to enhance the capabilities of Philippine public institutions offering medical assistance, primarily through transfer of technology in specific fields, as well as to strengthen measures on preventive health among the poorest segments of the population, those which by definition show higher levels of mortality and morbidity. Another area which may be supported is the upgrading of the health management skills of local government units (LGUs) to provide basic health services.

The Spanish Party reiterates its intention to continue supporting, in this coming three (3) year period, the establishment of the National Eye Referral Center on Ophthalmology of the Philippine General Hospital. It will do so by supporting the infrastructure, academic enhancement, transfer of technology and management components of the Master Plan which has been formulated.
It was clarified, however, that said support will be extended subject to the Philippine Government’s ability to secure parallel financing for the acquisition of equipment through a credit line of the Development Assistance Fund (FAD) under the 2001 RP-Spain Memorandum of Understanding on Financial Cooperation.

Following the positive results attained during the past three (3) years, both Parties recognize and agree on the need to continue the expansion of the National Tuberculosis Program in other provinces and regions with high incidence rates of this infectious illness as well as to continue to promote the channeling of resources through development NGOs for the implementation of projects of primary health care, specially in the Caraga Region and the Autonomous Region of Muslim Mindanao (ARMM) both of which have been identified as geographic priorities by both Parties in their efforts towards poverty alleviation.

Both Parties recognize the need to improve the attention given to the health of families in order to ensure the improvement of opportunities and the quality of life among the more vulnerable socio-economic segment of the population and as a vehicle to attain better welfare among women and children.

The Philippine Party expresses its satisfaction for the achievements obtained through the Fourth Country Health Program carried out throughout the country by the UNFPA from 1995 to 1999 in the fields of Information, Education and Communication (IEC), all of which was funded by Cooperación Española.

The Philippine Party expresses its appreciation to the Spanish Party for its assistance in the setting up of the Fifth Country Program via the Second Phase of the Health Project in Maguindanao (1999-2004) which is focused in a priority area wherein the efforts of the current Administration for poverty alleviation as well as the consolidation of the peace process converge.

3. Water Supply and Management

The Philippine Government shall address the water issues on planning, institutional capacity-building, and financial constraints by pursuing an action plan for water resources management which recommends a shift from a sector approach to one which integrates and coordinates all water-related efforts towards a more focused approach to water resources management such as a river basin approach. Policies shall likewise be implemented through decentralized operations within a national framework cognizant of the policy of devolution and community-based approaches in water management. These policies will address the need for capacity-building and training in the local levels in development planning, operation and maintenance.

The Philippine Party manifests its satisfaction with the contribution of Cooperación Española in the development of this basic service, particularly in rural areas such as the islands of Culion and Camiguin and the City of Vigan, by supporting the Local Government Units (LGUs) in the installation of primary and secondary water supply systems. Cooperación Española has channeled a total funding of 561.0 million Ptas. (Php 141.0 M) to this sector under the Third Joint Commission.
The Philippine Party specifically noted the results of the “Water Supply Program for the Island of Culion” (Anesvad and Culion Foundation), the “Support Program for the Establishment of an Integrated Water Supply and Management System in the City of Vigan” (Fundación Cánovas del Castillo and the LGU/City Government of Vigan and Philippine Business for Social Progress), and Phase 1 of the “Integrated Water Supply and Management System in Camiguin”, within the SAIL III Program.

The Philippine Party expresses its appreciation for the support to the continuation of these ongoing programs whose implementation shall be completed within this three (3) year period.

The Philippine Party acknowledges the importance and impact of the SAIL Program in the development of the island of Camiguin. The SAIL Program is the flagship of Cooperación Española in the Philippines as far as the area of intervention on basic social needs is concerned, within the framework of an integrated program. Since 1991, this program has enabled the implementation of projects relative to the strengthening of the capabilities of the LGU in providing basic services to the population of the island. In its ten (10) years of existence, the SAIL Program has intervened in several areas which have directly or indirectly contributed to the achievement of its global objective of poverty alleviation within an integrated development approach.

During the Third Joint Commission the implementation of Phase 2 of the SAIL Program (II) continued and concluded. It offered assistance on micro-credit, water supply, the construction of farm-to-market roads and health. In the year 2000 the third Phase of the SAIL Program commenced which is exclusively anchored on the integrated supply and management of the water resource of the island province of Camiguin. Given the magnitude of the program, which establishes as specific objectives the rationalization of the use of this natural resource and equitable distribution of it within the province, both Parties express their commitment to continue the program within the auspices of the Fourth Joint Commission.

The Philippine Party shall work towards the establishment of an institutional mechanism that guarantees the sustainability of the services installed through the contribution and participation of the users.

Both Parties look forward to the end of the Fourth Joint Commission, the water supply needs in three (3) of the five (5) municipalities of the island of Camiguin shall be satisfied and that the water system is operating at optimum performance levels.

4. Governance and Civil Society

The Spanish Party informs of the priority given to governance and civil society initiatives by the Cooperación Española. This is consistent with the Philippine Government’s desire to pursue the improvement of public service delivery along with the policies to achieve fiscal discipline and eradicate corruption.
The Philippine Party manifests its appreciation for the generosity of Cooperación Española in providing resources to support the consolidation of democratic mechanisms of the Republic of the Philippines, in the past three (3) years, through several key interventions that have strengthened the dialogue between Government and civil society. Total funding of 317.9 M Ptas. (Php 79.4 M) was channeled to this sector under the Third Joint Commission.

The Philippine Party acknowledges with appreciation the commitment shown by the Spanish Party to contribute to the consolidation of the peace process started in 1996 between the Moro National Liberation Front (MNLF) and the Government of the Philippines through its participation in the GOP-UN Multi-Donor Program particularly with its contribution to the support project for MNLF returnees and their families implemented by the UNDP from 1998-2000.

Both Parties manifests their satisfaction for the results obtained in the first and second phases of said program which offers basic services, employment and self sustaining opportunities for MNLF returnees as jointly designed by the Government of the Philippines, the NEDA, the SPCPD and the United Nations and in which Spain contributed in the family needs assessment, emergency aid and supply in several pilot camps of the MNLF and facilitated the formulation of the “Vocational Training Programs” for MNLF returnees.

