

Loan Agreement No. PH-C26

LOAN AGREEMENT

For

COVID-19 Crisis Response Emergency Support Loan (Phase 2)

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE GOVERNMENT OF
THE REPUBLIC OF THE PHILIPPINES

Dated April 25, 2022

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Loan Agreement No. PH-C26, dated April 25, 2022, between the
JAPAN INTERNATIONAL COOPERATION AGENCY and THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

On the basis of the Exchange of Notes between THE GOVERNMENT
OF JAPAN and THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES dated April 18, 2022, concerning a Japanese loan to be
extended with a view to promoting the economic stabilization and
development efforts of the Republic of the Philippines,

the JAPAN INTERNATIONAL COOPERATION AGENCY
(hereinafter referred to as "JICA") and THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES (hereinafter referred to as the
"Borrower") herewith conclude the following Loan Agreement (hereinafter
referred to as the "Loan Agreement", which includes all agreements
supplemental hereto).

Article I

Loan

Section 1. Amount and Purpose of Loan

JICA agrees to lend the Borrower an amount not exceeding THIRTY
BILLION Japanese Yen (¥30,000,000,000) as the principal for the
implementation of the COVID-19 Crisis Response Emergency Support Loan
(Phase 2) described in Schedule 1 attached hereto (hereinafter referred to as
the "Program") in cooperation with the COVID-19 Active Response and
Expenditure Support Program extended by the Asian Development Bank on
the terms and conditions set forth in the Loan Agreement and in accordance
with the relevant laws and regulations of Japan (hereinafter referred to as
the "Loan"); provided, however, that when the cumulative total of
disbursements under the Loan Agreement reaches the above-mentioned
maximum amount of the Loan, JICA shall make no further disbursement.

Section 2. Use of Proceeds of Loan

- (1) The Borrower shall use the proceeds of the Loan to cover budget expenditures already made and/or to be made by the competent authorities of the Republic of the Philippines in accordance with the provisions described in Schedule 2 attached hereto.
- (2) The Borrower shall ensure that upon each transfer of an amount of the proceeds of the Loan disbursed as stipulated in Section 2. of Schedule 5 attached hereto, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to JICA.
- (3) The final disbursement under the Loan Agreement shall be made within the period from the Effective Date of the Loan Agreement to the date, which is the same day and month as the Effective Date three (3) years after the Effective Date of the Loan Agreement (inclusive of both dates) unless otherwise agreed upon between JICA and the Borrower (hereinafter referred to as the "Disbursement Period"), and no further disbursement shall be made by JICA after the Disbursement Period has expired.
- (4) Notwithstanding Section 2. (3) above, if the expiry date of the Disbursement Period is not a banking business day in Japan, the immediately succeeding banking business day in Japan shall be deemed the expiry date of the Disbursement Period.
- (5) Notwithstanding Section 1. and Section 2. (1) above, no disbursement shall be made under the Loan Agreement in respect of budget expenditures made prior to January 5, 2021.

Article II

Repayment, Interest and Front-End Fee

Section 1. Repayment of Principal

The Borrower shall repay the principal of the Loan to JICA in accordance with the Amortization Schedule as set forth in Schedule 3 attached hereto.

Section 2. Interest and Method of Payment thereof

The Borrower shall pay the interest on the Loan to JICA semi-annually on April 20 and October 20 of each year (each such date hereinafter referred to as the "Payment Date") in arrears at the rate of one-hundredth percent (0.01%) per annum on the principal disbursed and outstanding for each Interest Period.

Section 3. Front-End Fee and Method of Payment thereof

The Borrower shall pay the Front-End Fee as stipulated in Section 1. (1) of Article III of this Loan Agreement.

Article III

Particular Covenants

Section 1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in the General Terms and Conditions for Japanese ODA Loans dated April 2021 (hereinafter referred to as the "General Terms and Conditions"), with the following supplemental stipulations:

- (1) The following shall be replaced with Section 3.05. (1) of the General Terms and Conditions:
 - (1) The Borrower shall be deemed to have paid the Front-End Fee through a deduction of the amount of the Front-End Fee from the disbursement to be made by JICA to the Borrower under the Loan Agreement. The Borrower shall, in accordance with Schedule 5 attached hereto, submit a Request for Disbursement, the amount of which is larger than the amount of the Front-End Fee to enable such deduction from the disbursement. The Borrower agrees that (i) such amount to be deducted (i.e., the amount of the Front-End Fee) shall be applied by JICA and credited as the payment by the Borrower of the Front-End Fee, and (ii) the amount of the Loan disbursed and outstanding shall not be reduced due to the said deduction of the amount of the Front-End Fee from such disbursement. The Borrower shall keep and maintain such records evidencing the usage of the proceeds of the Loan for the total amount of such disbursement (i.e., the total amount of all disbursements made less the amount deducted pursuant to this Section 3.05. (1)).
- (2) With regard to Section 3.08. (1) of the General Terms and Conditions, the Borrower shall have all repayment and/or prepayment of principal and payment of Refund, interest and Any Other Charges under the Loan Agreement credited to the "JICA-Loan" account, account No. 0207787 at the Head Office of MUFG Bank, Ltd., located in Tokyo, Japan.

- (3) The following shall be replaced with Section 5.07. (1)(c) of the General Terms and Conditions:
(c) The Borrower has submitted a Request for Disbursement, thereby allowing JICA to deduct the full amount of the Front-End Fee from the initial disbursement.
- (4) The following subclause (i) shall be added to Section 6.01. of the General Terms and Conditions:
(i) The occurrence of an event that shall make it improbable that the Program, or, significant part thereof, will be carried out.
- (5) Section 6.04 of the General Terms and Conditions shall be read as follows:
Regarding repayment of principal and payment of Refund, interest, or Any Other Charges required under the Loan Agreement, the Borrower shall undertake not to treat debts to JICA less favorably than any other external debts other than short-term debts.

Section 2. Procurement Procedure

The guidelines for procurement mentioned in Section 4.01. of the General Terms and Conditions shall be as stipulated in the Procurement Procedure attached hereto as Schedule 4.

Section 3. Disbursement Procedure

The disbursement procedure mentioned in Section 5.01. of the General Terms and Conditions shall be as follows:

- (1) The Disbursement Procedure attached hereto as Schedule 5 shall apply for disbursement of the proceeds of the Loan for the payment made and/or to be made for budget expenditures on or after January 5, 2021.

- (2) Disbursement of the proceeds of the Loan shall be made within the limit of the Japanese Government's budgetary appropriations for JICA.

Section 4. Administration of Loan

- (1) The Borrower and JICA shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program.
- (2) Prior to each exchange of views described in Section 4.(1) above, the Borrower shall furnish JICA, for its review and comment, with a report on the progress achieved in carrying out the Program, in such detail as JICA shall reasonably request.
- (3) Promptly, but in any event not later than one (1) year after the completion of the Program, the Borrower shall furnish JICA with a program completion report in such form and in such detail as JICA may reasonably request.
- (4) The Borrower shall retain the Annual Audited Reports as evidence of proper budget expenditures made under the Loan Agreement until two (2) years after the date of the completion of disbursement. The Borrower shall ensure that the Borrower has not previously obtained, and will not obtain, funds from the Loan Agreement, any other loan, credit or grant available to the Borrower for the same budget expenditures for which such records are retained under the Loan Agreement. The Borrower shall also enable JICA to inspect these records and other documents as JICA shall reasonably request.

Section 5. Table of Contents and Headings

The table of contents and the headings of Articles or Sections herein are inserted for convenience of reference only, do not constitute part of the Loan Agreement and are not to be considered in construing or interpreting the Loan Agreement.

Section 6. Notices and Requests

The following addresses are specified for the purpose of Section 9.03. of the General Terms and Conditions:

For JICA

Postal address:

JAPAN INTERNATIONAL COOPERATION AGENCY
JICA PHILIPPINES OFFICE

40th Floor, Yuchengco Tower, RCBC Plaza, Ayala Avenue,
Makati City, Philippines

Attention: Chief Representative

For the Borrower

Postal address:

DEPARTMENT OF FINANCE

DOF Building, BSP Complex, Roxas Boulevard, Manila,
Philippines

Attention: Secretary of Finance

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

IN WITNESS WHEREOF, JICA and the Borrower, acting through their duly authorized representatives, have caused the Loan Agreement to be duly executed in their respective names and delivered at the office of the JAPAN INTERNATIONAL COOPERATION AGENCY, Chiyoda-ku, Tokyo, Japan, as of the day and year first above written.

