

AFD AGREEMENT N° CPH 1051 01 M

CREDIT FACILITY AGREEMENT

between

AGENCE FRANÇAISE DE DEVELOPPEMENT

The Lender

and

THE REPUBLIC OF THE PHILIPPINES

ACTING BY AND THROUGH THE DEPARTMENT OF FINANCE OF ITS GOVERNMENT

The Borrower

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CREDIT FACILITY AGREEMENT

BETWEEN:

- (1) THE REPUBLIC OF THE PHILIPPINES, acting by and through the Department of Finance of its Government,

represented by Carlos G. Dominguez in his capacity as Secretary of the Department of Finance, who is duly authorised to conclude, sign, execute and deliver for the purposes hereof pursuant to the Special Authority granted by the President of the Republic of the Philippines on December 9, 2022

(hereinafter referred to as the “Borrower”);

AND

- (2) **AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Thierry Liabastre, duly authorised to sign this Agreement, in absence of Bénédicte Gazon, Philippine Country Director,

(hereinafter referred to as “AFD” or the “Lender”);

(hereinafter jointly referred to as the “Parties” and each a “Party”);

WHEREAS:

- (A) The Borrower wishes to expand its efforts towards attaining a green and resilient economy, through a Policy-based Loan (PBL) and to support an ambitious climate change action program (CCAP) in the Philippines, which will adopt a multi-sector approach and support a green recovery from the COVID-19 pandemic.
- (B) The Borrower has requested that the Lender makes a facility available in support of the implementation of the Climate Change Action Program (CCAP), Sub-program 1 (the “**Program**”), as described further in Schedule 2 (*Program Description*).
- (C) Pursuant to a resolution n° C20220251 of the Board of Administration of AFD dated May 19th 2022, the Lender has agreed to make the Facility available to the Borrower pursuant to the terms and conditions of this Agreement.

THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given to them in Schedule 1A (Definitions), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B (*Construction*), unless the contrary intention appears.

2. FACILITY, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Facility in a maximum aggregate amount of one hundred and fifty million Euros (EUR 150,000,000).

As specified in Clause 3.1 (*Drawdown amounts*) and 14.6 (*Place of payment*), and upon request by the Borrower, the Lender may transfer the funds under the Facility in their equivalent amount in US Dollars at a market exchange rate on the day of the Drawdown.

2.2 Purpose

The Borrower shall use all amounts borrowed by it under this Facility to support the general budgetary requirements of the Borrower to contribute to the implementation of the Program, excluding Taxes, in accordance with the Program's description set out in Schedule 2 (*Program Description*), in accordance with the Financing Plan described in Schedule 3 (*Financing Plan*) and the Policy Matrix described in Schedule 7 (*Policy Matrix*).

2.3 Absence of Liability

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of this Agreement.

2.4 Conditions precedent

- (a) No later than the Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I of Schedule 4 (*Conditions Precedent*).
- (b) The Drawdown Request for the single Drawdown may not be delivered to the Lender unless the Lender has been paid by the Borrower of all fees and expenses due and payable under this Agreement, has received all of the documents listed in Part II of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance.
- (c) The Lender will have to make the Drawdown available only if, on the date of the Drawdown Request and on the proposed Drawdown Date for the relevant Drawdown, no Payment Systems Disruption Event has occurred and the conditions set out in this Agreement have been fulfilled, including:
 - (1) no Event of Default is occurring, continuing or would result from the proposed Drawdown;

- (2) no Co-Financier has suspended its payments in relation to the Program;
- (3) the Drawdown Request has been made in accordance with the terms of Clause 3.2 (*Drawdown request*); and
- (4) each representation given by the Borrower in relation to Clause 10 (*Representations and warranties*) is true.

3. DRAWDOWN OF FUNDS

3.1 Drawdown amounts

The Facility will be made available to the Borrower during the Availability Period, in one single Drawdown for a total maximum amount of one hundred and fifty million Euros (EUR 150,000,000).

Pursuant to Clause 14.6 (*Place of payment*), the Borrower may request the amount of the Drawdown to be transferred in its equivalent amount in US Dollars, which will be determined based on a market exchange rate on the day of the Drawdown.

3.2 Drawdown request

Provided that the conditions set out in Clause 2.4 (*Conditions precedent*) are satisfied, the Borrower may draw on the Facility by delivery to the Lender of a duly completed Drawdown Request. Each Drawdown Request shall be delivered by the Borrower to the AFD office director at the address specified in Clause 16.1 (*In writing and addresses*).

The Drawdown Request is irrevocable and will be regarded as having been duly completed if:

- (a) the Drawdown Request is substantially in the form set out in Schedule 5A (*Form of Drawdown Request*);
- (b) the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
- (c) the proposed Drawdown Date is a Business Day falling within the Availability Period;
- (d) the amount of the Drawdown complies with Clause 3.1 (*Drawdown amounts*); and
- (e) all of the documents set out in Part II of Schedule 4 (*Conditions Precedent*) for the purposes of the Drawdown are attached to the Drawdown Request, comply with the abovementioned Schedule and with the requirements of Clause 3.4 (*Payment mechanics*), and are in form and substance satisfactory to the Lender.

3.3 Payment completion

Subject to Clause 14.7 (*Payment Systems Disruption*), if each of the conditions set out in Clause 2.4 (*Conditions precedent*) of this Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Schedule 5B (*Form of confirmation of drawdown and rate*).

3.4 Payment mechanics

The proceeds of the Drawdown shall be paid to the Borrower's Account or any other account which details will be duly notified by the Borrower to the Lender.

4. INTEREST

4.1 Interest Rate

4.1.1. Selection of Interest Rate

The Borrower may select a fixed Interest Rate or a floating Interest Rate, which shall apply to the Facility, by stating the selected Interest Rate, i.e., fixed or floating, in the Drawdown Request delivered to the Lender substantially in the form set out in Schedule 5A (*Form of Drawdown Request*), subject to the following conditions:

(i) Floating Interest Rate

The Borrower may select a floating Interest Rate for the Facility, which shall be the percentage rate per annum, being the aggregate of:

- six-month EURIBOR; or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 5 (Change to the calculation of interest) of the Agreement, and
- the Margin.

Notwithstanding the above, if the first Interest Period is less than one hundred and thirty-five (135) days, the applicable EURIBOR shall be:

- one-month EURIBOR or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 5 (Change to the calculation of interest) of the Agreement, if the first Interest Period is less than sixty (60) days; or
- three-month EURIBOR or, as the case may be, the Replacement Benchmark plus any Adjustment Margin, as determined in accordance with the provisions of Clause 5 (Change to the calculation of interest) of the Agreement, if the first Interest Period is between sixty (60) days and one hundred and thirty-five (135) days.

(ii) Fixed Interest Rate

The Borrower may select a fixed Interest Rate for the Facility. The fixed Interest Rate shall be the Fixed Reference Rate increased or decreased by any fluctuation of the Index Rate from the Signing Date until the relevant Rate Setting Date.

The Borrower may specify in the Drawdown Request a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the Drawdown amount specified in the cancelled Drawdown Request shall be credited to the Available Credit.

4.1.2. Minimum Interest Rate

The Interest Rate determined in accordance with Clause 4.1.1 (*Selection of Interest Rate*), regardless of the elected option, shall not be less than zero percent (0.00%) per annum, notwithstanding any decline in the Interest Rate.

4.1.3. Conversion from a floating Interest Rate to a fixed Interest Rate

The floating Interest Rate applicable to the Facility shall be converted to a fixed Interest Rate in accordance with the conditions set out below:

(i) Rate Conversion upon the Borrower's request

The Borrower may request at any time that the Lender converts the whole or part of the floating Interest Rate applicable to the Facility to a fixed Interest Rate, provided that the requested amount to be converted is equal to or exceeds three million Euros (EUR 3,000,000).

To this effect, the Borrower shall send to the Lender a Rate Conversion Request substantially in the form set out in Schedule 5C (*Form of Rate Conversion Request*). The Borrower may specify in the Rate Conversion Letter a maximum amount for fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for fixed Interest Rate specified by the Borrower in the Rate Conversion Request, such Rate Conversion Request will be automatically cancelled.

The fixed Interest Rate will be effective two (2) Business Days after the Rate Setting Date.

(ii) Rate Conversion mechanics

The fixed Interest Rate applicable to the Facility subject to the Rate Conversion Request shall be determined in accordance with Clause 4.1.1.(ii) (*Fixed Interest Rate*) above on the Rate Setting Date referred to in subparagraph (i) a-dessusabove.

The Lender shall send to the Borrower a letter of confirmation of Rate Conversion substantially in the form set out in Schedule 5D (*Form of Rate Conversion Confirmation*).

A Rate Conversion is final and at no costs.

4.2 Calculation and payment of interest

The Borrower shall pay accrued interest on the Drawdown on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of the Drawdown. Interest owed by the Borrower in respect of the Drawdown shall be calculated on the basis of:

- (i) the Outstanding Principal owed by the Borrower in respect of the Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;
- (ii) the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and
- (iii) the applicable Interest Rate determined in accordance with the provisions of Clause 4.1 (*Interest Rate*).

4.3 Late payment and default interest

- (a) Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under this Agreement (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (default interest) increased by two percent (2.0%) (late-payment interest). A written notice from the Lender shall be sent to the Borrower.

- (b) Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest, to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (default interest), increased by two percent (2.0%) (late-payment interest), to the extent that such Interest has been due and payable for at least one (1) year. A written notice from the Lender shall be sent to the Borrower.

The Borrower shall pay any outstanding interest under this Clause 4.3 (*Late payment and default interest*) immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

- (c) Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender's rights hereunder.

4.4 Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with this Agreement.

4.5 Effective Global Rate (*Taux Effectif Global*)

This mention of the Effective Global Rate is required under French public policy rules aiming at protecting and informing the Borrower on the full and effective cost of the credit they enter into and is for information purposes only.

In order to comply with Articles L. 314-1 to L.314-5 and R.314-1 *et seq.* of the French Consumer Code and L. 313-4 of the French Monetary and Financial Code, the Lender informs the Borrower, and the Borrower accepts, that the effective global rate (*taux effectif global*) applicable to the Facility may be valued at an annual rate of three point five percent (3.05%) on the basis of a three hundred and sixty-five (365) day year, and for an Interest Period of six (6) months, subject to the following:

- (a) the above rate is given for information purposes only;
- (b) the above rate is calculated on the basis that:
- (i) drawdown of the Facility is in full on the Signing Date;
 - (ii) no Drawdown made available to the Borrower will bear interest on the floating rate; and

- (iii) the fixed rate for the duration of the facility should be equal to two point ninety four percent. (2.94%); and
- (c) the above rate takes into account the fees and costs payable by the Borrower under this Agreement, assuming that such fees and costs will remain fixed and will apply until the expiry of the term of this Agreement.

5. CHANGE TO THE CALCULATION OF INTEREST

5.1 Market Disruption

- (a) If a Market Disruption affects the interbank market in the Eurozone and it is impossible
 - (i) for the fixed Interest Rate, to determine the fixed Interest Rate applicable to the Drawdown, or
 - (ii) for the variable Interest Rate to determine the applicable EURIBOR for the relevant Interest Period,the Lender shall inform the Borrower.
- (b) Upon the occurrence of the event described in paragraph (a) above, the applicable Interest Rate, as the case may be, for the Drawdown or for the relevant Interest Period will be the sum of:
 - (i) the Margin; and
 - (ii) the percentage rate per annum corresponding to the cost to the Lender of funding the Drawdown from whatever source it may reasonably select. Such rate shall be notified to the Borrower as soon as possible and, in any case, prior to (1) the first Payment Date for interest owed under the Drawdown for the fixed Interest Rate or (2) the Payment Date for interest owed under such Interest Period for the variable Interest Rate.

5.2 Replacement of Screen Rate

Definitions

"Relevant Nominating Body" means any central bank, regulator, supervisor or working group or committee sponsored or chaired by, or constituted at the request of any of them.

"Screen Rate" means EURIBOR or, following the replacement of this rate by a Replacement Benchmark.

