

**EDCF LOAN AGREEMENT**

**NO. PHL-26**



**Economic Development  
Cooperation Fund**

# **Loan Agreement**

**Samar Pacific Coastal Road II Project  
(Laoang II Bridge and Calomotan Bridge)**

between

**THE GOVERNMENT OF THE REPUBLIC  
OF THE PHILIPPINES,  
ACTING BY AND THROUGH  
THE DEPARTMENT OF FINANCE**

and

**THE EXPORT-IMPORT BANK OF KOREA  
(Government Agency for the EDCF)**

**CERTIFIED**

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**RHODORA V. REYES**  
Chief Administrative Officer  
Central Records Management Division  
DEPARTMENT OF FINANCE

*[Handwritten signature]*

## TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
<b>Article I Definitions</b> .....	<b>2</b>
Section 1.01 Loan Agreement .....	2
Section 1.02 Definitions .....	2
<b>Article II The Loan</b> .....	<b>3</b>
Section 2.01 Amount and Purpose of Loan .....	3
Section 2.02 Use of Proceeds of Loan .....	3
<b>Article III Repayment and Interest</b> .....	<b>3</b>
Section 3.01 Repayment of Principal .....	3
Section 3.02 Payment of Interest .....	4
Section 3.03 Preferential Interest Rates .....	4
Section 3.04 Place of Payment .....	4
<b>Article IV Procurement and Disbursement</b> .....	<b>5</b>
Section 4.01 Procurement Procedure .....	5
Section 4.02 Disbursement Procedure .....	5
Section 4.03 Service Charge .....	5
<b>Article V Particular Covenants</b> .....	<b>6</b>
Section 5.01 Execution of the Project .....	6
Section 5.02 Reports and Information .....	6
Section 5.03 Administration of US Dollar .....	7
Section 5.04 Social and Environmental Requirements .....	8
Section 5.05 General Terms and Conditions .....	8
<b>Article VI Miscellaneous</b> .....	<b>10</b>
Section 6.01 Delegation of Authority .....	10
Section 6.02 Addresses .....	10
<b>Schedule 1 Description of the Project</b> .....	<b>12</b>
<b>Schedule 2 Allocation of Loan Proceeds</b> .....	<b>14</b>
1. Allocation .....	14
2. Reallocation .....	15
<b>Schedule 3 Amortization Schedule</b> .....	<b>17</b>
<b>Schedule 4 Procurement Procedure</b> .....	<b>18</b>
<b>Schedule 5 Employment of Consultants</b> .....	<b>19</b>
<b>Schedule 6 Disbursement Procedures</b> .....	<b>20</b>

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## LOAN AGREEMENT

This Loan Agreement entered into this 14<sup>th</sup> day of October 2024 between THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, acting by and through THE DEPARTMENT OF FINANCE (hereinafter called the "**Borrower**") and THE EXPORT-IMPORT BANK OF KOREA (hereinafter called the "**Bank**") which has been entrusted by THE GOVERNMENT OF THE REPUBLIC OF KOREA with the operation and management of the Economic Development Cooperation Fund (hereinafter called the "**EDCF**").

### WITNESSETH:

**WHEREAS**, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES entered into the Agreement dated June 3, 2003 concerning EDCF Loans to be extended to THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES or its designated agency for the implementation of projects to be agreed upon between the two Governments;

**WHEREAS**, based upon the above Agreement, THE GOVERNMENT OF THE REPUBLIC OF KOREA (GOK) and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (GPH) entered into the Framework Arrangement dated December 21, 2022 concerning the EDCF Loans up to an aggregate commitment amount in Korean Won not exceeding the equivalent of Three Billion US Dollars (US\$3,000,000,000) for the years 2022 through 2026;

**WHEREAS**, on August 30, 2023, the Department of Foreign Affairs (DFA) issued Note No. 23-3092. In turn, on December 19, 2023, the Embassy of the Republic of Korea in the Republic of the Philippines issued Note Verbale No. KPH 2023-267-P, and thus constituting an agreement between the GPH and GOK; and

