

---

---

LOAN NUMBER 9189-PH

# **Loan Agreement**

**(Promoting Competitiveness and Enhancing Resilience to Natural Disasters Sub-Program 2  
Development Policy Loan)**

between

**REPUBLIC OF THE PHILIPPINES**

and

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

---

---

## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE PHILIPPINES ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of six hundred million Dollars (\$600,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

A handwritten signature in black ink, appearing to be a stylized 'J' or 'G' followed by a flourish.

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
- (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of, namely, the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Secretary of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Department of Finance  
Department of Finance Building  
Roxas Boulevard cor. Pablo Ocampo Sr. St.  
Manila 1004  
Philippines; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
(63-2) 8523-9216	<a href="mailto:secfin@dof.gov.ph">secfin@dof.gov.ph</a>

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:



Telex:

248423(MCI) or  
64145(MCI)

Facsimile:

1-202-477-6391

E-mail:

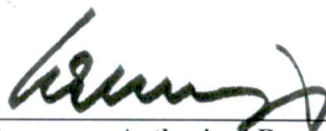
[PhilippinesCMU@worldbank.org](mailto:PhilippinesCMU@worldbank.org)



AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By



Authorized Representative

Name: Carlos G. Dominguez

Title: Secretary of Finance

Date: DEC 21 2020



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Achim Fock

Title: Acting Country Director

Date: 16-Dec-2020



## **SCHEDULE 1**

### **Program Actions; Availability of Loan Proceeds**

#### **Section I. Actions Taken under the Program**

The actions taken by the Borrower under the Program include the following:

##### **Pillar I: Promoting Competitiveness**

1. The Borrower has defined policies for shared tower infrastructure to encourage investment in cell sites for mobile telecom service, as evidenced through the DICT Common Tower Policy, and the ARTA-DICT-DILG-DHSUD-DPWH-CAAP-DOH-FDA Joint Memorandum Circular Number 01-2020.
2. The Borrower has operationalized the ARTA to implement the Ease of Doing Business and Efficient Government Service Delivery Act, as evidenced through the budget allocation to ARTA's operation under the General Appropriations Acts of 2019 and 2020; and DBM's approval dated March 28, 2019, on the creation of organizational units in the ARTA.
3. The Borrower has streamlined the processing of import and export transactions in Manila, as evidenced through the BOC-PPA-DTI-ARTA Joint Memorandum Circular Number 01-2020.
4. The Borrower has established eligibility criteria for accessing the Rice Competitiveness Enhancement Fund; as evidenced through the DA Resolutions Numbers 01 to 06 of 2019.

##### **Pillar II: Enhancing Resilience**

5. The Borrower has increased excise taxes on alcohol and e-cigarette products and earmarked a portion of the total excise tax collection from alcohol and e-cigarette products to fund universal health care, as evidenced through the Republic Act No. 11467.
6. The Borrower has piloted the registration for Philippine Identification System (PhilSys) for a limited and monitored set of sites and target populations to prepare for the mass registration, as evidenced through the PhilSys Implementation Progress Report issued by PSA on December 27, 2019.
7. The Borrower has operationalized the regulatory framework for: (i) defining the coverage of payment system operators; and (ii) defining the oversight framework and payment systems designations, as evidenced through the BSP Circular Numbers 1049 and 1089.
8. The Borrower has operationalized the indemnity insurance of public assets, thereby implementing a key pillar of the government disaster risk financing

strategy, as evidenced through General Appropriations Acts of 2019 and 2020 and the DOF-DBM-GSIS Joint Memorandum Circular Number 2020.

9. The Borrower has adopted an asset management policy to improve financial risk management derived from natural disasters and climate change; as evidenced through the DOF-DBM-NEDA Joint Memorandum Circular Number 2020-01.

**Section II. Availability of Loan Proceeds**

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>
(1) Single Withdrawal Tranche	598,500,000
(2) Front-end Fee	1,500,000
<b>TOTAL AMOUNT</b>	<b>600,000,000</b>

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

**D. Deposit of Loan Amounts.**

1. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03(a) of the General Conditions; (b) the details of the account to which the Philippine Peso equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03(a) of the General Conditions.

**E. Closing Date.** The Closing Date is March 31, 2022.

## SCHEDULE 2

### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

#### Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning June 15, 2026 through December 15, 2030	9.09%
On June 15, 2031	9.10%



## APPENDIX

### Definitions

1. “ARTA” means the Borrower’s Anti-Red Tape Authority, or any successor thereto.
2. “ARTA-DICT-DILG-DHSUD-DPWH-CAAP-DOH-FDA Joint Memorandum Circular Number 01-2020” means a circular jointly issued by ARTA, DICT, DILG, DHSUD, DPWH, CAAP, DOH and FDA providing the streamlined guidelines for the issuance of permits, licenses, and certificates for the construction of shared passive telecommunications tower infrastructure.
3. “BOC-PPA-DTI-ARTA Joint Memorandum Circular Number 01-2020” means a circular jointly issued by BOC, PPA, DTI, ARTA on August 5, 2020, on mandatory online filing, processing, and payment of port charges, cargo handling charges, other cargo handling-related charges, permits and ancillary fees, and customs taxes and duties.
4. “BSP” means the Borrower’s *Bangko Sentral ng Pilipinas*, or any successor thereto.
5. “BSP Circular Numbers 1049 and 1089” means, collectively, a circular issued by BSP on September 9, 2019, providing rules and regulations on the registration of operators of payment system, and a circular issued by BSP on July 7, 2020, providing payment system oversight framework.
6. “CAAP” means the Borrower’s Civil Aviation Authority of the Philippines, or any successor thereto.
7. “DA” means the Borrower’s Department of Agriculture, or any successor thereto.
8. “DA Resolutions Numbers 01 to 06 of 2019” means, collectively, the resolutions issued by DA’s Program Steering Committee of the Rice Competitiveness Enhancement Fund providing eligibility criteria for accessing the Rice Competitiveness Enhancement Fund.
9. “DBCC” means the Borrower’s Development Budget Coordination Committee, or any successor thereto.
10. “DBM” means the Borrower’s Department of Budget and Management, or any successor thereto.
11. “DICT” means the Borrower’s Department of Information and Communications Technology, or any successor thereto.
12. “DICT Common Tower Policy” means the policy guidelines issued by the DICT on May 29, 2020, on the co-location and sharing of passive telecommunication tower infrastructure for macro cell sites.
13. “DILG” means the Borrower’s Department of the Interior and Local Government, or any successor thereto.

14. "DHSUD" means the Borrower's Department of Human Settlements and Urban Development, or any successor thereto.
15. "DOF" means the Borrower's Department of Finance, or any successor thereto.
16. "DOF-DBM-GSIS Joint Memorandum Circular Number 2020" means a memorandum circular jointly issued by DOF, DBM and GSIS on November 13, 2020, providing guidelines on the implementation, monitoring and reporting on the indemnity insurance of government properties.
17. "DOF-DBM-NEDA Joint Memorandum Circular Number 2020-01" means a memorandum circular jointly issued by DOF, DBM and NEDA on September 24, 2020, regarding the implementation of a Philippine Government Asset Management Policy.
18. "DOH" means the Borrower's Department of Health, or any successor thereto.
19. "DPWH" means the Borrower's Department of Public Works and Highways, or any successor thereto.
20. "DSWD" means the Borrower's Department of Social Welfare and Development, or any successor thereto.
21. "DTI" means the Borrower's Department of Trade and Industry, or any successor thereto.
22. "Ease of Doing Business and Efficient Government Service Delivery Act" means the Borrower's Republic Act Number 11032 of May 28, 2018, promoting ease of doing business and efficient delivery of government services.
23. "FDA" means the Borrower's Food and Drug Administration, or any successor thereto.
24. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated December 14, 2018.
25. "General Appropriations Act" means the Borrower's legislative instrument adopted on an annual basis to define annual expenditure program of the national government and all of its instrumentalities.
26. "GSIS" means the Borrower's Government Service Insurance System, or any successor thereto.
27. "NEDA" means the Borrower's National Economic and Development Authority, or any successor thereto.
28. "Philippine Identification System" or "PhilSys" means the Borrower's foundational identification system for all of its citizen and resident aliens.