On the basis of the results attained during the prior phase, the Spanish Party expresses its willingness to support the continued implementation of the program “Strengthening Foundations of Lasting Peace and Development in Southern Philippines” (2001-2004). This shall constitute the third phase of the GOP-UN Multi-Donor Program, specifically as far as the non-farming sector community entrepreneurs’ development component (PROCEED) is concerned in one hundred forty (140) communities in the “Special Peace and Development Zone”, thus continuing the assistance granted for the creation of income generating programs which were already initiated in the previous phases.

Both Parties also acknowledge the need to strengthen the management capacity of some government institutions in order to improve the administration of resources directed to its services extended to the Philippine society.

5. Micro-Credit and Financial Services

Both Parties view the micro-credit program, for basic income generating activity, as an appropriate instrument to augment the family income-levels among the more vulnerable segments of the population.

The Philippine Party expresses its satisfaction for the support given to the SAIL Camiguin Foundation for the implementation of the SAIL micro-credit program. Through said Foundation, the sustainability of the micro-credit program in the island is guaranteed by virtue of an independent administrative arrangement which separates the functions and responsibilities of the stakeholders: the provincial Government, the local bank and the Foundation. Following the start-up stage of the Foundation, this shall be self-reliant in the exercise of its functions and in so doing ensure the sustainability of the SAIL micro-credit program by continuously servicing its client beneficiaries.
The Philippine Party likewise acknowledges the assistance granted in the microcredit services field through the nation-wide project “Support to the Microfinance Program in the Philippines” initiated by the development NGO Codespa and the People’s Credit and Finance Corporation (PCFC).

Cooperación Española has channeled a total funding of 70.5 M Ptas. (Php 17.6 M) to this sector under the Third Joint Commission.

The Philippine Party expresses its satisfaction for the inclusion of the Philippines as one of the beneficiary countries of Spain’s micro-credit program and for the opening of negotiations between both Parties for the development of an assistance program for second-level financial institutions in the Philippines.

Both Parties agree on the relevance of the objective established by the aforementioned program in the efforts toward the eradication of poverty through micro-credits that may contribute to the economic opportunities of the poorest segment of the population. The program beneficiaries shall be small-and-micro-entrepreneurs, cooperatives and communities throughout the country, projects and zones where existing bilateral programs shall be considered a priority.

In preparation for the implementation of this program, there are on-going negotiations between the Instituto de Crédito Oficial (ICO) - Spanish Official Credit Institute- and representatives of the People’s Credit and Finance Corporation (PCFC), the Government of the Philippines mandated government institution for financial resources mobilization allotted to extend micro credit services to the poor.

6. Enterprise

Both Parties recognize the importance and need to extend assistance to small-and-medium sized domestic enterprises in order to strengthen the country’s economic infrastructure. Under the Third Joint Commission, Cooperación Española has contributed to this sector a total amount of 172.2 M Ptas. (Php 43 M).

The Philippine Party expresses its satisfaction for the implementation of the enterprise cooperation program for Philippine-Spanish development carried out by the Spanish Confederation of Entrepreneurial Organizations (CEOE) and the Employers Confederation of the Philippines (ECOP) in the past three years.

Both Parties note their desire to continue, during the period covered by the Fourth Joint Commission, the consolidation of the entrepreneurs’ program already initiated during the previous three year period by expanding the technical assistance to ECOP, conducting courses of Spanish for Business, sector studies – particularly on tourism and fisheries, and the promotion of business exchanges as well as organizing investment circles between and among businessmen from both countries.
The Philippine Party, likewise, expresses its satisfaction for the funding received for the program to develop small- and medium- scale Filipino enterprises implemented by the Philippine Small and Medium Business Development Foundation (PHILSMED). The said program envisions the strengthening of small-and-medium scale enterprises to ensure their competitiveness in the global market through the implementation of an industrial development program mainly in two (2) sectors: agri-food and manufactured products. Said interventions allow the transfer of technology and managerial expertise of the resources leading to the integration of the small farmers and producers in the food industry.

Both Parties express their desire to continue supporting PHILMED’s program for the capability building of small- and medium- scale enterprises which despite the commercial potential of their products is lacking in the expertise related to manufacturing, presentation and promotion to be truly competitive in the market. This program shall focus on the strengthening of capabilities of selected SMEs in the areas of both promotions and commercial linkage development abroad.

The Philippine Party expresses its satisfaction for the completion of the project “Ecological Tourism Development in Camiguin” and the start-up of the “Consolidation of the Ecotourism as an economic alternative in Camiguin” (IPADE/PRRM). This is an intervention aligned with one of the development strategic directions included in the Master Development Plan for the Island Province of Camiguin and consistent with the priorities determined by the Department of Tourism of the Philippines.

Both Parties express their desire to continue their cooperative endeavors in developing eco-tourism in the Philippines in cooperation with the Department of Tourism of the Philippines and Spanish and Philippine development NGOs specialized in this field.

7. Agriculture and Rural Development

The Spanish Party reiterates its commitment to support the priority established by the Philippine Government to enhance rural development as a means to slow down the increasing migration to urban sites and the subsequent increase in the poverty it generates.

The Spanish Party recognizes the significance of triggering the development of this area by assisting the LGU in the formulation and development of integral development plans as well as helping development NGOs in the implementation of agricultural development projects and income generating alternatives in rural areas.

Cooperación Española under the Third Joint Commission channeled a total funding of 215.1 M Ptas. (Php 53.7 M) to this sector.

The Philippine Party expresses its appreciation for the assistance given by Cooperación Española in the recent past to boost rural development in an integrated fashion, particularly in the island province of Camiguin together with the LGU and local development NGOs and complementary interventions for the development of an aqua-culture program (Consejo Superior de Investigaciones Científicas, CSIC) and the construction and equipping of agrarian family farm schools in Tuy (Unefa/Pampamilyang Paaralang Agrikultura Inc.) and “Halad Mag-Uuma in Laman and Inagayan, Phase II” (Intered/Josefa Segovia Foundation).
Both Parties likewise indicate their satisfaction for the results attained by the International Centre for Research in Agri-forestry (ICRAF) in its efforts to address the problem of tropical deforestation, land exhaustion, and the alleviation of rural poverty via the development of alternatives to non-sustainable agricultural practices in Northern Mindanao by influencing on the ground practice in the design of national policies on the management of agri-forestry resources as in the case of the “National Strategic Plan for the Enhanced Management of Basins” of the Department of Environment and Natural Resources (DENR).

