
LOAN NUMBER 8728-PH

Loan Agreement

(Metro Manila Bus Rapid Transit - Line 1 Project)

between

REPUBLIC OF THE PHILIPPINES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated , 2019



LOAN AGREEMENT

AGREEMENT dated _____, 2019, between REPUBLIC OF THE PHILIPPINES ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS (A) the Borrower has requested the Bank to extend a loan in the amount of forty million seven hundred thousand Dollars (\$40,700,000) as provided in Section 2.01 of this Agreement, to assist in financing Parts 1(a), 1(b), 2(d), 4 and 6 of the Project;

(B) the Borrower has also requested the Bank, acting as an implementing entity of the Clean Technology Fund ("CTF") to assist in financing Parts 1(a), 1(b), 2(d), 4, and 5 of the Project as described in Schedule 1 to this Agreement, and the Bank, acting in such capacity, has agreed to extend a loan to the Borrower from the CTF for such purpose in the amount of twenty three million nine hundred thousand Dollars (\$23,900,000), pursuant to the loan agreement of even date herewith between the Borrower and the Bank ("CTF Loan Agreement");

(C) the Borrower has committed to finance Parts 1(c), 2(a), 2(b), 2(c) and 3 of the Project; and

(D) the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend a loan to the Borrower upon the terms and conditions set forth in this Agreement.

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

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of forty million seven hundred thousand Dollars (\$40,700,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

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- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.



ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Department of Transportation (DOTr) in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following, namely, that the CTF Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Secretary of Finance.
- 5.02. The Borrower's Address is:

Department of Finance
Department of Finance Building
Bangko Sentral Complex
Roxas Blvd.
Manila, Philippines
Facsimile:
(63-2) 523-9216

- 5.03. The Bank's Address is:

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

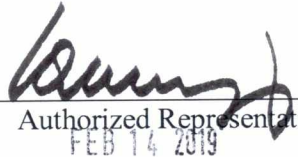
Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

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AGREED at Manila, Republic of the Philippines, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By


Authorized Representative
FEB 14 2019

Name: _____

Title: _____



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By


Authorized Representative

Name: MARA WARWICK

Title: COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to improve the efficiency, effectiveness and safety of the public transport system along the Project Corridor in Metro Manila in an environmentally sustainable manner.

The Project consists of the following parts:

Part 1. BRT Infrastructure

Design, construction and supervision of BRT infrastructure along the Project Corridor, including:

- (a) BRT Infrastructure. Development of BRT infrastructure including, among others, bus terminals and bus stations, segregated busways, road reconstruction, intersection improvement, segregation barriers, sidewalks, landscape strips, warning and directional signage, advanced directions signs, carriageway markings, and associated traffic management infrastructure (such as pedestrian walkways) along the Project Corridor.
- (b) Bus Depots. Construction of bus depots, including pedestrian crossing facilities.
- (c) Land Acquisition and Resettlement. Provision of compensation for land acquisition and resettlement related to the development of BRT infrastructure along the Project Corridor.

Part 2. System Management

- (a) Traffic Engineering and Management. Carrying out of BRT traffic engineering, and traffic management along the Project Corridor including, among others, intersection optimization, parking management, u-turn slots and improved signals.
- (b) Intelligent Transport Systems. Development of an intelligent bus operational support and management system.
- (c) BRT System and Information Management Support. Development of information technology and marketing functions of the BRT system.
- (d) Technical Support Consultants. Provision of technical support consultants for the planning, design and implementation of the Project and the promotion of BRT.

Part 3. Capacity Building and Concept Development and Dissemination

Carrying out of feasibility studies, training and capacity building activities to support the application of the BRT and other sustainable urban transport concepts in Metro Manila, and other cities of the Borrower, including public outreach.

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Part 4. Accessibility and Urban Realm Enhancements

Carrying out of specific activities aimed at integrating BRT transport and land use development in Metro Manila, by establishing physical connections from stations and terminals to major trip attractors and generators, and improving the pedestrian environment.

