AGREEMENT ON DEVELOPMENT COOPERATION

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF ITALY

AND

THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

The Government of the Republic of Italy and the Government of the Republic of the Philippines (hereinafter referred to as the Contracting Parties), in the firm desire to further strengthen the existing friendly relations between the two Countries, and to share common values of peace and democracy through the promotion of social and economic development of their countries, have agreed as follows:

Article I

The Contracting Parties shall cooperate in the strengthening of the existing relations between their countries and, to this end, shall reciprocally extend the assistance and provide the necessary facilities for the successful implementation of development cooperation activities, within the limits of their laws, regulations and resources.

Article II

Within the framework of this Agreement, the Italian Party shall make available scientific, technical and financial assistance aimed at the consolidation and implementation of development programmes mutually agreed upon, in line with the economic, social and cultural growth of the Philippines, which shall include, inter alia:

a. Encouragement and assistance for the sound development of trade and industry;

b. Development of human resources;

c. Conservation of natural environment and effective utilization of energy resources;

d. Encouragement and intensification of food production;

e. Establishment of mechanisms and structures for social development particularly rural upliftment;

f. Promotion of health programmes;

g. Improvement of communications and transport facilities; and,

h. Promotion of basic and applied research and development.

Article III

Development cooperation between the Contracting Parties shall be implemented through specific projects covered by organic and comprehensive programs mutually agreed upon by both Contracting Parties. The programme shall indicate the type of financial assistance (e.g. grants, soft loans, balance of payment and budgetary support) necessary for each project, preferably in the form of grants.

Development cooperation shall also consist of measures to counteract emergency situations. Projects envisioned under this paragraph shall consist of assistance over and above the regular economic and technical aid.

Article IV

The Contracting Party shall conclude a separate arrangement on each and every cooperation project pursuant to Article III. Within the scope and in accordance with the specific objectives of each project, the Government of the Republic of Italy, upon

request by the Government of the Republic of the Philippines, shall undertake to make available on a grant basis the following:

a. Italian experts, volunteers and cooperants;

b. Scientific and technical information;

c. Technical and professional training for Filipino citizens through fellowship grants;

d. Equipment, materials and services;

e. Survey, feasibility studies and engineering studies relevant to the economic development programmes of the Philippines.

Article V

Each expert, volunteer or cooperant proposed by the Government of the Republic of Italy in accordance with Article IV (a) shall secure clearance from the Government of the Republic of the Philippines prior to his departure for the Philippines.

The expert, volunteer or cooperant shall obey the laws and the regulations of the Government of the Republic of the

Philippines and shall perform his duties in accordance with the terms of reference stipulated in the applicable development cooperation project arrangement.

Upon consultation with the Government of the Republic of Italy, the Government of the Republic of the Philippines may request the recall or replacement of an expert, volunteer or cooperant should his performance prove to be unsatisfactory.

Upon consultation with the Government of the Republic of the Philippines, the Government of the Republic of Italy may recall any expert, volunteer or cooperant at anytime. If the Contracting Parties deem it necessary, the expert shall be replaced as soon as possible.

Article VI

The Government of the Republic of the Philippines shall indemnify and save harmless the Government of the Republic of Italy, Italian firms and Italian personnel from civil liability for acts or omissions occurring in the course of the performance of their duties in the execution of any specific project

established under any subsidiary arrangement except for acts arising from gross negligence or wilful misconduct of Italian firms or Italian personnel.

Article VII

In the event of any arrest or detention, for any reason whatsoever, of the Italian experts or members of their families, or of criminal proceedings being instituted against them, the Embassy of the Republic of Italy shall be promptly notified.

Article VIII

In the event of international crises, the Italian experts and members of their families shall be accorded internationally accepted repatriation facilities.

Article IX

In the performance of their duties, the Italian experts shall be under the general direction of the Government of the

Republic of the Philippines or the Philippine Agencies or Organizations to which they are assigned. They shall comply with laws, regulations and orders as may be in force from time to time in the Philippines.

The Government of the Republic of the Philippines shall ensure that the experts, volunteers and cooperants are accorded treatment in a manner no less favourable than that accorded to similar foreign technical assistance personnel working in the Philippines.

Article X

The experts nominated by the Government of the Republic of Italy, in conformity with Article 5, paragraph 1, shall enjoy the privileges and immunities listed in Annex "A".

Article XI

The Government of the Republic of Italy, in providing scholarships in conformity with Article IV (c), shall grant the Filipino grantees the following:

a. Travel expenses from the Philippines to the training site and return, as well as the expenses for any other travel that the training programme will require.

b. Subsistence, housing and clothing allowances and medical insurance for the duration of the training programme.

