

Loan Agreement No. PH-C25

LOAN AGREEMENT

For

COVID-19 Crisis Response Emergency Support Loan

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES

Dated July **1**, 2020

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Loan Agreement No. PH-C25, dated July , 2020, between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

On the basis of the Exchange of Notes between THE GOVERNMENT OF JAPAN and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES dated July , 2020, concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of the Philippines,

the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as “**JICA**”) and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (hereinafter referred to as the “**Borrower**”) herewith conclude the following Loan Agreement (hereinafter referred to as the “**Loan Agreement**”, which includes all agreements supplemental hereto).

Article I

Loan

Section 1. Amount and Purpose of Loan

JICA agrees to lend the Borrower an amount not exceeding FIFTY BILLION Japanese Yen (¥50,000,000,000) as the principal for the implementation of COVID-19 Crisis Response Emergency Support Loan described in Schedule 1 attached hereto (hereinafter referred to as the “**Program**”) in the form of co-financing with the COVID-19 Active Response and Expenditure Support Program extended by Asian Development Bank (hereinafter referred to as “**ADB**”) on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as the “**Loan**”); provided, however, that when the cumulative total of disbursements under the Loan

Agreement reaches the above-mentioned maximum amount of the Loan, JICA shall make no further disbursement.

Section 2. Use of Proceeds of Loan

- (1) The Borrower shall use the proceeds of the Loan to cover budget expenditures already made and/or to be made by the competent authorities of the Republic of the Philippines in accordance with the provisions described in Schedule 2 attached hereto.
- (2) The Borrower shall ensure that upon each transfer of an amount of the proceeds of the Loan disbursed as stipulated in Section 2. of Schedule 5 attached hereto, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to JICA.
- (3) The final disbursement under the Loan Agreement shall be made within the period from the Effective Date of the Loan Agreement to the same day and month one (1) year after the effective date of the Loan Agreement unless otherwise agreed upon between JICA and the Borrower (hereinafter referred to as the "**Disbursement Period**"), and no further disbursement shall be made by JICA after the Disbursement Period has expired.
- (4) Notwithstanding the stipulation in Section 2.(3) above, if the expiry date of the Disbursement Period is not a banking business day in Japan, the immediately succeeding banking business day in Japan shall be deemed the expiry date of the Disbursement Period.
- (5) Notwithstanding the provisions of Section 1. and Section 2. (1) above, no disbursement shall be made in respect of payments made for budget expenditures prior to April 1, 2020.

Article II

Repayment, Interest and Front-End Fee

Section 1. Repayment of Principal

The Borrower shall repay the principal of the Loan to JICA in accordance with the Amortization Schedule as set forth in Schedule 3 attached hereto.

Section 2. Interest and Method of Payment thereof

The Borrower shall pay the interest on the Loan to JICA semi-annually on January 20 and July 20 each year (hereinafter each referred to as the "**Payment Date**") in arrears at the rate of one-hundredth percent (0.01%) per annum on the principal disbursed and outstanding for each Interest Period.

Section 3. Front-End Fee and Method of Payment thereof

The Borrower shall pay the Front-End Fee as stipulated in Section 3.05. of the General Terms and Conditions.

Article III

Particular Covenants

Section 1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan

Agreement shall be set forth in JICA's General Terms and Conditions for Japanese ODA Loans, dated November 2014 (hereinafter referred to as the "**General Terms and Conditions**"), with the following supplemental stipulations:

- (1) The following shall be substituted for Section 2.01. (k) of the General Terms and Conditions:
 - (k) "Front-End Fee" means a fee to be paid by the Borrower to JICA at the rate of one-tenth percent (0.1%) on the maximum amount of the Loan.

- (2) The following shall be substituted for Section 3.05. (1) of the General Terms and Conditions:
 - (1) The Borrower shall pay the Front-End Fee anytime on or after the date of effectuation of the Loan Agreement through the proceeds of the Loan by submitting a Request for Disbursement, the amount of which is larger than the Front-End Fee to enable the deduction from the disbursement. The Borrower agrees that such amount deducted shall be applied and appropriated to the Front-End Fee by JICA and that the Borrower shall keep and maintain such records evidencing the usage of the proceeds of the Loan for the total amount of such disbursement after the deduction.