Part 5. Project Outcome Monitoring

Monitoring and evaluation activities, including, among others, service, data collection, reporting and analysis.

Part 6. Project Management

Provision of technical and operational support to assist in the management, coordination, supervision, procurement, financial management, environmental and social management, including measures for mitigation of social or environmental impacts, and communication of Project activities.

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SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. National BRT Steering Committee (NSC)

1. The Borrower shall maintain, throughout implementation of the Project, the National BRT Steering Committee with a mandate, composition and resources satisfactory to the Bank.
2. Without limitation to the provisions of paragraph 1 of this Part A, the NSC shall: (a) be chaired by the Secretary of the DOTr or his or her designated representative satisfactory to the Bank, and shall, unless mutually agreed otherwise by the Bank and the Borrower, comprise, among others, representatives of the Department of Finance (DOF), Department of Public Works and Highways (DPWH), Department of Interior and Local Government (DILG), the Land Transportation Franchising and Regulatory Board (LTFRB), Metro Manila Development Authority (MMDA) and representatives of local government units where BRT projects are being implemented or under study, and DOTr; and (b) be responsible for, *inter alia*: (i) formulating the strategic directions and plans for developing BRT consistent with the national transport plan; (ii) setting policies, guidelines and procedures to facilitate the implementation of BRTs including the designation of segregated right-of-way infrastructure; (iii) coordinating the formulation of rules and regulations to govern and regulate the operations of BRT projects, and (iv) monitoring, evaluating and reporting on the impact on BRT development.

B. National Program Management Office (NPMO) and Project Implementation Unit (PIU)

1. The Borrower shall maintain, through DOTr, the NPMO based at the DOTr central office, and a PIU in Metro Manila, all throughout the implementation of the Project, with such offices to have functions and resources set forth in the Project Implementation Plan, for the purpose of ensuring the efficient implementation of the Project.
2. Without limitation to the provisions of paragraph 1 of this Part B, the NPMO shall: (a) be headed by an Undersecretary of the DOTr or his or her designated representative, with a rank of at least Director, satisfactory to the Bank, and include as members relevant DOTr personnel and external experts as required; and (b) be responsible for planning and evaluation, resource mobilization, implementation, operations, monitoring and reporting, and promotion and communication for the proper development and operation of BRT in the territory of the Borrower.
3. Without limitation to the provisions of paragraph 1 of this Part B, the PIU shall be responsible for: (a) developing the annual work and financial plans, referenced in Section I.E.1 of Schedule 2 of this Agreement, for approval by the NPMO and NSC; (b) carrying out day-to-day project implementation, including project management, financial management, procurement, environmental and social safeguards; and (c) reporting to the NPMO and the Bank on all matters pertaining to the implementation of the Project and the use of the proceeds of the Loan.

C. Metro Manila BRT Legal, Financial and Institutional Framework

1. The Borrower shall take all necessary steps to put in place an overall legal, financial and institutional framework acceptable to the Bank for the operation and maintenance of the BRT system in Metro Manila, and to this end shall, without limitation to the foregoing, enter into a contract, in a manner satisfactory to the Bank, no later than January 1, 2020 (or such later date acceptable to the Bank), with a legal entity to serve as the Metro Manila BRT line 1 System Manager.
2. The Borrower shall, through DOTr, not later than February 1, 2018 (or such later date acceptable to the Bank), enter into one or several contracts with Technical Support Consultants to support the NPMO and PIU in project management, technical support, procurement, monitoring and evaluation.

D. Project Implementation Plan

The Borrower shall carry out the Project in accordance with the arrangements and procedures set out in the PIP (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIP and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the PIP or any of its provisions without prior approval in writing by the Bank.

E. Annual Work and Financial Plans

1. The Borrower, through the DOTr, (a) shall prepare and furnish to the Bank for its approval, not later than December 15 of each year during the implementation of the Project, an annual work and financial plan containing all eligible Project activities and expenditures planned for the following fiscal year of the Borrower, including the expenditures to be financed by the Bank in accordance with this Agreement and the CTF Loan Agreement and by the Borrower under Part 1(c), Part 2 and Part 3 of the Project (for each such expenditures, with the source of funds and its corresponding percentage of financing), as well as a cashflow and disbursement forecast; and (b) shall ensure that the Project is implemented in accordance with the approved annual work and financial plans; provided, however, that in case of any conflict between the annual work and financial plans and the provisions of this Agreement, the provisions of this Agreement shall prevail.
2. The Borrower shall not make or allow to be made any change to the approved annual work and financial plan without prior approval in writing by the Bank.

F. Environmental and Social Safeguards Management

1. The Borrower, through the DOTr, shall ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments in a manner satisfactory to the Bank.
2. The Borrower, through DOTr, shall:
 - (a) update the ESMP, once the final alignment and detailed engineering designs for the BRT line are completed, satisfactory to the Bank, in accordance with the ESIA;
 - (b) ensure the updated ESMP includes other plans as enumerated in the ESIA;



- (c) submit said updated ESMP for review and approval of the Bank prior to the commencement of civil works;
 - (d) implement the updated ESMP; and
 - (e) not amend, suspend or abrogate any of the provisions of the updated ESMP without the prior agreement of the Bank.
3. The Borrower, through the DOTr, shall:
- (a) prepare, prior to commencement of civil works at each of the two bus depot sites, a site-specific Depot ESIA, and a site-specific RAP, which cover the two bus depot sites, satisfactory to the Bank, and in accordance with the terms of reference in the ESIA;
 - (b) implement the Depot ESIA(s) and the RAP(s); and
 - (c) not amend, suspend or abrogate any of the provisions of the ESIA(s) or the RAP(s) without the prior agreement of the Bank.
4. The Borrower, through DOTr, shall:
- (a) prepare, prior to the commencement of any construction works requiring land acquisition under the Project, Site-specific Resettlement Action Plans (RAPs), satisfactory to the Bank, in accordance with the RPF;
 - (b) implement the Site-specific RAPs, including, unless otherwise agreed with the Bank, payment in full of compensation to all affected people prior to commencing any related works; and
 - (c) not amend, suspend or abrogate any of the provisions of the Site-specific RAPs without the prior agreement of the Bank.
5. Without limitation on the provisions of paragraph 1 of this Part F and Section 5.03 of the General Conditions, the Borrower, through the DOTr, shall ensure that sufficient funds are made available from its own resources for the implementation of the RPF, Site-specific RAPs, and Depot RAP(s), including for compensation for any land acquisition or resettlement related to the Project.
6. The Borrower shall not abrogate, amend or waive, or permit to be abrogated, amended or waived, the Safeguard Instruments or any provision thereof, without prior approval in writing by the Bank.
7. The Borrower, through the DOTr, shall monitor and report to the Bank, including through the Project Reports referred to in Part A of Section II of this Schedule, the status of compliance with the Safeguard Instruments, giving details of: (a) measures taken in furtherance of the Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said assessments and plans; and (c) remedial measures taken or to be taken to address such conditions.

8. The Borrower, through DOTr, shall: (a) ensure that any studies to be supported under the Project are carried out under terms of reference satisfactory to the Bank following its review thereof and, to that end, said studies shall duly incorporate the requirements of Bank safeguard policies and be publicly disclosed and consulted upon in accordance with Bank safeguard policies; and (b) ensure that any capacity building activities under the Project are consistent with, and pay due attention to, Bank Safeguard Policies.

G. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank and set out in the PIP. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than sixty (60) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank not later than sixty (60) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the



requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding subject to the additional provisions set forth in paragraph 3 of this Part B; (c) Shopping; and (d) Direct Contracting.
3. **Additional National Competitive Bidding Provisions.** The procedures to be followed for the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those set forth in the Philippine Procurement Law (RA 9184), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 and revised July 2014 ("the Procurement Guidelines") and the following provisions:
 - (a) eligibility screening shall not be applied, provided however that bids that do not contain any of the following documents shall not pass the documentary compliance check: (i) evidence of the required financial, technical or production capability; (ii) audited financial statements; (iii) credit line or cash deposit certificate; (iv) bid security; and (v) authority of the bid signatory;
 - (b) a ceiling may be applied to bid prices provided the following conditions are met: (i) bidding documents are obtainable free of charge on a freely accessible website; (ii) the agency has procedures in place to ensure that the Approved Budget for Contract (ABC) is based on Engineer's Estimate; (iii) the agency has trained cost estimators on estimating prices and analyzing bid variance; and (iv) the agency has established a system to monitor and report bid prices relative to ABC and Engineer's Estimate;
 - (c) domestic or regional preferences shall not be applied in the evaluation of bids, and other preference in effect in the Philippines shall not be used except with prior concurrence of the Bank;
 - (d) foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture, with local

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firms, and foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract;

- (e) alternative procurement methods defined in the implementing rules and regulations such as Limited Source Bidding, Direct Contracting and Shopping as acceptable, and the use of the other alternative methods shall require prior Bank concurrence; and
- (f) the e-bulletin board, e-catalogue of prices, subscriber's registry and e-payments features of the Borrower's government electronic procurement system (PhilGEPS) may be used with prior Bank concurrence as described in the PIP.

C. Particular Methods of Procurement of Consultants' Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

- 1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated February 2017, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
- 2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.



Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Workshops, and Incremental Operating Costs for Parts 1(a) and 1(b), 2(d), 4, and 6 of the Project	40,598,250	100% of the Loan's agreed share of the cost
(2) Front-end Fee	101,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	40,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US\$2,000,000 may be made for payments made prior to this date but on or after September 1, 2016, for Eligible Expenditures under Category 1.

2. The Closing Date is November 30, 2022.

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SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each March 15 and September 15 Beginning September 15, 2027 through September 15, 2041	3.33%
On March 15, 2042	3.43%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall



be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Bank Safeguard Policies” means, collectively, but only to the extent that they are applicable to the Project activities, the operational policies and procedures OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.07 (Water Resources Management), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams) contained in the Bank’s Operational Manual which can be found on the Bank’s website at www.worldbank.org.
3. “BRT” means bus rapid transit.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Depot ESIA” means the site-specific ESIA that will be prepared by the Borrower, pursuant to Section I.F.3 of Schedule 2 of this Agreement; and Depot ESIAs mean more than one such Depot ESIA.
7. “DILG” means the Borrower’s Department of the Interior and Local Government, and any successor or successors thereto.
8. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter, (B) loss of assets or access to assets, or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means more than one such Displaced Person.
9. “DOF” means the Borrower’s Department of Finance, and any successor or successors thereto.
10. “DOTr” means the Borrower’s Department of Transportation, and any successor or successors thereto.
11. “DPWH” means the Borrower’s Department of Public Works and Highways, and any successor or successors thereto.



12. “ESIA” means the Environmental and Social Impact Assessment, including the environmental and social management plan (ESMP), prepared by the Borrower, disclosed locally on May 15, 2015, and in the Bank’s Infoshop on May 15, 2015, setting out the environmental and social issues and direct and indirect impacts of the Project during the planning, construction, and operational phases, and the mitigating measures to be taken during Project implementation, together with the monitoring and reporting requirements of the Project. The term ESIA(s) refer to the ESIA and any other site-specific ESIA(s) prepared under the Project, including the Depot ESIA(s).
13. “ESMP” means the environmental and social management plan included in the ESIA, and of the same date, setting out: (i) measures to effectively manage the environmental and social issues and concerns identified under the ESIA; (ii) required monitoring associated with the mitigating measures; and (iii) implementation arrangements, including institutional requirements and responsibilities during the pre-construction, construction, and operation phases.
14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix
15. “Incremental Operating Costs” means the reasonable, incremental and documented expenditures incurred by DOTr for hiring of contractual personnel (but excluding staff salaries); and includes travel, per diem, accommodation, office utilities, materials and supplies, vehicles and equipment, and advertising expenses; for purposes of implementing the Project and which expenditures would not have been incurred absent the Project.
16. “LTFRB” means the Borrower’s Land Transportation Franchising and Regulatory Board, established pursuant to Executive Order No. 202 on June 19, 1987, and responsible for among others, prescribing and regulating routes of service for public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by DOTr, and any successor or successors thereto.
17. “Metro Manila” means the territories comprising the boundaries of metropolitan Manila, as delineated in Section 2 of Presidential Decree 824, dated November 7, 1975.
18. “MMDA” means Metro Manila Development Authority, the Borrower’s agency established by the Republic Act no. 7924 dated March 1, 1995, creating the Metropolitan Manila Development Authority, defining its powers and function, and providing funds therefore and for other purposes.
19. “NPMO” means the national BRT program management office referred to in Section I.B of Schedule 2 to this Agreement, established on October 9, 2012, through DOTr Order number 2012-13.
20. “NSC” means the Borrower’s National BRT Steering Committee referred to in Section I.A of Schedule 2 to this Agreement, established on October 18, 2012, through DOTr Order number 2012-14.

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21. "PIU" means the Project Implementation Unit in Metro Manila under the DOTr and referred to in Section I.B of Schedule 2 to this Agreement, established on January 31, 2017, through Special Order number 2017-047.
22. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
23. "Procurement Plan" means the Borrower's procurement plan for the Project, dated February 15, 2017 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. "Project Corridor" means the area from Manila City Hall to Quezon Memorial Circle through Espana Boulevard and Quezon Avenue in Metro Manila.
25. "Project Implementation Plan" and "PIP" means the Borrower's plan for the Project dated January 26, 2017, containing detailed arrangements and procedures for institutional coordination and day-to-day execution of the Project, including Project budgeting, disbursement and financial management, procurement, environmental and social management, monitoring, evaluation, reporting and communication, results framework, and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
26. "RAP" means the site-specific RAP that will be prepared by the Borrower, pursuant to Section I.F.3 of Schedule 2 of this Agreement; and RAPs mean more than one such RAP.
27. "RPF" means the resettlement policy framework, prepared by the Borrower and disclosed locally and in Infoshop on May 15, 2015, satisfactory to the Bank, setting out the procedures, rules, and guidelines for: (i) the involuntary taking of land and other assets from Displaced Persons; (ii) resettlement and rehabilitation of, and compensation to, Displaced Persons; (iii) reporting and monitoring arrangements to ensure compliance with such framework and (iv) grievance redress mechanisms, as such framework may be amended from time to time with the prior agreement of the Bank.
28. "Safeguard Instruments" means, collectively, the ESIA (including the ESMP), site-specific ESIA's, including Depot ESIA's, the RPF, site-specific RAP and Depot RAPs.
29. "Site-specific RAP" means the resettlement action plan, to be prepared by the Borrower in accordance with the RPF pursuant to Section I.F.4 of Schedule 2 of this Agreement, containing, *inter alia*, a program of actions, measures and policies for compensation of persons affected by land acquisition, including budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring its proper implementation, and regular feedback on compliance with its terms, for each site.
30. "System Manager" means the entity referred to in Section I.C.1 of Schedule 2 of this Agreement and responsible for all aspects of management of the BRT system for line 1 in Metro Manila.



31. "Technical Support Consultants" means the group of consultants referred to in Section I.C.2 of Schedule 2 of this Agreement.
32. "Training and Workshops" means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops or study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding salaries of consultants.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

 - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
 - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."
5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank

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pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.



