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LOAN NUMBER 8967-PH

# **Loan Agreement**

**(Additional Financing for the Social Welfare Development and Reform Project II)**

**between**

**REPUBLIC OF THE PHILIPPINES**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE PHILIPPINES ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS (A) under an agreement, dated April 29, 2016, between the Borrower and the Bank ("Original Loan Agreement"), the Bank agreed to extend to the Borrower a loan in an amount of four hundred and fifty million Dollars (\$450,000,000) ("Original Loan") to assist in financing the project described in Schedule 1 to the Original Loan Agreement ("Original Project"); and

(B) the Borrower has requested the Bank to provide additional financing to continue certain activities started under the Original Project; and the Bank has agreed to extend such additional financial assistance to the Borrower upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, the Borrower and the Bank 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, the Original Loan Agreement or in the Appendix to this Agreement. In case of inconsistency between the definitions provided in the Original Loan Agreement and this Agreement, the provisions of this Agreement shall prevail.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred million Dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.



- 2.05. 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.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through its Department of Social Welfare and Development (“DSWD”) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

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

- 4.01. The Additional Event of Suspension consists of the following, namely that the Legal Framework (as defined in the Appendix to this Agreement) has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out the Project or to perform any of its obligations under this Agreement.

### **ARTICLE V — TERMINATION**

- 5.01. 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. The Borrower’s Address is:

Department of Finance  
Department of Finance Building  
Bangko Sentral Complex  
Roxas Blvd. corner Pablo Ocampo Sr. Street  
Manila, Philippines

Facsimile:  
(63-2) 523-9216

- 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:

Facsimile:

E-mail:

248423(MCI) or  
64145(MCI)

1-202-477-6391

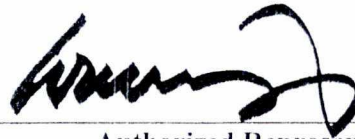
[PhilippineCMU@worldbank.org](mailto:PhilippineCMU@worldbank.org)



AGREED as of the Signature Date.

REPUBLIC OF PHILIPPINES

By



Authorized Representative



Name: CARLOS B. DOMINGUEZ

Title: SECRETARY OF FINANCE

Date: NOV 28 2019

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: MARA K. WARWICK

Title: COUNTRY DIRECTOR


Date: \_\_\_\_\_

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to support the conditional cash transfer program of DSWD to improve the use of health and education services by poor children.

The Project consists of: (A) the support to Pantawid Pamilya through provision by the Borrower of Conditional Cash Transfer Grants ("CCT Grants") under the Pantawid Pamilya to CCT Beneficiaries in order to enable them to access health and/or education services under the terms and conditions set out in the Pantawid Pamilya Operations Manual; and (B) the provision of technical and analytical support for strengthening of CCT implementation and monitoring and evaluation, through (i) improvement of business processes; (ii) upgrading the Project's information systems; (iii) strengthening capacity monitoring, evaluation, and data analysis; (iv) enhancing payment and grievance redress system; (v) streamlining and improving family development sessions; (vi) improving compliance verification and beneficiary data systems; and (vii) enhancing the spot checks and impact evaluation for the Project.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Implementation Provisions

1. Sections I.A (Institutional Arrangements) and I.B (Eligibility Criteria, Terms and Conditions for Conditional Cash Transfer Grants) of Schedule 2 to the Original Loan Agreement are hereby incorporated by reference in this Part A, and shall apply, *mutatis mutandis*, to this Agreement, and the Borrower, through DSWD, hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, except that the date "June 30, 2019" in paragraph 5 of Section I.A of Schedule 2 to the Original Loan Agreement shall be read as "June 30, 2021".
2. For greater clarity and the avoidance of doubt, in view of the above incorporation of Section I. A of Schedule 2 to the Original Loan Agreement in this Agreement, if the Original Loan Agreement terminates prior to the termination of this Agreement, such termination shall have no effect for purposes of this Agreement, and the provisions of the Original Loan Agreement incorporated in this Agreement pursuant to Section I. A. 1 above shall continue in full force and effect between the Borrower and the Bank for purposes of this Agreement following and notwithstanding such termination of the Original Loan Agreement.

##### B. Safeguards.

1. The Borrower, through DSWD, shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments.
2. For each activity under the Project for which the IPPF provides for the preparation of an Indigenous Peoples' Plan, the Borrower, through DSWD, shall: (a) prior to the carrying out of any said activity, prepare and/or cause to be prepared and furnish to the Bank, an Indigenous Peoples' Plan, in accordance with the IPPF and satisfactory to the Bank; and (b) thereafter, adopt and implement said Indigenous Peoples' Plan in accordance with its terms and in a manner satisfactory to the Bank.
3. The Borrower, through DSWD, shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.



4. Except as the Bank shall otherwise agree in writing, the Borrower shall, through DSWD, ensure that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. Without limitation upon its other reporting obligations under this Agreement, the Borrower, through DSWD, shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, and promptly in a separate report whenever the Bank may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*:
  - (i) the status of implementation of the Safeguards Instruments;
  - (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and
  - (iii) corrective and preventive measures taken or required to be taken to address such conditions.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

The Borrower, through DSWD, shall furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar year, covering the calendar year.

### **B. Mid-term Review**

The Borrower, through DSWD shall: (a) on or about the date eighteen (18) months after the Effective Date, prepare and furnish to the Bank a mid-term report, in such detail as the Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report; and (b) review with the Bank such mid-term report, on or about the date sixty (60) days after its submission.

## **Section III. Withdrawal of Loan Proceeds**

### **A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible



Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive Taxes)
(1) Conditional Cash Transfer Grants under the Project	299,250,000	100% of amounts disbursed under each CCT Grant
(2) Front-end Fee	750,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>300,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is June 30, 2022.



### SCHEDULE 3

#### 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 May 15 and November 15 Beginning November 15, 2029 through November 15, 2043	3.33%
On May 15, 2044	3.43%



## APPENDIX

### Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018.
4. "Legal Framework" means the framework of the Borrower establishing the Pantawid Pamilya and comprising, among others, of the following: (a) the Republic Act Number 11310 dated April 17, 2019 approved by the Borrower's President institutionalizing the Pantawid Pamilyang Pilipino Program (4Ps), and (b) Administrative Order No. 1, Series of 2019 (Management Reorganization of the DSWD Central Office), for Defining the Institutional Arrangements for the Implementation, Monitoring and Evaluation of the Pantawid Pamilyang Pilipino Program (4Ps), as may be revised from time to time.
5. "Safeguard Instruments" means collectively, the Indigenous People's Policy Framework, and any indigenous peoples plan prepared thereunder, and "Safeguard Instrument" means any of such Safeguards Instruments.
6. "Safeguards Policies" means, the Operational Policies (OPs) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at <https://policies.worldbank.org>.
7. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