Article XII

The equipment and supplies that the Government of the Republic of Italy shall provide for any project agreed upon under this Agreement shall become the property of the Government of the Republic of the Philippines upon their arrival at Philippine territory and shall be used exclusively for said project.

The Government of the Republic of Italy shall not bear any taxes, duties and fiscal charges imposed in the Philippines on such equipment and supplies. Further obligations of the two Governments with regard to such equipment and supplies are defined in Annex "B" to this Agreement.

Article XIII

The present Agreement is complementary to, and shall not in any way affect, the international commitments of the Contracting Parties.

Article XIV

The Contracting Parties shall consult each other to facilitate the implementation of this Agreement.

The representatives of the Contracting Parties shall meet every two years or whenever necessary to evaluate the progress of development cooperation projects undertaken under this Agreement.

Article XV

This Agreement shall enter into force on the date in which the Contracting Parties notify each other that the legal formalities required for such purposes have been complied with.

Article XVI

The Contracting Parties may amend this Agreement by mutual consultations through an exchange of notes.

The present Agreement shall remain in force for a period of five (5) years renewable automatically for periods of one (1) year, unless terminated by one of the Contracting Parties by written notice to the other at least six (6) months in advance.

Notwithstanding the termination of this Agreement, the programmes and projects already in progress shall not be affected but shall continue until completed unless the Contracting Parties decide otherwise.

Done in Rome this 17th day of June 1988 in two original copies in English, both texts being equally authentic.

FOR THE GOVERNMENT OF THE REPUBLIC OF ITALY

FOR THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

A_N_N_E_X___"A"

The Government of the Republic of the Philippines shall, with regards to the experts made available by the Government of the Republic of Italy, undertake to provide the following privileges and immunities, subject to existing laws and regulations:

1. To exempt the experts from taxation and any other fiscal charges from emoluments, remunerations and other allowances received by them from the Government of the Republic of Italy;

2. To permit the expert to import the following personal and household effects free from import and customs duties:

a. one personal motor car or motorcycle;

b. one complete hi-fi music system;

c. one refrigerator and one deep freezer;

d. one washing machine;

e. minor electrical appliances and accessories;

f. professional equipment and gadgets;

g. one television set and video recorder;

h. one airconditioner;

i. one set of photographic and cine equipment;

j. one electric or gas cooker;

k. reasonable quantity of special medicaments.

3. To permit duty-free import, up to a reasonable limit, spare parts and replacement of personal and household effects imported under paragraph (2) whenever the serviceability of the said item is substantially affected and local substitutes are not available in the market.

4. To permit export of personal and household effects and articles imported under paragraphs (2) and (3), upon the final departure from the Philippines of the experts and their families. In the event the items are sold locally to non-exempt persons, local taxes must be paid.

5. To grant to the expert and their dependents, free of charge, necessary entry-exit visas and any required permit and/or authorization as well as exemption from visa immigration and other necessary dues.

A N N E X "B"

Obligations with regards to the equipment and supplies made available by the Government of the Republic of Italy.

1. The Government of the Republic of Italy undertakes to:

   a. deliver said equipment and supplies to the Government of the Republic of the Philippines or its agents, C.I.F. and C. and F., at a mutually agreed Philippine port;

   b. notify the Government of the Republic of the Philippines of the estimated date of arrival of such equipment within the shortest possible time and forward the relevant bill of lading;

   c. replace, free of charge and within the shortest possible time, equipment and supplies lost or damaged during transport to the port of destination if such losses or damages exceed ten per cent of the C. and F. value of the shipment.

2. The Government of the Republic of the Philippines undertakes to:

a. notify the Government of the Republic of Italy of the required documentation for the Bureau of Customs clearance procedures;

b. take all necessary steps to guarantee prompt release from the Bureau of Customs of said equipment and supplies after the implementing agencies have paid all applicable expenses and fees.

P_R_O_T_O_C_O_L

On signing the Agreement on Development Cooperation between the Government of the Republic of Italy and the Government of the Republic of the Philippines, the Contracting Parties agree to conclude a separate Agreement with respect to the volunteers and cooperants who shall be made available to the Government of the Republic of the Philippines, upon the latter's request, by and through the Government of the Republic of Italy further to initiatives implemented by Italian non-governmental organizations (NGOs) accredited by the Italian Ministry of Foreign Affairs.

Pending the signature of said Agreement, the status of volunteers and cooperants will be governed by the specific arrangements made for each cooperation project.

With respect to Article IV (a) of the Agreement on Development Cooperation, the designation of experts, volunteers, and/or cooperant shall be according to priorities agreed upon in each case by the Contracting Parties.

This Protocol does not abrogate or vitiate any other provision of the Agreement on Development Cooperation.

FOR THE GOVERNMENT OF THE REPUBLIC OF ITALY

FOR THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES