

**EDCF LOAN AGREEMENT**

**NO. PHL-22**



**Economic Development  
Cooperation Fund**

# **Loan Agreement**

**Program Loan  
for COVID-19 Emergency Response Program**

**between**

**THE GOVERNMENT OF REPUBLIC OF THE  
PHILIPPINES**

**and**

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

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## LOAN AGREEMENT

This Loan Agreement entered into this <sup>29</sup> day of **OCT** 2020 between THE GOVERNMENT OF REPUBLIC OF THE PHILIPPINES (hereinafter called the "**Borrower**") and THE EXPORT-IMPORT BANK OF KOREA (hereinafter called the "**Bank**") which has been entrusted by THE GOVERNMENT OF THE REPUBLIC OF KOREA with the operation and management of the Economic Development Cooperation Fund (hereinafter called the "**EDCF**").

### WITNESSETH:

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

**WHEREAS**, based upon the above Agreement, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF REPUBLIC OF THE PHILIPPINES entered into the Framework Arrangement dated May 4, 2018 concerning the EDCF Loan up to an aggregate commitment amount in Korean Won not exceeding the equivalent of One Billion US Dollars (US\$1,000,000,000) for the years 2017 through 2022; and

**WHEREAS**, in the light of the said Agreement and Framework Arrangement, the Bank has agreed to extend a loan to the Borrower to finance implementation of the Program Loan for COVID-19 Emergency Response Program described in the Description of the Program attached hereto Schedule 1 (hereinafter called the "**Program**") upon the terms and conditions set forth in this Loan Agreement;

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



## ARTICLE I Definitions

### Section 1.01. Loan Agreement

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

- (i) General Terms and Conditions Applicable to EDCF Loan Agreements;
- (ii) Disbursement Procedures under the EDCF Loan.

### Section 1.02. Definitions

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

"**Interest Payment Date**" means each of the dates of **APR** 20 and **OCT** 20 of each year.

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

"**Program Completion Date**" means the date when the final disbursement under the Loan Agreement is made.

"**Program Executing Agency**" means the Department of Finance which has been authorized to implement the Program.

"**Repayment Date**" means each of the Forty (40) semi-annual consecutive dates of **APR** 20 and **OCT** 20 from and including the date which shall be the 20th day of the month falling One Hundred and Twenty Six (126) months after the date of this Loan Agreement.

## ARTICLE II The Loan

### Section 2.01. Amount and Purpose of Loan

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth in this Loan Agreement, an amount not exceeding One Hundred Million US Dollars (US\$100,000,000), to finance the implementation of the Program.





(b) The amount of the Loan shall be denominated in US Dollar.

**Section 2.02. Use of Proceeds of Loan**

(a) The Borrower shall cause the proceeds of the Loan to be used as budgetary support required for the Government of Republic of the Philippines. The proceeds of the Loan shall be allocated in accordance with the Allocation of the Loan Proceeds attached hereto as Schedule 2.

(b) The Borrower shall not allocate the resources of the Loan to finance the expenses described in Schedule 4.

(c) The final disbursement under this Loan Agreement shall be made until December 31, 2020, and no further disbursements shall be made by the Bank thereafter unless otherwise agreed upon between the Bank and the Borrower.

**ARTICLE III**  
**Repayment and Interest**

**Section 3.01. Repayment of Principal**

(a) The Borrower shall repay the Bank the principal amount of the Loan disbursed in US Dollar in Forty (40) semi-annual installments on each of the Repayment Dates.

(b) The Repayment Date and the US Dollar amount to be repaid on each of the Repayment Dates shall be specified in the Amortization Schedule in the form and substance of Schedule 3 attached hereto. The Amortization Schedule shall be made by the Bank. The Bank shall notify the Borrower of the Amortization Schedule when the final disbursement under the Loan Agreement is made.

**Section 3.02. Payment of Interest**

(a) The Borrower shall pay the Bank interest on the principal amount of the Loan disbursed and outstanding at the rate of One point Five percent (1.5%) per annum. Such interest shall be paid in arrears on each Interest Payment Date, provided that the first interest for any disbursement made within Sixty (60) days prior to any Interest Payment Date may be paid on the next succeeding Interest Payment Date.

(b) The Borrower shall pay the Bank interest in the same currency as the principal amount to which such interest accrues is denominated in this Loan Agreement.



### **Section 3.03. Place of Payment**

All sums payable by the Borrower to the Bank under this Loan Agreement shall be paid to the account of the Bank (Account No. 640-000058-904) with Yeouido-Gwangjang Branch of KEB Hana Bank at 101, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul, Republic of Korea or to such other account as the Bank shall designate by written notice to the Borrower.

## **ARTICLE IV Disbursement**

### **Section 4.01. Disbursement Procedure**

(a) The Loan shall be disbursed in US Dollar by the Bank in accordance with the provisions of the Disbursement Procedure attached hereto as Schedule 5.

(b) The disbursement shall be made on the condition that the Bank is satisfied with the completion of Policy Actions as described in Schedule 1. The Borrower shall request the Bank to make disbursement of the loan amount with the related documents described in "Disbursement Procedures under the EDCF Loan."

(c) The Borrower shall designate an account of the Bangko Sentral ng Pilipinas for the account of the Borrower into which all disbursements on the loan shall be deposited (hereinafter called the "Designated Account"), details of which shall be given before requesting the Bank to make disbursement.

### **Section 4.02. Service Charge**

(a) The Borrower shall pay to the Bank the service charge in the amount equal to One-Tenth of One percent (0.1%) of the amount of each disbursement.

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

## **ARTICLE V Particular Covenants**

### **Section 5.01. General Terms and Conditions**

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in the General Terms and Conditions Applicable to EDCF Loan





Agreements with the following supplemental stipulations:

- (a) The term of the "Project" referred to in the General Terms and Conditions shall be read as the "Program".
- (b) The Article VI Procurement in the General Terms and Conditions shall not be applicable.
- (c) General Terms and Conditions Section 3.05. (*Computation*) shall be amended as follows:

Interest and overdue charge shall be computed on the basis of a year of 360 days and actual days elapsed. Any fraction of the supplementary currency unit (Cent, ¢) resulting from the computation of any amount due under the Loan Agreement shall be disregarded.

- (d) General Terms and Conditions Section 4.03. (*Currency*) shall be amended as follows:

The Loan shall be denominated in US Dollar and US Dollar shall be the currency of account, disbursement and any payment to be made by the Borrower hereunder.

- (e) The following section shall be added to ARTICLE VII (*Disbursement*) of the General Terms and Conditions:

Section 7.06. Conditions Precedent to Disbursement

The Bank is not obligated to make any disbursement unless all of the conditions set forth in each of the following items are satisfied at the time of making each disbursement. The satisfaction of such conditions shall be determined by the Bank.

- (a) The documents set forth in Section 7.03. of the General Terms and Conditions satisfy the requirements set forth in such section (and are satisfactory to the Bank).
- (b) No event that triggers the Acceleration of Maturity set forth in Section 8.02. of the General Terms and Conditions has occurred.
- (c) The Borrower has not breached any provision of this Loan Agreement, and there is no threat that such breach may occur on or after the relevant



disbursement.

(f) The following (e) shall be added to Section 8.02. of the General Terms and Conditions:

(e) An event which makes improbable for the parties to carry out the Program, or significant part thereof.

(g) General Terms and Conditions Section 12.04. (*Non-Discrimination*) shall be amended as follows:

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

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

#### **Section 5.02. Execution of the Program**

(a) The Borrower shall implement the Program with due diligence and efficiency.

(b) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Policy Actions described in Schedule 1, the Borrower shall make arrangements promptly to provide such funds as shall be needed.

(c) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program.

#### **Section 5.03 Reports and Information**

(a) The Borrower shall furnish the Bank with a report on the progress achieved in carrying out the Program in such detail as the Bank may reasonably request.

(b) Within thirty (30) days from disbursement, the borrower shall report to the Bank on the amounts deposited in the Designated Account described in the Section 4.01 and credited in local currency to Treasury Single Account (TSA) including the exchange rate used to convert the loan proceeds into local currency.





(c) Within six (6) month after the end of the fiscal year during which the disbursement occurs, the Borrower is required to submit to the Bank the audit report by the Commission on Audit (COA) or its delegate concerning movement of funds in the Designated Account to confirm the timing, correct conversion of funds, and transfer into the Government Treasury Account.

(d) Within six (6) months after the Program Completion Date or such later date as shall be agreed upon between the Borrower and the Bank, the Borrower shall furnish the Bank with a Program Completion Report in such form and detail as the Bank may reasonably request.

(e) Within one (1) month after its approval by the Commission on Audit, the Borrower shall furnish the audit report on the consolidated National Government for the fiscal year 2020 issued by the COA.

(f) Until all the obligations of the Borrower under this Loan Agreement are fully performed, the Borrower shall furnish the Bank with such other information as the Bank may reasonably request concerning the Program.

## **ARTICLE VI**

### **Miscellaneous**

#### **Section 6.01. Delegation of Authority**

(a) The Borrower hereby designates the Department of Finance as the Program Executing Agency (PEA), as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 4.01, 5.01, 5.02 and 5.03 of this Loan Agreement.

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

#### **Section 6.02. Addresses**

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

For the Bank

Postal Address: THE EXPORT-IMPORT BANK OF KOREA  
38 Eunhaeng-ro, Yeongdeungpo-gu,

Seoul 07242, Republic of Korea  
Attention: Director of Team 3, EDCF Operation Department I  
Telephone No.: (82-2) 3779-6598  
Fax No.: (82-2) 3779-6756  
Telex No.: K26595 EXIMBK  
SWIFT BIC: EXIKKRSEXXX

For the Borrower

Postal Address: DEPARTMENT OF FINANCE  
DOF Building, Bangko Sentral ng Pilipinas Complex  
Roxas Boulevard corner Pablo Ocampo Street  
Manila 1004, Republic of the Philippines  
Attention: Secretary of Finance  
(with copy to the Undersecretary for the International  
Finance Group)  
Telephone No.: (632) 525-4194, (632) 523-9911  
Fax No.: (632) 523-9216

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

For and on behalf of

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

For and on behalf of

**The Government of Republic of  
the Philippines**

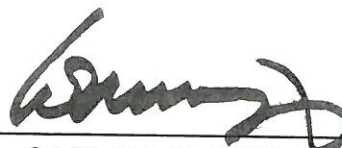
By



Name: DEOG-YONG SHIN

Title: Senior Executive Director

By



Name: CARLOS G. DOMINGUEZ

Title: Secretary of Finance

OCT 29 2020



Seoul 07242, Republic of Korea  
Attention: Director of Team 3, EDCF Operation Department I  
Telephone No.: (82-2) 3779-6598  
Fax No.: (82-2) 3779-6756  
Telex No.: K26595 EXIMBK  
SWIFT BIC: EXIKKRSEXXX

For the Borrower

Postal Address: DEPARTMENT OF FINANCE  
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Roxas Boulevard corner Pablo Ocampo Street  
Manila 1004, Republic of the Philippines  
Attention: Secretary of Finance  
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For and on behalf of

For and on behalf of

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

**The Government of Republic of  
the Philippines**

By 신영웅  
Name: DEOG-YONG SHIN  
Title: Senior Executive Director

By Carlos G. Dominguez  
Name: CARLOS G. DOMINGUEZ  
Title: Secretary of Finance  
OCT 29 2020





## Schedule 1

### Description of the Program

#### 1. Outline of the Program

(a) Objectives: To build systematic policy measures to respond to the public health challenges caused by COVID-19 in the Philippines

(b) Program Executing Agency: Department of Finance

#### 2. Scope of the Program

The scope of the Program shall be the Policy Actions (PAs) which compose each Pillar (Pillar A: 3 PAs, Pillar B: 3 PAs, Pillar C: 2 PAs) agreed between the Government of Republic of the Philippines and the Bank.

| Pillar  | Policy Actions   |
|---|--|
| A. To establish policies and institutional arrangements in support of COVID-19 Response | (1) To establish a national policy in connection with the national emergency arising from COVID-19, and authorize the President to exercise powers necessary and proper to carry out the declared policy |
|   | (2) To simplify and streamline procurement rules to enable procuring entities to efficiently and expediently undertake procurement during a state of public health emergency                             |
|   | (3) To prepare policy guidelines on the provision of funds by local government units for programs, projects, and activities to address COVID-19  |
| B. To combat the spread of COVID-19 in the Philippines                                  | (4) To establish COVID-19 testing capacity policy specifying guidelines for testing targets, segments of the population to be tested, and testing procedures   |
|   | (5) To shoulder all medical expenses of public and private health workers in case of exposure to COVID-19 or any work-related injury or disease, through the Philippine Health Insurance Corporation     |



|  |  |
|--|--|
|  | (6) To procure medical supplies and equipment related with COVID-19                                |
| C. To strengthen the emergency preparedness and capacity to prevent, detect and respond to pandemics | (7) To boost the capacity of the cities and municipalities in responding to COVID-19               |
|  | (8) To strengthen international cooperation in increasing capacity and awareness towards pandemics |

\* *Policy Actions (PAs) can be changed with mutual consent between the Government of Republic of the Philippines and the Bank.*

### 3. Estimated annual fund requirements

(in Thousands of US Dollars)

| Year          | EDCF    |
|---------------|---------|
| Year 1 (2020) | 100,000 |
| Total         | 100,000 |

4. The Program is expected to be completed by December 31, 2020.

## Schedule 2

### Allocation of Loan Proceeds

#### 1. Allocation

The allocation of the proceeds of the Loan is set out in the table below.

(in US Dollars)

| Category       | Estimated Amount    |                   |             |
|----------------|---------------------|-------------------|-------------|
|                | Foreign<br>Currency | Local<br>Currency | Total       |
| Base Cost      | 99,900,100          | -                 | 99,900,100  |
| Service Charge | 99,900              | -                 | 99,900      |
| Total          | 100,000,000         | -                 | 100,000,000 |

### Schedule 3

#### Amortization Schedule

|    | Due Date | Amount (in USD) |
|----|----------|-----------------|
| 1  |          |                 |
| 2  |          |                 |
| 3  |          |                 |
| 4  |          |                 |
| 5  |          |                 |
| 6  |          |                 |
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※ Note: Each installment will be finalized after the final disbursement in accordance with paragraph (b) of Section 3.02 and 7.05 of the General Terms and Conditions.



## Schedule 4

### Negative Import List

1. The Bank may consider the expenditures under the contract supported by the Program as ineligible if they are related to the following:

(a) Expenditures for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/ Rev.3 (1986), or any successor groups or sub-groups under future revisions to the SITC, as designated by the Bank by notice to the Borrower;

| Group<br>(sub-group) | Description of Item   |
|----------------------|---|
| 112                  | Alcoholic beverages   |
| 121                  | Tobacco, unmanufactured tobacco refuse  |
| 122                  | Tobacco, manufactured<br>(whether or not containing tobacco substitutes)  |
| 525                  | Radioactive and associated materials  |
| 667                  | Pearls, precious and semi-precious stones,<br>Un-worked or worked   |
| 718.7                | Nuclear reactors, and parts thereof; fuel elements<br>(cartridges), non-irradiated, for nuclear reactors  |
| 728.43               | Tobacco processing machinery  |
| 897.3                | Jewelry of gold, silver or platinum group metals (except<br>watches and watch cases) and goldsmiths' or silversmiths'<br>wares (including set gems) |
| 971                  | Gold, non-monetary (excluding gold ores and<br>concentrates)  |

(b) Expenditures for goods supplied under a contract that any national or international financing institution or agency will have financed or has agreed to finance, including any contract financed under any other loan or grant from EDCF, other than the loan to finance the implementation of the Program.

(c) Expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) Expenditures for narcotics;

(e) Expenditures for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;

(f) Expenditures on account of any payment prohibited by the Borrower in compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

## **Schedule 5**

### **Disbursement Procedures**

1. Disbursements of the Loan shall be made through only Reimbursement Procedure.

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

3. The following section shall be added to Section 3.03. of the Disbursement Procedures:

(f) In case of Program Loan, evidentiary document that the payment eligible for financing under the Loan Agreement was made by the Borrower or the relevant government ministry or department of the Borrower's country.

4. The following shall be substituted for Section 3.04. of the Disbursement Procedures:

#### **Section 3.04. Bank's Disbursement**

When the Bank finds the Application for Disbursement and its supporting documents in order and in conformity with the provisions of the Loan Agreement and the terms of the relevant contract, the Bank shall make disbursement. Disbursement shall be made within thirty (30) business days from the date of receipt of the Application by paying into the account of the Borrower with a bank designated by the Borrower. Such reimbursement shall constitute a valid disbursement of the Loan under the Loan Agreement.

5. The Disbursement Procedures shall apply for disbursement of the proceeds of the Loan for the payment made and/or to be made for related expenditures from January 1, 2020 to December 31, 2020.

6. The Borrower shall present an Application for Disbursement in the form of Annex 1 attached hereto, with the latest Report on National Government Disbursement Performance by the Department of Budget and Management as a supporting document.



(Annex 1)

## APPLICATION FOR DISBURSEMENT

Date:  
Ref. No.:

To: The Export-Import Bank of Korea  
Seoul, Korea  
Attn: Director of Team 3, EDCF Operations Department I

Gentlemen,

1. Pursuant to the Loan Agreement No. [•] dated [•] between The Export-Import Bank of Korea (hereinafter referred to as the "Bank") and [•] (*Name of the Borrower*), the undersigned hereby requests disbursement of the sum of [•] (*Amount*) in reimbursement of expenditures described in the attached financial statement/report.
2. For such reimbursement, please make disbursement of the requested amount by paying it into the account of [•] (*Name of the Borrower*) (*account No. [•]*) with [•] (*Name and Address of the Borrower's Bank*) by the [•] (requested date of disbursement).
3. The undersigned certifies that:
  - (a) the expenditures financing from the Program are to be used for the purposes specified in the Loan Agreement and such expenditures supported by the Program are not related with the items described in Schedule 4 (Negative Import List) of the Loan Agreement.
  - (b) as of the date of this request there is no existing default under the Loan Agreement; and
  - (c) all Conditions Precedent for the disbursement described in Section 5.01. (e) of the Loan Agreement have been fulfilled and relevant documents have been submitted to the Bank to its satisfaction.

(Name of the Borrower)

(Authorized Signature)

Name:

Title: