

Loan Agreement No. PH-SB3

LOAN AGREEMENT

For

Post Disaster Stand-by Loan (Phase 3)

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES

Dated August 28, 2023

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Loan Agreement No. PH-SB3, dated August 28, 2023, 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 August 8, 2023, concerning a Japanese loan, the Post Disaster Stand-by Loan (Phase 3) to be extended with a view to promoting the economic stabilization and development efforts of the Republic of the Philippines with particular focus on promoting the efforts by the Government of the Republic of the Philippines for enhancing the capacity of disaster risk reduction and management,

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 THIRTY BILLION Japanese Yen (¥30,000,000,000) as the principal for the implementation of the Post Disaster Stand-by Loan (Phase 3) described in Schedule 1 attached hereto (hereinafter referred to as the “**Program**”) 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 4. 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 date, which is the same day and month as the Effective Date three (3) years after the Effective Date of the Loan Agreement (inclusive of both dates) 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 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) Regarding Section 2. (3) above, the Borrower may make a request to extend the Disbursement Period, which shall be substantially as per Form JICA-RFE attached hereto. Such request shall be submitted to JICA not less than sixty (60) days prior to but including the expiry date of the Disbursement Period immediately preceding such applicable extension. An extension of the Disbursement Period, if approved by JICA, shall be

for a period of additional three (3) years, and a total of four (4) extensions (twelve (12) years in total) may be requested by the Borrower for the Loan Agreement.

(6) Notwithstanding Section 1. and Section 2. (1) above, no disbursement shall be made under the Loan Agreement in respect of budget expenditures made prior to the date of Exchange of Notes first above written (hereinafter referred to as the “**Date of Exchange of Notes**”)

Section 3. Tranche of Proceeds of Loan

The Borrower may request the disbursement of the proceeds of the Loan to be made in installments (each installment hereinafter referred to as a “**Tranche**”). Disbursement for the Loan Agreement shall be made within five (5) Tranches and each Tranche shall not be less than ONE BILLION Japanese Yen (¥1,000,000,000).

Article II

Repayment, Interest, Front-End Fee and Extension Fee

Section 1. Repayment of Principal

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

Section 2. Interest and Method of Payment thereof

(1) The Borrower shall pay the interest to JICA semi-annually at the rate of one-hundredth percent (0.01%) per annum on the principal disbursed and

outstanding for each Tranche.

- (2) Notwithstanding Section 2. (1) above, if JICA agrees to an extension of the Disbursement Period, the interest rate applicable to the principal of any Tranche disbursed after the extension of the Disbursement Period shall be the interest rate applied to the “Stand-by Emergency Credit for Urgent Recovery (SECURE)”, as set forth in the Terms and Conditions of Japanese ODA Loans published by JICA on its website or otherwise, effective on the date that is sixty (60) days prior to but including the expiry date of the Disbursement Period immediately preceding such applicable extension.
- (3) For each Tranche, the Borrower shall pay the applicable interest on the principal amount of the Loan disbursed and outstanding in relation to such each Tranche to JICA semi-annually as follows (each such date hereinafter each referred to as the “**Payment Date**”):
 - (a) on the twentieth (20th) day of the month in which the disbursement is made for such Tranche; and,
 - (b) on the twentieth (20th) day of the month, which is six (6) months after the month stipulated in Section 2. (3) (a) above.
- (4) Such interest shall be payable in arrears on each Payment Date:
 - (a) (in the case of the initial payment of the interest with respect to the disbursement for each Tranche) for the period from and including the day on which the disbursement for a Tranche is made under the Loan Agreement up to but excluding the first Payment Date on or after the day on which such disbursement is made for such Tranche; and
 - (b) (in the case of each subsequent payment of the interest with respect to each Tranche) for the period from and including the immediately preceding Payment Date up to but excluding such each Payment Date.
- (5) Section 3.04. “Adjustment of Payment Date” of the General Terms and Conditions for Japanese ODA Loans dated April 2021 (hereinafter referred to as the “**General Terms and Conditions**”) shall be read as follows:

Notwithstanding the provision of Article II. Section 2. (4) of the

Loan Agreement, if the date of disbursement for a Tranche falls within the period from the first (1st) day to the nineteenth (19th) day of the relevant month (inclusive of both dates), the initial interest payment for such Tranche that is required to be paid on the first Payment Date shall instead become due and payable on the corresponding date of the month which is one (1) month after such first Payment Date for such Tranche.

