

**Republic of the Philippines**  
**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY**  
**East Service Road, South Superhighway, Taguig, Metro Manila**

**First Foreign Assisted Projects (FAPs) Committee Meeting**  
**TESDA Board**

17 September 2003, Wednesday, 1:30 p.m.  
TESDA Administrative Building  
TESDA Complex, Taguig, Metro Manila

Resolution No. 2003- 20  
(page 1 of 3 pages )

**Renegotiating the Center of Excellence in Modern Manufacturing Technology (CEMMT) Project Service Agreement Between the Technical Education and Skills Development Authority (TESDA) and EMCO Maier Gesellschaft MBH Up to Making Operational the First Shipment of Equipment Only including the Corresponding and Necessary Training and Technical Assistance therefor.**

**Whereas**, a Service Agreement was entered into between TESDA, as the buyer/ Philippine Project Implementing Agency, and EMCO Maier Gesellschaft MBH, as supplier/ the Austrian service provider for which a Soft Loan Agreement to finance the EURO 18,168,208.54 foreign cost was entered into by the Republic of the Philippines through the Department Of Finance as the borrower with Erste Bank Der Oesterreichischen Sparkassen AG as the lender on 28 February 2003;

**Whereas**, in Y2002 an amount of Php 33.0M was reallocated from TESDP funds as per stipulation in the Forward Obligational Authority (FOA) (February 27, 2002) to maintain budgetary levels;

**Whereas**, a budget request was included in the 2003 budget proposal of TESDA however, as the CEMMT was considered a new project, no amount was recommended by DBM to Congress officially for the project and the amount of P102.575M was realigned from the TESDP to the CEMMT consistent with the FAPs ceiling of TESDA;

**Whereas**, on January 2003, the first delivery of the equipment arrived in TESDA based on the November 18, 2002 delivery schedule signed by the former Director General Dante V. Liban;

**Whereas**, since February 2003 upon instructions of the Board, a series of interagency meetings between and among NEDA, DBM, DOF and TESDA were held to identify solutions to the payment problem and arrived at a

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(page 2 of 3 pages)

recommendation to pay the first shipment from the available appropriations for CEMMT in the FY 2003 General Appropriations Act in the amount of P87.189 M net of 15% mandatory reserve and the balance from the other FAPs appropriations within the ceiling of TESDA;

**Whereas**, in the First Foreign Assisted Projects (FAPs) Committee Meeting of the TESDA Board, September 17, 2003 it was unanimously decided that TESDA will renegotiate with EMCO Maier Gesellschaft MBH to make operational the first shipment of the equipment only, including the corresponding and necessary training and technical assistance therefor;

**Whereas**, in the said meeting, the drawings by EMCO Maier Gesellschaft MBH were presented as follows:

17 % Down payment	Euro 3,088,595.45
Initial Payment for First Shipment	<u>1,445,388.27</u>
	Euro 4,533,983.72

Total Price of First Shipment	<u>2,859,236.07</u>
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<b>Overpayment on the First Shipment (assuming the 17% Down Payment is used)</b>	<b><u>Euro 1,674,747.65</u></b>
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**Whereas**, in the said meeting of the TESDA Board FAPs Committee, it was unanimously agreed to inform the government's oversight agencies particularly DOF, DBM and NEDA on TESDA's position regarding the project and to seek their assistance in renegotiating this agreement with EMCO Maier Gesellschaft MBH;

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(page 3 of 3 pages)

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board agrees to renegotiate the Service Agreement of the Centers of Excellence in Modern Manufacturing Technology up to the first delivery of equipment only, including the corresponding and necessary training and technical assistance therefor.

**BE IT RESOLVED FINALLY**, that copies of this Resolution be furnished to the concerned parties for their information and implementation and earnestly soliciting their support in the renegotiation of the project.

Adopted this 17<sup>th</sup> day of September 2003.

*Ma. Adorinda de Jesus-Forro*  
MA. ADORINDA DE JESUS-FORRO  
Board Secretary VI

Attested By:

*Patricia A. Sto Tomas*  
PATRICIA A. STO TOMAS  
Chairperson, TESDA Board  
Secretary, Department of Labor and Employment