**WHEREAS**, in the light of the said Agreement, Framework Arrangement and Exchanges of Notes Verbales, the Bank has agreed to extend a loan to the Borrower to finance the implementation of the Samar Pacific Coastal Road II Project (Laoang II and Calomotan Bridges) described in the Description of the Project attached hereto as Schedule 1 (hereinafter called the "**Project**") upon the terms and conditions set forth in this Loan Agreement;

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NOW, THEREFORE, the Borrower and the Bank agree as follows:

## ARTICLE I Definitions

### Section 1.01. Loan Agreement

The following documents shall constitute an integral part of this Loan Agreement:

- (i) General Terms and Conditions Applicable to EDCF Loan Agreements;
- (ii) Guidelines for Procurement under the EDCF Loan;
- (iii) Guidelines for Employment of Consultants under the EDCF Loan; and
- (iv) Disbursement Procedures under the EDCF Loan.

### Section 1.02. Definitions

Unless the context otherwise requires, the several terms defined in the General Terms and Conditions Applicable to EDCF Loan Agreements (hereinafter called the "**General Terms and Conditions**") have the respective meanings therein set forth and the following additional terms have the following meanings:

"**Eligible Source Country(ies)**" means the Republic of Korea for foreign currency portion and the Republic of the Philippines for local currency portion, respectively.

"**External Indebtedness**" means money borrowed or guaranteed for money borrowed which is (i) denominated or payable in a currency other than the lawful currency of the Borrower's country; and (ii) owed to a person other than a person that is organized under the laws of, or is a resident of the Borrower's country.

"**Interest Payment Date**" means each of the dates of ~~April~~ 20 and ~~October~~ 20 of each year.

"**Loan**" means the loan facility to be made available in favor of the Borrower or the aggregate principal amount of the loan facility disbursed and from time to time outstanding, as the context may so require.

"**Project Completion Date**" means the earlier of (i) the date when the final disbursement under the Loan is made, and (ii) the date when the certification of completion, such as a final acceptance certificate (FAC) or a defect liability certificate, etc., is issued.

"**Project Executing Agency**" means the Department of Public Works and Highways (DPWH) which has been authorized to implement the Project.

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## LOAN AGREEMENT

This Loan Agreement entered into this 1<sup>th</sup> day of ~~October~~ 2024 between THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, acting by and through THE DEPARTMENT OF FINANCE (hereinafter called the "**Borrower**") and THE EXPORT-IMPORT BANK OF KOREA (hereinafter called the "**Bank**") which has been entrusted by THE GOVERNMENT OF THE REPUBLIC OF KOREA with the operation and management of the Economic Development Cooperation Fund (hereinafter called the "**EDCF**").

### WITNESSETH:

**WHEREAS**, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES entered into the Agreement dated June 3, 2003 concerning EDCF Loans to be extended to THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES or its designated agency for the implementation of projects to be agreed upon between the two Governments;

**WHEREAS**, based upon the above Agreement, THE GOVERNMENT OF THE REPUBLIC OF KOREA (GOK) and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (GPH) entered into the Framework Arrangement dated December 21, 2022 concerning the EDCF Loans up to an aggregate commitment amount in Korean Won not exceeding the equivalent of Three Billion US Dollars (US\$3,000,000,000) for the years 2022 through 2026;

**WHEREAS**, on August 30, 2023, the Department of Foreign Affairs (DFA) issued Note No. 23-3092. In turn, on December 19, 2023, the Embassy of the Republic of Korea in the Republic of the Philippines issued Note Verbale No. KPH 2023-267-P, and thus constituting an agreement between the GPH and GOK; and

**WHEREAS**, in the light of the said Agreement, Framework Arrangement and Exchanges of Notes Verbales, the Bank has agreed to extend a loan to the Borrower to finance the implementation of the Samar Pacific Coastal Road II Project (Laoang II Bridge and Calomotan Bridge) described in the Description of the Project attached hereto as Schedule 1 (hereinafter called the "**Project**") upon the terms and conditions set forth in this Loan Agreement;

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### Section 1.01. Loan Agreement

The following documents shall constitute an integral part of this Loan Agreement:

- (i) General Terms and Conditions Applicable to EDCF Loan Agreements;
- (ii) Guidelines for Procurement under the EDCF Loan;
- (iii) Guidelines for Employment of Consultants under the EDCF Loan; and
- (iv) Disbursement Procedures under the EDCF Loan.