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

(1) The following shall be replaced with 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 in the amount equivalent to five-tenths percent (0.5%) of the maximum amount of the Loan.

(2) The following shall be replaced with Section 3.05. of the General Terms and Conditions :

(1) The Borrower shall pay a fee to JICA in the amount equivalent to five-tenths percent (0.5%) of the maximum amount of the Loan specified in Section 1. of Article I of the Loan Agreement.

(2) The Borrower shall pay the Front-End Fee within sixty (60) days from but excluding the Effective Date (hereinafter referred to as the "**FEF Payment Date**"). Regardless of the FEF Payment Date, no disbursement under the Loan Agreement shall be made until and unless JICA has received full payment of the Front-End Fee; provided, however, that in the case of occurrence of a National State of Calamity triggering a disbursement hereunder before the FEF Payment Date, JICA may make a disbursement after deducting the amount corresponding to the Front-End Fee without receiving the full payment of the Front-End Fee. In such case, the Borrower agrees that (i) the amount to be deducted (i.e., the amount of the Front-End Fee) shall be applied by JICA and credited as the payment by the Borrower of to the Front-End Fee by JICA and (ii) the amount of the Loan disbursed and outstanding shall not be reduced due to the said deduction of the amount of the Front-End Fee from such disbursement. The Borrower shall keep and maintain such records evidencing the

usage of the proceeds of the Loan for the total amount of such disbursement (i.e., the total amount of all disbursements made less the amount deducted pursuant to this Section 3.05. (2)).

Section 4. Extension Fee and Method of Payment thereof

- (1) If and when JICA agrees to extend the Disbursement Period, for each period of additional three (3) years, the Borrower shall pay a fee to JICA in the amount equivalent to twenty-five hundredths percent (0.25%) of the total unused balance of the Loan as of the expiry date of the Disbursement Period immediately preceding the applicable extension (hereinafter referred to as the "**Extension Fee**").

- (2) The Borrower shall pay the Extension Fee not later than sixty (60) days from but excluding the expiry date of the Disbursement Period immediately preceding such extension, unless JICA sets a later date (hereinafter referred to as the "**EF Payment Date**"). No disbursement under the Loan Agreement shall be made until and unless JICA has received full payment of the Extension Fee; provided, however, that in the case of occurrence of a National State of Calamity triggering a disbursement hereunder before the EF Payment Date, JICA may make a disbursement after deducting the amount corresponding to the Extension Fee from the amount of such disbursement. In such case, the Borrower agrees that (i) the amount to be deducted (i.e., the amount of the Extension Fee) shall be applied by JICA and credited as the payment by the Borrower of the Extension Fee and (ii) the amount of the Loan disbursed and outstanding shall not be reduced due to the said deduction of the amount of the Extension Fee from such disbursement. The Borrower shall keep and maintain such records evidencing the usage of the proceeds of the Loan of the total amount of such disbursement after the deduction (i.e., the total amount of all disbursements made less the amount deducted pursuant to this Section 4. (2)).

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 the General Terms and Conditions for Japanese ODA Loans dated April 2021 (hereinafter referred to as the “**General Terms and Conditions**”), with the following supplemental stipulations:

(1) Section 2.01. (z) of the General Terms and Conditions shall be read as follows:

(z) “Overdue Charge” means a charge to be paid by the Borrower to JICA calculated at the rate of two percent (2%) per annum over and above the interest rate specified in the Loan Agreement on the overdue amount of principal, interest, Refund or Any Other Charges (excluding the Front-End Fee, the Extension Fee, the Prepayment Premium and the Prepayment Cancellation Fee) required under the Loan Agreement for the Overdue Period.

(2) Section 3.02. (2) of the General Terms and Conditions shall be disregarded and substituted with Schedule 3.

(3) Section 3.06. of the General Terms and Conditions shall be read as follows:

(1) Should repayment of principal of the Loan or any payment of Refund, the Refund Date of which falls after the Disbursement Period expires, interest or Any Other Charges (excluding the Front-End Fee, the Extension Fee and the Prepayment Premium) required under the Loan Agreement be delayed, the interest specified in Section 3.03. shall cease to accrue on such overdue amount of principal on and after the due date and the Overdue Charge shall be payable.

- (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 the "JICA-Loan" account, account No. 0207787, at the Head Office of MUFG Bank, Ltd., located in Tokyo, Japan.
- (5) Section 3.10. of the General Terms and Conditions shall be read as follows:
If the amount paid by the Borrower is less than the total amount due and payable under the Loan Agreement, the Borrower agrees that the amount paid shall be applied and appropriated in the following order: (i) the Front-End Fee, (ii) the Extension Fee, (iii) the Overdue Charge, (iv) the Prepayment Premium, (v) interest, (vi) Refund and (vii) principal. Notwithstanding the foregoing, JICA may apply and appropriate the amount received in any order JICA determines.
- (6) The following shall be replaced with the Conditions Precedent for Making Disbursement in Section 5.07. (1)(c) of the General Terms and Conditions:
(c) The Borrower has made full payment of the Front-End Fee and/or the Extension Fee, whichever applicable.
- (7) The following subclause (i) shall be added to Section 6.01. of the General Terms and Conditions:
(i) Any event that shall make it improbable that the Program, or, significant part thereof, will be carried out.
- (8) 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 the Date of Exchange of Notes.
- (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) 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.
- (2) 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 date of completion of disbursement. 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

The table of contents and the headings of Articles or Sections herein are inserted for convenience of reference only, do not constitute part of the Loan Agreement and are not to be considered in construing or 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.

(Form JICA-RFE)

Date:

Ref No.:

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

Ladies and Gentlemen:

Request for Extension of Disbursement Period

Reference: Loan Agreement No. PH-SB3, dated August 28, 2023, for the Post
Disaster Stand-by Loan (Phase 3)

We hereby request the extension of the disbursement period of the captioned
Loan Agreement for three years, until XXX (date).

We would like to pay the Extension Fee referred to in Article II, Section 4. of
the said Loan Agreement by crediting to the account of JICA, on XXX
(Preferred date by the Borrower) .

Very truly yours,

For: (Name of the Borrower)

By: _____
(Authorized Person's
Signature, Name & Title)

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 at Tokyo, Japan, as of the day and year first above written.

For

THE GOVERNMENT OF
THE REPUBLIC OF
THE PHILIPPINES

For

JAPAN INTERNATIONAL
COOPERATION AGENCY

C. C. C.

Benjamin E. Diokno
Secretary
Department of Finance



Handwritten signature of NAKAZAWA Keiichiro

NAKAZAWA Keiichiro
Senior Vice President
JICA

Schedule 1

Description of Program

Section 1. Objective of the Program

The objective of the Program is to support quick recovery after natural disasters by promoting policy actions on disaster risk reduction and management and strengthening disaster preparedness by providing quick-disbursing budget support, thereby contributing to build a resilient society.

Section 2. Scope of the Program

The scope of the Program is consistent with the policy matrix agreed between the Borrower and JICA.

Section 3. Monitoring of the Program

- (1) The Borrower and JICA shall biannually exchange views on the Borrower's progress achieved in carrying out the Program.
- (2) Prior to each such exchange of views, the Borrower shall furnish to JICA for its review and comment a report on the progress achieved in carrying out the Program, in such detail as JICA shall reasonably request.
- (3) Without limitation upon the provisions of Section 3. (1) and (2) above, the Borrower shall promptly inform JICA of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

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 thereof under any 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	Machinery for preparing or making up tobacco, n.e.s.
	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)

* 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 the Date of Exchange of Notes;
- (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

- (1) The Borrower shall repay the principal for each Tranche in semi-annual installments as follows:
 - (a) (in the case of the initial principal repayment) the twentieth (20th) day of the month which is ten (10) years after the month in which the disbursement is made for such Tranche;
 - (b) (in the case of each subsequent principal repayment) the twentieth (20th) day of every six (6) months after the month stipulated in (1)(a) above; and
 - (c) (in the case of the last principal repayment) the twentieth (20th) day of the month which is forty (40) years after the month in which the disbursement is made for such Tranche.

- (2) The amount to be repaid for each Tranche shall be calculated separately as follows:
 - (a) (in the case of principal repayments, excluding the initial principal repayment) each installment shall be the amount which is equal to the total disbursement amount for the relevant Tranche divided by the number "sixty one (61)", where "sixty one (61)" is the number of payments to be made for the principal repayment under the Loan Agreement; provided, however, that any amount less than ONE THOUSAND Japanese Yen (¥1,000) of such each installment shall be rounded down; and
 - (b) (in the case of the initial principal repayment) the first installment shall be equal to the amount calculated by subtracting "X" from "Y" where "Y" is the total disbursement amount of the relevant Tranche and "X" is the total sum of the installments provided for in (2)(a) above for the second installment up to the last and final installment.

- (3) JICA shall notify the Borrower of the amortization schedule for each Tranche promptly after the disbursement for such each Tranche.

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 FIVE HUNDRED MILLION Japanese Yen (¥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 (i), (ii) and (iii) above (e.g. in the case of emergency procurement).

(2) Notwithstanding the provisions of Section 2. (1) above, the Procurement Guidelines will not apply in the case of procurement of goods and services which are, by nature or scope, unlikely to attract foreign firms and, thus, to be domestically procured. 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 bidders eligible 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 (hereinafter referred to as the "**Paying Bank**") wherever mentioned in this Schedule shall be MUFG Bank, Ltd., Tokyo.

The designated foreign exchange bank in the territories of the Borrower (hereinafter referred to as the "**Agent Bank**") wherever mentioned in this Schedule shall be Bangko Sentral ng Pilipinas.

Section 1. Trigger of Disbursement

- (1) No disbursement shall be made unless JICA is satisfied, based on evidence satisfactory to it, that a National State of Calamity exists in the Borrower's country as a result of a natural hazard defined in The Republic Act No. 10121, which has been declared by the President of the Republic of the Philippines through a Proclamation duly published in the Official Gazette in accordance with the legislation of the Republic of the Philippines after the date of the Loan Agreement.
- (2) Notwithstanding the foregoing, if, at any time prior to the receipt by JICA of a request for disbursement, JICA determines that a situation has arisen that has or would have the effect of materially reversing the objectives of the Program or any action taken under the Program, JICA shall give notice to the Borrower to that effect. Upon the giving of such notice, no disbursements shall be made unless and until JICA has notified the Borrower of its satisfaction, after an exchange of views as described in Section 3. (1) and (2) of Schedule 1 with the measures taken by the Borrower to rectify such situation.

Section 2. Basic Principles for Disbursement

- (1) An amount of the Tranche for each trigger described in Section 1. (1) shall be TEN BILLION Japanese Yen (¥10,000,000,000) or less.
- (2) Notwithstanding the stipulation of Section 2. (1) above, if the Borrower requests the amount of the Tranche exceeding TEN BILLION Japanese Yen (¥10,000,000,000) or if the request involves multiple triggers necessitating multiple disbursements, JICA may disburse the requested amount within the limit of the proceeds of the Loan, subject to the consent provided by the Government of Japan.

Section 3. 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.
- (3) The Borrower shall make the request mentioned in the paragraph (1) above so that JICA can receive the necessary documents, in principle, not less than fifteen (15) business days prior to (i) the expiration date of the Disbursement Period and (ii) the date that the Borrower requests JICA to make disbursement, provided that item (ii) shall apply only in the case where such request is made.

Section 4. 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 the Paying Bank. All disbursement made by JICA under this Section 4. (1) shall be received by the Agent Bank on behalf of the Borrower; provided, however, that foregoing fifteen (15) business day period is not applicable in case where the consent provided by the Government of Japan is required under Section 2. (2) above.

- (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.
- (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. The Borrower shall provide to JICA a written confirmation within thirty (30) days of the disbursement of the Loan that this transfer has been completed.

Section 5. Banking Arrangement

- (1) The Borrower shall designate the Agent Bank as its agent for the purposes of taking any action or entering into any arrangement or agreement with the Paying Bank, on behalf of the Borrower, including, but not limited to, the following required or permitted under this Disbursement Procedure:
 - (a) to open the Loan Account on behalf of the Borrower with the Paying Bank; and
 - (b) to confirm necessary arrangements for transaction of funds after the proceeds of the Loan are credited to the Loan Account.

(2) Any action taken or arrangement 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. The Borrower may revoke or modify the authority conferred on the Agent Bank if consent of JICA is obtained.

Section 6. Foreign Exchange Risk

The Borrower shall bear all risks associated with foreign exchange fluctuations arising from disbursement and JICA shall not be liable therefor.

(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-SB3 dated August 28, 2023 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 Japanese Yen ____ (say ____).
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 for herein by paying into the Loan Account of the Agent Bank with MUFG Bank, Ltd., Tokyo, Japan after deducting Japanese Yen ____ (say ____) as the Front-End Fee / Extension Fee¹.

Very truly yours,

For:(Name of the Borrower)

By: _____

(Authorized Person's
Signature, Name & Title)

¹ The boxed section of the sheet is applicable only in the case of occurrence of a national state of emergency triggering a disbursement before the FEF Payment Date / EF Payment Date.