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LOAN NUMBER 8391-PHI

LOAN AGREEMENT  
(Epifanio de los Santos Avenue Greenways Project)

between

REPUBLIC OF THE PHILIPPINES

and

ASIAN DEVELOPMENT BANK

DATED DEC 29 2020

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PHI 51117

## LOAN AGREEMENT

LOAN AGREEMENT dated DEC 29 2020 between REPUBLIC OF THE PHILIPPINES ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

### WHEREAS

(A) by a loan agreement of even date herewith between the Borrower and ADB ("A Loan Agreement"), ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources in an amount of one hundred twenty three million Dollars (\$123,000,000) ("A Loan") for the purposes of the project described in Schedule 1 to the A Loan Agreement ("Project");

(B) the Borrower has also applied to ADB for a loan ("Loan") for the purposes of the Project to be funded by ADB entirely from a participation in the Loan by ASEAN Infrastructure Fund Limited ("AIF") under its ASEAN Catalytic Green Finance Facility;

(C) by a participation agreement of even date herewith between ADB and AIF ("Participation Agreement"), ADB has agreed to grant to AIF a participation in the Loan ("Participation") on the terms and conditions set forth therein; and

(D) ADB has agreed to make a Loan to the Borrower upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. All the provisions of the General Conditions Applicable to Loans made by ADB Funded Through Participations of ASEAN Infrastructure Fund Limited, dated 9 May 2017 ("General Conditions"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modification:

(a) Section 2.01(j) is deleted and the following is substituted therefor:

"Fixed Spread" means the relevant spread (expressed as a percentage per annum) for loans made by ADB which are funded through participations in the loans by AIF under its ASEAN Catalytic Green Finance Facility included within the Floating Rate applicable to (i) each Interest Period during the grace period of the Loan and (ii) each Interest Period after the grace period of the Loan respectively, as in effect at 12:01 a.m. Manila time on the date of the Loan Agreement and communicated to the Borrower, which

spreads shall remain fixed for the grace period of the Loan and the period after the grace period of the Loan respectively.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the General Conditions and in the A Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to make to the Borrower the Loan in an amount of fifteen million Dollars (\$15,000,000), with funds to be obtained entirely through the Participation in the Loan by AIF.

(b) The Loan has a principal repayment period of 3 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) LIBOR; and

(b) 0% during the grace period, and 1.40% after the grace period, as provided by Section 3.02 of the General Conditions.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 June and 1 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.



### ARTICLE III

#### Use of Proceeds of the Loan

Section 3.01. The Borrower, through DOTr, shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower, through DOTr, shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the A Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 8.02 of the General Conditions shall be 31 December 2023 or such other date as may from time to time be agreed between the Borrower and ADB.

### ARTICLE IV

#### Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to the A Loan Agreement.

Section 4.02. The Borrower, through DOTr, shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. (a) The Borrower, through DOTr, shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.





(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower, through DOTr, shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.04. ADB's obligation to disburse any amount from the Loan Account shall be subject to ADB's receipt of a corresponding amount from AIF in accordance with the terms of the Participation Agreement. In the event AIF does not pay any amount of the Participation in the Loan to ADB, ADB, by notice to the Borrower, shall cancel the corresponding amount of the Loan.

Section 4.05 Except as ADB may otherwise agree, any cancellation by the Borrower of any unwithdrawn amount of the Loan under Section 8.03 of the General Conditions shall be made pro-rata with the cancellation of the A Loan for Works: at 13.26% in respect of the Loan and 86.74% in respect of the A Loan or as otherwise provided in the PAM.

## ARTICLE V

### Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the General Conditions: the A Loan shall have become liable for suspension or cancellation.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the General Conditions: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

## ARTICLE VI

### Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the General Conditions: all conditions precedent to effectiveness of the A Loan Agreement have been met to the satisfaction of ADB, save for the condition precedent to effectiveness in Section 6.01 of the A Loan Agreement.



Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the General Conditions, to be included in the opinion or opinions to be furnished to ADB: the A Loan Agreement has been duly authorized or approved by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the General Conditions.

## ARTICLE VII

### Miscellaneous

Section 7.01. The Secretary of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

#### For the Borrower

Department of Finance  
DOF Building  
Roxas Boulevard  
Manila, Philippines

Facsimile Numbers:

+632 8 523-9216  
+632 8 521-9495

#### For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

+632 8 636-2444  
+632 8 636-2015.



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

REPUBLIC OF THE PHILIPPINES

By



CARLOS G. DOMINGUEZ  
Secretary  
Department of Finance  
DEC 29 2020



ASIAN DEVELOPMENT BANK

By



KELLY BIRD  
Country Director  
Philippines Country Office

## SCHEDULE 1

### 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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

Payment Due	Installment Share (Expressed as a %)
1 June 2028	16.666667
1 December 2028	16.666667
1 June 2029	16.666667
1 December 2029	16.666667
1 June 2030	16.666667
1 December 2030	16.666665
Total	100.000000



2. If the proceeds of the Loan shall not 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 as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made 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 ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. Withdrawals made 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.

## SCHEDULE 2

### Allocation and Withdrawal of Loan Proceeds

#### General

1. The table attached to this Schedule sets forth the Category of item of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

#### Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to the item of expenditure, and disbursed on the basis of the withdrawal percentage for the item of expenditure set forth in the Table.

#### Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentage set forth in the Table,

- (a) if a new Category of item of expenditure is added, and the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if a new Category of expenditure is added, and if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

#### Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, subject to the following:

- (a) the commitment procedure in the Loan Disbursement Handbook shall be applied in accordance with, and be subject to, Section 5.02 of the General Conditions; and

- (b) disbursements from the Loan shall be made pro-rata to disbursements from the A Loan for Works: at 13.26% in respect of the Loan and 86.74% in respect of the A Loan or as otherwise provided in the PAM.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
1	Works	15,000,000	13.26% of total expenditure claimed*
	<b>TOTAL</b>	15,000,000	

\* Exclusive of taxes and duties imposed within the territory of the Borrower.