

**No. 18318**

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**INTERNATIONAL FUND  
FOR AGRICULTURAL DEVELOPMENT  
and  
PHILIPPINES**

**Technical Assistance Agreement (with schedule). Signed at  
Rome on 16 July 1979**

*Authentic text: English.*

*Registered by the International Fund for Agricultural Development on  
26 February 1980.*

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**FONDS INTERNATIONAL  
DE DÉVELOPPEMENT AGRICOLE  
et  
PHILIPPINES**

**Accord d'assistance technique (avec annexe). Signé à Rome  
le 16 juillet 1979**

*Texte authentique : anglais.*

*Enregistré par le Fonds international de développement agricole le  
26 février 1980.*

# TECHNICAL ASSISTANCE AGREEMENT<sup>1</sup> BETWEEN GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Dated 16 July 1979

TA Grant No. 8-PH

## TECHNICAL ASSISTANCE AGREEMENT

AGREEMENT, dated 16 July 1979, between the GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (hereinafter called the Government) and INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (hereinafter called the Fund).

WHEREAS the Government has requested the Fund, as part of its technical assistance operations, to arrange for assistance for the purpose of the Project hereinafter described; and

WHEREAS the Fund has agreed to arrange for such assistance upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

### *Article I.* THE PROJECT AND THE COOPERATING INSTITUTION

*Section 1.1.* The Project consists of: undertaking a study to examine the present status of dairy industry, particularly from the smallholder point of view, its constraints and problems, and its future development potentials, and to assist the Government to define required policy options as the basis on which project preparation may proceed.

*Section 1.2.* The Asian Development Bank (hereinafter called the Bank) is appointed as the Cooperating Institution for the administration of the technical assistance provided under this Agreement.

*Section 1.3.* The Bank, as the Cooperating Institution, shall be responsible for:

- (a) Supervising the carrying out of the Project on behalf of the Fund;
- (b) Approving applications for disbursement of the funds provided under this Agreement;
- (c) Performing all other functions assigned to it under this Agreement.

*Section 1.4.* Except as otherwise provided in this Agreement, the Bank shall have the exclusive responsibility in respect of the matters referred to in Section 1.3 above. Any action by the Bank pursuant to its responsibility thereto shall be regarded and treated by the Government as the action taken by the Fund.

### *Article II.* PROJECT EXECUTING ARRANGEMENTS

*Section 2.1.* The Project shall be undertaken by a consulting firm which shall supply a mission composed of: (i) a farm management economist; (ii) a dairy

<sup>1</sup> Came into force on 16 July 1979 by signature.

marketing economist; (iii) an animal production expert; (iv) an agricultural institution expert; and (v) an agronomist.

*Section 2.2.* The Mission shall have the terms of reference set forth in the Schedule to this Agreement, respectively. The terms of reference may be amended as follows: by agreement between the Government, the Fund, the Bank and the consulting firm.

*Section 2.3.* The work on the Project is expected to commence in August 1979 and, except as the Government, the Fund and the Bank shall otherwise agree, it is expected to be completed within three months.

### *Article III.* RESPONSIBILITIES OF THE FUND

*Section 3.1.* The Fund, jointly with the Bank, shall make reasonable efforts to secure the services of the consulting firm referred to in Section 2.1 of this Agreement.

*Section 3.2.* Subject to the provisions of Section 3.3 hereof, the Fund shall provide a part of the costs that the Fund has agreed to pay toward the expenses of carrying out of the Project. Such expenses shall consist of: compensation, subsistence and other allowances for the expatriate members of the Mission and their costs of travel to and from their duty stations.

*Section 3.3.* Except as the Government and the Fund shall otherwise agree, the total cost to the Fund of the technical assistance to be provided under this Agreement shall not exceed the equivalent of seventy thousand Special Drawing Rights (SDRs 70,000).

### *Article IV.* RESPONSIBILITIES OF THE GOVERNMENT

*Section 4.1.* The Government shall make available for the purposes of the Mission, free of charge, the services, facilities and equipment as the Bank shall consider appropriate for the carrying out of the Project.

*Section 4.2.* The Government shall provide suitable local counterparts to cooperate with and assist the members of the Mission in the carrying out of their respective parts of the Project.

*Section 4.3.* The Government shall cooperate with the Fund, the Bank and the Mission to ensure that the Project is carried out as promptly and as effectively as possible and shall issue to its officials, agents and representatives all such instructions as may be necessary or appropriate to achieve this object.

*Section 4.4.* (a) The Government confirms that the members of the Mission shall have the status of experts performing a mission for the Fund, and shall be accorded the following privileges and immunities so far as is necessary for the effective exercise of their functions:

- (i) Immunity from personal arrest or seizure of their personal baggage;
- (ii) In respect of words spoken or written or acts done by them in the performance of their official functions, immunity from legal processes of every kind, such immunity to continue notwithstanding that the persons concerned are no longer employed on missions for the Fund;
- (iii) For expatriate personnel the same facilities in respect of currency and exchange restrictions and in respect of their personal baggage as is afforded to officials of foreign governments on official missions;

(iv) Inviolability of all papers and documents relating to the work on which they are engaged for the Fund, and for the purposes of their communications with the Fund and the Bank, the right to use codes and to receive papers or correspondence by courier or in sealed bags.

(b) The Government shall exempt from (or bear the cost of) any taxes, duties, fees, levies and other impositions imposed under its laws and regulations or the laws and regulations in effect in its territories or of any political subdivision or agency thereof in respect of:

- (i) Any payments made to the members of the Mission (including payments made to a consulting firm and its personnel) in connection with the carrying out of the Project;
- (ii) Any equipment, materials and supplies brought into the territories of the Government for the purpose of carrying out the Project and which, after having been brought into such territories, shall be subsequently withdrawn therefrom; and
- (iii) Any property brought by the members of the Mission for their personal use or consumption or which, after having been brought into the territories of the Government, shall subsequently be withdrawn therefrom upon departure of the members of the Mission.

(c) The Government shall:

- (i) Make arrangements for the members of the Mission and their families promptly to be provided with any necessary entry and exit visas, residence permits, exchange permits, and travel documents required for their stay in the Philippines; and
- (ii) Facilitate clearance through customs of any equipment, materials and supplies required for the Project and of the personal effects of members of the Mission.

*Section 4.5.* To enable the Bank to carry out effectively the functions entrusted to it herein, for the purposes of this Agreement the Government shall fully respect and accord to the Bank the status, immunities, exemptions and privileges set forth in Chapter VIII of the Bank's Articles of Agreement.<sup>1</sup>

#### *Article V. REPORTS; POST-PROJECT MATTERS*

*Section 5.1.* The Government, the Fund and the Bank shall exchange views with respect to the Mission's final report and the implementation thereof. Copies of each report shall be furnished to the Fund and the Bank.

*Section 5.2.* The Fund may use any reports prepared by the Mission for such purposes as the Fund shall reasonably determine, but shall not release such reports for public information except at the request or with the consent of the Government.

*Section 5.3.* The Fund's willingness to participate in financing the Project does not commit the Fund to assist in the implementation of recommendations contained in any report of the Mission or to extend financial or further technical assistance to the Government with respect thereto.

<sup>1</sup> United Nations, *Treaty Series*, vol. 571, p. 123.

*Section 5.4.* Should the Project lead to a loan to the Government by the Fund, the Fund may charge to such loan part or all of its contribution to the cost of the Project.

*Article VI.* SUSPENSION AND TERMINATION

*Section 6.1.* The Government may at any time in writing request the Fund to terminate the Project, and the Fund may, at any time, whether or not any such request shall have been received, suspended or, after consultation with the Government and the Bank, terminate the Project if any circumstances arise which interfere with the successful carrying out of the Project in the manner and upon the terms contemplated in this Agreement or with the accomplishment of the purpose thereof. In the event of any such termination or suspension, the parties shall consult with each other concerning the appropriate steps to be taken and any further action which it may be necessary or desirable to take with respect to the Project.

*Article VII.* MISCELLANEOUS

*Section 7.1.* Subject to the provisions of Sections 1.3 and 1.4 of this Agreement, the officials responsible for the implementation of this Agreement shall be:

- (a) For the Fund, Assistant President, Project Management Department.
- (b) For the Government, Minister of Agriculture.

*Section 7.2.* Any action required or permitted to be taken under this Agreement on behalf of the Government may be taken by the official designated in Section 7.1, or any person thereunto duly authorized in writing by him.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names and delivered at the principal office of the Fund as of the day and year first above written.

For the Government of the Republic of the Philippines:

By: ARTURO R. TANCO, Jr.  
Authorized Representative

For International Fund for Agricultural Development:

By: PHILIP BIRNBAUM  
Authorized Representative

SCHEDULE 1

TERMS OF REFERENCE

1. The basic objective of the "Sector Study of the Philippine Dairy Industry" is to facilitate in designing a project which is fully consistent with the IFAD Lending Policies and Criteria (LPC) as stated in paragraph 27 of the LPC. The Study would identify the target groups in order to increase their dairy products, improve their income standard, nutrition and the gaps in the institutional infrastructure. The proposed Sector Study would, in fact, formulate an appropriate framework so that subsequent follow-up action, in terms of preparation of program activities/projects, on smallholder backyard dairy could be built upon.

2. The detailed terms of reference for the "Sector Study of the Philippine Dairy Industry" are set forth below. The consulting firm responsible for conducting the Study may have the necessary flexibility to propose minor modifications in the Terms of Reference, having due regard to the achievement of the purpose for which the study is being undertaken, for amendment/approval as per Section 2.2 of Article II of the Agreement. The consulting firm may also like to note that while conducting the Study they may, if the need should arise, exercise their best judgement in reformulating the existing terms of reference with the approval of the Fund, the Bank and the Government to better realize the objectives of the technical assistance program.

3. The Sector Study would examine the present status of the dairy industry, particularly from the smallholders' viewpoint, its constraints and problems and its future development potential. It will include the preparation of a long-term plan for development of the Sector with due emphasis on smallholders and the identification of projects in priority areas for investment. The Study will include but not necessarily be restricted to the following aspects:

- (a) A review of Government policies and programs for the livestock sector in general and the dairy industry in particular, with special reference to the role of the smallholders;
- (b) A detailed analysis of the market for dairy products including supply and demand projections;
- (c) An examination of milk production, collection, processing and distribution of dairy products;
- (d) Determination of the inputs that would possibly be required to establish a dairy industry of a size sufficient to supply a portion of the country's dairy product requirements;
- (e) Examination of existing farmer associations cooperatives, and producer organization, with a view to determining the factors contributing to their success or failure. This is to be followed by an evaluation of various systems of organizations and administration including the possible use of (i) farmer associations, (ii) farmer cooperatives, (iii) private business, (iv) Government, or (v) semi-Government organizations as the vehicle for development;
- (f) An evaluation of the financial, economic and social effects of a national program to meet, through local production, a substantial portion of the country's dairy product requirements;
- (g) Based on data collected and studies undertaken, carry out a detailed evaluation of the prospects for establishing a viable dairy industry in the Philippines, based primarily on smallholder producers;
- (h) In consultation with Government and based on the findings of the study, establish the criteria to be used in selection of areas for dairy development. Examine the areas proposed by Government and, based on the agreed criteria establish an order of priority for development; and
- (i) Prepare a long-term master plan for the development of the dairy industry with emphasis on smallholder production. Outline strategies to be employed in its implementation and identify possible projects and determine their relative priority.