
LOAN NUMBER 9121-PH

Loan Agreement

(Emergency COVID-19 Response Development Policy Loan)

between

REPUBLIC OF THE PHILIPPINES

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE PHILIPPINES (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of five hundred million Dollars (\$500,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
 - (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of, namely, the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Secretary of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Department of Finance
Department of Finance Building

Roxas Boulevard cor. Pablo Ocampo Sr. St.
Manila 1004
Philippines; and

- (b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
(63-2) 8523-9216	secfin@dof.gov.ph

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

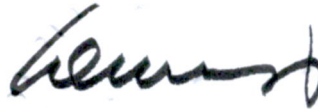
(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-639	PhilippinesCMU@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By



Authorized Representative

Carlos G. Dominguez

Name:

Title: Secretary of Finance

Date: JUN 03 2020

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Achim Fock

Name:

Title: Acting Country Director

29-May-2020

Date:

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions Taken Under the Program

The actions taken by the Borrower under the Program include the following:

A. *Mitigating the Economic Impact of COVID-19 to Poor and Vulnerable Families and Workers*

1. The Borrower has enacted an Emergency Subsidy Program, as evidenced by Republic Act Number 11469.
2. The Borrower has initiated a pilot implementation of digital payments for Assistance to Individuals in Crisis Situations Program, as evidenced by the Memorandum of Agreement dated April 28, 2020 between DSWD and PayMaya.
3. The Borrower has established a financial assistance program to Vulnerable Overseas Filipino Workers, as evidenced by the DOLE Department Order Number 212-2020.

B. *Providing Financial Relief to Affected Small and Medium Enterprises*

4. The Borrower has established a Small Business Wage Subsidy Program, as evidenced by the DOF-SSS-BIR Joint Memorandum Circular Number 001-2020.
5. The Borrower has granted deferral of payment of taxes by at least one month, as evidenced by BIR Revenue Regulation Numbers 7-2020, 10-2020, and 11-2020.
6. The Borrower has expanded credit guarantees to micro, small, and medium enterprises to support business continuity, as evidenced by PhilGuarantee Resolution Number 060-2020.

Section II. Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. Allocation of Loan Amounts. The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the

Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	498,750,000
(2) Front-end Fee	1,250,000
TOTAL AMOUNT	500,000,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Philippine Peso equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is June 30, 2021.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning May 15, 2031 through November 15, 2048	2.7 %
On May 15, 2049	2.8 %

APPENDIX

Definitions

1. "Assistance to Individuals in Crisis Situations Program" means the Borrower's social protective services to provide assistance to vulnerable households that are not covered under the Pantawid Pamilyang Pilipino Program in accordance with DSWD Memorandum Circular Number 11 dated May 10, 2019.
2. "BIR" means the Borrower's Bureau of Internal Revenue, or any successor thereto.
3. "BIR Revenue Regulation Numbers 7-2020, 10-2020, and 11-2020" means the regulations issued by BIR on March 27, 2020; April 9, 2020; and April 29, 2020, respectively.
4. "COVID-19" means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
5. "DOF" means the Borrower's Department of Finance, or any successor thereto.
6. "DOF-SSS-BIR Joint Memorandum Circular Number 001-2020" means a circular jointly issued by DOF, SSS, and BIR on April 28, 2020 providing guidelines for the availment of the small business wage subsidy measure.
7. "DOLE" means the Borrower's Department of Labour and Employment, or any successor thereto.
8. "DOLE Department Order Number 212-2020" means an order issued by DOLE on April 9, 2020 prescribing guidelines on the provision of financial assistance to Vulnerable Overseas Filipino Workers.
9. "DSWD" means the Borrower's Department of Social Welfare and Development, or any successor thereto.
10. "Emergency Subsidy Program" means the Borrower's program to support eighteen (18) million low income families through cash and in-kind transfers, enacted through the Republic Act Number 11469.
11. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated December 14, 2018.
12. "Pantawid Pamilyang Pilipino Program" means the Borrower's program for the provision of assistance to eligible poor families through cash transfers, as set forth in the Republic Act Number 11310 dated April 17, 2019.

13. "PayMaya" means PayMaya Philippines, Inc., a corporation registered and operating in mobile money and payments pursuant to the laws of Philippines.
14. "PhilGuarantee" means the Borrower's Philippine Guarantee Corporation established and operating in accordance with the President's Executive Order Number 58 dated July 23, 2018.
15. "PhilGuarantee Resolution Number 060-2020" means a resolution adopted by PhilGuarantee's Board of Directors on April 27, 2020.
16. "Philippine Peso" means the lawful currency of the Borrower.
17. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 11, 2020 from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.
18. "Republic Act Number 11469" means the Borrower's "*Bayanihan to Heal As One*" Act of March 24, 2020 declaring the existence of a national emergency arising from the COVID-9 and adopting a national policy in connection therewith.
19. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
20. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
21. "SSS" means the Borrower's Social Security System, or any successor thereto.
22. "Small Business Wage Subsidy Program" means the Borrower's program to provide wage subsidy to eligible employees employed by small business employers as of March 1, 2020 and affected by quarantine during COVID-19 outbreak.
23. "Vulnerable Overseas Filipino Workers" means the Borrower's nationals that have experienced job displacement due to COVID-19 and are qualified to receive one-time financial assistance pursuant to DOLE Department Order Number 212-2020.