MEMORANDUM OF UNDERSTANDING

This memorandum of understanding (hereafter “Agreement”) is made between:

Founded in 1992 **SAARC Chamber of Commerce and Industry**, recognized as a Regional Apex Body by SAARC and by all the governments of the SAARC member countries is a constellation of the eight national federations of Chambers of Commerce and Industry of the member states of SAARC. SAARC CCI acts as an institutional framework for promoting economic and regional cooperation in South Asia. And

**PUM Netherlands senior experts**, a foundation registered as Stichting PUM under the law of the Netherlands with statutory seat/registered office at The Hague, The Netherlands registration number Chamber of Commerce 41160229, and with office address at Bezuidenhoutseweg 12 in The Hague, The Netherlands, duly represented by Mr. Johan Luursema, Chief Financial Officer, further referred to as **PUM**.

Jointly referred to as Parties.

Considering that

The objectives of the "SAARC Chamber of Commerce and Industry" are:

- To encourage Trade, Service, Industry, Small & Medium Enterprise, Agriculture, Intra-Regional through creating strong business linkages amongst the entrepreneurs of the region of South Asia
- To make recommendations to safeguard the economic and business interests of the SAARC
- To serve as a consultative body of the Private Sector of the region to provide input / feedback on regional economic issues
- To encourage Member Countries to accord preferential terms of trade to each other and finally strive towards the gradual realization of the SAARC Economic and Monetary Union.
- To promote the exchange of commercial, technical, industrial management and scientific information, education and know-how amongst its members
- To collate, collect and disseminate statistical data and joint research and development among the SAARC Member Countries.

**PUM** is a non-profit organisation that promotes self-sufficiency, entrepreneurship and job creation through the sustainable development of small and medium-sized enterprises, business support organisations and cooperatives in developing countries and emerging markets. PUM supports entrepreneurs through short-term technical advisory missions executed by (senior) expert volunteers providing practical, hands-on expertise.

[Signature]
In recognising the importance of SAARC CCI and PUM, hereafter referred to as "Parties", confirm and agree to the following:

1. Purpose cooperation

The purpose of this agreement is to enable the Parties to enter into a non-exclusive collaborative relationship for the purpose of furthering their common interests and collaborative efforts.

2. Objective

2.1. The main objective of the cooperation is to support and develop members (SMEs) of SAARC in Bangladesh, Nepal, Pakistan, Sri Lanka, India and which fulfil the PUM-requirements (see Annex I).

2.2. Specific objectives:

a) PUM will execute missions for individual members of SAARC CCI: to increase quality of products, decrease costs, increase efficiency, support in making business and marketing plan, CSR, entrepreneurship etc.

b) PUM will provide trainings for members of SAARC CCI in the field of marketing, management HRM, CSR etc., organised by SAARC CCI.

c) SAARC CCI will promote PUM and her possibilities to its members in brochures of SAARC CCI and during meetings of SAARC CCI.

2.3 Deliverables (results)

a. SAARC CCI will ensure at least four applications (from individual members or from its national member organizations: organising a training course for its members) per year per country (see 2.1).

b. PUM will provide well qualified experts and/or trainers for missions and trainings.

3. How PUM works

PUM has over 1,500 expert volunteers, who are willing to share their knowledge on a voluntary base. Depending on the exact knowledge needed, the best experts will be selected to build a relationship with the clients, in order for them to share knowledge, and support them throughout their growth cycle. For more information on the working procedure, see annex III.

4. Costs

The cost of an advisory mission consists of travel expenses, insurances, as well as overhead and indirect project costs made at PUM’s headquarters (which includes costs of monitoring and evaluation). Experts, country- and sector coordinators, who play a vital role in this project - do not receive salaries.

a) Assisted companies pay for all local costs for the expert, being at least board, lodging, local transportation as well as an interpreter (if necessary).

b) Preparatory costs, are covered by PUM. These costs cover all costs for sending an expert, including international travel expenses for the expert, insurance, a daily allowance (based on 20% of Daily Substance Allowance tariffs as fixed by the UN) as well as indirect costs such as the salaries of the responsible project officers at PUM and other overhead costs.

c) For follow-up missions, PUM can charge a reasonable part of these costs to the assisted companies.
The costs of a Business Link mission consist of board and lodging and running costs as well as overhead and indirect project costs made at PUM’s headquarters.

a) SAARC CCI, the assisted enterprises (customers), and/or a sponsoring body organise and pay for the flight ticket and preparatory costs (Annex II)

5. Monitoring and Evaluation

a) There will be a final review, after cooperation completion, between the focal persons for the Parties. If required, the Parties can connect on an ad-hoc basis. All Parties can take the initiative to set up such a meeting (e.g. teleconference, Skype etc.).

b) For PUM, Mr. Johan van den Berg, country coordinator Nepal (or a PUM appointed replacement), is the focal person; for SAARC CCI the focal person is Mr. Zulfiqar Ali Butt, Deputy Secretary General.

c) Dissemination of lessons learned will be done through the networks of the Parties.