Following the successful implementation of the project “Enhancing the Adoption of Agri-forestry and Land Conservation and Agricultural Techniques through Peasant Training Organization in Mindanao, Philippines”, both Parties continue supporting ICRAF in the implementation of the “Project to Enhance Agricultural Conservation Practices following the Landcare approach in a larger number of slopes in tropical Philippines (Phases 2 and 3)” which is expected to conclude by the year 2005 and cover the provinces of Leyte and Bohol.

The Spanish Party expresses its willingness to consider ICRAF’s proposal to engage in a third expansion phase that will not only increase the coverage of “Landcare” in Regions VII, VIII and X – inclusive of areas in South and East Mindanao which are considered priorities by both Parties – but to also consolidate the work done in the initial phase of the project.

8. Industry

The Philippine Party recognizes the efforts done by Cooperación Española through a variety of learning institutions and the private sector towards updating production processes in several sectors as shown in the implementation of the technical capabilities development in the metal and canning industry (University of Northern Philippines/Department of Trade and Industry) and the “Continuing Program of Education on Experimental Sciences” of the University of Santo Tomas in cooperation with the Universidad Autónoma de Barcelona.

Cooperación Española has allotted a total amount of 11.1 M Ptas. (Php 2.7 M) to this sector under Third Joint Commission.

With the upcoming three-year period in sight, both Parties expresses their willingness to strengthen their cooperation in the field of capability-building of domestic industries so as to increase their level of competitiveness both at the national and international levels.

Within this framework, the Philippine Party recognizes the potential for the transfer of Spanish technologies and capabilities in those industrial sectors wherein Spain has a comparative advantage vis-à-vis the Philippines.

With the latter as a starting position, the Spanish Party commits to support during the period covered by this Joint Commission the setting up and implementation of the “Enhancement Program on Global Competitiveness for Quality, Standards and Conformance” and the “Technology Program for the Improvement of Entrepreneurial Competitiveness”.

These two bilateral programs shall develop the capabilities of Philippine institutions mandated to set the standards and quality control mechanism as well as the updating of production processes in industries previously jointly identified by the Bureau of Product Standards (BPS) of the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), the Spanish Association on Standardization and Quality Certification (Asociación Española de Normalización y Certificación de la Calidad) National Entity for Accreditation (Entidad Nacional de Acreditación).

9. **Urban Development and Planning**

The Philippine Party expresses its satisfaction for the formulation of the Master Development Plan for the Revitalization of the Historic Center of Vigan within the framework of the Third Joint Commission. This has led to the identification of the necessary strategies and interventions to foster an integrated and sustainable development of the city and its barangays. The said program has included the restoration of a public building which has been transformed into the Vigan Culture and Trade Center.

A total funding of 146.5 M Ptas. (Php 36.6 M) has been channeled by Cooperación Española to this sector under the Third Joint Commission.

Both Parties recognize the efficiency in the formulation of the Vigan Master Development Plan, which required the development of a series of sector studies in order to come up with a physical, social and economic profile of the city, a pre-requisite to the formulation and establishment of the best strategies for the implementation of said Master Plan. To this effect, a joint plan of action was prepared for municipal development, inclusive of an urban development plan draft for the central barangays of the city and those in its periphery covering fields such as tourism, infrastructure, water supply, sewerage, health, agriculture, aquaculture, fishing, socio-economic development and the protection of the municipality’s heritage.

Both Parties express their satisfaction for the progress made by this program and manifest their desire to support the establishment of a Vigan Master Development Plan management office. This office will support the LGU of Vigan in the overall implementation of the plan and in those activities considered as priority and which have already been initiated by the municipal Government such as the water supply program and the promotion of cultural and tourism related activities. The aforementioned office shall likewise assist in the formulation of new proposals in the Master Development Plan’s priorities. Worth mentioning among these are the program on aquaculture, the improvement of solid waste management and the cadastral system, all of which will be presented to the Spanish Party.

The Spanish Party informs the Philippine Party on its willingness to consider, during the coming three-year period, those initiatives directed to foster the development of urban areas identified as a key to decentralize the socio-economic activity of the country and, therefore, contribute to a more equitable and balanced development throughout the Philippines. The support in this field may materialize in the assistance to the LGU in the preparation of master plans for urban areas development.
10. Tourism

Given the significant comparative advantage of Spain in the tourism sector and considering the priority accorded to it by the Philippine Government, the Philippine Party expresses its desire that the programs in this field be identified within the framework of bilateral cooperation as well as via NGOs for their submission to the Spanish Party for consideration under the Fourth Joint Commission.

11. Multisector Assistance for Basic Social Needs

The Philippine Party acknowledges the efforts carried out by Cooperación Española in supporting both the Administration as well as the Philippine Non-Governmental sector in the protection of the rights of children, women, and indigenous communities as well as supplying shelter and rehabilitation for these groups. This has taken shape in projects such as the “Construction of a Multifunctional Building for Street Children in Manila” (Anesvad/Friendship Home Fr. Luis Amigó), the “Educational Center for Street Children of Metro Manila” (Intered/Makabata Foundation), the “Promotion of Children’s Rights” (Fundación Empresa y Sociedad/ABS CBN Foundation), the “Enhancement of Employment Opportunities and Health among Indigenous Communities” (Cruz Roja Española/Philippine Red Cross), and the “Center for Shelter and Training for Battered Women in Digos Davao del Sur” (Cruz Roja Española/Philippine Red Cross).

The Spanish Party expresses its desire to continue supporting during these three (3) years the initiative of Spanish and Filipino Development NGOs devoted to the protection of the more vulnerable segments of the population in order to ensure the guarantee of their rights.

12. Food Security

The Philippine Party expresses its satisfaction to the Spanish Party for the preparation of a feasibility study on the increase of grain production in Cotabato BIGAS, amounting to 45.0 M Ptas. (Php 11.2 M). The results of said F/S provided a wide spectrum of cooperation opportunities between both countries in the future.