For

THE GOVERNMENT OF
THE REPUBLIC OF
THE PHILIPPINES



Carlos G. Dominguez
Secretary
Department of Finance

For

JAPAN INTERNATIONAL
COOPERATION AGENCY



TANAKA Akihiko
President
JICA

Schedule 1

Description of Program

Section 1. Objective of the Program

The objective of the Program is to support the government's emergency response against COVID-19 crisis to promote infection prevention measures, through providing budget support, thereby contributing to promote the economic stabilization and development efforts of the Republic of the Philippines.

Section 2. Scope of the Program

The scope of the Program is identical with Policy Matrix for COVID-19 Crisis Response Emergency Support Loan (Phase 2).

Schedule 2

Use of Proceeds of Loan

Section 1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be disbursed for budget expenditures made and/or to be made at reasonable cost.

Section 2. Notwithstanding the provisions of Section 1. above, no disbursement shall be made in respect of :

- (1) budget expenditures for goods included in the following SITC* groups or sub-groups, or any successor groups or sub-groups thereof under any future revision to the SITC, as designated by JICA by notice to the Borrower:

Group SITC Code No.	Description of Items
112	Alcoholic beverage
121	Tobacco, unmanufactured tobacco refuse
122	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	Radioactive and associated materials
667	Pearls, precious and semiprecious stones, unworked or worked
718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
728.43	Tobacco processing machinery
897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	Gold, non-monetary (excluding gold ores and concentrates)

* Note "SITC" means the Standard International Trade Classification, Revision 4 (SITC Rev. 4), published by the United Nations in Statistical Papers, Series M No. 34/Rev. 4 (2006).

- (2) vaccines which do not meet both of the following conditions:
 - (a) they are validated by the World Health Organization in accordance with its Emergency Use Listing (EUL) procedure; and
 - (b) they are approved by at least one Stringent Regulatory Authority (SRA) of countries, as defined by the World Health Organization, in each of the three regions: North America, Europe and Asia;
- (3) any type of arms;
- (4) any environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Republic of the Philippines or international agreements to which the Republic of the Philippines is a party);
- (5) payments made for budget expenditures prior to January 5, 2021;
- (6) payments for taxes levied by, or in the territory of the Republic of the Philippines on commodities, or in the importation, manufacture, procurement or supply thereof; and
- (7) budget expenditures for commodities supplied under a contract which have been financed or to be financed with sources of official assistance other than the Loan.

Schedule 3

Amortization Schedule

Due Date	Amount (in Japanese Yen)
On April 20, 2026	1,304,366,000
On each April 20 and October 20 beginning October 20, 2026 through April 20, 2037	1,304,347,000

Schedule 4

Procurement Procedure

Section 1. Guidelines to be used for procurement under the Loan

Procurement of all goods and services to be financed out of the proceeds of the Loan, if it is required, shall be in accordance with the Guidelines for Procurement under Japanese ODA Loans dated April 2012 (hereinafter referred to as the "Procurement Guidelines").

Section 2. JICA's review of decisions relating to procurement of goods and services

- (1) With reference to the Section 1.03. (1) of the Procurement Guidelines, JICA may consider procedures other than International Competitive Bidding acceptable in any of the following cases:
 - (a) When the amount of a contract does not exceed FIVE HUNDRED MILLION Japanese Yen (¥500,000,000) or equivalent in other currency accepted for international transactions in terms of the currency of a contract;
 - (b) When the number of qualified supplier(s) is limited;
 - (c) When the purchase of a commodity with a particular specification, brand name or designation is necessary in order to assure the interchangeability or standardization of equipment, or because of special design requirements; and
 - (d) When JICA finds International Competitive Bidding to be inappropriate for the reasons other than the case (a), (b) and (c) above (e.g. in case of emergency procurement).
- (2) Notwithstanding the provisions of Section 2. (1) above, the Procurement Guidelines will not apply in case of procurement of goods and services which are, by nature or scope, unlikely to attract foreign firms and, thus, to be domestically procured. Procurement of such goods and services shall,

however, be effected with due attention to the considerations of economy, efficiency, transparency in the procurement process and non-discrimination among bidders eligible for procurement contracts.

Schedule 5

Disbursement Procedure

Disbursement Procedure set forth herein shall be applied for disbursement of the proceeds of the Loan:

The designated foreign exchange bank in Tokyo (hereinafter referred to as the "**Paying Bank**") wherever mentioned in this Schedule shall be MUFG Bank, Ltd., Tokyo.