### Section 1.02. Definitions

Unless the context otherwise requires, the several terms defined in the General Terms and Conditions Applicable to EDCF Loan Agreements (hereinafter called the "**General Terms and Conditions**") have the respective meanings therein set forth and the following additional terms have the following meanings:

"**Eligible Source Country(ies)**" means the Republic of Korea for foreign currency portion and the Republic of the Philippines for local currency portion, respectively.

"**External Indebtedness**" means money borrowed or guaranteed for money borrowed which is (i) denominated or payable in a currency other than the lawful currency of the Borrower's country; and (ii) owed to a person other than a person that is organized under the laws of, or is a resident of the Borrower's country.

"**Interest Payment Date**" means each of the dates of ~~April~~ 20 and ~~October~~ 20 of each year.

"**Loan**" means the loan facility to be made available in favor of the Borrower or the aggregate principal amount of the loan facility disbursed and from time to time outstanding, as the context may so require.

"**Project Completion Date**" means the earlier of (i) the date when the final disbursement under the Loan is made, and (ii) the date when the certification of completion, such as a final acceptance certificate (FAC) or a defect liability certificate, etc., is issued.

"**Project Executing Agency**" means the Department of Public Works and Highways (DPWH) which has been authorized to implement the Project.

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"**Repayment Date**" means each of the Sixty (60) semi-annual consecutive dates of ~~April~~ 20 and ~~October~~ 20 from and including the date which shall be the 20th day of the month falling One Hundred and Twenty Six (126) months after the date of this Loan Agreement.

"**Supplier(s)**" means the supplier(s), contractor(s) or consultant(s) from whom goods or services to be financed out of the proceeds of the Loan are procured.

## ARTICLE II The Loan

### Section 2.01. Amount and Purpose of Loan

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth in this Loan Agreement, an amount in Korean Won not exceeding the equivalent of One Hundred Eleven Million Four Hundred Twenty Seven Thousand US Dollars (US\$111,427,000.00), to finance the implementation of the Project.

(b) The amount of the Loan shall be denominated in Korean Won and shall be fixed by the Bank in accordance with Section 3.01 of the General Terms and Conditions. The Bank shall then notify the Borrower of the amount of the Loan.

### Section 2.02. Use of Proceeds of Loan

(a) The Borrower shall cause the proceeds of the Loan to be used for the purchase of goods and services required for the implementation of the Project from the Eligible Source Countries. The proceeds of the Loan shall be allocated in accordance with the Allocation of the Loan Proceeds attached hereto as Schedule 2.

(b) The final disbursement under this Loan Agreement shall be made within Seventy (70) months after the Effective Date of this Loan Agreement, and no further disbursement shall be made by the Bank thereafter unless otherwise agreed upon between the Bank and the Borrower.

## ARTICLE III Repayment and Interest

### Section 3.01. Repayment of Principal

(a) The Borrower shall repay the Bank the principal amount of the Loan disbursed in Sixty (60) semi-annual installments in Korean Won on each of the Repayment Dates.

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(b) The Repayment Date and the Korean Won amount to be repaid on each of the Repayment Dates shall be specified in the Amortization Schedule in the form and substance of Schedule 3 attached hereto. The Amortization Schedule shall be made by the Bank when it fixes the amount of the Loan and the Bank shall notify the Borrower of the Amortization Schedule when it notifies the Borrower of the amount of the Loan in accordance with paragraph (b) of Section 2.01 hereof.

### **Section 3.02. Payment of Interest**

The Borrower shall pay the Bank interest on the principal amount of the Loan disbursed and outstanding at the rate of zero point zero five percent (0.05%) per annum. Such interest shall be paid in arrears on each Interest Payment Date, provided that the first interest for any disbursement made within sixty (60) days prior to any Interest Payment Date may be paid on the next succeeding Interest Payment Date.

### **Section 3.03. Preferential Interest Rates**

(a) No interest shall accrue on the Loan covering the consulting services provided by the eligible consultant(s) mentioned in paragraph 3 of Schedule 5.

(b) When the Borrower makes a procurement contract with Korean Small and Medium Enterprises (SMEs) or Middle Standing Enterprises (MSEs), preferential interest rates shall apply to the Loan covering civil works and procurement of equipment and facilities as follows:

(i) In case one or more Korean SMEs (including a consortium or joint venture (JV) by Korean SMEs) enter into the contract, zero percent (0%) interest rate shall apply.

(ii) In case one or more Korean MSEs (including a consortium or joint venture (JV) by Korean MSEs) enter into the contract, fifty percent (50%) of the current interest rate shall apply.

(iii) In case the consortium or joint venture (JV) in which one or more Korean SMEs take at least thirty percent (30%) of the share enter into a contract, fifty percent (50%) of the current interest rate shall apply.

### **Section 3.04. Place of Payment**

All sums payable by the Borrower to the Bank under this Loan Agreement shall be paid to the account of the Bank (Account No. 068-13-10395-6) with Seoyeouido Banking Center of the KEB Hana Bank at 101, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul, Republic of Korea or to such other account as the Bank shall designate by written notice to the Borrower.

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**ARTICLE IV**  
**Procurement and Disbursement**

**Section 4.01. Procurement Procedure**

(a) All goods and services to be financed out of the proceeds of the Loan shall be procured through the Suppliers in accordance with the provisions of the Procurement Procedure attached hereto as Schedule 4 and the Employment of Consultants attached hereto as Schedule 5.

(b) All goods and services to be financed out of the proceeds of the Loan shall be procured from the Eligible Source Countries, provided that a part of goods and services may, with the prior consent of the Bank, be procured from the countries other than the Eligible Source Countries, as specified in Schedule 2.

**Section 4.02. Disbursement Procedure**

(a) The Loan shall be disbursed in Korean Won by the Bank in accordance with the provisions of the Disbursement Procedure attached hereto as Schedule 6.

(b) Notwithstanding paragraph (a) above, a part of the Loan may be disbursed in US Dollar, if the currency of payment under the relevant procurement contract for goods and services or the consultant employment contract is denominated in US Dollar.

(c) Where a part of the Loan is to be disbursed in US Dollar in accordance with the provision of paragraph (b) above, the Borrower shall determine the amount in US Dollar required for the payment of such procurement and shall request the Bank to purchase the amount. The Borrower's request shall specify the amount in US Dollar to be purchased and it shall be included in the Borrower's application for the approval of the first procurement contract and consulting service contract respectively.

(d) The Loan disbursed in US Dollar in accordance with the provisions of paragraphs (b) and (c) above shall be converted into Korean Won amount pursuant to Section 3.01 of the General Terms and Conditions by using the Purchasing Rate as defined in Section 2.01 of the General Terms and Conditions and such Korean Won amount shall be booked and recorded as the Loan outstanding.

**Section 4.03. Service Charge**

(a) The Borrower shall pay to the Bank the service charge in the amount equal to one-tenth of one percent (0.1%) of the amount of each disbursement in case of the Direct Payment Procedure.

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(b) An amount equal to such service charge shall be financed out of the proceeds of the Loan. The Bank shall pay such amount to itself as the service charge on the date of each disbursement. Such disbursement out of the Loan shall constitute a valid disbursement of the Loan under this Loan Agreement.

## **ARTICLE V Particular Covenants**

### **Section 5.01. Execution of the Project**

(a) The Borrower shall cause the Project Executing Agency to implement the Project with due diligence and efficiency.

(b) The Borrower shall cause the Project Executing Agency to employ consultants for the implementation of the Project.

(c) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower, through the Project Executing Agency, shall make arrangements promptly to provide such funds as shall be needed.

### **Section 5.02. Reports and Information**

(a) The Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with progress reports for the Project on a quarterly basis (in January, April, July, October of each year) from the execution of the first procurement contract to the Project Completion Date in such form and in such detail as the Bank may reasonably request.

(b) Within six (6) months after the Project Completion Date or such later date as shall be agreed upon between the Borrower and the Bank, the Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with a project completion report in such form and in such detail as the Bank may reasonably request.

(c) The Borrower shall cooperate, or cause the Project Executing Agency to cooperate, with the Bank for the ex-post evaluation of the Project.

(d) Until all the obligations of the Borrower under this Loan Agreement are fully performed, the Borrower shall furnish the Bank with such other information as the Bank may reasonably request concerning the Project or the Loan, subject to the limitations provided under Philippine laws and regulations.

6

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*[Signature]*  
*[Date]*

(e) Pertaining to Section 1.08. Fraud and Corruption of the Guidelines for Procurement under the EDCF Loan and Section 1.09. Fraud and Corruption of the Guidelines for the Employment of Consultants under the EDCF Loan, if the Bank learns or is informed of suspected corrupt, fraudulent practices or any other integrity violations of bidders, suppliers, contractors, and consultants in competing for, or in executing, a contract to be financed out of the proceeds of the Loan, the Borrower shall furnish, or, under its responsibility, cause the Project Executing Agency to furnish the Bank with such information as the Bank may reasonably request, to the extent allowable under Philippine laws and regulations, including all relevant facts regarding such incident if it involves any official of the government and/or public institutions of the Borrower's country.

(f) If the Borrower or the Project Executing Agency learns or is informed that any of the bidders, suppliers, contractors, and consultants have engaged in corrupt, fraudulent practices or any other integrity violations in competing for, or in executing, a contract to be financed out of the proceeds of the Loan, the Borrower should not ignore or suppress, or cause the Project Executing Agency not to ignore or suppress, this knowledge, but immediately report, or cause the Project Executing Agency to immediately report, all relevant facts regarding such practices or violations to the Bank.

(g) Pertaining to Section 5.02 (e) of this Loan Agreement, the Borrower shall not treat, or shall cause the Project Executing Agency not to treat, unfairly or unfavorably the person and/or company which provided the information related to suspected corrupt, fraudulent practices or any other integrity violations of any of the bidders, suppliers, contractors, and consultants in competing for, or in executing, a contract to be financed out of the proceeds of the Loan to the Bank, the Borrower and/or the Project Executing Agency.

### **Section 5.03. Administration of US Dollar**

(a) Unless the Bank shall otherwise agree, the Borrower shall not withdraw or cancel its request to purchase US Dollars. Where the Bank has purchased them the Borrower shall utilize the whole amount.

(b) The Borrower hereby recognizes and confirms that, all of the risks related to the fluctuation of the exchange rate of Korean Won against US Dollar shall be borne by itself when the Bank purchases US Dollar in accordance with the Borrower's request.

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**Section 5.04. Social and Environmental Requirements**

(a) The Project shall be implemented under strict supervision in accordance with relevant environmental laws and regulations of the Republic of the Philippines and the EDCF Safeguard Policy.

(b) The Environmental Compliance Certificates (ECC) shall be secured before concurrence of the Civil Work Contract. Also, the Project Executing Agency is required to provide the Environmental and Social Impact Assessment (ESIA) incorporating Environmental and Social Management Plan (ESMP) and Land Acquisition and Resettlement Action Plan (LARAP) with the Bank before concurrence of the Civil Work Contract.

(c) The Project Executing Agency should provide detailed information about the status of land acquisition and resettlement to the Bank on a semi-annual basis until the compensation is completed. Also, the Project Executing Agency would revise and submit to the Bank the Land Acquisition and Resettlement Action Plan (LARAP) or the Detailed Resettlement Plan provided that there are significant adverse impacts on the implementation of the Project. If any delay in conducting land compensation and resettlement happens during the preparation or implementation stages, the Project Executing Agency will promptly notify the Bank of the case and measure to solve the delay.

(d) If the Bank finds that the Project Executing Agency fails to carry out adequate environmental management, a request will be issued to the Borrower and/or to the Project Executing Agency to undertake measures to remedy the situation and in certain instances may suspend the loan disbursement.

**Section 5.05. General Terms and Conditions**

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in the General Terms and Conditions with the following supplemental stipulations:

(a) Section 10.02 (Arbitration) (g) of the General Terms and Conditions shall be amended as follows:

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(g) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties, and each party shall abide by and comply with any such award. However, such award shall not be binding on the said parties if it is shown that (i) the Tribunal had no jurisdiction in accordance with the applicable rules; (ii) the party against whom the award was obtained through collusion or fraud or was based on a clear mistake of law or fact; (iii) the Republic of the Philippines and/or the Bank had no notice of the proceedings before the tribunal; and (iv) the judgment of the Tribunal is contrary to public policy of the country where recognition and enforcement is sought.

(b) The following (d) shall be added to Section 11.01. (Conditions Precedent to Effectiveness) of the General Terms and Conditions:

(d) The Monetary Board (MB)'s Final Approval of the Loan

(c) Section 11.02. (Effective Date) of the General Terms and Conditions shall be amended as follows:

The Loan Agreement shall become effective on the date on which the Bank declares itself satisfied with the evidence of authority and the specimen signatures, the Legal Opinion of the Secretary of Justice, MB's Final Approval of the Loan, and the Guarantee, if any, mentioned in Section 11.01. above. The Bank shall immediately notify the Borrower in writing of the effective date of the Loan Agreement.

(d) Section 12.04. (Non Discrimination) of the General Terms and Conditions shall be amended as follows:

Regarding repayment of principal and payment of interest or any other charges payable under the Loan Agreement, the Borrower shall undertake not to treat such debts to the Bank less favorably than any other External Indebtedness of the Borrower.

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**ARTICLE VI  
Miscellaneous**

**Section 6.01. Delegation of Authority**

(a) The Borrower hereby designates the Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 4.01, 4.02, 5.02 and 5.04 of this Loan Agreement.

(b) Any action taken or any agreement entered into by the Project Executing Agency pursuant to the authority conferred under paragraph (a) of this Section shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

**Section 6.02. Addresses**

The following addresses are specified for the purposes of Section 12.05 of the General Terms and Conditions:

For the Bank

Postal Address: THE EXPORT-IMPORT BANK OF KOREA  
38 Eunhaeng-ro, Yeongdeungpo-gu,  
Seoul 07242, Republic of Korea  
Attention: Director of Asia Team 3, EDCF Operation Department 1  
Telephone No.: (82-2) 3779-6581  
Fax No.: (82-2) 3779-6735  
Telex No.: K26595 EXIMBK  
SWIFT BIC: EXIKKRSEXXX

For the Borrower

Postal Address: THE DEPARTMENT OF FINANCE  
DOF Building, Bangko Sentral ng Pilipinas Complex  
Roxas Boulevard corner Pablo Ocampo Street  
Manila 1004, Republic of the Philippines  
Attention: Secretary of Finance  
(with copy to the Undersecretary for the International  
Finance Group)  
Telephone No.: (632) 8525-4194, (632) 8523-9911  
Fax No.: (632) 8523-9216  
Email Address: secfin@dof.gov.ph (cc: ifg\_bilateral@dof.gov.ph)

10  
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Chief Administrative Officer  
Central Records Management Division  
DEPARTMENT OF FINANCE

**IN WITNESS WHEREOF**, the parties hereto, acting through their duly authorized representatives, have caused this Loan Agreement to be signed in their respective names, as of the day and year first above written.

For and on behalf of

For and on behalf of

**The Government of Republic of  
the Philippines**

**The Export-Import Bank of Korea  
(Government Agency for the EDCF)**

By \_\_\_\_\_

Name: RALPH G. RECTO

Title: Secretary of Finance



By \_\_\_\_\_

Name: Yoon Hee-sung

Title: Chairman & CEO

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Chief Administrative Officer  
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*[Handwritten signature]*

## **Schedule 1**

### **Description of the Project**

#### **1. Outline of the Project**

(a) Objectives:

- (i) To facilitate direct connectivity and efficient mobility of vehicles between Laoang island and Samar Mainland by constructing two bridges and improving the existing roads from the Catarman-Laoang road junction to the Laoang-Palapag road junction; and
- (ii) to promote sustainable economic and infrastructure development in the Municipality of Laoang as well as the Province of Northern Samar, strengthen urban functions, and promote balanced regional development.

(b) Location: Municipalities of Laoang and Palapag (Province of Northern Samar)

(c) Project Executing Agency: Department of Public Works and Highways

#### **2. Scope of the Project**

- (a) Civil works: Construction of Laoang II bridge (Approx. 800m) and Calomotan bridge (Approx. 605m); and construction of connection roads and improvement of existing roads from the Catarman-Laoang road junction to the Laoang-Palapag road junction (Approx. 13.606 km)
- (b) Consulting services: Detailed engineering design, assistance for bid preparation and evaluation of bidding documents, construction supervision, preparation of reports (including project progress reports, project completion reports, etc.).



### 3. Estimated annual fund requirements of the Project

(in Thousands of US Dollars)

Year	EDCF	GPH
Year 1	-	17.6
Year 2	2,232.2	5,685.8
Year 3	21,789.6	3,025.5
Year 4	32,807.6	4,226.5
Year 5	32,807.6	4,226.5
Year 6	21,789.6	3,025.5
Total	111,426.6	20,207.4

\* The actual disbursement amount may be different from the amounts set out in this provisional schedule.

4. The Project is expected to be completed within Sixty Four (64) months from the effective date of the Loan Agreement.

## Schedule 2

### Allocation of Loan Proceeds

#### 1. Allocation

(a) The table below sets forth the categories of goods, services and other items to be financed out of the proceeds of the Loan and the allocation of Loan amounts to each category:

(in Thousands of US Dollars)

Category	Loan Proceeds
(A) Base Cost	
Goods & Services	96,638
Consulting Services	86,724
	9,914
(B) Service Charge	111
(C) Contingencies	14,678
<b>Total</b>	<b>111,427</b>

※ Note : Items not eligible for financing are as shown below:

- (1) General administration expense
- (2) Taxes and duties
- (3) Purchase of land and other real property
- (4) Compensation
- (5) Other indirect items

(b) The goods and services to be procured from the Republic of Korea of Consulting Services shall be sixty three point one percent (63.1%) or more of the total cost of Consulting Services.

(c) The goods and services to be procured from the Republic of Korea of Goods & Services shall be twenty eight percent (28.0%) or more of the total cost of Goods & Services.

(d) Notwithstanding the foregoing, the minimum portion of Korean contents of Consulting Services and Goods & Services may be allowed to further decrease up to twenty percent (20%) of the original minimum percentages stipulated in 1.(b) and 1.(c) with the approval of the Bank at the request of the Project Executing Agency. The Project Executing Agency shall provide related documents validating the necessity for the decrease on the basis of the contracts for Consultant Employment and/or Procurement. In respect of Consulting Services, contents of Consulting Services to be procured from the Republic of the Philippines shall not exceed fifty percent (50%) of Consulting Services portion to be financed out of the loan proceeds.

(e) The Project Executing Agency shall exercise its obligations to ensure that the procurements of Consulting Services and Goods & Services comply with the percentage requirements stipulated above in 1.(b), 1.(c), and 1.(d) and shall submit the related documents to the Bank certifying it has performed its obligations to check whether the percentage requirements have been fulfilled.

## **2. Reallocation**

(a) If the loan proceeds of items included in any of the categories shall decrease, the amounts then allocated to and no longer required for such Category, will be reallocated by the Bank to Category (C).

(b) If the loan proceeds of items included in Category (A) shall increase, the amounts equal to the portion, if any, of such increase to be financed out of the Loan amount will be reallocated by the Bank, at the request of the Borrower, from Category (C) to Category (A).

(c) If any amounts are needed to be reallocated from Category (C) to Category (A) at the time of executing the initial contracts for Consultant Employment and/or Procurement, the total contract value including such reallocated amounts shall factor in the minimum percentage requirements for Korean contents in 1.(b) and 1.(c). Notwithstanding the foregoing, the minimum portion of Korean contents may be allowed to further decrease up to twenty percent (20%) of the original minimum percentages in accordance with 1.(d). In respect of Consulting Services, contents of Consulting Services to be procured from the Republic of the Philippines shall not exceed fifty percent (50%) of Consulting Services portion to be financed out of the loan proceeds.

(d) If any amounts are needed to be reallocated from Category (C) to Category (A) upon any amendment made to the initial contracts for Consultant Employment and/or Procurement, such reallocated amounts shall not be bound by the minimum percentage requirements for Korean contents in 1.(b) and 1.(c). In respect of Consulting Services, contents of Consulting Services to be procured from the Republic of the Philippines shall not exceed fifty percent (50%) of Consulting Services portion to be financed out of the loan proceeds.

(e) Notwithstanding the foregoing, if any amount reallocated (the "Relevant Reallocation Amount") (i) under a contract for Consultant Employment exceeds twenty percent (20%) of the amount of such contract (after factoring in all reallocated amounts other than the Relevant Reallocation Amount, if any), the minimum percentage requirements for Korean contents in 1.(b) shall apply to such contract (after factoring in all reallocated amounts, including the Relevant Reallocation Amount) or (ii) under a contract for Goods and Services exceeds twenty percent (20%) of the amount of such contract (after factoring in all reallocated amounts other than the Relevant Reallocation Amount, if any), the minimum percentage requirements for Korean contents in 1.(c) shall apply to such contract (after factoring in all reallocated amounts, including the Relevant Reallocation Amount).

**Schedule 3**  
**Amortization Schedule**

**Due Date**

**Amount**

(in Korean Won)

※ Note: Each installment will be filled in when the amount of the Loan is fixed in accordance with Section 3.01 of the General Terms and Conditions, and will be finalized after the final disbursement in accordance with paragraph (b) of Section 3.02 and 7.05 of the General Terms and Conditions.

## Schedule 4

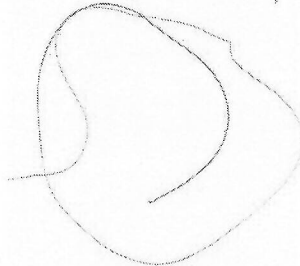
### Procurement Procedure

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply to the procurement of goods and services to be financed out of the proceeds of the Loan. The term "services" in this Schedule does not include consulting services.
2. Procurement of goods and services shall be subject to the provisions of the Bank's "Guidelines for Procurement under the EDCF Loan" (hereinafter called the "**Procurement Guidelines**"), as amended from time to time, which have been furnished to the Borrower.
3. The Supplier(s) shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.
4. The Borrower shall procure goods and services to be financed out of the proceeds of the Loan specified in Schedule 2 above through Competitive Bidding.
5. Procurement method shall be subject to the Bank's prior review.
6. The Borrower shall adopt a method of bidding single stage, two-envelope system for the implementation of the above bidding.
7. For contracts to be awarded on the basis of Competitive Bidding, procurement actions shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Procurement Guidelines.
8. All taxes, duties, and levies including but not limited to import duties and Value-Added Tax imposed on goods and services in the Republic of the Philippines provided by the Suppliers under the Loan Agreement for the implementation of the Project shall be assumed by the Borrower through the Project Executing Agency.

## Schedule 5

### Employment of Consultants

1. The services of consultants shall be utilized in the carrying out of the Project, particularly with regard to the detailed design, project management and construction supervision.
2. The selection and employment of the consultants shall be subject to the provisions of this Schedule and the Bank's "Guidelines for the Employment of Consultants under the EDCF Loan"(hereinafter called the "**Consultant Guidelines**"), as amended from time to time, which have been furnished to the Borrower.
3. The Consultant(s) shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.
4. The Borrower shall employ the Consultant through the Bank's general selection procedures specified in the Consultant Guidelines.
5. The terms of reference, evaluation of proposals, and execution of contract shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Consultant Guidelines.
6. The method of selection procedure shall be submitted to the Bank for its review.
7. All taxes, duties, and levies including but not limited to import duties and Value-Added Tax imposed on consulting services in the Republic of the Philippines provided by the Consultants under the Loan Agreement for the implementation of the Project shall be assumed by the Borrower through the Project Executing Agency.



## Schedule 6

### Disbursement Procedures

#### 1. Disbursement Procedures

(a) Disbursements of the Loan shall be made through Direct Payment Procedure.

(b) The Bank's "Disbursement Procedures under the EDCF Loan" (hereinafter called the "**Disbursement Procedures**"), which have been furnished to the Borrower, as amended from time to time, shall be applied to disbursement of the Loan.