

EDCF LOAN AGREEMENT

NO. PHL-18



Economic Development  
Cooperation Fund

# **Loan Agreement**

Panguil Bay Bridge Project

between

**THE GOVERNMENT OF  
THE 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 28 day of April, 2016 between THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES, acting by and through the Department of Finance (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 THE PHILIPPINES and THE GOVERNMENT OF THE REPUBLIC OF KOREA entered into the Agreement dated June 3, 2003 concerning EDCF Loans to be extended to THE GOVERNMENT OF THE 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 THE PHILIPPINES and THE GOVERNMENT OF THE REPUBLIC OF KOREA entered into the Arrangement dated April 28, 2016 concerning the EDCF Loan to finance the implementation of PANGUIL BAY BRIDGE PROJECT described in the Description of the Project attached hereto as Schedule 1(hereinafter called the "**Project**"); and

**WHEREAS**, in the light of the said Agreement and Arrangement, the Bank has agreed to extend a loan to the Borrower for the Project 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) Guidelines for Procurement under the EDCF Loan;
- (iii) Guidelines for Employment of Consultants under the EDCF Loan; and
- (iv) 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:

"**Eligible Source Country(ies)**" means the Republic of the Philippines for local currency portion and the Republic of Korea for foreign currency portion, respectively.

"**Interest Payment Date**" means each of the dates of April 20 and October 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.

"**Project Completion Date**" means the earlier of (i) the date when the final disbursement under the Loan is made, and (ii) the date when the certification of completion, such as a final acceptance certificate (FAC) or a defect liability certificate, etc., is issued.

"**Project Executing Agency**" means THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS which has been authorized to implement the Project.

"**Repayment Date**" means each of the Sixty (60) semi-annual consecutive dates of April 20 and October 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.

"Supplier(s)" means the supplier(s), contractor(s) or consultant(s) from whom goods or services to be financed out of the proceeds of the Loan are procured.

## **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 in Korean Won not exceeding the equivalent of One Hundred Million and One Hundred Thirty Two Thousand US Dollars (US\$100,132,000), to finance the implementation of the Project.

(b) The amount of the Loan shall be denominated in Korean Won and shall be fixed by the Bank in accordance with Section 3.01 of the General Terms and Conditions. The Bank shall then notify the Borrower of the amount of the Loan.

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

(a) The Borrower shall cause the proceeds of the Loan to be used for the purchase of goods and services required for the implementation of the Project from the Eligible Source Countries. The proceeds of the Loan shall be allocated in accordance with the Allocation of the Loan Proceeds attached hereto as Schedule 2.

(b) The final disbursement under this Loan Agreement shall be made within Sixty (60) months after the Effective Date of this Loan Agreement, and no further disbursement 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 Korean Won in Sixty (60) semi-annual installments on each of the Repayment Dates.

(b) The Repayment Date and the Korean Won 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 when it fixes the amount of the Loan and the Bank shall notify the Borrower of the Amortization Schedule when it notifies the Borrower of the amount of the Loan in accordance with paragraph (b) of Section 2.01 hereof.

### **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 zero point fifteen percent (0.15%) 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) No interest shall accrue on the Loan covering the consulting services provided by the eligible consultant(s) mentioned in paragraph 3 of Schedule 5.

### **Section 3.03. Preferential Interest Rates**

When the Borrower makes a procurement contract with Korean Small and Medium Enterprises (SMEs) or Medium-Large Companies, preferential interest rates shall apply to the Loan covering civil works and procurement of equipment and facilities as follows:

(i) In case one or more Korean SMEs (including a consortium or joint venture (JV) by Korean SMEs) enter into the contract, zero percent (0%) interest rate shall apply.

(ii) In case one or more Korean Medium-Large Companies (including a consortium or joint venture (JV) by Korean Medium-Large Companies) enter into the contract, fifty percent (50%) of the current interest rate shall apply.

(iii) In case the consortium or joint venture (JV) in which Korean SMEs and/or Medium-Large Companies occupy fifty percent (50%) or above of the share while one or more SMEs take at least twenty percent (20%) of the share enter into a contract, fifty percent (50%) of the current interest rate shall apply.

