

June 17, 1988

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF THE REPUBLIC OF ITALY CONCERNING DAVAO
DEL NORTE INTEGRATED AREA DEVELOPMENT PROJECT**

The Government of the Republic of the Philippines and the Government of the Republic of Italy;

Within the framework of the Protocol of Understanding of September 18, 1987;

Wishing to cooperate on the Davao del Norte Integrated Area Development Programme;

HAVE AGREED AS FOLLOWS

ARTICLE I

1.1 The Government of the Republic of the Philippines, as represented, by the National Economic and Development Authority, hereinafter referred to as "NEDA", will designate as soon as possible the agency responsible for the implementation of its obligations under this Memorandum of Understanding.

1.2 The Government of the Republic of Italy indicates C. Lotti & Associati S.p.A., Italy, hereinafter referred to as "Lotti", as the organization responsible for the implementation of its obligations under this Memorandum of Understanding.

ARTICLE II

2.1 The two Governments shall cooperate in the Davao del Norte Integrated Area Development Project, hereinafter referred to as "the Project".

2.2 The objective of the Project is the development of the rural sector and especially: address problems of depressed incomes, of low agriculture productivity, of unemployment and underemployment among the poorest segments of the rural population in Davao del Norte Province, for about 30,000 rural families.

The main fields in which the Project will operate are: agricultural development, irrigation rehabilitation, roads and bridges rehabilitation and construction, small scale rural development and agro-forestry, institutional development training in the Davao del Norte Province.

2.3 The Project is planned to be implemented by procedures to be mutually agreed upon by both Parties, in accordance with their respective laws and regulations.

ARTICLE III

The Government of the Republic of Italy, in accordance with the prevailing laws and regulations, and with the resolution of the Directional Committee of the Italian Cooperation No. 154 dated December 21, 1987, will contribute, as a grant up to 22,000 (twentytwothousand) millions of Italian Lires (corresponding to 85% of the estimated total Project cost).

ARTICLE IV

The Government of the Republic of the Philippines, in accordance with the prevailing laws and regulations, shall make a contribution in local currency up to the equivalent of 3,880 (threethousandandeighthundredeighty) millions of Italian Lires (corresponding, to 15% of the estimated total Project cost).

ARTICLE V

The two Governments also agree to set-up as soon as possible a Joint Committee formed by members designated by each Government. The Joint Committee shall be charged of verifying at least annually the general progress of the Project activities, the effective resources mobilization making general recommendations, if necessary, on possible modifications and/or extension of the Project.

ARTICLE VI

The Government of the Republic of the Philippines shall assure Lotti and its experts working in the Philippines for the execution of the Project all privileges and exemptions, subject to existing laws and regulations, as contained in the Agreement on Development Cooperation - Annexes A (governing privileges and immunities accorded to experts) and B (governing importation of equipment and supplies).

ARTICLE VII

The two Governments and their designated implementing agencies in close coordination with local government units and concerned line agencies, shall ensure that this Memorandum of Understanding is carried out with due diligence and efficiency and each shall furnish the other with all information that may be considered necessary for the realization of the Project.

ARTICLE VIII

The Plan of Operations of the Project, still under review, will become an Integral part of this Memorandum as soon as it will be finalized and signed by designated officials. It will contain, inter alia, the following:

- a) the description of the Project objectives and identification of the activities;
- b) the detailed responsibilities and obligations of the two counterparts during the various phases of the Project;
- c) the reporting requirements for the Project;
- d) the description of a "Crash Program" which will allow an early implementation of the Project. During the "Crash Program" a "Master Plan" will be drawn up with the aim of indicating detailed guidelines for the implementation of the Project, defining the objectives and relevant indicators;
- e) the timetable of operations; and
- f) functions and composition of the Joint Committee.

ARTICLE IX

9.1 This Memorandum of Understanding shall take effect on the date of signature and shall expire upon completion of the Project or on any date mutually agreed