

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTRY OF FOREIGN AFFAIRS OF THE
REPUBLIC OF HUNGARY

AND

THE CANADIAN INTERNATIONAL
DEVELOPMENT AGENCY

CONCERNING

THE OFFICIAL DEVELOPMENT ASSISTANCE
IN CENTRAL EUROPE PROGRAM
(ODACE)

PREAMBLE

The Ministry of Foreign Affairs of the Republic of Hungary (hereinafter referred to as the MFA) and the Canadian International Development Agency (hereinafter referred to as CIDA), desire to collaborate on the implementation of the Official Development Assistance in Central Europe Program (hereinafter referred only as ODACE). The ODACE program will be implemented in the four Visegrad countries (hereinafter referred only as the V4 countries), namely the Czech Republic, Hungary, Poland and the Slovak Republic

The Hungarian MFA and CIDA (hereinafter referred to as the Partners) have reached the following understanding:

Guided by the wish to promote sustainable development, modernize the national capacities and institutions involved with Official Development Assistance (hereinafter referred to as ODA) in the Republic of Hungary and in harmony with the Concept Paper on the International Development Co-operation approved by the Government of Hungary on July 24, 2001, the MFA and CIDA express their interest in co-operating through the ODACE program.

In the Concept Paper referred to above, the Republic of Hungary subscribes to providing ODA in an effective and transparent way and anticipates procedural changes in the field of ODA that will facilitate further progress towards becoming a donor member of the European Union and the Organization for Economic Co-operation and Development/ Development Assistance Committee. The MFA and CIDA will seek to build and strengthen ODA national capacities and institutions and are interested in implementing trilateral development projects from the time marked progress is made in the transformation of the ODA systems, capacities and institutions. National ODA capacities refer to the Government Ministries responsible for ODA as well as the organizations (NGOs, NGIs), firms or individuals involved in the planning, management and delivery of aid to eligible recipient countries.

The MFA and CIDA will ensure that this Memorandum of Understanding is carried out with due diligence and efficiency and each will furnish to the other all such information relating to the ODACE program as will reasonably be requested. The MFA and CIDA will consult each other with respect to any matter that may arise in connection with this Memorandum of Understanding.

I.

CIDA is committed to providing financial contributions towards the building and strengthening of the Hungarian ODA institutions and capacities and will support the implementation of trilateral projects that are of interest to both the MFA and CIDA.

The intention of CIDA is also to promote the ODACE program in the Republic of Hungary by providing expert analysis and consultancies at the request of the MFA, as well as by participating in the monitoring and evaluation of trilateral projects.

CIDA's total contribution under this program will not exceed CDN \$15Million.

II.

The MFA of the Republic of Hungary appreciates CIDA's intention to participate, both in technical and financial terms, in the implementation of the ODACE program in the Republic of Hungary, and declares that it will fully support, within its capacities, the realization of the program. As the co-ordinator of the Republic of Hungary's ODA, the MFA is interested in the successful completion of the program as its objectives are fully in harmony with the objectives set in the Concept Paper referred to above.

III.

The ODACE program is designed to support the development and strengthening of sustainable (ODA) delivery capacities in the V4 countries. In the Republic of Hungary, as is the case in the other V4 countries, the program will have two components: 1) ODA institution building and strengthening of ODA capacities and 2) contribution in a cost-sharing arrangement to implement development projects in third countries (trilateral cooperation).

The initial stage of ODACE involves the transfer of Canadian knowledge and expertise in the area of ODA delivery to the designated ODA delivery agencies in the Republic of Hungary. Such knowledge transfer could take the form of study tours, specialized training sessions and other activities as deemed necessary by the MFA for the building and strengthening of Hungarian ODA capacity.

A Canadian Coordinating Agency (hereinafter referred to as the CCA) selected by CIDA will organize study tours, training sessions, and make all logistical arrangements, including the assignment of CIDA's own technical resources.

In the field, a Canadian Field Manager (hereinafter referred to as the CFM) and a Team of Local Resources, will work with the Coordinating Agency in identifying expertise required by the MFA, in preparing strategic plans with the MFA, organizing short-term consultancies, and in the development of a framework for trilateral cooperation. This CFM will act as a technical adviser for his counterpart at the MFA and assist him or her in obtaining the kind of technical support required.

Due to the nature of the goals of this program, an ideal vehicle for knowledge transfer to the Republic of Hungary is the implementation of Hungarian-Canadian development projects in third countries (trilateral projects). These could take place in Central and

Eastern Europe, in the Middle East, in Asia or Africa, based on the priorities of the Republic of Hungary. Details on the specific projects, a management framework, release of CIDA funds and controls to assure an adequate overview of project eligibility and to ensure value for money will be described in Letters of Agreement signed by the designated project proponents. The Canadian contribution to each project will be defined in a formula that will be agreed upon by CIDA, the MFA and other trilateral project partners.

IV.

For the purpose of implementing ODACE in the Republic of Hungary, the MFA and CIDA will develop a Management Plan, which will constitute an operational document between the MFA and CIDA. The Management Plan will contain the following:

- a detailed description of the ODACE program;
- an outline of the methods and means to be used to implement the ODACE program;
- a schedule for the implementation of the ODACE program activities, including a milestone chart;
- the reporting requirements for the ODACE program;
- the nature, timing and activities for program evaluations and the means by which they will be made;
- the resources required for the ODACE program; and
- a statement of activities of the MFA and CIDA for the implementation of the ODACE program.

The Management Plan may be amended on a yearly basis or otherwise, as required depending upon the evaluation of the ODACE program in the Republic of Hungary.

V.

While an environmental screening of the program as a whole is not required, all trilateral projects will be individually subject to Environmental Assessment as stipulated in the appropriate Letters of Agreement.

VI.

Any communications or documents given, made or sent by either the MFA or CIDA pursuant to this Memorandum of Understanding will be in writing and will be deemed to have been duly given, made or sent to the counterpart to whom they are addressed at the time of their delivery by hand, mail, electronic mail or facsimile at its respective address, namely:

FOR THE MFA: Attn: National Coordinator of Hungarian ODA
 Ministry of Foreign Affairs
 Budapest II.

Facsimile: Bem rakpart 47
Republic of Hungary
(+361)-458-1127

FOR CIDA: Attn: Director
Central and Northern Europe Division
Canadian International Development Agency
200 Promenade du Portage
Hull, Québec, Canada
K1A 0G4

Facsimile: (819) 994-1208

The above addresses may be changed upon prior notification of the partner in writing.
All communications and documents submitted will be in the English language.

VII.

This Memorandum of Understanding may be amended in writing as deemed necessary by the MFA and CIDA.

This Memorandum of Understanding will come into effect on the date of signature mentioned below and will remain in effect for the duration of the Program, unless either the MFA and CIDA notifies the other of its intention to terminate this Memorandum of Understanding.

Signed in Budapest this 10th day of December in the year 2002, in two sets of original copies, in each of the Hungarian, French and English languages.

On behalf of the
Ministry of Foreign Affairs
of the Republic of Hungary

On behalf of the
Canadian International
Development Agency

Signature

Signature

Mr Gábor Szentiványi
Name

Mr. Peter Daniel
Name

Deputy State Secretary
Title

Vice-President
Title