- (3) Section 3.05.(2) of the General Terms and Conditions shall be disregarded.

- (4) With regard to Section 3.08. (1) of the General Terms and Conditions, the Borrower shall have all repayment and/or prepayment of principal and payment of Refund, interest and Any Other Charges under the Loan Agreement credited to "JICA-Loan" account No. 0207787 with MUFG Bank, Ltd., Head Office, Japan.

- (5) The following shall be replaced to the Conditions Precedent for Making Disbursement in Section 5.07. (3) of the General Terms and Conditions:
 - (3) The Borrower submits a Request for Disbursement allowing JICA to deduct the full payment for the Front-End Fee from the disbursement.

(6) The following (i) shall be added to Section 6.01. of the General Terms and Conditions:

(i) An event that shall make it improbable that the Program, or, significant part thereof, will be carried out.

(7) Section 6.04. of the General Terms and Conditions shall be read as follows:

Regarding repayment of principal and payment of Refund, interest, or Any Other Charges required under the Loan Agreement, the Borrower shall undertake not to treat debts to JICA less favorably than any other external debts other than short-term debts.

Section 2. Procurement Procedure

The guidelines for procurement mentioned in Section 4.01. of the General Terms and Conditions shall be as stipulated in the Procurement Procedure attached hereto as Schedule 4.

Section 3. Disbursement Procedure

The disbursement procedure mentioned in Section 5.01. of the General Terms and Conditions shall be as follows:

(1) Disbursement Procedure attached hereto as Schedule 5 shall apply for disbursement of the proceeds of the Loan for the payment made and/or to be made for budget expenditures on or after April 1, 2020.

(2) Disbursement of the proceeds of the Loan shall be made within the limit of the Japanese Government's budgetary appropriations for JICA.

Section 4. Administration of Loan

- (1) The Borrower and JICA shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program.
- (2) Prior to each exchange of views described in Section 4.(1) above, the Borrower shall furnish JICA, for its review and comment, with a report on the progress achieved in carrying out the Program, in such detail as JICA shall reasonably request.
- (3) Promptly, but in any event not later than one (1) year after the completion of the Program, the Borrower shall furnish JICA with a program completion report in such form and in such detail as JICA may reasonably request.
- (4) The Borrower shall retain the Annual Audited Reports as evidence of proper budget expenditures made under the Loan Agreement until two (2) years after the Completion Date. The Borrower shall ensure that the Borrower has not previously obtained, and will not obtain, funds from the Loan Agreement, any other loan, credit or grant available to the Borrower for the same budget expenditures for which such records are retained under the Loan Agreement. The Borrower shall also enable JICA to inspect these reports and other documents as JICA shall reasonably request.

Section 5. Table of Contents and Headings

Table of Contents and the headings of Articles or Sections herein are inserted for convenient reference only, are not part of the Loan Agreement and do not affect the construction of, or be taken into consideration in interpreting the Loan Agreement.

Section 6. Notices and Requests

The following addresses are specified for the purpose of Section 9.03. of the General Terms and Conditions:

For JICA

Postal address:

JAPAN INTERNATIONAL COOPERATION AGENCY

JICA PHILIPPINES OFFICE

40th Floor, Yuchengco Tower, RCBC Plaza, Ayala Avenue,

Makati City, Philippines

Attention: Chief Representative

For the Borrower

Postal address:

DEPARTMENT OF FINANCE

DOF Building, BSP Complex, Roxas Boulevard, Manila,

Philippines

Attention: Secretary of Finance

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

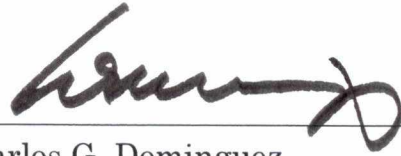
IN WITNESS WHEREOF, JICA and the Borrower, acting through their duly authorized representatives, have caused the Loan Agreement to be duly executed in their respective names and delivered in Manila, Philippines, as of the day and year first above written.

For
JAPAN INTERNATIONAL
COOPERATION AGENCY

For
THE GOVERNMENT OF
THE REPUBLIC OF
THE PHILIPPINES



Eigo Azukizawa
Chief Representative
JICA Philippines Office



Carlos G. Dominguez
Secretary
Department of Finance



Schedule 1

Description of Program

Section 1. Objective of the Program

The objective of the Program is to curtail the spread of COVID-19 in the Philippines suffering from its pandemic and support the governments' emergency response for social protection/relief to affected people and economic stimulus by/through providing budget support, thereby contributing to promoting the economic stabilization and development efforts of the Republic of the Philippines.

Section 2. Scope of the Program

The scope of the Program is identical with the Design and Monitoring Framework for the monitoring of the progress of the measures as COVID-19 emergency response.

Schedule 2

Use of Proceeds of Loan

Section 1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be disbursed for budget expenditures made and/or to be made at reasonable cost.

Section 2. Notwithstanding the provisions of Section 1. above, no disbursement shall be made in respect of :

- (1) budget expenditures for goods included in the following SITC* groups or sub-groups, or any successor groups or sub-groups under future revision to the SITC, as designated by JICA by notice to the Borrower;

LIST OF INELIGIBLE PRODUCTS

| Group | SITC Code No. | Description of Items |
|-------|---------------|---|
| | 112 | Alcoholic beverage |
| | 121 | Tobacco, unmanufactured tobacco refuse |
| | 122 | Tobacco, manufactured (whether or not containing tobacco substitutes) |
| | 525 | Radioactive and associated materials |
| | 667 | Pearls, precious and semiprecious stones, unworked or worked |
| | 718.7 | Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors |
| | 728.43 | Tobacco processing machinery |
| | 897.3 | Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems) |
| | 971 | Gold, non-monetary (excluding gold ores and concentrates) |

* Note "SITC" means the Standard International Trade Classification, Revision 4 (SITC Rev. 4), published by the United Nations in Statistical Papers, Series M No. 34/Rev. 4 (2006).

- (2) any type of arms;
- (3) any environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Republic of the Philippines or international agreements to which the Republic of the Philippines is a party);
- (4) payments made for budget expenditures prior to April 1, 2020;
- (5) payments for taxes levied by, or in the territory of the Republic of the Philippines on commodities, or in the importation, manufacture, procurement or supply thereof; and
- (6) budget expenditures for commodities supplied under a contract which have been financed or to be financed with sources of official assistance other than the Loan.

Schedule 3

Amortization Schedule

| Due Date | Amount (in Japanese Yen) |
|---|-----------------------------|
| On July 20, 2024 | 2,173,914,000 |
| On each January 20 and July 20 beginning January 20, 2025 through July 20, 2035 | 2,173,913,000 |

Schedule 4

Procurement Procedure

Section 1. Guidelines to be used for procurement under the Loan

Procurement of all goods and services to be financed out of the proceeds of the Loan, if it is required, shall be in accordance with the Guidelines for Procurement under Japanese ODA Loans dated April 2012 (hereinafter referred to as the “**Procurement Guidelines**”).

Section 2. JICA’s review of decisions relating to procurement of goods and services

- (1) With reference to the Section 1.03. (1) of the Procurement Guidelines, JICA may consider procedures other than International Competitive Bidding acceptable in any of the following cases:
 - (a) When the amount of a contract does not exceed ¥500,000,000 or equivalent in other currency accepted for international transactions in terms of the currency of a contract;
 - (b) When the number of qualified supplier(s) is limited;
 - (c) When the purchase of a commodity with a particular specification, brand name or designation is necessary in order to assure the interchangeability or standardization of equipment, or because of special design requirements; and
 - (d) When JICA finds International Competitive Bidding to be inappropriate for the reasons other than the case (a), (b) and (c) above (e.g. in case of emergency procurement).
- (2) Notwithstanding the provisions of Section 2. (1) above, the Procurement Guidelines will not apply in case of procurement of goods and services which are to be financed by the local currency. Procurement of such goods and services shall, however, be effected with due attention to the considerations of economy, efficiency, transparency in the procurement

process and non-discrimination among eligible bidders for procurement contracts.