The designated foreign exchange bank in the territories of the Borrower (hereinafter referred to as the "**Agent Bank**") wherever mentioned in this Schedule shall be Bangko Sentral ng Pilipinas.

Section 1. Request for Disbursement

- (1) The disbursement will be made in two (2) tranches and the Borrower shall request JICA to make disbursement by sending to JICA a Request for Disbursement in accordance with the Form JICA-RFD(P) attached hereto.
- (2) The amount stated in the Request for Disbursement shall be in Japanese Yen.
- (3) The Borrower shall make the request mentioned in the paragraph (1) above so that JICA can receive the necessary documents, in principle, not less than fifteen (15) business days prior to (i) the expiration date of the Disbursement Period and (ii) the date that the Borrower requests JICA to make disbursement, provided that item (ii) shall apply only in the case where such request is made.

Section 2. Disbursement

- (1) When JICA finds the Request for Disbursement in order and in conformity with the relevant provisions of the Loan Agreement, JICA shall make disbursement in Japanese Yen, in principle, within fifteen (15) business days from the date of receipt of such Request for Disbursement by paying into the non-resident Yen account (hereinafter referred to as the "Loan Account"), which shall be opened in accordance with the relevant laws and regulations of Japan in advance with the Paying Bank. All disbursement made by JICA under this Section 2. (1) shall be received by the Agent Bank on behalf of the Borrower.
- (2) Upon the disbursement of the proceeds of the Loan into the Loan Account, and after receiving cable advice from the Paying Bank, the Borrower, through the Agent Bank, shall transfer the proceeds of the Loan into the Foreign Currency Deposit Account at the Agent Bank that is used to finance budget expenditure designated by the Borrower and acceptable to JICA. The Borrower shall provide to JICA a written confirmation within thirty (30) days of the disbursement of the Loan that this transfer has been completed.
- (3) Upon the transfer of the proceeds of the Loan into the Foreign Currency Deposit Account in accordance with the preceding paragraph, the Borrower, through the Agent Bank, may convert the Japanese Yen amount of the Loan into Philippine Peso or other foreign currencies and transfer an equivalent amount to the General Budgetary Deposit Account at the Agent Bank that is used to finance budget expenditures.

Section 3. Banking Arrangement

- (1) The Borrower shall designate the Agent Bank as its agent for the purposes of taking any action or entering into any arrangement or agreement with the Paying Bank, on behalf of the Borrower, including, but not limited to, the following required or permitted under this Disbursement Procedure:

- (a) to open the Loan Account on behalf of the Borrower with the Paying Bank; and
 - (b) to confirm necessary arrangements for transaction of funds after the proceeds of the Loan are credited to the Loan Account.
- (2) Any action taken or arrangement or agreement entered into by the Agent Bank pursuant to the authority conferred on the Agent Bank shall be fully binding on the Borrower and shall have the same force and effect as if such action was taken or such agreement was entered into by the Borrower. The Borrower may revoke or modify the authority conferred on the Agent Bank if consent of JICA is obtained.

Section 4. Foreign Exchange Risk

The Borrower shall bear all risks associated with foreign exchange fluctuations arising from disbursement and JICA shall not be liable therefor.

Form JICA-RFD(P)

Request for Disbursement

Date:

Loan No.:

App. Serial No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY
JICA PHILIPPINES OFFICE
Attention: Chief Representative

Ladies and Gentlemen:

1. Pursuant to the Loan Agreement No. PH-C26 dated April 25 2022 between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, the undersigned hereby requests for disbursement under the said Loan Agreement, of the sum of _____ Japanese Yen (say _____).
2. The undersigned certifies that the above requested disbursement will not be used for ineligible budget expenditures under the said Loan Agreement.
3. Please make the disbursement of the amount requested herein by paying into the Loan Account of the Agent Bank with MUFG Bank, Ltd., Tokyo, Japan after deducting SIXTY MILLION Japanese Yen (say ¥60,000,000) as the Front-End Fee from the initial disbursement¹.

Very truly yours,

For:(Name of the Borrower)

By: _____
(Authorized Person's
Signature, Name & Title)

¹ The wording of "after deducting [...] from the initial disbursement" will be applied only for the initial disbursement request.