6. Representation

a) Parties will uphold transparency and professionalism in working together.

b) Parties shall ensure that any action by them which involves the name of the other Party is bound to meet the requirements of representativeness. Parties shall refrain from actions and/or behaviour as a result of which the good name of the other Party may be harmed.

c) In implementing their obligations under this agreement the Parties are independent Parties acting in their own name and for own account and risk, without any right to represent each other in any manner, unless mutually agreed.

7. Duration

a) The agreement will be for an initial period of 24 months from the date of signing by all Parties.

b) After mutual agreement, this agreement can be extended for a period to be agreed upon. Extension will be confirmed in writing and signed by all Parties.

8. Amendments

The terms of cooperation between the Parties may only be amended upon the mutual consent of all Parties. A written notice of the terms of the amendment must be signed by all Parties.

9. Termination

This agreement may be terminated by either Party in case of substantial non-performance of essential terms of the contract by either Party, after reasonable notice has been given and an opportunity to correct the matter has been provided.
10. Non-liability

Neither Party accepts liability for any third Party claims for damages, or for any loss of profits or revenues, arising out of this contract.

11. Law

The Law applicable to this agreement shall be the law of the Netherlands.

Kathmandu, date ...........
Mr. Suraj Vaidya
President
SAARC CCI

The Hague, date ........
Mr. Johan Luursema
Chief Financial Officer
PUM Netherlands senior experts
Annex I – SME Criteria for which PUM service is available

To make sure that companies apply in the right stage of their development, that no market disturbance occurs and that OECD-guidelines are followed, the following criteria need to be met by applying companies:

1. The company is privately owned (state-owned enterprises cannot apply).
2. Over 50% of ownership of the company is in local hands
3. The company needs to be operational for at least two years (we don’t accept starters).
4. The company has between 10 and 250 employees. For small companies the cost-benefit ratio of a project is leading, meaning that turnover should be (significantly) higher than mission costs.
5. Both the annual turnover and the balance sheet total should not exceed 10 million euros. The company is financially stable but has inadequate funds to afford (source) professional expertise from (external) commercial consultants or no local consultants are available. When the company is part of a holding or a group of companies these criteria are applicable to the holding or group.
6. The owner/entrepreneur must show enough commitment to be fully involved during the entire PUM project. This includes commitment during the expert visit(s), contact with the expert afterwards and the consecutive implementation of recommendations. Moreover, the owner/entrepreneur should be prepared to share data with PUM that is needed to measure the effectiveness of a mission.
7. The application form has to be filled in completely; special attention has to be given to the issue or problem that the PUM expert has to look into.
8. Organisations that are not SMEs (business support organisations, Chambers of Commerce etc.) can apply, but only if they have an enabling role for the private sector.
9. The company does not support child labour or forced labour, neither does it operate in either of the following sectors:

- Weapons and ammunition
- Radioactive materials
- Gambling and casinos
- Pornography and prostitution
- Racist and anti-democratic media
Annex II

Business link programme criteria

A bridge to Dutch trade and industry

Through PUM's business link programme (senior) managers/decision makers of businesses which have been advised by PUM are eligible to participate in a programme in the Netherlands to get into contact with Dutch companies. The goal of this programme is to introduce companies to each other and potentially do business. It should therefore be attractive for PUM applicants and for Dutch companies.

Procedure & Criteria

- The PUM expert and the applicant formulate a project plan including a Business link visit;
- PUM assesses the project plan whether the proposal adheres to the business link criteria:
  - It should be a follow-up of a PUM advisory mission to a company;
  - A maximum of two senior managers/decision makers can participate;
- The programme has a maximum of ten days;
- Should be mutually beneficial;
- PUM expert designs the programme and accompanies the senior managers/decision makers during the visit;
- The senior managers/decision makers should have a reasonable knowledge of the English language;
- The applicant will arrange and pay for its flight ticket, preparatory costs and personal expenses during the visit;
- PUM will arrange and pay for the board and lodging, transportation to execute the programme and the running costs for the programme;

For details about the procedures and the PUM-criteria, contact the PUM expert advising your company or the PUM representative.
Annex III - Working procedure

d) **Request:** customers that meet the PUM criteria (see Annex 1) can submit, with support from the PUM representative, a project request form to PUM through www.pum.nl. The application will include mentioning the Party or Parties of this agreement for identification purposes.

e) **Assessment:** PUM will assess the project request formulated by the customers to ensure it meets the PUM criteria.

f) **Negotiation:** PUM, upon assessing the project request with a positive outcome (approval), shall recommend a candidate expert within a period of eight (8) weeks.

g) **Preparation:** After acceptance of the recommended expert and consultation with both the PUM expert and the customer, PUM will make travel arrangements (air ticket, visa if applicable) for the PUM expert.

The customer will arrange (suitable) board and lodging, local transportation as well as an interpreter (if necessary).

h) **Execution:** The customer will pick up and guide the expert during the agreed period of the advisory mission.

i) **Evaluation:** The customer will provide its feedback on the quality of the services provided by the PUM expert.

j) All advisory missions are preceded and followed up by contacts with the **accepted** expert(s) to prepare for the work, monitor and the aftercare after the mission completion.