#### **Section 3.04. 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. 068-13-10395-6) with Yeouido-Kwangjang Branch of the KEB Hana Bank at 101, Yeouigonnwon-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 Procurement and Disbursement**

#### **Section 4.01. Procurement Procedure**

(a) All goods and services to be financed out of the proceeds of the Loan shall be procured through the Suppliers in accordance with the provisions of the Procurement Procedure attached hereto as Schedule 4 and the Employment of Consultants attached hereto as Schedule 5.

(b) All goods and services to be financed out of the proceeds of the Loan shall be procured from the Eligible Source Countries.

#### **Section 4.02. Disbursement Procedure**

The Loan shall be disbursed in Korean Won by the Bank in accordance with the provisions of the Disbursement Procedure attached hereto as Schedule 6.

#### **Section 4.03. 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 in case of the Direct Payment Procedure and/or of the amount of the letter of commitment in case of the Commitment Procedure.

(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 and/or of the issuance of the letter of commitment. 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. Execution of the Project**

(a) The Borrower shall cause the Project Executing Agency to implement the Project with due diligence and efficiency.

(b) The Borrower shall cause the Project Executing Agency to employ consultants for the implementation of the Project.

(c) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower, through the Project Executing Agency, shall make arrangements promptly to provide such funds as shall be needed.

**Section 5.02. Reports and Information**

(a) The Borrower, through the Project Executing Agency to furnish the Bank with progress reports for the Project on a quarterly basis (in March, June, September, and December of each year) from the execution of the first procurement contract to the Project Completion Date in such form and in such detail as the Bank may reasonably request.

(b) Within six (6) months after the Project Completion Date or such later date as shall be agreed upon between the Borrower and the Bank, the Borrower, through the Project Executing Agency to furnish the Bank with a project completion report in such form and in such detail as the Bank may reasonably request.

(c) 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 Project or the Loan.

(d) Regarding the Section 1.08 Fraud and Corruption of the Guidelines for Procurement under the EDCF Loan and the Section 1.09 Fraud and Corruption of the Guidelines for the Employment of Consultants under the EDCF Loan, if the Bank receives information related to suspected corrupt or fraudulent practices in the competition for, or in the execution of, contracts to be financed out of the proceeds of the Loan, the Borrower shall provide, or under the Borrower's responsibility the Borrower shall make the Project Executing Agency provide, the Bank with such information as the Bank may reasonably request,



including information related to any concerned official of the government and/or public organizations of the Borrower's country.

(e) Regarding the Section 5.02 (d) of this Loan Agreement, the Borrower shall not, and shall cause the Project Executing Agency not to, unfairly or unfavorably treat the person and/or company which provided the information related to suspected corrupt or fraudulent practices in the competition for, or in the execution of, contracts to be financed out of the proceeds of the Loan to the Bank and/or the Borrower/Project Executing Agency.

## **ARTICLE VI Miscellaneous**

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

(a) The Borrower hereby designates the Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 4.01, 4.02 and 5.02 of this Loan Agreement.

(b) Any action taken or any agreement entered into by the Project 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 Borrower

Postal Address: THE 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 International Finance  
Group)

Telephone No.: (632) 523-9215

Fax No.: (632) 521-9495

For the Bank

Postal address: THE EXPORT-IMPORT BANK OF KOREA  
38 Eunhaeng-ro, Yeongdeungpo-gu,  
Seoul 07242, Republic of Korea

Attention: Director of the EDCF Operations Department 1

Telephone No.: (82-2) 3779-5686

Fax No.: (82-2) 3779-6756

Telex No.: K26595 EXIMBK

SWIFT BIC: EXIKKRSEXXX

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.

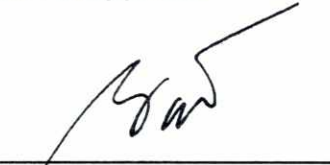
For and on behalf of

For and on behalf of

**The Government of the Republic  
of the Philippines**

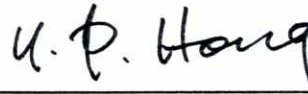
**The Export-Import Bank of Korea  
(Government Agency for the EDCF)**

By



Name: **ROBERTO B. TAN**  
Title: **Treasurer of the Philippines**

By



Name: Hong Youngpyo  
Title: Deputy President

## Schedule 1

### Description of the Project

#### 1. Outline of the Project

(a) Objectives: To accelerate and sustain economic growth in Northern and Western Mindanao regions and to provide more reliable and efficient transport infrastructure resulting in unimpeded flow of goods and services and growth of commerce and industry in the Mindanao regions and reduced transportation costs of the movement of people, goods and services.

(b) Location: Northern Mindanao (Region X)

(c) Project Executing Agency: Department of Public Works and Highways (the "DPWH")

#### 2. Scope of Work

(a) Procurement:

- Civil works: Panguil Bay Bridge (2,360m) and Connecting Road (1,116m)
- Detailed Design, etc.

(b) Consulting services:

- Preparation of detailed planning for the project and bidding documents
- Assistance in Bid Evaluation and Negotiation of Contract
- Supervision and Preparation of Project Completion Report (PCR)

#### 3. Estimated annual fund requirements

(in Thousands of US Dollars)

Year	EDCF	Government of the Philippines
1 <sup>st</sup>	22,141	4,033
2 <sup>nd</sup>	19,472	2,426
3 <sup>rd</sup>	29,209	3,638
4 <sup>th</sup>	29,310	3,638
Total	100,132	13,735

4. The Project is expected to be completed by Forty Four (44) months from the effective date of the Loan Agreement.

## Schedule 2

### Allocation of Loan Proceeds

#### 1. Allocation

The table below sets forth the categories of goods, services and other items to be financed out of the proceeds of the Loan and the allocation of Loan amounts to each category:

(in Thousands of US Dollars)

Category	Estimated Amount		
	Foreign Currency	Local Currency	Total
(A) Base Cost	25,561	65,377	90,938
Civil Works	20,911	62,698	83,609
Detailed Design	1,215	1,214	2,429
Consulting Services	3,435	1,465	4,900
(B) Service Charge	101		101
(C) Contingencies	2,555	6,538	9,093
Total	28,217	71,915	100,132

※ Note : Items not eligible for financing under the local currency portion are as shown below:

- (1) General administration expense
- (2) Taxes and duties
- (3) Purchase of land and other real property
- (4) Compensation
- (5) Other indirect items

## **2. Reallocation**

(a) If the estimated costs of items included in any of the categories shall decrease, the amount then allocated to and no longer required for such Category, will be reallocated by the Bank to Category (C).

(b) If the estimated costs of items included in Category (A) shall increase, the amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan will be reallocated by the Bank, at the request of the Borrower, from Category (C) to Category (A) without currency restrictions. Provided, however, that the amount in the same currency shall be reallocated first.

### Schedule 3

#### Amortization Schedule

Due Date	Amount	(in Korean Won)
1	October 20, 2026	
2	April 20, 2027	
3	October 20, 2027	
4	April 20, 2028	
5	October 20, 2028	
6	April 20, 2029	
7	October 20, 2029	
8	April 20, 2030	
9	October 20, 2030	
10	April 20, 2031	
11	October 20, 2031	
12	April 20, 2032	
13	October 20, 2032	
14	April 20, 2033	
15	October 20, 2033	
16	April 20, 2034	
17	October 20, 2034	
18	April 20, 2035	
19	October 20, 2035	
20	April 20, 2036	
21	October 20, 2036	
22	April 20, 2037	
23	October 20, 2037	
24	April 20, 2038	
25	October 20, 2038	
26	April 20, 2039	
27	October 20, 2039	
28	April 20, 2040	
29	October 20, 2040	
30	April 20, 2041	
31	October 20, 2041	
32	April 20, 2042	
33	October 20, 2042	
34	April 20, 2043	



35	October	20, 2043
36	April	20, 2044
37	October	20, 2044
38	April	20, 2045
39	October	20, 2045
40	April	20, 2046
41	October	20, 2046
42	April	20, 2047
43	October	20, 2047
44	April	20, 2048
45	October	20, 2048
46	April	20, 2049
47	October	20, 2049
48	April	20, 2050
49	October	20, 2050
50	April	20, 2051
51	October	20, 2051
52	April	20, 2052
53	October	20, 2052
54	April	20, 2053
55	October	20, 2053
56	April	20, 2054
57	October	20, 2054
58	April	20, 2055
59	October	20, 2055
60	April	20, 2056

※ Note : Each installment will be filled in when the amount of the Loan is fixed in accordance with Section 3.01 of the General Terms and Conditions, and 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

### Procurement Procedure

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply to the procurement of goods and services to be financed out of the proceeds of the Loan. The term "services" in this Schedule does not include consulting services.

2. Procurement of goods and services shall be subject to the provisions of the Bank's "Guidelines for Procurement under the EDCF Loan" (hereinafter called the "**Procurement Guidelines**"), as amended from time to time, which have been furnished to the Borrower.

3. The Eligibility of the Supplier(s) shall be as follows:

(1) Nationals of the Republic of Korea (including juridical persons incorporated in the Republic of Korea in accordance with its laws; hereinafter the same shall apply)

(2) Foreign corporations in which nationals of the Republic of Korea hold more than 50% of shares as well as foreign subsidiaries of a foreign corporation of which nationals of the Republic of Korea reserve the management rights and are vested with the business performances

(3) Consortiums built by nationals of the Republic of Korea with the corporations set up in accordance with the laws and regulations of the Borrower's country in which nationals of the Republic of Korea hold more than 50% of shares or have the de facto decision-making rights

4. The Borrower shall, through the Project Executing Agency, procure goods and services to be financed out of the proceeds of the Loan specified in Schedule 2 above through Competitive Bidding among Korean Supplier(s).

5. Procurement method shall be subject to the Bank's prior review.

6. The Borrower shall, through the Project Executing Agency, adopt a method of bidding single-stage bidding, two-envelope system for the implementation of the above bidding.

7. For contracts to be awarded on the basis of Competitive Bidding,

procurement actions shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Procurement Guidelines.

**8.** All taxes, duties, and levies imposed on goods and services in THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES provided by the Suppliers under the Loan Agreement for the implementation of the Project shall be borne by the Borrower, through the Project Executing Agency.

## Schedule 5

### Employment of Consultants

1. The services of consultants shall be utilized in the carrying out of the Project, particularly with regard to project management and construction supervision and other consulting services described in 2. Scope of Work in the Schedule 1.
2. The selection and employment of the consultants shall be subject to the provisions of this Schedule and the Bank's "Guidelines for the Employment of Consultants under the EDCF Loan"(hereinafter called the "**Consultant Guidelines**"), as amended from time to time, which have been furnished to the Borrower.
3. The Eligibility of the Consultant(s) shall be as follows:
  - (1) Nationals of the Republic of Korea (including juridical persons incorporated in the Republic of Korea in accordance with its laws and regulations; hereinafter the same shall apply)
  - (2) Foreign corporations in which nationals of the Republic of Korea hold more than 50% of shares as well as foreign subsidiaries of a foreign corporation of which nationals of the Republic of Korea reserve the management rights and are vested with the business performances
  - (3) Consortiums built by nationals of the Republic of Korea with the corporations set up in accordance with the laws and regulations of the Borrower's country in which nationals of the Republic of Korea hold more than 50% of shares or have the de facto decision-making rights
4. The Borrower shall, through the Project Executing Agency, employ the Consultant through Limited Competitive Bidding among Korean firms in accordance with the Consultant Guidelines.
5. The terms of reference, evaluation of proposals, and execution of contract shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Consultant Guidelines.
6. The method of selection procedure shall be submitted to the Bank for its review.

7. All taxes, duties, and levies imposed on consulting services in THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES provided by the Consultants for the implementation of the Project shall be borne by the Borrower, through the Project Executing Agency.

## Schedule 6

### Disbursement Procedures

#### 1. Disbursement Procedures

(a) Disbursements of the Loan shall be made through Commitment Procedure, and/or Direct Payment Procedure.

(b) 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.

#### 2. Designation of Banks

With regard to relevant Sections of the Disbursement Procedures, the designated banks are as follows:

(a) The Paying Bank referred to in Section 2.01 shall be the KEB Hana Bank, a statutory juridical entity organized and existing under the laws of the Republic of Korea with its registered head office at 181, 2-ga, Ulchiro, Chung-gu, Seoul 100-793, Republic of Korea.

(b) The Issuing Bank referred to in Section 2.02 shall be the Land Bank of the Philippines with its registered head office at 1598 M.H. Del Pilar cor. Dr J. Quintos Sts, Malate, Manila, Philippines.