In this regard, the Spanish Party announces its intention to support those strategies of the Government of the Philippines directed towards the increase of food production for domestic consumption as well as to channel resources that may allow the extension of capability-building services, technical assistance and micro-credit that will propel agricultural activity and in so doing augment and stabilize food security and the income levels of the population.

Both Parties agree on the need to concentrate their interventions in the island of Mindanao, given its scarcely tapped potential and the deficit in the internal supply of food products and basic commodities.

The Spanish Party manifests its commitment to support interventions either via bilateral cooperation or through specialized development NGOs that may facilitate technical and institutional capability-building for farmers in order to attain sustainable results in this area.
The Spanish Party likewise conveys to its Filipino counterpart its intention to finance, via the co-financing NGOs program, projects on food security in the Cotabato area in line with the findings of the feasibility study that was conducted.

At the request of the Philippine Party, the Spanish Party has identified several development project alternatives on food security for the Caraga region. In this regard, the Spanish Party expresses its desire to review said proposals and push for the implementation, at the initial stage of the three year period of the Fourth Joint Commission, of the most adequate proposal.

13. Emergency Aid and Reconstruction

The Philippine Party expresses its appreciation for the immediate assistance given by the Spanish Party through Cruz Roja Española as a response to the damage caused by typhoon Loleng in Catanduanes. The project christened “Ayuda Medicina para sa Catanduanes” equipped the Health Centers and trained its human resources on quick reaction interventions in case of emergency. It was complemented with the donation of basic medicines to treat the illnesses originated by the typhoon and to support medical missions.

A total funding of 142.1 M Ptas. (Php 35.5 M) was channeled by Cooperación Española to this sector under the Third Joint Commission.

Both Parties also manifest their satisfaction for the results attained by the housing project for the victims of the eruption of Mt. Pinatubo conducted by Arquitectos sin Fronteras and Social Action Center of Pampanga (SACOP). The project has not only made it possible to build a hundred (100) housing units, but also the setting up of a basic road network in the settlement, the supply of water and electricity, a sewerage system and a local school.

Likewise, the Philippine Party acknowledges the progress made by the Spanish Development NGO, Manos Unidas together with its local counterpart Katilingban para sa Kalambuan Inc., to equip two (200) hundred housing units with basic services for displaced families of Zamboanga City.

The Spanish Party reaffirms its commitment of solidarity with Philippine society to assist those groups affected by natural disasters or conflict which may need food aid or emergency assistance so that they may normalize their living conditions.

In light of this, the Spanish Party informs the Philippine Party that in case of an international call for assistance, and upon the submission of the proposals to be financed by the Spanish Party, the AECI will undertake the evaluation of these proposals before the possible granting of emergency aid to the population affected.
In accordance with the General Treaty of Friendship and Cooperation signed in June 2000, both Parties reiterate their will to revitalize and to update all the expressions of ties that bind both countries which contribute to the dynamism of their relations in the 21st century.

Furthermore, in accordance with the Declaration of Valladolid signed in November 1999 during the Asia and Hispanic Pacific Cultural Conference, the Parties recognize the importance of increasing public awareness for shared heritage preservation, both tangible and intangible, thus allowing our dynamic relations to be given a more solid and appropriate identity.

Both Parties commend each other for the assistance extended in this area and the quality of the cultural and educational activities implemented during the triennium directed to a wider dissemination and a deeper knowledge of the common history and culture. The contribution of the Government of Spain to cultural and educational activities under the Third Joint Commission amounts to 1,039 M Ptas. (Php 259.7 M). Of this amount, the AECI has allotted 928.6 M Ptas. (Php 143 M), and under the Spanish Ministry of Culture, Education and Sport, 111 M Ptas. (Php 27.7 M).

Both Parties express their utmost satisfaction with the successful Centennial celebration of the Declaration of the Philippine Independence in 1998 through the funding of an extensive program of more than one hundred cultural events with a widespread effect throughout the past triennium.

Consequently, both Parties express their intention to promote those activities oriented towards bringing both countries closer together through the knowledge and understanding of each other’s past and present.

Therefore, both Parties have reached in this triennium an agreement to define as main areas of work, the promotion of the Spanish language and other characteristics of the present Spanish socio-cultural realities, and the preservation of the historic and cultural heritage shared by both countries.

**Promotion of the Spanish and Filipino Language**

Both Parties, recognizing the prominence of the Spanish language in the heritage of both countries, propose to foster joint initiatives that will fuel its dissemination, within the bounds of mutual respect and in accordance with established norms of their respective laws.

Both Parties, express their satisfaction on the excellent efforts carried out by *the Instituto Cervantes* during the last triennium in promoting and teaching the Spanish language, as well as the continuous dissemination of the Philippine-Spanish socio-cultural reality through the realization of seminars, publications, contests, exhibits, shows and representation in the Philippines.
In this regard, both Parties indicate their intention to support projects and activities whose core objective is directed towards the improvement in the methodology of teaching Spanish in Philippine universities, the growth in the study of Spanish culture in the university campuses throughout the Philippines, the increase in knowledge of the Spanish language among the personnel of institutions wherein the Spanish Party maintains cooperation programs, the reinforcement of the lecturers’ teaching task in their endeavor to improve the teaching methodology of Spanish in the universities, and lastly, the dissemination of Spanish and the Hispanic culture through the radio especially in areas where Chabacano is spoken.

With the objective of fostering the study of the Spanish language, the Philippine Party shall review the possibility of introducing its teaching as an optional subject in the secondary level of education. There shall be close coordination with the Department of Foreign Affairs and the Department of Education for this project.

Similarly, the Spanish Party conveys hope that the inclusion of the Spanish language and culture shall be regarded as part of the official curriculum in the educational system. To nurture the teaching of the Spanish language in Philippine high schools, the Spanish Party proposes that from 2002 throughout the triennium, two Filipino professors of the Spanish language shall be sent to Spain each year to participate in the summer courses organized for professors of Spanish outside of Spain.

The Spanish Party expresses the intent of continuing through the AECI, the promotion of various activities to promote the Spanish language and culture in coordination with the institutions directly responsible such as the Academia Filipina de la Lengua Española, Instituto Cervantes, the universities and the counterparts of projects financed by the AECI, which relate to the preservation of the cultural heritage shared by both countries.

Both Parties agree to study the possibility of teaching the Filipino language in Spain.

**Scholarships**

The Philippine Party expresses its satisfaction for the increasing amount of resources that the Spanish Party has allotted during the past three years in order to expand its scholarship program. This refers to the granting of ninety-three (93) scholarships to carry out post-graduate studies in fields of specialization such as Spanish Language & Culture and Methodologies on the Teaching of the Spanish Language.

In this regard, the Spanish Party remains committed for the next three-year period to offer scholarships for post-graduate studies, summer school and ad hoc studies in Spain. The Spanish Party will offer an ample scholarship program to carry out post-graduate and advance studies, masteral studies, research, etc. in Spain according to the regulations established in the annual grant call. Moreover, the Spanish Party shall offer within the same grant call short-term and summer scholarships to undertake studies on Spanish Language and Culture.
Both Parties agree that in the granting of these subsidies, priority will be given to those areas of study that are highly relevant to the Philippine’s socio-economic development sectors and those that maximize the comparative advantage that Spain has.

The Spanish Party conveys to the Philippine Party its intention to extend assistance to Spanish students interested in carrying out studies or research in the Philippines in areas wherein the latter holds a comparative advantage. The Philippine Party is committed to coordinate and facilitate among its beneficiary institutions the maximum utilization of scholarships, studies and/or research grants.

Both Parties agree to explore under the Fourth Joint Commission the implementation of a scholarship program particularly with the European-Arab University of Granada to help Filipino students.

**Lecturers**

Both Parties note with satisfaction the development of the Lecturers Program of Spanish language and culture in the Philippine universities during the recent triennium. Four (4) Philippine universities have benefited from this program throughout the period of implementation of the Third Joint Commission: the University of the Philippines (UP), the University of Santo Tomas (UST), the University of Ateneo in Manila, and the Philippine Normal University (PNU).

With the objective of fostering the study of the Spanish language, the Spanish Party shall increase the number of lecturers of the Spanish language in different Philippine educational institutions. An agreement of collaboration shall be signed for every institution wherein a lecturer shall be assigned, in which the terms and conditions of collaboration for each party shall be defined.

**Preservation of the Spanish –Philippine Cultural Heritage**

Both Parties share the view that the wealth of common culture, visibly marked in the artistic, architectural and folkloric relics need to be redefined as a resource for Philippine society. The use and benefit of this resource as a factor to boost economic development need to be fostered. Therefore, the preservation of the shared cultural heritage shall continue to be a priority for both Parties, which shall strive to improve its technical and administrative management, its conservation and promotion in the context of Philippine and Spanish societies.

In this regard, the Spanish Party conveys to the Philippine Party its offer to Philippine professionals the opportunity to learn the operation of models of heritage preservation in Ibero-American centers and educational-workshops created by the AECI under the Preservation of Cultural Heritage Program.

Both Parties exchange congratulatory remarks for the Spanish-Filipino cooperation for activities and seminars led by the Asia–Europe Foundation (ASEF) in relation to cultural heritage. In this regard, the Spanish Party conveys gratefulness towards the Philippine Party for the support given to the ASEF, and for the initiative of the Secretary of Culture for
organizing a seminar to take place in the University of Alcalá in November 2001, pertaining to the training of those whose area of work is heritage.

Both Parties agree to explore under the Fourth Joint Commission the restoration of the Juan Luna "El Pacto de Sangre" painting and Fernando Amorsolo's "Harvest Scene" painting both located in the Malacañang Palace.

**Consolidation Program in the Modernization of the National Archives of the Philippines**

The Philippine Party expresses its satisfaction with the results obtained in the course of the past triennium for the improvement of the management of the Records Management and Archival Office through the program carried out by Spanish Cooperation through the *Ministerio de Educación, Cultura y Deporte, Fundación Histórica Tavera* and the National Commission for Culture and Arts (NCCA).

The Philippine Party expresses its appreciation for the collaboration of the *Secretaría de Estado de Cultura del Ministerio de Educación, Cultura y Deporte* for its participation in the modernization program of the National Archives of the Philippines specifically through technical and advisory assistance and for the training program.

Both Parties are cognizant of the positive impact of the "Modernization Program of the Philippine National Archives" both in the construction of an up-to-date model for the management of the services offered to the public, through human resource development in the technical and archives management fields as well as in the rehabilitation of the infrastructure, preservation and restoration of the archival fonds which constitute part of the shared Philippine-Spanish heritage.

The Spanish Party expresses its commitment to consolidate, in the coming triennium, the modernization of the National Archives by finalizing the reconstruction of its facilities, establishing the necessary security and maintenance policy thereof, equipping the Records Management and Archival Office (RMAO) with the appropriate organizational structure and legal framework in order to guarantee the efficient management of the archives and the services derived thereof, installing a modern information system that will facilitate the management of the holdings, human resource development in the fields of conservation and restoration of the archival bundles, and a public information promotion.

Both Parties will exchange reproductions of documents which are in the respective national archives and are of historical interest for the two countries. In this line of cooperation and within the ongoing program, a copy of the microfilms of the Philippine documents of interest to Spanish history will be given to the *Ministerio de Educación, Cultura y Deporte*.

**Project for Establishing a Conservation and Restoration School for Easel Painting in the University of the Philippines**

The Philippine Party conveys satisfaction with the activities and achievements of the AECI and the *Instituto de Patrimonio Histórico Español del Ministerio de Educación, Cultura y Deporte* in the program of conservation restoration in the National Museum of the Philippines, through which the training of technical personnel in conservation and restoration was achieved, as well as the establishment of a library for art conservation, the installation of
a model storage for the painting and sculpture collection and the equipment for a permanent laboratory in painting conservation.

Both Parties agree that the richness and diversity of the Philippine historical heritage, with a wide selection of paintings since the Spanish period up to the present, requires the participation of professionals equipped to take on the task of the maintenance of the cultural legacy of the country without the need to seek the assistance of foreign restorers.

As a result of the successful training of the National Museum personnel, and with the objective of transferring this same knowledge from the Spanish experts to the Philippine academe, both parties express their intent to support the proposal presented by the University of the Philippines (UP) to establish the school for restoration and conservation of painting works with the technical collaboration of the Instituto de Patrimonio Histórico Español, the first in Southeast Asia.

**Rehabilitation of the National Museum “Padre Jose Burgos” of Vigan and the conservation of its collections**

As specified in the Master Plan for the Revitalization of the Historic Center of Vigan, an integrated development plan of the city is proposed with a focus on its potential for cultural tourism, production of handicrafts and other channels for investment in the more limited industry of agricultural production. Both Parties therefore are in agreement for the need to rehabilitate the “Padre Burgos” Museum in Vigan for the purpose of optimizing its value in the development of the city as a tourist destination.

This rehabilitation, reconditioning and management of its collections will serve as a training model for the many national museums in the country. Once this program for conservation of the collection is set in motion, the personnel will be trained in the particular areas of museum studies, which will provide them with the skills to correctly apply the techniques and methods for the exhibition and conservation of its collections.

Both Parties agree that this project shall be carried out by the Spanish Party through the Instituto de Patrimonio Histórico Español and by the Philippine Party by the “Padre Burgos” National Museum.

Similarly, both Parties express their intention to foster the collaboration among its respective museums and the exchange of experiences in museum matters. Both Parties shall encourage training courses and conferences among museum professionals of both countries with the objective of the study and discussion of common topics of interest in the field of museum studies, and in particular the project of “Standardization of documentation in museums”.

**Support to the National Commission for Conservation and Restoration of Historic Buildings of the National Commission for Culture and Arts (NCCA)**

Both Parties believe that the preservation and conservation of the shared historical heritage is a priority in the cultural cooperation for this triennium. Therefore, the Spanish party commits to provide technical assistance to collaborate with the National Commission of Restoration and conservation of historical buildings of the NCCA.
Libraries

Both Parties shall encourage the exchange of individual or group visits of library experts and information specialists, with the objective of understanding the methods and management of public and university libraries of both countries. In this field, both Parties agree to facilitate suitable contacts for the exchange of information, experiences and technical assessment regarding library science programs.

With the purpose of acquiring all the publications pertaining to the Philippines until 1898 to enrich the collection of the National Library of Spain, the Spanish Party expresses its intention to strengthen the disposition of interchange with the Philippine libraries that can be extended to other institutions. Similarly, the Spanish Party states its interest in receiving information about and obtaining the publication catalogues of the universities and the main Philippine cultural institutions, and to be informed of the Philippine publications regarding Spain, translations and editions of works by Spanish authors.

Publications and Translations

Both Parties express their satisfaction for the efforts carried out in the field of publication of works that contribute to the knowledge of the society and culture of both countries. The AECI, during the last triennium, has funded the publication of “Yo, Jose Rizal” by Prof. Antonio Molina, “Historia General de Filipinas” by the Historian Leoncio Cabrero and the book “Manila” by Augusto Villalon and Bambi Harper, with the participation of Phillip Escudero.

The Spanish Party expresses its willingness to continue, through the AECI, within this three-year period, the publications and translations that contribute to the revival and the upgrade of the knowledge of the common history and culture.

Both Parties agree to foster the initiatives which favor the exchange of editors, authors, and translations.

Exhibits

Both Parties commend one another on the success of the exhibits carried out during the triennium that have allowed to bring the Spanish and Filipino public closer to the cultural reality of both countries' past and present.

Both Parties express their desire to continue in this triennium activities in this field that aim to promote the activities that bring both countries’ socio-cultural reality closer.

Film projection and artistic plays

Both Parties express their satisfaction for the film viewing and stage representations carried out during the last triennium that made way for socio-cultural exchange between both countries.
**Intellectual property**

With the purpose of maintaining an exchange of perspectives with the Philippine authorities competent in this matter, the Spanish party proposes to initiate the organization of a conference or exchange among public officials on matters relating to authors’ rights and related matters.

**Filipino Hispanic Cooperation Program "Towards a Common Future"**

Both Parties convey their satisfaction with the results of the Cooperation program “Towards a Common Future”, for the dissemination of the Spanish culture through the Philippine universities agreed upon in 1997 between the Spanish Party, Secretariat of State of Culture, and the University of Ateneo de Manila.

Both Parties express their desire to continue in this triennium activities of this program that aim to promote the activities that bring both countries' socio-cultural reality closer.

**City Twinning**

Both Parties agree to explore under the Fourth Joint Commission the implementation of City-Twinning projects which would involve the signing of Twinning Arrangements between Spanish and Philippine cities/towns.

**Others**

Both Parties express their willingness to propel the collaboration in the field of music, cultural tourism and all those initiatives that may influence the strengthening of the ties between both countries.

Likewise, both Parties express their satisfaction for the activities undertaken by different institutions such as Asociación Española de Estudios del Pacífico, Fundación Histórica Tavera, Fundación Santiago, the Asia-Europe Foundation, which foster the knowledge of both countries’ common social-cultural reality.
IV

COOPERATION THROUGH DECENTRALIZED GOVERNMENTS AND NGOs

Considering that the decentralized Spanish Administration allows the autonomous and local governments to directly administer their Official Development Assistance, the AECI, as the responsible institution, will promote the coordination of this assistance with the regional autonomies and local governments to foster the maximum cooperation and synergy of instruments and interventions under this Joint Commission.

The Philippine Party expresses to the Spanish Party its satisfaction in the assistance received in the past triennium through the cooperation of the Autonomous Communities and Municipalities. In this regard, the Philippine Party appreciates the Basque Government for its support in various local initiatives centered principally in education and organizational training. Among the projects implemented include: "Capability Building for New Agrarian Reform Communities", "Construction of an Elementary School building", "Construction of New Classrooms in the San Anthony School," and "Handicraft Workshop: Enhancement of Productive Skills". The total amount of the Basque Country funding amounts to 148.3 M Ptas. (Php 37 M).

Furthermore, the Philippine Party recognizes the achievements of the NGOs in the fight against poverty through its support to the extension of the basic services and strengthening of the economic infrastructure in the most marginalized sectors of the Philippine society.

The Philippine Party expresses its satisfaction with the increased funds assigned to the NGOs by the AECI for the implementation of development cooperation projects. In the past triennium, AECI’s allocation increased by 20% from the Second Joint Commission, reaching 1.164 M Ptas. (Php 291.1 M) and allowing 23 interventions to be financed.

With the main objective to fight poverty, both Parties express their desire to continue supporting in this triennium the work of the Spanish and Philippine NGOs within the identified sectors as the priorities of both Governments.

Both Parties agree to facilitate and foster the mutual knowledge of the NGOs of both countries to promote a dynamic action in the field of social participation in international development cooperation.

The Spanish Party expresses its intention to allow the development cooperation between Philippine and Spanish NGOs to establish a long-term strategy framework and based on criteria of convergence and synergy with the priorities identified by both Parties. This cooperation shall result in a significant impact of the Philippine-Spanish cooperation. With this intention, the Government of Spain has recently introduced changes in the grant assistance that the AECI extends to the NGOs for the implementation of activities in the field of development cooperation.
GENERAL GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF THE FOURTH JOINT COMMISSION

1. Submission and Approval of Proposals

The project proposals for Spanish government technical assistance through the Agencia Española de Cooperación Internacional (AECI) during the period of this Joint Commission shall be coursed through two main channels established by the AECI:

- Project proposals from National Government Agencies and Local Government Units: The proposals shall first be submitted to the NEDA Secretariat for review and funding consideration. Upon favorable evaluation of the proposal, the NS shall endorse the proposal to the Department of Foreign Affairs (DFA) for an official submission to AECI. The succeeding approval and granting of funds for its implementation shall be officially declared in the Memorandum of Agreement (MOA) to be signed between the AECI and the proponent agency.

- Project proposals from local Non-Governmental Organizations (NGOs): The proposal shall be identified and prepared jointly with a Spanish NGO with whom prior contact and partnership must have been established. Endorsement of the final NGO project proposal by the concerned LGU shall likewise be secured before this is presented to AECI, Headquarters, Madrid for their review and possible approval. Upon approval, the Spanish NGO and the AECI shall sign an agreement defining the terms and conditions for project implementation.

2. Framework of agreements for the implementation of the projects

The financial assistance from the Government of Spain granted through the Agencia Española de Cooperación Internacional (AECI) to Philippine government agencies and institutions, shall be turned over to the Philippine counterpart agency upon the signing of a Memorandum of Agreement (MOA) binding both parties to adhere to the economic and financial conditions, objectives and activities of the particular program. The total amount of the funds to be provided in the form of a check, shall be deposited in a special account under the project's name, using the same currency as indicated in the check.

In cases where the financial assistance is channeled through the co-funding program of the AECI with Spanish NGOs partnering with Philippine NGOs, the funds are transferred directly to the Spanish NGO in Spain for the project's implementation in the Philippines. Thereafter, the necessary agreements are finalized and undertaken between the Spanish and Philippine NGOs, in compliance with the requirements of the co-funding program, where both shall agree to submit a progress report of the project and periodic reports to the AECI headquarters in Madrid.
In the event that the cooperation requires Spanish consultants and personnel to undertake project identification, monitoring and evaluation activities, payments to these personnel could be done directly by the AECI, either in its headquarters or in the local office. On the other hand, funds disbursed for the scholarship program under this Joint Commission including assistance granted to Philippine students and professors shall be made by the Spanish Party directly to the beneficiaries.

3. **Counterpart funding from the Philippine Government**

The various Philippine implementing agencies of the projects funded by the AECI shall provide a counterpart of up to 30% of the total cost of the project which may be appropriately defined on a case-to-case basis. This counterpart may be in the form of funds which shall be deposited in a special account of the project, or in the form of logistics, equipment, office facilities and personnel necessary for the implementation of the project activities.

The recipient of the grant shall acknowledge the source of the contribution from AECI and shall display, in a visible manner, the coat of arms of Spain and the logo of “Cooperación Española” on the project site, as well as in any document and presentation of the project or program.

4. **General financial guidelines and funds management**

The usage of project grant funds in the Philippines shall follow the rules and regulations established by the Philippine Government with exceptions in special cases that may be agreed upon by both Parties. All of these should be specified and stipulated within the MOA under "financial guidelines".

The use of the grant and its justification to the Government of Spain, through the AECI, shall follow the norms established by the latter in strict compliance with the Bureau of Audit and the General Budgetary Law of the Government of Spain.

The total funds granted by the AECI shall be deposited in a specific project account, maintaining the currency of check or of the transfer, either in Euros or in Dollars, under the project's name in which representatives from the AECI/Embassy of Spain in the Philippines and the Philippine counterpart are required to act as joint signatories in the said account. A peso current account shall be necessary, under the project's name, to allow and undertake transactions in this currency.

The fund shall be managed jointly by AECI and the implementing agency, according to the budget line approved in the MOA. The interests earned from such deposit shall be required to revert back to the account for the project's use. The use of the incurred interest from the account, however, shall be subject to a plan and budget approved by the Project Board, for its proper management and implementation.

Revisions in the project (e.g. budget allocations, project duration) as stipulated in the MOA shall only be done upon the approval of the AECI.
The Philippine counterpart shall be accountable to AECI for the use of the funds received and shall provide a final executive summary report at the end of the project. Said report shall present a detailed financial statement following a standard form provided by the AECI, Manila. The counterpart shall also submit supporting documents including: amount received, foreign exchange rate when funds were converted to Pesos, official receipts issued to the project only arranged in chronological order, and the bank statements (original or certified true copy by the Spanish consulate or AECI in Manila) from the opening date until the closing date, to allow the monitoring of transactions. In addition to the bank statements, the original negotiated checks or certified true copy by the Spanish Consulate or AECI, Manila, of the account must be attached to the bank statement.

In cases where the duration of the project exceeds one year, the implementing agency shall furnish a progress report and financial statement every six months presenting original or certified true copy of receipts, an expense summary and the accomplishments obtained based on the agreed program.

The beneficiary shall facilitate the information required by the Bureau of Auditing to comply with the obligations stated in Article 81.4 of the Spanish General Budgetary Law and its development norms.

The recipient of the grant funds shall accept the conditions established in the Grant Resolution, which stipulates the obligation of the recipient to utilize the funds exclusively for the project. This Resolution shall commit the recipient to refund the unused amount, due either to over estimation or unimplemented activities.

5. Monitoring and Evaluation of the Projects

The National Economic and Development Authority (NEDA) shall perform its duty as oversight agency in identifying bilateral projects under this Fourth Joint Commission, and monitoring and evaluating the project activities for pipeline or on-going bilateral projects that pass through the NEDA Secretariat. In this regard, NEDA shall compile the relevant data of the different interventions particularly on the project accomplishments and status of finances. An annual progress report shall be presented to AECI and DFA including any issues or delays affecting each project implementation.

To facilitate the monitoring of projects, each implementing agency will be required to submit to NEDA a project framework with the corresponding output and outcome indicators. Likewise, these implementing agencies will be required to submit a report to NEDA every six months. This requirement should form part of the responsibilities of the implementing agency as stipulated in the project’s MOA. On the other hand, for projects implemented by NGOs to be principally monitored by the AECI, annual progress reports shall be provided to NEDA and DFA by the AECI.

AECI, with prior advise from the Project Board, shall request the assistance of a Spanish consultant to undertake an additional evaluation and review of the projects under the Fourth Joint Commission, whenever it deems necessary.
In the case of the Scholarship Program, the AECI-Manila shall continue to work with the Special Committee on Scholarships (SCS) chaired by NEDA, on the areas of dissemination of the Program and the pre-selection process. The AECI-Manila shall receive all applications as mentioned in the official announcement and secure all pertinent requirements for the pre-screening process prior to the joint pre-selection process of SCS and AECI-Manila.

SCS shall coordinate with DFA in providing the list of registered scholars undertaking post-graduate studies in Spain. The SCS shall provide each departing scholar the necessary Registration Form to be submitted promptly to the Philippine Embassy in Madrid.

6. Spanish Personnel in the Projects

Projects funded by the Government of Spain shall count on collaboration from Spanish personnel as volunteers, experts, technical advisors, coordinators, professors, researchers, etc., depending on the specific need of each project under this Joint Commission. The Spanish personnel shall be selected, as much as possible, by the AECI and Philippine counterpart, following the project's technical requirements and the needs of the organization that will implement the project. Their respective salaries shall be charged to the project’s funds and shall be commensurate to their qualifications as well as follow current Spanish rates.

The Spanish personnel's duties and responsibilities shall be specified in the MOA signed between both parties. The Spanish personnel shall participate in the implementation and monitoring of the project's activities. Said personnel shall, likewise, serve as a technical link between the team or responsible implementing organization of the project and the AECI- Manila.

As mentioned in the next section of this document, Exemption and Visas, the personnel involved in the implementation of Spanish Cooperation Programs in the Philippines, shall not be subject to payment of local income taxes.

7. Tax Exemption and Visas

7.1 Tax Exemptions

In accordance with the General Friendship and Cooperation Treaty agreed and signed in June 2000 that reiterates Article VIII of the Basic Agreement of Technical Cooperation between the Government of Spain and the Government of the Republic of the Philippines signed and entered on the 20th of February 1974, the following regulations shall be observed by the programs implemented either through the bilateral or NGO channel, under the Fourth Joint Commission:

1. The articles sent by one High Contracting Party to the other which are necessary for the execution of programs and projects shall be exempt from the payment of customs duties and any other taxes, and may not be sold, donated or transferred, in the territory of the receiving State.
2. The salaries and other emoluments received by the technicians, experts or researchers sent by one of the High Contracting Parties to the territory of the Other, for the execution of programs and projects, shall not be subject to payment of income taxes in said territory.

3. Both High Contracting Parties shall permit the technicians, experts and researchers working in the execution of programs and projects, to import mainly their personal effects and one car, free from duties and other taxes as well as from consular and similar fees.

During the Fourth Joint Commission, the Government of the Philippines shall provide exemptions from (i) the payment of harbor dues, import and all other government charges for any article, material or equipment supplied by the AECI or NGO for the implementation of the on-going projects; and, (ii) taxes imposed on the salaries of Spanish experts in the Philippines following relevant Philippine laws, rules and regulations.

In cases where the implementing agency is not a Government agency, the Department of Foreign Affairs shall facilitate the issuance of exemption from custom fees imposed on the items earmarked for the projects. The Project coordinator shall provide the AECI-Manila with a list of the items foreseen to be imported for the project or the counterpart. AECI then informs the Spanish Embassy in Manila which shall thereafter inform the DFA through a Note Verbale of the said items to be subjected to tax exemption.

7.2 Issuance of Visas

The Department of Foreign Affairs shall facilitate the issuance of the appropriate working visas to Spanish nationals assigned both under the bilateral and NGO projects to minimize the steps for securing a residence permit. The period of this permit shall be determined by the Department of Justice in consideration of the duration of the expatriate’s contract.

The AECI in Madrid, in turn, shall notify, through a Note Verbale, the Embassy of the Philippines in Spain, the destination of the Spanish expert in the Philippines and the project he/she is assigned to. Upon the receipt of said Note Verbale, the Philippine Consulate shall facilitate the provision of the necessary working visa/non-immigrant visa, 47 (A)(2). Immediately upon arrival, the Spanish expert must file the application of extension with the Department of Justice, given that the maximum period of stay is one year, renewable. The granted authorization will then be brought to the Bureau of Immigration and Deportation for the necessary issuance and/or extension of the residence permit.
The Philippine Party expresses its appreciation and gratitude to the Spanish Party for its warm welcome and hospitality.

Both Parties agree to hold the next Philippines-Spain Joint Commission for Cooperation meeting on the first semester of the year 2004 in the Philippines. The Evaluation and Monitoring Committee composed of NEDA, DFA, and AECI representatives shall meet during the last quarter of year 2002.

Signed in Madrid, on the 3rd day of July 2001, four original copies in the Spanish version and the English version, both equally valid.

FOR THE GOVERNMENT OF THE KINGDOM OF SPAIN

RAFAEL RODRIGUEZ-PONGA
Secretary General
Agencia Española de Cooperación Internacional (AECI)

FOR THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

LAURO L. BAJA, JR.
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VI

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