Schedule 5

Disbursement Procedure

Disbursement Procedure set forth herein shall be applied for disbursement of the proceeds of the Loan:

The designated foreign exchange bank in Tokyo wherever mentioned in this Schedule shall be MUFG Bank, Ltd., Tokyo.

The Agent Bank wherever mentioned in this Schedule shall be Bangko Sentral ng Pilipinas, which is the designated foreign exchange bank in the territories of the Borrower.

Section 1. Request for Disbursement

- (1) The Borrower shall request JICA to make disbursement by sending to JICA a Request for Disbursement in accordance with the Form JICA-RFD(P) attached hereto.
- (2) The amount stated in the Request for Disbursement shall be in Japanese Yen.

Section 2. Disbursement

- (1) When JICA finds the Request for Disbursement in order and in conformity with the relevant provisions of the Loan Agreement, JICA shall make disbursement in Japanese Yen, in principle, within fifteen (15) business days from the date of receipt of such Request for Disbursement by paying into the non-resident Yen account (hereinafter referred to as the "**Loan Account**"), which shall be opened in accordance with the relevant laws and regulations of Japan in advance with a bank in Tokyo hereinafter (referred to as the "**Paying**

Bank). All disbursement made by JICA under this Section 2. (1) shall be received by the Agent Bank on behalf of the Borrower.

- (2) Upon the disbursement of the proceeds of the Loan into the Loan Account, and after receiving cable advice from the Paying Bank, the Borrower, through the Agent Bank, shall transfer the proceeds of the Loan into the Foreign Currency Deposit Account at the Agent Bank that is used to finance budget expenditure designated by the Borrower and acceptable to JICA. The Borrower shall provide to JICA a written confirmation within thirty (30) business days of disbursement of the Loan that this transfer has been completed.
- (3) Upon the transfer of the proceeds of the Loan into the Foreign Currency Deposit Account in accordance with the preceding paragraph, the Borrower, through the Agent Bank, may convert the Japanese Yen amount of the Loan into Philippine Peso or other foreign currencies and transfer an equivalent amount to the General Budgetary Deposit Account at the Agent Bank that is used to finance budget expenditures.

Section 3. Delegation of Authority

- (1) The Borrower hereby designates the Agent Bank as its agent for the purposes of taking any action or entering into any agreement required or permitted under this Disbursement Procedure.
- (2) Any action taken or agreement entered into by the Agent Bank pursuant to the authority conferred on the Agent Bank shall be fully binding on the Borrower and shall have the same force and effect as if such action was taken or such agreement was entered into by the Borrower.
- (3) The authority conferred on the Agent Bank may be revoked or modified by a written agreement between the Borrower and JICA.

Section 4. Arrangement

The Borrower shall cause the Agent Bank to make necessary arrangements with the Paying Bank, including the following, in accordance with the authorization conferred on the Agent Bank set forth in Section 3. above:

- (1) open the Loan Account in the name of the Agent Bank on behalf of the Borrower with the Paying Bank; and
- (2) cause the Paying Bank make cable advice to the Agent Bank of the disbursement by JICA.

Form JICA-RFD(P)

Request for Disbursement

Date:

Loan No.:

App. Serial No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY
JICA PHILIPPINES OFFICE
Attention: Chief Representative

Ladies and Gentlemen:

1. Pursuant to the Loan Agreement No. PH-C25 dated July , 2020 between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, the undersigned hereby requests for disbursement under the said Loan Agreement, of the sum of FIFTY BILLION Japanese Yen (¥50,000,000,000).
2. The undersigned certifies that the above requested disbursement will not be used for ineligible budget expenditures under the said Loan Agreement.
3. Please make the disbursement of the amount requested herein by paying into the Loan Account of Agent Bank with MUFG Bank, Ltd., Tokyo, Japan after deducting FIFTY MILLION Japanese Yen (¥50,000,000) as the Front-End Fee.

Very truly yours,

For: _____
(Name of the Borrower)

By: _____
(Authorized Signature)