"Screen Rate Replacement Event" means any of the following events or series of events:

- (a) the definition, methodology, formula or means of determining the Screen Rate has materially changed;
- (b) a law or regulation is enacted which prohibits the use of the Screen Rate, it being specified, for the avoidance of doubt, that the occurrence of this event shall not constitute a mandatory prepayment event;
- (c) the administrator of the Screen Rate or its supervisor publicly announces:

- (i) that it has ceased or will cease to provide the Screen Rate permanently or indefinitely, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate;
 - (ii) that the Screen Rate has ceased or will cease to be published permanently or indefinitely; or
 - (iii) that the Screen Rate may no longer be used (whether now or in the future);
- (d) a public announcement is made about the bankruptcy of the administrator of that Screen Rate or any other insolvency proceedings against it, and, at that time, no successor administrator has been publicly nominated to continue to provide that Screen Rate; or
- (e) in the opinion of the Lender, the Screen Rate has ceased to be used in a series of comparable financing transactions.

"Screen Rate Replacement Date" means:

- with respect to the events referred to in items a), d) and e) of the above definition of Screen Rate Replacement Event, the date on which the Lender has knowledge of the occurrence of such event, which fact has been notified to the Borrower in accordance with the provisions of clause 5.2.4, and,
- with respect to the events referred to in items b) and c) of the above definition of Screen Rate Replacement Event, the date beyond which the use of the Screen Rate will be prohibited or the date on which the administrator of the Screen Rate permanently or indefinitely ceases to provide the Screen Rate or the date beyond which the Screen Rate may no longer be used.

Each Party acknowledges and agrees for the benefit of the other Party that if a Screen Rate Replacement Event occurs and in order to preserve the economic balance of the Agreement, the Lender may replace the Screen Rate with another rate (the "**Replacement Benchmark**") which may include an adjustment margin in order to avoid any transfer of economic value between the Parties (if any) (the "**Adjustment Margin**") and the Lender will determine the date from which the Replacement Benchmark and, if any, the Adjustment Margin shall replace the Screen Rate and any other amendments to the Agreement required as a result of the replacement of the Screen Rate by the Replacement Benchmark.

The determination of the Replacement Benchmark and the necessary amendments will be made in good faith and taking into account, (i) the recommendations of any Relevant Nominating Body, or (ii) the recommendations of the administrator of the Screen Rate, or (iii) the industry solution recommended by professional associations in the banking sector or, (iv) the market practice observed in a series of comparable financing transactions on the replacement date.

In case of replacement of the Screen Rate, the Lender will promptly notify the Borrower of the replacement terms and conditions to replace the Screen Rate with the Replacement Benchmark,

which will be applicable to Interest Periods starting at least two Business Days after the Screen Rate Replacement Date.

The provisions of Clause 5.2 (*Replacement of Screen Rate*) shall prevail over the provisions of Clause 5.1 (*Market Disruption*).

6. FEES

6.1 Commitment fee

Starting from the expiry date of a three (3)-month period from the Signing Date onwards, the Borrower shall pay to the Lender a commitment fee of zero point fifteen percent (0.15%) per annum.

The commitment fee shall be computed at the rate specified above on the amount of the Available Credit pro-rated for the actual number of days elapsed increased by the amount of the Drawdown to be made available by the Lender in accordance with a pending Drawdown Request.

The first commitment fee shall be calculated for the period from (i) the date falling three (3) months after the Signing Date (excluded) up to (ii) the immediately following Payment Date (included). Subsequent commitment fees shall be calculated for periods commencing on the day immediately following a Payment Date (included) and ending on the next Payment Date (included).

The accrued commitment fee shall be payable (i) on each Payment Date within the Availability Period; (ii) on the Payment Date following the last day of the Drawdown Period; and (iii) in the event the Available Credit is cancelled in full, on the Payment Date following the effective date of such cancellation.

6.2 Appraisal Fee

Prior to the Drawdown and no later than one (1) month after the Signing Date, the Borrower shall pay to the Lender an appraisal fee of zero point twenty five percent (0.25%) calculated on the maximum amount of the Facility.

7. REPAYMENT

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of the Facility in fourteen (14) equal semi-annual instalments, due and payable on each Payment Date.

The first instalment shall be due and payable on June 30th 2026 and the last instalment shall be due and payable on December 31st 2033.

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of the Facility taking into account, if applicable, any potential cancellation of the Facility pursuant to Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*).

8. PREPAYMENT AND CANCELLATION

8.1 Voluntary prepayment

No prepayment of the whole or any part of the Facility is allowed within the Grace Period.

As from the day following the expiry of the Grace Period, the Borrower may prepay the whole or any part of the Facility, subject to the following conditions:

- (a) The Monetary Board of the Bangko Sentral ng Pilipinas (BSP) has approved the prepayment of the Facility
- (b) the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days' written and irrevocable notice prior to the contemplated prepayment date;
- (c) the amount to be prepaid shall be equal to one or several instalment(s) in principal;
- (d) the contemplated prepayment date shall be a Payment Date;
- (e) all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under this Agreement;
- (f) there is no unpaid amount; and
- (g) no payment default pursuant to clause 13.1(a) (*payment default*) has occurred and is continuing; and
- (h) in case of a partial prepayment, the Borrower shall have given evidence, satisfactory to the Lender, that it has sufficient committed funding available for the purpose of financing the Program as determined in the Financing Plan.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 9.3 (*Prepayment Indemnity*).

8.2 Mandatory prepayment

The Borrower shall immediately prepay the whole or part of the Facility upon receipt of a notice from the Lender informing the Borrower of any of the following events:

- (a) Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Facility;
- (b) Additional Costs: the amount of any Additional Costs referred to in Clause 9.5 (*Additional Costs*) is significantly high and the Borrower has refused to pay such Additional Costs;
- (c) Default: the Lender declares an Event of Default in accordance with Clause 13 (*Events of Defaults*);

Under the Program and in the case of each of the events specified in paragraphs (a), (b) and (c) above, the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 13.2 (*Acceleration*).

In respect to paragraph 8.2.a), the Parties agree that payment is to be made within a reasonable delay, with consideration to the Borrower's standard payment procedures.

8.3 Cancellation by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit by giving the Lender a three (3) Business Days' prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower, provided that the eligible expenses, as specified in the Financing Plan, are covered

in a manner satisfactory to the Lender, except in the event that the Program is abandoned by the Borrower or the cost of the implementation of the Program has been reduced.

8.4 Cancellation by the Lender

The Available Credit shall be immediately cancelled upon receipt by the Borrower of a written notice sent by the Lender and addressed by way of a letter with acknowledgement which shall be immediately effective, if:

- (a) the Available Credit is not equal to zero (0) on the Deadline for Drawdown;
- (b) an Event of Default has occurred, and has not been cured within the agreed curing period when applicable, and is continuing; or
- (c) an event referred to in Clause 8.2 (*Mandatory prepayment*) has occurred;

except where, in the case of paragraphs (a) and (b) of this Clause 8.4 (*Cancellation by the Lender*), the Lender has proposed to postpone the Deadline for Drawdown on the basis of new financial conditions which will apply to the Drawdown under the Available Credit and the Borrower has agreed on the proposition.

8.5 Restrictions

- (a) Any notice of prepayment or cancellation given by a Party pursuant to this Clause 8 (*Prepayment and Cancellation*) shall be irrevocable, and, unless otherwise provided in this Agreement, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.
- (b) The Borrower shall not prepay or cancel all or any part of the Facility except at the times and in the manner expressly provided for in this Agreement.
- (c) Any prepayment under this Agreement shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 9.3 (*Prepayment Indemnity*) below.
- (d) Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.
- (e) The Borrower may not re-borrow the whole or any part of the Facility which has been prepaid or cancelled.

9. ADDITIONAL PAYMENT OBLIGATIONS

9.1 Costs and expenses

The Borrower shall reimburse to the Lender for all costs and expenses (including legal fees) incurred by it in connection with the enforcement or preservation of any of its rights under this Agreement.

The Borrower shall pay directly or, if applicable, reimburse the Lender in case of an advance made by the Lender, the amount of all reasonable and documented costs and expenses in connection with the transfer of funds to, or for the account of, the Borrower from Paris to any

other place agreed with the Lender, as well as any transfer fees and expenses in connection with the payment of all sums due under the Facility.

For avoidance of doubt, it is specified that each Party shall bear its own costs and expenses which it has incurred in connection with the negotiation, preparation and signing of this Agreement, including but not limited to those relating to any legal opinion, or any other documents referred to in this Agreement

9.2 Cancellation Indemnity

If the Facility is cancelled in full or in part in accordance with the terms of Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*) paragraphs (a), 8.4(b) and 8.4 (b), the Borrower shall pay a cancellation indemnity computed at one percent (1.0%) on the cancelled amount of the Facility.

Each cancellation indemnity shall be due and payable on the Payment Date immediately following a cancellation of all or part of the Facility.

9.3 Prepayment Indemnity

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of the Facility in accordance with Clauses 8.1 (*Voluntary prepayment*) or 8.2 (*Mandatory prepayment*), the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

- the Prepayment Compensatory Indemnity as defined in Schedule 1A herein; and
- in the case of a fixed Interest Rate Facility, any costs arising out of the break of any interest hedging swap transactions put in place by the Lender in connection with the amount prepaid.

9.4 Taxes and duties

Registration costs

The Borrower shall pay directly, or, only if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes imposed in the Republic of the Philippines payable in respect of this Agreement and any potential amendment to this Agreement or in respect of any agreement in relation to the Agreement or the transactions contemplated herein and therein.

No part of the Facility may be disbursed or used to pay the mentioned costs or Taxes.

Withholding Tax

The Borrower undertakes that all payments made to the Lender under this Agreement shall be free of any Withholding Tax imposed in the Republic of the Philippines.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment to such amount which leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower's account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

9.5 Additional Costs

The Borrower shall pay to the Lender, within sixty (60) calendar days of the Lender's request, all Additional Costs incurred by the Lender as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation, in the Republic of the Philippines; or (ii) compliance with any law or regulation which has come into force after the Signing Date.

In this Clause, "**Additional Costs**" means:

- (i) any reasonable cost arising after the Signing Date out of one of the events referred to in the first paragraph of this Clause and not taken into account by the Lender to compute the financial conditions of the Facility; including any cost related to the financing of this Facility, or
- (ii) any reduction of any amount due and payable under this Agreement;

which is incurred or suffered by the Lender as a result of (i) making the Facility available to the Borrower or (ii) entering into or performing its obligations under the Agreement.

9.6 Currency indemnity

If any sum due by the Borrower under this Agreement, or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify the Lender against and, within thirty (30) Business Days upon the Lender's request and as permitted by law, pay to the Lender, the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A) the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under this Agreement.

The Borrower waives the right it may have in any jurisdiction to pay any amount due under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

9.7 Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under this Clause 9 (*Additional Payment Obligations*) is due and payable on the Payment Date immediately following the circumstances, which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 9.3 (*Prepayment Indemnity*) is due and payable on the date of the relevant prepayment.

10. REPRESENTATIONS AND WARRANTIES

All the representations and warranties set out in this Clause 10 (*Representations and warranties*) are made by the Borrower for the benefit of the Lender on the Effective Date provided under Clause 18 (*Effective Date and Duration*) of this Agreement. All the representations and warranties in this Clause 10 (*Representations and warranties*) are also deemed to be made by the Borrower on the date on which

all of the conditions precedent listed in Part II of Schedule 4 (*Conditions Precedent*) are satisfied, on the date of the Drawdown Request, on the Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 10.8 (*No Misleading Information*) are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

10.1 Power and authority

The Borrower has the power to enter into, perform and deliver this Agreement and to perform all contemplated obligations. The Borrower has taken all necessary action to authorise its entry into, performance and delivery of this Agreement and the Policy Matrix.

10.2 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under this Agreement and the Policy Matrix; and
- (b) to make this Agreement and the Policy Matrix admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 17 (*Governing Law, Enforcement and Choice of Domicile*),

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

10.3 Binding obligations

The obligations expressed to be assumed by the Borrower under this Agreement and the Policy Matrix comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

10.4 Transfer of funds

All amounts due by the Borrower to the Lender under this Agreement whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable to France or to any other country.

This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of the Facility are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain Euros necessary for compliance with this representation in due course.

10.5 No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement do not conflict with its Constitution or any domestic law or regulation or any agreement or instrument binding upon the Borrower or affecting any of its assets.

10.6 Governing Law and Enforcement

- (a) The choice of French law as the governing law of this Agreement will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.

- (b) Any judgment obtained in relation to this Agreement in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of the Borrower, provided that such judgment or arbitral award may be repelled by evidence of (i) want of jurisdiction, (ii) want of notice to the Borrower, (iii) collusion, fraud or clear mistake, of law or fact or (iv) against public policy.

10.7 No Default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

10.8 No Misleading Information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied, revoked, cancelled or renewed on revised terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

10.9 Pari Passu Ranking

The Borrower's payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated External Indebtedness of the Borrower.

10.10 Origin of funds, Acts of Corruption, Fraud and Anti-Competitive Practices

The Borrower represents and warrants that:

- (i) all the funds invested in the Program are from the State budget;
- (ii) the Program has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

10.11 No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur since the date of its representation pursuant to this clause.

10.12 Compliance to Program of the Policy Matrix

As an exception to the heading of Clause 10 (Representations and Warranties) here above, the Borrower represents at the signing Date that it has complied with the commitments registered in the Policy Matrix (Schedule 7) and related to the Program.

11. UNDERTAKINGS

The undertakings in this Clause 11 (*Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

11.1 Compliance with Laws; Regulations and Obligations

The Borrower shall comply

- (a) in all respects with all laws and regulations to which it and/or the Program is subject under the laws of the Republic of the Philippines, particularly in relation to all applicable procurement, environmental protection, safety and labour laws; and
- (b) with all of its obligations under this Agreement.

11.2 Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable it to perform its obligations under this Agreement and to ensure their legality, validity, enforceability and admissibility in evidence under this Agreement.

11.3 Implementation and Preservation of the Program

The Borrower shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial management and government practices in the Philippines, as well as in accordance with the generally accepted safety principles and in accordance with technical standards in force:

11.4 Environmental and Social Responsibility

11.4.1 Implementation of environmental and social measures

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction.

11.4.2 Environmental and social complaints management

- (a) The Borrower (i) confirms that it has received a copy of the ES Grievance/complaints Management Procedures¹ and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a grievance, and (ii) acknowledges that the ES Grievance Management Procedures have, as between the Borrower and the Lender, the same contractually binding effect as this Agreement.
- (b) The Borrower expressly authorises the Lender to disclose to the Experts (as defined in the ES Grievance Management Procedures) and to parties involved in the compliance audit and/or dispute resolution procedure, the Program documents concerning environmental and social matters necessary for processing the environmental and social Grievance (as defined in the ES Grievance Management Procedures), including, without limitation, those listed in Schedule 8 (*Non-exhaustive list of environmental and social documents which the Borrower permits to be disclosed in connection with ES Grievance management procedures*).

11.5 Biodiversity Data Sharing

In order to promote biodiversity data sharing and in accordance with international targets related to biodiversity data knowledge and sharing, the Borrower undertakes to share, or procure that its third party contractors share, the biodiversity data (raw or processed) generated in relation

¹ <https://www.afd.fr/en/ressources/environmental-and-social-complaints-mechanism-afd>

with the Program with the Global Biodiversity Information Facility (GBIF) worldwide database, in order to enable its publication.

For this purpose, the Borrower undertakes to take all appropriate measures towards its third party contractors so that they allow the sharing on the GBIF worldwide database of the processed biodiversity data on which they may have intellectual property rights, regardless of the medium.

The data sharing on the GBIF database shall be carried out in accordance with the terms and conditions set out in Schedule 9 - *Biodiversity Data Sharing*.

The AFD shall be mentioned as “Program funder” in the metadata section.

11.6 Additional Financing

The Borrower shall not amend or alter the Financing Plan without obtaining the Lender’s prior written consent and shall finance any additional costs not anticipated in the Financing Plan on terms which ensure that the Facility will be repaid.

11.7 Pari Passu Ranking

The Borrower undertakes to ensure that its payment obligations under this Agreement rank at all times at least *pari passu* with its other present and future unsecured and unsubordinated External Indebtedness.

11.8 Inspections

The Borrower hereby authorizes the Lender and its representatives to carry out inspections on a yearly basis, the purpose of which will be to assess the implementation of the Program and the Policy Matrix on technical, financial and institutional aspects as well as the impact and the achievement of the objectives of the Program.

The Borrower shall co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such inspections, the timing and format of which shall be determined by the Lender following consultation with the Borrower.

The Borrower shall retain and make for inspection by the Lender, all documents relating to the expenses of the Program for a period of ten (10) years from the date of the Drawdown under the Facility.

11.9 Program Evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Program. This evaluation will be used to produce a performance report including information on the Program, such as: total amount and duration of the Facility, objectives of the Program, expected and actual performance of the Program, assessment of its relevance, efficiency, impact and viability/sustainability. The Borrower agrees on the publication of this performance report, in particular, on the Lender’s Website.

11.10 Program Implementation

The Borrower shall:

- (i) ensure that any person, group or entity participating in the implementation of the Program is not listed on any Financial Sanctions List (including in particular the fight against terrorist financing); and

- (ii) not finance any supplies or sectors which are subject to an Embargo by the United Nations, the European Union or France.

11.11 Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices

The Borrower undertakes:

- (i) to ensure that the funds, other than those of State origin, invested in the Program will not be of an Illicit Origin;
- (ii) to ensure that the Program shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iii) as soon as it becomes aware of, or suspects, any Act of Corruption, Fraud or Anti-Competitive Practice, to inform the Lender without any delay;
- (iv) in the event referred to in paragraph (iii) above, or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (iii) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the period determined by the Lender; and
- (v) to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds used for the implementation of the Program.

11.12 Program Steering Committee

The Borrower, as Chair of the steering committee, as indicated in Schedule 2, shall coordinate with the Lender to organize and conduct regular Program Steering Committee Meetings as indicated in the said Schedule.

11.13 Visibility and Communication

The Borrower shall implement visibility and communication actions related to the implementation of the Program in accordance with the terms of the Visibility and Communication Guide, and acknowledges having fully read and understood the aforementioned guide.

According to the Visibility and Communication Guide, the Program is subject to communication and visibility obligations of level 1;

12. INFORMATION UNDERTAKINGS

The undertakings in this Clause 12 (*Information Undertakings*) take effect on the Effective Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

12.1 Financial Information

The Borrower shall supply to the Lender any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans provided by the Government of the Republic of the Philippines under Republic Act No. 4860 (Foreign Borrowings Act), as amended.

12.2 Program Implementation

The Borrower undertakes to coordinate consultations with the national government agencies involved in the Program implementation of policies and actions monitored under the Program, and to provide to the Lender all relevant reports and information concerning the implementation of the Program, including transmission of any and all documentary evidence for the accomplishment of the targets and carrying out of the actions set out in the Policy Matrix.

These reports and information will be used by the Lender to conduct annual loan reviews in order to assess progress towards the achievement of the actions monitored under the Program. The Borrower undertakes to assist these loan reviews.

Moreover, the Borrower shall use the reports mentioned above to produce a comprehensive report on the overall impact of the policy reforms described in the Policy Matrix.

12.3 Public Expenditure and Financial Accountability (PEFA) Evaluations

Over the course of the Program, the Borrower shall promptly furnish to the Lender all PEFA reports and the corresponding actions plans when available.

12.4 Co-Financing

The Borrower shall promptly inform the Lender of any cancellation (in whole or in part) or any prepayment under a Co-Financing.

12.5 Additional Information

The Borrower shall supply to the Lender:

- (a) promptly upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any); and
- (b) promptly, details of any decision or event which might affect the organisation, completion or operation of the Program;
- (c) subject to the confidentiality provisions of the agreements any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans provided by the Government of the Republic of the Philippines under Republic Act No. 4860 (Foreign Borrowings Act), as amended.

13. EVENTS OF DEFAULTS

13.1 Events of Default

Each of the events or circumstances set out in this Clause 13.1 (*Events of Default*) is an Event of Default.

(a) **Payment Default**

The Borrower does not pay on the due date any amount payable by it under this Agreement in the manner required under this Agreement. However, without prejudice to Clause 4.3 (*Late payment and default interest*), no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within thirty (30) Business Days of the due date.

(b) Undertakings and Obligations

The Borrower does not comply with any term of the Agreement, including, without limitation, any of the undertakings it has given pursuant to Clause 11 (*Undertakings*) and Clause 12 (*Information Undertakings*).

Save for the undertakings given pursuant to Clause 11.4 (*Environmental and Social Liability*), Clauses 11.10 (*Program Implementation*) and 11.11 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*) in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (b) if the non-compliance is capable of remedy and is remedied within sixty (60) Business Days of the earlier of (A) the date of the Lender's notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach, or within the time limit determined by the Lender in the case referred to in subparagraph (iv) of Clause 11.11 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(c) Misrepresentation

A representation or warranty made by the Borrower in the Agreement, including under Clause 10 (*Representations and warranties*), or in any document delivered by or on behalf of the Borrower under or in relation to the Agreement, is incorrect or misleading when made or deemed to be made.

No Event of Default pursuant to this paragraph shall be declared if the breach of such provision has been cured within forty (40) calendar days.

(d) Cross Default

(i) Subject to paragraph (ii), any External Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.

(ii) A creditor has cancelled or suspended its commitment towards the Borrower pursuant to any External Indebtedness, or has declared the External Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the External Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.

(iii) No Event of Default will occur under this clause 13.1 (d) if the relevant amount of External Indebtedness or the commitment for External Indebtedness falling within paragraphs (i) and (ii) au-dessus is less than twenty five million dollars (USD 25,000,000) (or its equivalent in any other currency(ies)) or if such default has been cured within a period of thirty (30) calendar days.

(e) Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement.

(f) Material adverse change

Any event or any measure which is likely, according to the Lender's opinion, to have a Material Adverse Effect, as hereinafter defined in Schedule 1A occurs or is likely to occur.

No Event of Default pursuant to this paragraph shall be declared if the measure mentioned above likely to have a Material Adverse Effect has been cured within sixty (60) calendar days.

(g) Withdrawal or suspension of the Program

Any of the following occurs:

- (i) the Borrower withdraws from the Program; or
- (ii) the implementation of the Program is suspended for a period exceeding six (6) months;

(h) Authorisations

Any Authorisation required for the Borrower in order to perform or comply with its obligations under this Agreement or required in the ordinary course of the Program is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

No Event of Default pursuant to this paragraph shall be declared if the situation by which the Authorization is cancelled, becomes invalid or ceases to be in full force and effect has been cured within sixty (60) calendar days.

(i) Judgments, rulings or decisions having a Material Adverse Effect

Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely, according to the opinion of the Lender, to have a Material Adverse Effect, occurs or is likely to occur.

(j) Suspension of free convertibility and free transfer

Free convertibility and free transfer of any of the amounts due by the Borrower under this Agreement, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged.

13.2 Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

- (a) cancel the Available Credit; and/or
- (b) declare that all or part of the Facility, together with any accrued or outstanding interest and all other amounts outstanding under this Agreement, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 13.1 (*Events of Default*), the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone the Drawdown under the Facility; and/or (ii) suspend the finalisation of any agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any loan agreement entered into between the Borrower and the Lender.

If any drawdown is postponed or suspended by a Co-Financier under an agreement between such Co-Financier and the Borrower, the Lender reserves the right to postpone or suspend the Drawdown under the Facility.

13.3 Notification of an Event of Default

In accordance with Clause 12.5 (*Additional Information*), the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

14. ADMINISTRATION OF THE FACILITY

14.1 Payments

All payments received by the Lender under this Agreement shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under this Agreement in the following order:

- 1) incidental costs and expenses;
- 2) fees;
- 3) late-payment interest and default interest;
- 4) accrued interest;
- 5) principal repayments.

Any payment received from the Borrower shall be applied first in or towards payment of any sums due and payable under the Facility or under other loans extended by the Lender to the Borrower, should it be in the Lender's interest to apply these sums to such other loans, in the order set out above.

14.2 Set-off

Without prior approval of the Borrower, the Lender may, at any time, in compliance with or within the limits of French law, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Agreement shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

If a payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month, or the preceding Business Day if the next Business Day is not in the same calendar month.

During any extension of the Payment Date for a principal or unpaid amount under this Agreement, interest shall be payable on that amount during the extension period at the rate applicable on the original Payment Date.

14.4 Currency of payment

The currency of each amount payable under this Agreement is Euros, except as provided in Clause 14.6 (*Place of payment*).

14.5 Day count convention

Any interest, fee or expense accruing under this Agreement will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days in accordance with European interbank market practice.

14.6 Place of payment

- (a) Any funds to be transferred by the Lender to the Borrower under the Facility will be paid to the bank account opened by the Borrower at the BSP specifically designated for such purpose by the Borrower.
- (b) The Borrower may request that the funds are transferred in: (i) Euros to a bank account denominated in Euros; or (ii); or US Dollars in the equivalent amount of the Drawdown at a market exchange rate on the day of the Drawdown and to a bank account denominated in US Dollar; or (iii) any other convertible and transferable currency, in an equivalent amount of the Drawdown on the day of the Drawdown and to a bank account denominated in such currency.
- (c) Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

RIB Code: 30001 00064 00000040235 03

IBAN Code: FR76 3000 1000 6400 0000 4023 503

Banque de France SWIFT code (BIC): BDFEFRPPCCT

opened by the Lender at the Banque de France (head office/main branch) in Paris or any other account notified by the Lender to the Borrower.

- (d) The Borrower shall request from the bank responsible for transferring any amount to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below (the caption numbers are referring to SWIFT MT 202 and 103 protocol)
- Principal: name, address, bank account number (field 50)
 - Principal's bank: name and address (field 52)
 - Reference: name of the Borrower, name of the Program, reference number of the Agreement (field 70)
- (e) Applicable exchange rates will be the exchange rates obtained by the Lender through a Reference Financial Institution on the date of the Drawdown.
- (f) All payments made by the Borrower shall comply with this Clause 14.6 (*Place of payment*) in order for the relevant payment obligation to be deemed discharged in full.

14.7 Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event has occurred, the Lender:

- (a) may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Facility as the Lender may deem necessary in the circumstances;
- (b) shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) au-dessus if, in its opinion, it is not practicable to do so under the circumstances and, in any event, it has no obligation to agree to such changes; and
- (c) shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 14.7 (*Payment Systems Disruption*).

15. MISCELLANEOUS

15.1 Language

The language of this Agreement is English. If this Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, this Agreement shall be in English.

The Lender may request that a notice or document provided under, or in connection with, this Agreement which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with this Agreement, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15.3 Partial invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, neither the validity, legality nor enforceability of the remaining provisions of this Agreement will in any way be affected or impaired.

15.4 No Waiver

Failure to exercise, or a delay in exercising, on the part of the Lender of any right under the Agreement shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights and remedies under the applicable law.

15.5 Assignment

The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Lender.

Subject to prior notification to the Monetary Board of the BSP and the Borrower, the Lender may assign or transfer to any third party its rights and obligations under the Agreement to any other third party and may enter into any sub-participation agreement relating thereto.

Assignments or transfers by the Lender shall be of no cost to the Borrower and the terms and conditions of the Loan shall remain the same.

15.6 Legal effect

The Schedules annexed hereto and the recitals hereof form part of this Agreement and have the same legal effect.

15.7 Entire agreement

As of the Effective Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

15.8 Amendments

No amendment may be made to this Agreement unless expressly agreed in writing between the Parties.

15.9 Confidentiality – Disclosure of information

- (a) The Borrower shall not disclose the content of this Agreement to any third party without the prior consent of the Lender except pursuant to a disclosure obligation under any applicable law, regulation and rules, or by order of any courts, tribunals, or agencies of competent jurisdiction, or relevant regulatory bodies.
- (b) Notwithstanding any existing confidentiality agreement, the Lender may disclose any information or documents in relation to the Program to: (i) its auditors, experts, rating agencies, legal advisers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under the Agreement; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Agreement.
- (c) Furthermore, the Borrower hereby expressly authorizes the Lender:
 - (i) to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and
 - (ii) to publish on the Lender's Website information relating to the Program and its financing as listed in Schedule 6 (Information that may be published on the *French Government Website and the Lender's Website*).

15.10 Limitation

The statute of limitations of any claim under this Agreement shall be ten (10) years, except for any claim of interest due under this Agreement.

15.11 Hardship

Each Party hereby acknowledges that the provisions of article 1195 of the French Code civil shall not apply to it with respect to its obligations under the Agreement and it shall be not entitled to make any claim under article 1195 of the French Code civil.

16. NOTICES

16.1 In writing and addresses

Any notice, request or other communication to be given or made under or in connection with this Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

DEPARTMENT OF FINANCE

Address: DOF Building, Roxas Boulevard, Manila, Philippines

Telephone: + 63 2 8523 9911 / + 63 2 85254194

Facsimile: + 63 2 8523 9216

Attention: Head of the International Finance Group

For the Lender:

AFD – PHILIPPINE COUNTRY OFFICE

Attn: AFD Country Director

34th Floor – Units A&B – Rufino Pacific Tower | 6784 Ayala Avenue

Makati City 1200 |PHILIPPINES

Telephone +63 28 800 3456 Attention: AFD Country Director

With a copy to:

AFD – PARIS HEAD OFFICE

Address: 5, Rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone : + 33 1 53 44 31 31

Facsimile : + 33 1 44 87 39 65

Attention : Director of Eastern Europe, Middle East and Asia Department

or such other address, fax number, department or officer as one Party notifies to the other Party.

16.2 Delivery

Any notice, request or communication made or any document sent by a Party to the other Party in connection with this Agreement will only be effective:

- (a) if by fax, when received in a legible form; acknowledged in a readable form by an acknowledgment of receipt; and
- (b) if by letter sent through the post office, when it is actually received with confirmation of delivery,

and, where a particular person or a department is specified as part of the address details provided under Clause 16.1 (*In writing and addresses*), if such notice, request or communication has been addressed to that person or department.

16.3 Electronic communications

- (a) Any communication made by one person to another under or in connection with this Agreement may be made by electronic mail or other electronic means if the Parties:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Parties will be effective only upon receipt and confirmation that the same is actually received in a readable form.

17. GOVERNING LAW, ENFORCEMENT AND CHOICE OF DOMICILE

17.1 Governing Law

This Agreement is governed by French law.

17.2 Arbitration

Any dispute arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce applicable on the date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules.

The seat of arbitration shall be Singapore and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if this Agreement is declared void or is terminated or cancelled and following expiry of this Agreement. The Parties' contractual obligations under this Agreement are not suspended if a Party initiates legal proceedings against the other Party.

The Parties expressly agree that, by signing this Agreement, the Borrower irrevocably waives all rights of immunity in respect of jurisdiction or performance on which it could otherwise rely, the enforcement of an arbitration award being also made in accordance with conditions as provided in Clause 10.6 (*Governing Law and Enforcement*).

Notwithstanding the foregoing, the Borrower does not waive any immunity of its assets which are (i) used by a diplomatic or consular mission of the Republic of the Philippines, (ii) of a military character and under control of a military authority or defence agency of the Republic

of the Philippines, or (iii) located in the Philippines and dedicated to a public or governmental use (as distinguished from patrimonial assets and assets dedicated to commercial use).

17.3 Service of process

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, the Borrower irrevocably chooses its registered office as at the date of this Agreement at the address set out in Clause 16 (*Notices*) for service of process, and the Lender chooses the address “AFD SIEGE” set out in Clause 16 (*Notices*) for service of process.

18. EFFECTIVE DATE AND DURATION

This Agreement comes into force upon receipt by the Lender of the relevant government approvals, permits and authorizations which shall occur no later than three (3) months, subject to extension by the parties, after the Signing Date (“Effective Date”) provided that all formalities required by the laws and remains in full force and effect for as long as any amount is outstanding under this Agreement.

Notwithstanding the above, the obligations under Clause 15.9 (Confidentiality – Disclosure of information) shall survive and remain in full force and effect for a period of (5) years after the last Payment Date.

19. ELECTRONIC SIGNATURE

- 19.1. Each Party accepts and acknowledges that the use of the electronic signature solution proposed by CEGEDIM France, as well as the associated process, constitutes an electronic signature within the meaning of the provisions of Article 1367 of the Civil Code.
- 19.2. Each Party acknowledges and accepts that the storage by CEGEDIM France of the Agreement and all related information recorded and/or signed electronically, complies with the requirement of integrity according to the provisions of Article 1379 of the Civil Code.
- 19.3. Each Party acknowledges and accepts that the date and timestamping considered of the Agreement as well as the electronic signatures are binding and shall prevail between the Parties.
- 19.4. Each Party acknowledges and accepts that the electronic signature of the Agreement, as proposed by CEGEDIM France, has a sufficient level of reliability to identify its signatory and guarantee its link with the Agreement to which its signature is attached.
- 19.5. Therefore, the Parties agree that the electronic signature solution proposed by CEGEDIM France carries a presumption of reliability, until proven otherwise, equivalent to the presumption of reliability granted to the qualified electronic signature referred to in Article 1367 paragraph 2 of the Civil Code and in Article 1 of Decree 2017-1416 of 28 September 2017 on electronic signatures, so that it will be up to the Party contesting the reliability of the electronic signature solution proposed by CEGEDIM France, to prove the unreliability of the process used. Thus, each of the Parties acknowledges and expressly accepts that the Agreement signed by using the electronic signature solution proposed by CEGEDIM France:
 - (a) has the same probative value as a hard-copy written document signed and/or dated;
 - (b) is valid and enforceable against it and the other Parties; and
 - (c) is admissible before the courts and/or any authority as literal evidence of their existence and the content of the legal act attached to them.

19.6. This Article 19 constitutes an evidentiary agreement in accordance with Article 1368 of the French Civil Code.

Executed via CEGEDIM electronic signature solution.

BORROWER

THE REPUBLIC OF PHILIPPINES, acting through the DEPARTMENT OF FINANCE of its Government

Signed by: M. Benjamin
DIOKNO
Date: 29.12.2022 07:31:53
GMT
Package: C0004A6E6320

Represented by:

Name: Benjamin E. Diokno
Capacity: Secretary of Finance

LENDER

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Signed by: M. Thierry
LIABASTRE
Date: 29.12.2022 10:14:44
GMT
Package: C0004A6E6320

Represented by:

Name: Thierry Liabastre
Capacity: Senior Investment specialist, Country Director of AFD Philippines Office a.i.

Signé par: M. Rémy
TIROUTTOUVARAYANE
Date: 29.12.2022 10:01:45
GMT
Package: C0004A6E6320

Co-signatory, Rémy TIROUTTOUVARAYANE, 1st Counsellor of the Embassy of France to the Philippines and to Micronesia

SCHEDULE 1A – DEFINITIONS

Acceptable Bank	means any bank acceptable to the Lender.
Act of Corruption	<p>means any of the following:</p> <p>(a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or</p> <p>(b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.</p>
Agreement	means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendment made in writing thereto.
Anti-Competitive Practices	<p>means:</p> <p>(a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply;</p> <p>(b) any abuse by a company or group of companies of a dominant position within a domestic market or in a substantial part thereof; or</p> <p>(c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to</p>

	prevent a company or one of its products from accessing the market.
Authorisation(s)	means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower's creditors.
Authority(ies)	means any government or statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or State or any governmental, administrative, tax or judicial entity.
Availability Period	means the period from and including the Signing Date up to the Deadline for Drawdown.
Available Credit	means, at any given time, the maximum principal amount specified in Clause 2.1 (<i>Facility</i>) less: <ul style="list-style-type: none"> (i) the aggregate amount of the Drawdown drawn by the Borrower; (ii) the amount of the Drawdown to be made pursuant to the pending Drawdown Request; and (iii) any portion of the Facility which has been cancelled pursuant to Clauses 8.3 (<i>Cancellation by the Borrower</i>) and/or 8.4 (<i>Cancellation by the Lender</i>).
Borrower's Account	means the account with the following details: <p>USD Account</p> <ul style="list-style-type: none"> • Bank and Bank's Address of the Borrower: Bangko Sentral ng Pilipinas, Manila (PHCBPHMM) • Correspondent Bank and Account Number of the Borrower's Bank: Federal Reserve Bank of New York, New York / Account No. 021086980 • Bank SWIFT code: FRNYUS33 <p>EUR Account</p> <ul style="list-style-type: none"> • Bank and Bank's Address of the Borrower: Bangko Sentral ng Pilipinas (PHCBPHMM) • IBAN Account Number: DE9850400005040040817

	<ul style="list-style-type: none"> • Correspondent Bank and Account Number of the Borrower's Bank: Deutsche Bundesbank Zentrale, Frankfurt • SWIFT Code: MARKDEFF <p>opened in the name of the Borrower with the Bangko Sentral ng Pilipinas.</p>
BSP	means the Bangko Sentral ng Pilipinas, the central bank of the Republic of the Philippines, established on July 3 rd , 1993 as an independent monetary authority, pursuant to the 1987 Philippine Constitution and the New Central Bank Act (RA 7653) approved on June 14 th , 1993, as amended, having its office at A. Mabini St. cor. P. Ocampo St., Malate Manila, Philippines 1004
Business Day	means a day (other than Saturday or Sunday) on which banks are open for general business in Paris, and which is a TARGET Day in the event that a Drawdown has to be made on such day.
Certified	means any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Co-Financier(s)	means the following co-financier(s) of the Program: Asian Development Bank for an amount (known or contemplated) of two hundred and fifty million dollars (US\$250,000,000).
Co-Financing	means jointly with the loan from Asian Development Bank of two hundred and fifty million dollars (US\$250,000,000) and, separately, any of such co-financing.
Deadline for Drawdown	means June 30 th , 2023 date after which no further Drawdown may occur.
Drawdown	means a drawdown of all or part of the Facility made available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of Funds</i>) or the principal amount outstanding of such Drawdown which remains due and payable at a given time.
Drawdown Date	means the date on which the Drawdown is made available by the Lender.

Drawdown Period	means the period starting on the Drawdown Date up to and including the first of the following date: (i) the date on which the Available Credit is equal to zero; and (ii) the Deadline for Drawdown.
Drawdown Request	means a request substantially in the form set out in Schedule 5A (<i>Form of Drawdown Request</i>).
Effective Date	means the date defined in article 18 (Effective Date and duration) of the Facility Agreement
Embargo	means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France.
ES Complaints-Management Mechanism's Rules of Procedure	means the contractual terms contained in the Environmental and Social Complaints-Management Mechanism's Rules of Procedure, which is available on the Website, as amended from time to time.
EURIBOR	means the inter-bank rate applicable to Euro for any deposit denominated in Euro for a period comparable to the relevant period, as determined by the European Money Markets Institute (EMMI), or any successor administrator, at 11:00 am Brussels time, two (2) Business Days before the first day of the Interest Period.
Euro(s) or EUR	means the single currency of the member states of the European Economic and Monetary Union, including France, and having legal tender in such Member States.
Event of Default	means any event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).
External Indebtedness	means money borrowed or guarantee 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 by the Borrower to a person other than a person that is organised under the laws of, or is a resident of the Borrower's country
Facility	means the credit facility made available by the Lender to the Borrower in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).

<p>Financial Sanctions List</p>	<p>means the list(s) of persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France.</p> <p>For information purposes only and for the convenience of the Borrower, who may rely on, the following references or website addresses:</p> <p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>https://www.un.org/securitycouncil/content/un-sc-consolidated-list</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>https://www.tresor.economie.gouv.fr/services-aux-entreprises/sanctions-economiques/dispositif-national-de-gel-des-avoirs</p>
<p>Financing Plan</p>	<p>means the financing plan of the Program attached as Schedule 3 (<i>Financing Plan</i>).</p>
<p>Fixed Reference Rate</p>	<p>means two point ninety four percent (2.94 %) per annum.</p> <p><i>For information purpose only, this rate was determined on 14th of December 2022 based on the fixed rate equivalent of EURIBOR + 35 basis points applicable for a loan of 10 year maturity with a grace period of 3 years, in compliance with the first and last Payment Dates defined in Clause 7 (Repayment) of the Agreement.</i></p>
<p>Fraud</p>	<p>means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit.</p>
<p>Fraud against the Financial Interests of the European Community</p>	<p>means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, of which an effect is an appropriation or</p>

	wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grace Period	means the period from the Signing Date up to and including the date falling thirty-six (36) months after such date, during which no principal repayment under the Facility is due and payable.
Illicit Origin	means funds obtained through: <ul style="list-style-type: none"> (a) the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under “<i>Designated categories of offences</i>” (http://www.fatf-gafi.org/media/fatf/documents/recommendations/Recommendations_GAFI.pdf); (b) any Act of Corruption; or (c) any Fraud against the Financial Interests of the European Community, if or when applicable.
Implementing Agency(ies)	means agencies responsible for implementing the Program on behalf of the Borrower.
Index Rate	means the TEC 10 daily index, the ten-year constant maturity rate displayed on a daily basis on the relevant quotation page of the Reference Financial Institution or any other index which may replace the TEC 10 daily index. On the Signing Date, the Index Rate on the 28 December 2022 is two point forty four (2.44 %) per annum.
Interest Period(s)	means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the Facility, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive).
Interest Rate	means the interest rate expressed as a percentage and determined in accordance with Clause 4.1 (<i>Interest Rate</i>).
Margin	means zero point thirty-five percent (0.35%) per annum.
Market Disruption	means the occurrence of one of the following events: <ul style="list-style-type: none"> (iii) EURIBOR is not determined by the European Money Markets Institute (EMMI), or any successor administrator, at 11:00am Brussels time, two (2)

	<p>Business Days before the first day of the relevant Interest Period or on the Rate Setting Date; or</p> <p>(iv) before close of business of the European interbank market, two (2) Business Days prior to the first day of the relevant Interest Period or on the Rate Setting Date, the Borrower receives notification from the Lender that (i) the cost to the Lender of obtaining matching resources in the relevant interbank market would be in excess of EURIBOR for the relevant Interest Period; or (ii) it cannot or will not be able to obtain matching resources on the relevant interbank market in the ordinary course of business to fund the relevant Drawdown for the relevant time period.</p>
Material Adverse Effect	<p>means a material and adverse effect on:</p> <p>(a) the Program, insofar as it would jeopardise the implementation and operation of the Program in accordance with this Agreement;</p> <p>(b) the business, assets, financial condition of the Borrower or its ability to perform its obligations under this Agreement;</p> <p>(c) the validity or enforceability of this Agreement; or</p> <p>(d) any right or remedy of the Lender under this Agreement.</p>
Outstanding Principal	<p>means, in respect of any Drawdown, the outstanding principal amount due in respect of such Drawdown, corresponding to the amount of the Drawdown paid by the Lender to the Borrower less the aggregate of instalments of principal repaid by the Borrower to the Lender in respect of such Drawdown.</p>
Payment Dates	<p>means December 31st and June 30th of each year.</p>
Payment Systems Disruption Event	<p>means either or both of:</p> <p>(a) a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by this Agreement to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or</p> <p>(b) the occurrence of any other event which results in a disruption (of a technical or system-related nature)</p>

	<p>to the treasury or payment operations of a Party preventing that, or any other Party:</p> <p>(i) from performing its payment obligations under this Agreement; or</p> <p>(ii) from communicating with the other Parties in accordance with the terms of this Agreement;</p> <p>and which (in either case) is not caused by, and is beyond the control of, either Party.</p>
Policy Matrix	means the policy matrix as attached in Schedule 7 (<i>Policy Matrix</i>).
Prepayment Compensatory Indemnity	<p>means the indemnity calculated by applying the following percentage to the amount of the Facility which is repaid in advance:</p> <ul style="list-style-type: none"> - if the repayment occurs prior to the 2nd anniversary (exclusive) of the Signing Date: two percent (2.0%); - if the repayment occurs between the 2nd anniversary (inclusive) and the 4th anniversary (exclusive) of the Signing Date: one point five percent (1.5%); - if the repayment occurs between the 4th anniversary (inclusive) and the 6th anniversary (exclusive) of the Signing Date: one percent (1.0%); - if the repayment occurs after the 6th anniversary (inclusive) of the Signing Date: zero point five percent (0.5%).
Program	means the Program as described in Schedule 2 (<i>Program Description</i>).
Program Steering Committee Meetings	means the annual meetings of the committee co-chaired by DOF and CCC to coordinate the program implementation for subprogram 1 and subprogram 2. The first steering committee should take place by end of 2022.
Public Official	means (i) any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or (ii) any other person defined as a public official under the domestic law of the Borrower's jurisdiction, and (iii) any other person exercising a public function, including for a public agency or organisation, or providing a public service.

Rate Conversion	means the conversion of the floating rate applicable to all or part of the Facility into a fixed rate pursuant to Clause 4.1 (<i>Interest Rate</i>).
Rate Conversion Request	means a request from the Borrower substantially in the form attached as Schedule 5C (<i>Form of Rate Conversion Request</i>).
Rate Setting Date	<p>means:</p> <p>I - in relation to any Interest Period for which an Interest Rate is to be determined:</p> <ul style="list-style-type: none"> (i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, provided that such date is at least two (2) full Business Days prior to said Wednesday; (ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, if such date does not at least two (2) full Business Days prior to the first Wednesday specified in paragraph (a) above: <p>II - in the case of a Rate Conversion:</p> <ul style="list-style-type: none"> (i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Rate Conversion Request from the Borrower provided such date is at least two (2) full Business Days before the first Wednesday. (ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Rate Conversion Request, if such date is not at least two (2) full Business Days prior to the first Wednesday.
Reference Financial Institution	means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry.
Schedule(s)	means any schedule or schedules to this Agreement.

Signing Date	means the date of execution of this Agreement by all the Parties.
TARGET Day	means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros.
Tax(es)	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts).
US Dollar(s) (or USD)	means the currency having legal tender in the United States of America
Visibility and Communication Guide	Means all contractual provisions binding on the Borrower relating to the communication and visibility of programs financed by AFD and contained in the document entitled "Visibility guide for projects supported by AFD - Level 1" as the case may be, a copy of which has been given to the Borrower before the signing.
Website	means the website of AFD (http://www.afd.fr/) or any other such replacement website.
Withholding Tax	means any deduction or retention in respect of a Tax on any payment made under or in connection with this Agreement.

SCHEDULE 1B - CONSTRUCTION

- (a) “**assets**” include present and future properties, revenues and rights of every description excluding the assets of the Bangko Sentral ng Pilipinas ;
- (b) any reference to the “**Borrower**”, a “**Party**” or a “**Lender**” includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to the Agreement or other document is a reference to this Agreement or to such other document as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with the Agreement;
- (d) a “**guarantee**” includes any *cautionnement*, *aval* and any *garantie* which is independent from the debt to which it relates;
- (e) “**indebtedness**” means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
- (f) a “**person**” includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (g) a “**regulation**” includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on this Agreement or on the rights and obligations of a Party;
- (h) a provision of law is a reference to that provision as amended;
- (i) unless otherwise provided, a time of day is a reference to Paris time;
- (j) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (k) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement;
- (l) an Event of Default is “continuing” if it has not been remedied or if the Lender has not waived any of its rights relating thereto;
- (m) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement; and
- (n) words importing the plural shall include the singular and vice-versa.

SCHEDULE 2 - PROGRAM DESCRIPTION

1. Objective of the Program

The Climate Change Action Program (CCAP) will support the Philippines to implement its national climate policies and institutional reforms, including its Nationally Determined Contribution (NDC) which aims to peak greenhouse gas (GHG) emissions by 2030 and scale up climate adaptation and disaster resilience, dependent on external support and technology transfer.

2. Scope of the program

The CCAP comprises two subprograms consisting of three reform areas:

- (i) Planning, financing, and institutional linkages for climate action strengthened. This reform area strengthens institutional and planning linkages at the national level and between national and local levels, and enhances the enabling framework for public and private climate financing.
- (ii) Resilience to climate impacts enhanced. This reform area improves climate resilience in agriculture, natural resources, and the environment by focusing on policy actions that directly address the key objectives, outcomes, and activities of the food security and environmental stability priorities of the NCCAP
- (iii) Low carbon pathways strengthened. This reform area seeks to support a just transition to low-carbon pathways, with cleaner energy and transport services and reduced reliance on fossil fuels.

Through looking back triggers principles, the prior actions included in Subprogram 1 (SP1) have been determined in consultation with DOF as triggers for the disbursement of the Available Credit. SP1 prior actions have been implemented from January 2020 to March 2022, SP1 supports the submission of the NDC and strengthens linkages between key national and sector agencies. It also supports initial actions to strengthen planning, financing, institutions, and operations in priority NDC implementation sectors. All prior actions for subprogram 1 have been completed.

Subprogram 2 (SP2) actions (to be completed before March 2024) will build on the initial prior actions and initiatives and scale-up implementation of efforts to increase the resilience of agriculture and ecosystems and the transition to a low-carbon pathway. It will help set a long-term strategy and provide a foundation upon which future NDC development can be built.

The objectives and contemplated actions of SP1 and SP2 to be implemented under the Program, as well as the outcome indicators, are summed up in the Policy matrix endorsed by the Government of The Philippines attached (Schedule 7).

The achievement of the outcome indicators and policy actions specified under the policy matrix for the next 2-year implementation period is a condition for taking into consideration a potential 2nd Policy-based Loan (PBL) to expand reforms and deepen implementation through a third subprogram.

Beside the CCAP, a dedicated Cooperation and Technical Assistance Component (CTAC) will be implemented and will focus on, but not be limited to reform area 1 on (i) green finance actions; (ii) the long-term Climate strategy, (iii) the NDC Gender Action Plan; reform area 2 on (iv) climate-resilient agriculture and ecosystems, including gender mainstreaming, climate information systems, climate-smart technologies, parametric insurance, and biodiversity management; reform area 3 on regional clean energy program that includes Energy Transition Mechanism development, renewable energy, storage, grid strength, new technologies, electric vehicle infrastructure, and energy efficiency. The CCAP and the CTAC was jointly prepared by ADB and AFD in consultation with DOF, the Climate, Change Commission, and the implementing agencies, and is aligned with the updated Philippine Development

Plan, 2017–2022, and the cross-cutting theme of climate change in AFD and ADB’s country partnership strategy for the Philippines.

3. Monitoring of the Program

The DOF is the executing agency for the Program. The Implementing Agencies (IAs) are the Bangko Sentral ng Pilipinas (BSP), Bureau of the Treasury (BTr), Climate Change Commission (CCC), Department of Agriculture (DA), Department of Budget and Management (DBM), Department of Energy (DOE), Department of Environment and Natural Resources (DENR), Department of Transportation (DOTr), Energy Regulatory Commission (ERC), Insurance Commission (IC) Laguna Lake Development Authority (LLDA) and Philippine Crop Insurance Corporation (PCIC). They are responsible for the day-to-day implementation of certain policy actions as indicated in the Policy Matrix.

A steering committee co-chaired by DOF and CCC will coordinate program implementation. Implementation period is January 2020 to March 2022 for subprogram 1 and April 2022 to March 2024 for subprogram 2. ADB and AFD will also maintain a regular policy dialog through their jointly coordinate the technical assistance activities to support the outcomes and actions under subprogram 2.

The DOF as the Executing Agency is responsible for maintaining all monitoring data and evaluating benefits of the CCAP. ADB and AFD will conduct joint semi-annual reviews of the program implementation.

SCHEDULE 3 - FINANCING PLAN

Financing Plan - Sovereign Loan	Amount (in EUR million)	%
AFD	150 M EUR (one hundred and fifty million EUR)	39
ADB	250 M USD (eq. 235 EUR) (two hundred and fifty million US Dollars)	61
Total Loan Amount	388 M EUR	100

SCHEDULE 4 - CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

- if the document which is delivered is not an original but a photocopy, the original Certified photocopy shall be delivered to the Lender;
- the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
- documents not previously sent and agreed upon, shall be satisfactory to the Lender.

PART I – CONDITIONS PRECEDENT TO BE SATISFIED ON THE SIGNING DATE

- (a) Delivery by the Borrower to the Lender of the following documents:
 - (i) a Certified true copy of the special authority issued by the President of the Republic of the Philippines;
 - authorising the Borrower to enter into this Agreement;
 - approving the execution of this Agreement; and
 - authorising one or more than one specified person or persons to execute the Agreement on its behalf;
 - (ii) a certified true copy of the approval in-principle of the Facility by the Monetary Board of the BSP
 - (iii) a specimen of the signature of each person listed in the last bullet point of paragraph (i)

PART II - CONDITIONS PRECEDENT TO THE DRAWDOWN

- (a) Delivery by the Borrower to the Lender of the following documents certified true and accurate by the Borrower:
 - (i) Evidence of approval of the borrowing by the Development Budget Coordination Committee of any filing or registration, deposit or publication requirements of this Agreement and payment of any stamp duty, registration fees or similar duties in connection with this Agreement, as applicable;
 - (ii) The final approval of the Facility by the Monetary Board of the BSP;
 - (iii) The special authority issued by the President of the Republic of the Philippines authorizing representatives of the Borrower to sign and deliver the Agreement as listed in the last bullet point of paragraph (i)(a) Part I of the Conditions Precedent, statements, certificates, notices, drawdown requests and other documents and to act as representatives of the Borrower in the implementation of the Agreement, together with the delivery of specimen signatures of the authorized representatives referred to above.
 - (iv) A bank certificate of the Borrower with the following details: name of the bank account holder and its address; bank address and branch; bank account number; IBAN; and SWIFT code/BIC;

- (b) Delivery to the Lender of the original of the following document:
 - (i) The legal opinion issued and signed by the Secretary of the Department of Justice confirming among others, that (1) the obligations stated in the Agreement are legally valid, binding and enforceable obligations of the Borrower and that (2) the Secretary of Finance acting on behalf of the Borrower has obtained all necessary authorizations and fulfilled all necessary conditions required by the laws of the Republic of the Philippines for entering into and implementation of the Agreement;
 - (ii) A certificate stating that no Event of Default has occurred or is continuing;
 - (iii) The relevant reports and documentary evidence of accomplishment of the Prior Actions detailed in the Subprogram 1 of the Policy Matrix;

- (c) Payment by the Borrower to the Lender of all fees and expenses due and payable under this Agreement

SCHEDULE 5A - FORM OF DRAWDOWN REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: *[date]*

Borrower's Name – Credit Facility Agreement n° [●] dated [●]

Drawdown Request n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n° [●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.

2. We irrevocably request that the Lender makes a Drawdown available on the following terms:

Amount: EUR 150,000,000 or, if less, the Available Credit.

Interest Rate: *[fixed / floating]*

3. The Interest Rate will be determined in accordance with the provisions of Clause 4 (*Interest*) and Clause 5 (*Change to the calculation of interest*) of the Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate (subject to the paragraph below, if applicable), including when the Interest Rate is determined by reference to a Replacement Benchmark plus any Adjustment Margin as notified by the Lender following the occurrence of a Screen Rate Replacement Event.

[For fixed Interest Rate only]:-If the Interest Rate applicable to the requested Drawdown is greater than [●] percent ([●]%), we request that you cancel this Drawdown Request.

4. We confirm that each condition specified in Clause 2.4 (*Conditions precedent*) is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.

5. The proceeds of this Drawdown should be credited to the following bank account:

- | | | |
|-----|--|---|
| (a) | Name [of the Borrower]: | Department of Finance |
| (b) | Address [of the Borrower]: | Roxas Boulevard corner Pablo Ocampo Sr. Street, Manila 1004 |
| (c) | USD Account Number: | Federal Reserve Bank of New York, New York/ A/C 021086980 |
| (d) | SWIFT Code: | FRNYUS33 |
| (e) | Bank and bank's address [of the Borrower]: | Bangko Sentral ng Pilipinas
A. Mabini St., corner Pablo Ocampo Sr. St.,
Malate, Manila, Philippines(PHCBPHMM) |

- (f) Correspondent bank and account number of the Borrower's bank: Federal Reserve Bank of New York, New York / Account No. 021085295

For further credit to: TOP FCD Dollar Account of the Bureau of the Treasury

EURO Account

IBAN Account Number: DE98504000005040040817

SWIFT Code: MARKDEFF

Bank and bank's address [of the Borrower]: Bangko Sentral ng Pilipinas
A. Mabini St., corner Pablo Ocampo Sr. St.,
Malate, Manila, Philippines (PHCBPHMM)

Correspondent bank and account number of the Borrower's bank: Deutsche Bundesbank Zentrale, Frankfurt

For further credit to: TOP-SA FCD EURO 350M BONDS 1999 of the Bureau of the Treasury

6. This Drawdown Request is irrevocable.
7. We have attached to this Drawdown Request all relevant supporting documents specified in Clause 2.4 (*Conditions precedent*) of the Agreement:

[List of supporting documents]

Yours sincerely,

.....

Authorised signatory of the Borrower

SCHEDULE 5B - FORM OF CONFIRMATION OF DRAWDOWN AND RATE

[on Agence Française de Développement letterhead]

To: Department of Finance

Date: [●]

Ref: Drawdown Request n° [●] dated [●]

Republic of the Philippines – Credit Facility Agreement n°CPH 1032 01 M dated [●]

Drawdown Confirmation n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. By a Drawdown Request Letter dated [●], the Borrower has requested that the Lender makes available a Drawdown in the amount of EUR [●], pursuant to the terms and conditions of the Agreement.
3. The Drawdown which has been made available according to your Drawdown Request is as follows:
 - Amount: Euros [●*amount in words*] (EUR [●])
 - Applicable interest rate: [●*percentage in words*] percent ([●]%) per annum [equal to the aggregate of the six-month EURIBOR (equal to [●]%) per annum) and the Margin].
 - Drawdown Date: [●]

For fixed-Interest Rate loans only

For information purposes only:

- Rate Setting Date: [●]
- Fixed Reference Rate: [●*percentage in words*] percent ([●]%) per annum
- Effective global rate (per annum): [●*percentage in words*] percent ([●]%)
- Index Rate: [●*percentage in words*] percent ([●]%) per annum
- Index Rate on Rate Setting Date: [●*percentage in words*] percent ([●]%) per annum

It being specified that the above Interest Rate may vary in accordance with the provisions of clauses 4.1.3(i) (*Floating Interest Rate*) and 5.2 (*Replacement of a Screen Rate*) of the Agreement

Yours sincerely,

.....

Authorised signatory of *Agence Française de Développement*

SCHEDULE 5C - FORM OF RATE CONVERSION REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: *[date]*

Borrower's Name – Credit Facility Agreement n°[●] dated [●]

Rate Conversion Request n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. Pursuant to Clause 4.1.3 (i) (*Conversion from a floating Interest Rate to a fixed Interest Rate*) of the Agreement, we hereby request that you convert the floating Interest Rate of the [whole or a part of the] Facility, [if partial conversion: for an amount of EUR [●]], into a fixed Interest Rate in accordance with the terms of the Agreement.
3. This rate conversion request will be deemed null and void if the applicable fixed Interest Rate exceeds *[insert percentage in words]* percent [●%].

Yours sincerely,

.....

Authorised signatory of Borrower

SCHEDULE 5D - FORM OF RATE CONVERSION CONFIRMATION

[on Agence Française de Développement letterhead]

To: *[the Borrower]*

Date: [●]

Re: Rate Conversion Request n° [●] dated [●]

Borrower's Name – Credit Facility Agreement n°[●] dated [●]

Rate Conversion Confirmation n°[●]

Dear Sirs,

SUBJECT: Conversion from a floating Interest Rate to a fixed Interest Rate

1. We refer to the Credit Facility Agreement n°[●] entered into between the Borrower and the Lender dated [●] (the “**Agreement**”). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. We refer also to your Rate Conversion Request dated [●]. We confirm that the fixed Interest Rate applicable to the amount referred to in your Rate Conversion Request delivered in accordance with Clause 4.1.3(i) (*Conversion from a floating Interest Rate to a fixed Interest Rate*) of the Agreement is:
 - [●]% per annum.
3. This fixed Interest Rate, calculated in accordance with Clause 4.1.1 (*Selection of Interest Rate*) will apply to the amount referred in your Rate Conversion Request from [●] (effective date).
4. Further, we notify you that the effective global rate per annum of the Facility is [●]%.

Yours sincerely,

.....

Authorised representative of *Agence Française de Développement*

**SCHEDULE 6 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH
GOVERNMENT WEBSITE AND THE LENDER'S WEBSITE**

1. Information regarding the Program

- Number and name in AFD's book;
- Description;
- Operating sector;
- Place of implementation;
- Expected starting date;
- Expected Technical Completion Date;
- Status of implementation updated on a semi-annual basis;

2. Information regarding the financing of the Program

- Kind of financing (loan, grant, co-financing, delegated funds) ;
- Principal amount of the Facility;
- Amount of the Facility which has been drawn down (updated as the implementation of the Program goes);

3. Other information

- Transaction information notice and/or sheet presenting the transaction attached to this Schedule.

SCHEDULE 6-1 TRANSACTION INFORMATION NOTICE

Public policy Loan for the financing of the “The Climate Change Action Program” (CCAP) in The Philippines

Context & Challenges (program)

The Philippines is among the most vulnerable of 48 economies to the increasing physical risks posed by climate change, placing 21.6% to 45.0% of GDP at risk by 2048, and ranks as the fourth most affected country by extreme weather globally. Poorer households are disproportionately impacted, especially in urban areas with less secure infrastructure, and in coastal settlements most exposed to extreme weather.

Climate change in the Philippines is adversely affecting agriculture, natural resources, and the environment. Projected impacts of climate change on agriculture in the Philippines found that, without adequate adaptation measures, by 2050, cereal production would fall by 6.1%, food prices would increase by 4%–24%, and the number of people at risk of hunger would increase by 13%. Also, changes to forest cover, loss of biodiversity, saltwater intrusion in rivers and estuaries, and deterioration of mangroves and coral reefs all affect the ability of ecosystems to provide life-sustaining services.

The Philippines has relatively low GHG emissions, but emissions are rising rapidly, a 139% increase from 1990 to 2018, driven by economic growth, rapid urbanization, and increasing demand for energy and other resources. The majority of emissions (59% in 2018) are from the energy and transport sectors, which have the lowest marginal abatement costs, while the remainder is from agriculture, waste, industry, and land-use change. Decarbonizing the economy will be important to curb future impacts of climate change and provide opportunities for green growth and recovery.

While the impacts of climate change have become increasingly visible, the government started to provide initial responses including i) the setting-up of the Climate Change Commission (CCC) to coordinate policymaking, a National Framework Strategy on Climate Change (2010–2022), and the ensuing National Climate Change Action Plan (NCCAP) 2011–2028, and iii) the submission of its first NDC in April 2021 that aims to reduce GHG emissions from energy, transport, agriculture, waste, and industry by 75.0% from business-as-usual by 2030, with 3.6% of these reductions to be supported by domestic budgets and 96.4% conditional on the mobilization of external financing and other support, such as enhanced technology transfer and development, and capacity building. Achieving national climate targets requires whole-of-government climate action involving multiple sectors, with main four sectors—agriculture, environment and natural resources, energy, and transport—selected by the government to serve as the starting point to coordinate NDC implementation.

Objectives & contents of the Program

The Climate Change Action Program (CCAP) will support the Philippines to implement its national climate policies and institutional reforms, including its Nationally Determined Contribution (NDC) which aims to peak greenhouse gas (GHG) emissions by 2030 and scale up climate adaptation and disaster resilience, dependent on external support and technology transfer.

The CCAP comprises two subprograms consisting of three reform areas:

- (i) Planning, financing, and institutional linkages for climate action strengthened. This reform area strengthens institutional and planning linkages at the national level and between national and local levels, and enhances the enabling framework for public and private climate financing.

- (ii) Resilience to climate impacts enhanced. This reform area improves climate resilience in agriculture, natural resources, and the environment by focusing on policy actions that directly address the key objectives, outcomes, and activities of the food security and environmental stability priorities of the NCCAP
- (iii) Low carbon pathways strengthened. This reform area seeks to support a just transition to low-carbon pathways, with cleaner energy and transport services and reduced reliance on fossil fuels.

Through looking back triggers principles, the prior actions included in Subprogram 1 (SP1) have been determined in consultation with DOF as triggers for the disbursement of the Available Credit. SP1 prior actions have been implemented from January 2020 to March 2022, SP1 supports the submission of the NDC and strengthens linkages between key national and sector agencies. It also supports initial actions to strengthen planning, financing, institutions, and operations in priority NDC implementation sectors. All prior actions for subprogram 1 have been completed.

Subprogram 2 (SP2) actions (to be completed before March 2024) will build on the initial prior actions and initiatives and scale-up implementation of efforts to increase the resilience of agriculture and ecosystems and the transition to a low-carbon pathway. It will help set a long-term strategy and provide a foundation upon which future NDC development can be built.

The objectives and contemplated actions of SP1 and SP2 to be implemented under the Program, as well as the outcome indicators, are summed up in the Policy matrix endorsed by the Government of The Philippines attached (Schedule 7) .

The achievement of the outcome indicators and policy actions specified under the policy matrix for the next 2-year implementation period is a condition for taking into consideration a potential 2nd Policy-based Loan (PBL) to expand reforms and deepen implementation through a third subprogram.

Stakeholders, operating modalities of the Program

The beneficiary of the financing will be the Republic of the Philippines, through the Department of Finance (DOF) acting as the executing agency for the Program. The Implementing Agencies (IAs) are the Bangko Sentral ng Pilipinas (BSP), Bureau of the Treasury (BTr), Climate Change Commission (CCC), Department of Agriculture (DA), Department of Budget and Management (DBM), Department of Energy (DOE), Department of Environment and Natural Resources (DENR), Department of Transportation (DOTr), Energy Regulatory Commission (ERC), Insurance Commission (IC), Laguna Lake Development Authority (LLDA) and Philippine Crop Insurance Corporation (PCIC). They are responsible for the day-to-day implementation of certain policy actions as indicated in the Policy Matrix.

A steering committee co-chaired by DOF and CCC will coordinate program implementation for subprogram 1 and subprogram 2. ADB and AFD will also maintain a regular policy dialog through their jointly coordinated technical assistance activities to support the outcomes and actions under subprogram 2.

The DOF as the Executing Agency is responsible for maintaining all monitoring data and evaluating the benefits of the CCAP. ADB and AFD will conduct joint semi-annual reviews of the program implementation.

Beside the CCAP, a dedicated Cooperation and Technical Assistance Component (CTAC) will be implemented and will focus on, but not be limited to

- reform area 1 on (i) green finance actions; (ii) the long-term Climate strategy, (iii) the NDC Gender Action Plan;

- reform area 2 on (iv) climate-resilient agriculture and ecosystems, including gender mainstreaming, climate information systems, climate-smart technologies, parametric insurance, and biodiversity management;
- reform area 3 on regional clean energy program that includes Energy Transition Mechanism development, renewable energy, storage, grid strength, new technologies, electric vehicle infrastructure, and energy efficiency.

Financing

The government has requested a loan of €150 million from AFD and \$250 million from ADB for Subprogram 1 based on the climate policy actions implemented from January 2020 to March 2022. For subprogram 2, to be completed by March 2024, a new policy loan will be considered from ADB and AFD upon a satisfactory evaluation of the implementation of the policy matrix.

Expected impacts

The program will improve the Government of The Philippines's responses to increase and intensify actions to scale up adaptation and mitigation in key sectors and transform them toward a climate-resilient and low-carbon economy.

More specifically: Reform area 1 will result in (i) increased climate-tagged expenditures within agencies' budgets; (ii) implementation of sector-driven NDC actions, including integration of gender issues; (iii) issuances of green, climate, or sustainable sovereign bonds; (iv) bank reporting on environmental and social risk exposure and management; and (v) increased flows of development finance for climate. Reform area 2 will result in (i) large numbers of farmers and fisherfolk gaining access to inclusive climate services; (ii) improved biodiversity management in critical ecosystems; (iii) parametric insurance product development for climate risk management; (iv) operation of gender-sensitive organic agriculture hubs; and (v) new climate-resilient crops, livestock, fisheries, and diversified farming systems. Reform area 3 will result in increased (i) shares of renewable energy in the electricity generation mix, (ii) commercial-scale FPV, and (iii) electric buses for public transportation.

SCHEDULE 7 – POLICY MATRIX

CLIMATE CHANGE ACTION PROGRAM - POLICY DESIGN AND MONITORING FRAMEWORK

<p>Country's Overarching Development Objectives Just transition to a green economy with climate-smart, disaster-resilient, and low-carbon development accelerated (Nationally Determined Contribution) Increased resilience of communities to climate impacts (Sustainable Development Goals 1, 11, and 13)</p>		
<p>Outcome Actions to transform key sectors towards a climate resilient and low carbon economy increased and intensified.</p>	<p>Risks and Critical Assumptions R: Weak coordination capacity and leadership changes result in delays in implementation. R: New technologies require demonstration and extensive capacity development, which slows progress on climate action. R: Global shocks in 2022 impact the economy and affect government spending on climate change. A: Climate change actions are implemented sequentially and will require efforts that address long-term, inter-generational impacts.</p>	<p>Outcome Indicators 2025</p>
<p>Prior Actions: Subprogram 1 Completed January 2020–March 2022</p>		
<p>Policy Actions: Subprogram 2 April 2022–March 2024</p>		
<p>Reform Area 1: Planning, financing, and institutional linkages for climate action strengthened</p>		
<p>1.1 The government approved its first NDC committing to address climate change by (i) reducing GHG emissions by 75% by 2030, (ii) adapting to the impacts of climate change, and (iii) mainstreaming gender and social inclusion into climate action. [DONE]</p> <p>1.2 The government strengthened institutional arrangements for managing climate change by (i) enhancing links between CCC and oversight agencies (DOF and DBM), (ii) CCC reorganizing a national panel of technical experts to advise climate policy and actions, and (iii) CCC upgrading the national climate monitoring, reporting, and verification system to integrate gender aspects. [DONE]</p> <p>1.3 The government strengthened institutional linkages with local governments for managing climate change by (i) DBM and CCC issuing guidelines for LGUs on allocating local budget for climate change expenditures, (ii) DOE and DLG requiring local governments to integrate energy efficiency and resiliency into development plans; and (iii) CCC delivering capacity</p>	<p>2.1 The government will (i) roll out NDC sector implementation plans and NDC Gender Action Plan with gender mainstreaming requirements and targets; and (ii) formulate a long-term strategy, charting milestones for emissions reductions, adaptation, financing, and including considerations for a just transition and gender issues.</p> <p>2.2 The government will further support institutional arrangements by (i) establishing a cross-sector working group to oversee NDC implementation, and (ii) CCC providing biannual reporting on progress with climate actions, including on the NDC Gender Action Plan.</p> <p>2.3 The government will continue to strengthen institutional linkages with local governments for managing climate change by (i) DBM and CCC assisting LGUs to increase reporting on climate expenditures, (ii) DOE rolling out actionable guidance for LGUs to plan, procure, and finance small-scale renewables and energy efficiency projects in a gender-sensitive manner and incorporate energy planning into annual municipal</p>	<p>a. At least 20% of sector agencies' expenditures (including gender-sensitive activities) are climate-tagged (2020 baseline: 14% for DA, DENR, DOE and DOTr) (Source: National Integrated Climate Change Database Information and Exchange System)</p> <p>b. 10% of policies and measures supporting NDC targets under implementation (2021 baseline: 0%) (Source: CCC)</p> <p>c. 50% of short-term activities in the NDC Gender Action Plan under implementation (2021 baseline: 0%)</p>

<p>development training to LGUs on GHG inventory procedures and mainstreaming climate change into planning cycles. [DONE]</p> <p>1.4 The government improved its public spending for climate change through (i) the General Appropriations Act 2021 and 2022 mandating the inclusion of climate change measures in all projects, (ii) DBM and CCC rolling out a quality assurance system to validate climate expenditures, and (iii) the government allocating 6.27% of the national budget to climate change activities in 2021, including for gender-responsive activities. [DONE]</p> <p>1.5 The government (through DOF, BSP, and CCC) strengthened its policy framework for climate finance by (i) establishing a high-level interagency task force on sustainable finance, also known as “Green Force”, (ii) DOF adopting a sustainable finance framework and issuing the country’s first sovereign green bond, and (iii) BSP approving regulations for financial institutions to integrate climate change and other environmental and social risks in credit and operational risk management. [DONE]</p>	<p>planning cycles, and (iii) providing capacity building for LGU Energy Efficiency and Conservation Officers.</p> <p>2.4 The government will continue to improve public spending for climate change through (i) allocating sufficient General Appropriations Act budget for climate change measures, including for gender-responsive activities; and (ii) establishing a coordination mechanism to mobilize multilateral and bilateral funds for climate projects, including for activities that advance gender equality [DBM, DOF].</p> <p>2.5 BSP will implement climate finance policies by (i) collaborating with the Securities and Exchange Commission and the Insurance Commission on the issuance of rules to define and measure green finance; and (ii) adopting a Sustainable Central Banking Roadmap to mainstream climate change considerations into central banking operations.</p> <p>2.6 DOF will mobilize climate finance implementing a road map to establish a green finance vehicle to de-risk and mobilize financing for climate projects, linking to the People’s Survival Fund² and related platforms.</p>	<p>(Source: CCC and PCW)</p> <p>d. Number of LGUs with Energy Efficiency and Conservation Officers increased to 1,032 (2021 baseline: 45 LGUs) (Source: DOE)</p> <p>e. At least \$1.5 billion raised through issuances of green, climate, or sustainable sovereign bonds (Baseline 2021: \$0) (Source: DOF)</p> <p>f. 100% of domestic, universal, and commercial banks report to BSP on climate and other environmental and social risk exposure and management strategies (Baseline 2020: 10%) (Source: BSP)</p> <p>g. At least \$3.0 billion of climate-related development finance from bilateral and multilateral providers committed for activities in the Philippines (Baseline 2018-19 annual average: \$2.4 billion) (Source: OECD Creditor Reporting System)</p>
<p>Reform Area 2: Resilience to climate impacts enhanced</p>		

<p>1.6 The Department of Agriculture undertook institutional reforms to manage climate adaptation in agriculture and natural resources by (i) establishing the CRAO to oversee its climate strategies; (ii) scaling up the delivery of decentralized climate advisory and information services; (iii) integrating climate risk vulnerability assessments in provincial commodity investment plans; and (iv) mainstreaming gender across its policies, programs and budgets by mandating strategic direction for gender equality and social inclusion, and a gender and development focal point system and responsibilities. [DONE]</p> <p>1.7 The DENR undertook institutional reforms to manage climate adaptation in environment and natural resources priority programs by: (i) clearly delineating organizational roles to implement its climate strategies, (ii) mandating performance indicators; (iii) rolling out a climate-responsive scorecard rating matrix based on criteria from the Intergovernmental Panel on Climate Change; and (iv) rolling out a Gender and Development Framework and Strategic Plan 2021-2025 that identifies and addresses gender gaps, and allocating 15% of DENR's annual budget for gender activities in 2021. [DONE]</p> <p>1.8 The government initiated reforms for agricultural insurance through: (i) the transfer of PCIC from Department of Agriculture to DOF, with a reconstituted board, to provide cost-effective services to farmers; (ii) a review of PCIC operations for 2018-2020; and (iii) the use of satellite technology to pilot post-planting validation and confirmation of damages on farms. [DONE]</p> <p>1.9 The government enacted the Organic Agriculture Act 2020 to modernize the regulatory and institutional framework for climate-resilient organic agriculture, including (i) a participatory certification system, (ii) an incentive scheme for producers to undertake organic agriculture, and (iii) a guaranteed annual budget allocation of ₱1.0 billion for programs. [DONE]</p>	<p>2.7 The Department of Agriculture will deepen institutional reforms through (i) operationalizing CRAO by assigning permanent staff and budget for FY2023-2024; (ii) rolling out a gender-sensitive action plan for climate-resilient agriculture; (iii) implementing provincial-level climate risk vulnerability assessments; and (iv) expanding decentralized climate services and risk management to other key supply chain actors.</p> <p>2.8 The DENR will deepen its management of climate adaptation by (i) integrating climate impacts into the design and implementation of all programs; (ii) scaling up coverage of priority programs to additional climate-vulnerable communities; and (iii) developing biodiversity management plans for critical ecosystems.</p> <p>2.9 As recommended by the review of its operations, the PCIC will (i) improve agricultural insurance coverage for high value crops and fisheries; and (ii) develop index-based insurance modeling for better climate risk management.</p> <p>2.10 The Department of Agriculture will implement the Republic Act on Organic Agriculture by (i) establishing a new secretariat for the governance of the subsector, (ii) rolling out the certification system; and (iii) developing its public expenditure program for shared facilities, seeds development, extension, training, and R&D.</p> <p>2.11 The government will increase funding for research and development of climate-smart non-GMO crops, livestock, fisheries, and diversified farming systems.</p>	<p>h. 4 million farmers and fisherfolk have access to inclusive climate services (2020 baseline: 0) (Source: DA, RSBSA)</p> <p>i. 6 <i>climate-protected area management plans adopted</i> (2020 baseline: NA) (Source: DENR)</p> <p>j. At least one parametric insurance product developed (2020 baseline: 0) (Source: PCIC)</p> <p>k. 3 organic agriculture hubs covering crops, livestock, and/or fisheries, with 30% participation of women farmers, established (2020 baseline: 0) (Source: NOAP-NPCO)</p> <p>l. 5 new research projects on developing new climate-smart technologies implemented in public research institutions (2020 baseline: NA) (Source: DA)</p>
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<p>1.10 The NCBP reduced regulatory requirements on public and private sector research and development of climate-smart technologies for non-GMO crops, with adequate monitoring and evaluation provisions. [DONE]</p>		
<p>Reform Area 3: Low carbon pathways strengthened</p>		
<p>1.11 The government, through DOF and DOE, initiated reforms to accelerate the transition from coal to renewables through (i) a moratorium on greenfield coal fired power plants, and (ii) the launch of the ETM Partnership to mobilize financing. [DONE]</p> <p>1.12 The government implemented reforms to increase investments in renewable energy through adoption of (i) DOE's strategy to increase geothermal energy, including priority status in the electricity market and an innovative finance scheme to mitigate key exploration risks for investors, and (ii) an LLDA Board resolution to open the largest lake in the country to sustainable development of FPVs. [DONE]</p> <p>1.13 The government implemented reforms to enable greater renewable energy entrance into the grid and electricity market by (i) the ERC implementing the Green Energy Option Program, which allows end-users to choose renewable sources of electricity, and (ii) the DOE rolling out new requirements for competitive and transparent grid services procurement to support additional variable renewable energy. [DONE]</p> <p>1.14 To reduce fossil fuel use in the transport sector, the government, through DOE and DOTr, implemented the Energy Efficiency and Conservation Act 2019 by establishing (i) a system for development of fuel economy standards, (ii) regulations for the standardized development and operation of electric vehicle charging stations, and (iii) a comprehensive classification and registration system for electric vehicles. [DONE]</p>	<p>2.12 The government will establish an ETM financing framework, in accordance with agreed findings and recommendations of the ETM Partnership that are consistent with energy security and just transition that considers gender equality priorities.</p> <p>2.13 The government will implement: (i) DOE's plans for financial derisking of geothermal investments, and (ii) LLDA's regulations to host FPV with environmentally and socially responsible management.</p> <p>2.14 The ERC will roll out a new regulatory framework for grid services to improve transparency and competition, which will enable more renewable energy capacities to be interconnected in the distribution system and transmission grid.</p> <p>2.15 The DOTr will adopt a gender-sensitive and inclusive design standard for electric buses as part of a novel e-mobility public transportation system which can be scaled across cities.</p>	<p>m. 26.1% of total electricity generation originated from renewable energy (2020 baseline: 21.6%) (Source: DOE)</p> <p>n. Construction of the first commercial-scale FPV commenced (2020 baseline: 0 commercial scale FPV system under construction) (Source: DOE)</p> <p>o. First city or municipality electric bus system procured, incorporating inclusive design (2020 baseline: 0 electric bus systems) (Source: DOTr)</p>
<p>Budget Support Asian Development Bank Subprogram 1: \$250 million (policy-based loan)</p> <p style="text-align: right;">Agence Française de Développement Subprogram 1: Euros 150 million (policy-based loan)</p>		

Subprogram 2: \$400 million (policy-based loan, indicative)

A = assumption; AMIA = Adaptation and Mitigation Initiative in Agriculture; BSP = Bangko Sentral ng Pilipinas; BTr = Bureau of Treasury; CCC = Climate Change Commission; COVID-19 = coronavirus disease; CRAO = Climate-Resilient Agriculture Office; DBM = Department of Budget and Management; DENR = Department of Environment and Natural Resources; DILG = Department of the Interior and Local Government; DOE = Department of Energy; DOF = Department of Finance; DOTr = Department of Transportation; ETM = Energy Transition Mechanism; ERC = Energy Regulatory Commission; FPV = floating solar photovoltaics; FY = fiscal year; GHG = greenhouse gas; GMO = genetically modified organism; LGU = Local Government Unit; LLLDA = Laguna Lake Development Authority; NA = not applicable; NCBP = National Committee on Biosafety of the Philippines; NDC = Nationally Determined Contribution; NOAP-NPCO = National Organic Agriculture Program – National Program Coordinating Office; OECD = Organization for Economic Cooperation and Development; PCIC = Philippine Crop Insurance Corporation; PCW = Philippine Commission on Women; R = risk; RFO = regional field office; RSBSA = Registry System for Basic Sectors in Agriculture.

SCHEDULE 8- NON-EXHAUSTIVE LIST OF ENVIRONMENTAL AND SOCIAL DOCUMENTS WHICH THE BORROWER PERMITS TO BE DISCLOSED IN CONNECTION WITH ES COMPLAINTS-MANAGEMENT MECHANISM'S RULES OF PROCEDURE

- Summary Poverty Reduction and Social Strategy (Documents to be published on ADB website:)
- Matrix of Potential Environmental and Social Impacts and Measures

SCHEDULE 9 - BIODIVERSITY DATA SHARING

1. Nature of the data

The biodiversity data covered by the Biodiversity Data Sharing clause of this Agreement are the flora and fauna observation data collected as part of naturalist field inventories dedicated to the Program. These data may result from visual sightings, auditory observations, recordings or even specimen collections.

Each published item of data shall, at the least, include information pertaining to: the type of observation, the taxon's scientific name, the date and location of observation.

Unless the data may be deemed sensitive, observations shall be published using the same location accuracy as that collected in the field.

Data that may be deemed sensitive are, in particular, observations of native fauna and flora whose survival within the local population is threatened due to the intentional removal or destruction of specimens. The data provider shall deliberately downgrade the accuracy of location details for so-called sensitive species. The extent of the downgrading of location details shall be adapted to the species' sensitivity so as to prevent any risk of further pressure on the populations of those species concerned.

2. Procedures for data sharing

The Program's biodiversity data shall be published using the GBIF's framework www.gbif.org.

Information about the Program in relation with which the data was collected shall be provided in addition to the mandatory metadata required by the GBIF. A short description of the Program followed by the names of the contractors and funders, including the AFD, shall be included.

As to the conditions regarding data use, the data provider must opt for one of the two least restrictive rights levels, that is: the Public Domain (CC0) Licence or the Creative Commons Attribution (CC-BY) Licence.

In addition to this appendix, the Contractor and its co-contractors may rely on the Practical Recommendations Guide for the Publication of Biodiversity Data published by the AFD, which can be downloaded at: <https://www.afd.fr/en/ressources/data4nature-practical-recommendations-guide-publishing-primary-biodiversity-data>