Loan Agreement

(Third Disaster Risk Management 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 five hundred million Dollars ($500,000,000), 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 April 1 and October 1 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) 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;

(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 Blvd.
Manila 1004
Philippines; and
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 1-202-477-639 PhilippinesCMU@worldbank.org
64145(MCI)
AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By

Authorized Representative
Name: Carlos G. Dominguez
Title: Secretary of Finance
Date: APR 10 2020

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative
Name: Achim Fock
Title: Acting Country Director
Date: 10-Apr-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:

A. Strengthening the Policy and Institutional Framework for Disaster Risk Reduction

1. The Borrower has directed its government agencies to use integrated hazard and risk analysis in physical planning and evidence-based policy making, as evidenced through the Cabinet Decision Number 671-070119-34 issued by the Office of the President on July 1, 2019.

2. The Borrower has operationalized the Earthquake Resiliency Program for Greater Metro Manila Area (GMMA), as evidenced through: (i) the Executive Order Number 52 issued by the President on May 8, 2018 creating the Program Management Office for Earthquake Resiliency of the GMMA; and (ii) the Department Order Number 75 and Special Order Number 83, both issued by DPWH on July 17, 2019 creating and describing functions and responsibilities of the DPWH - Earthquake Resiliency - Program Management Office.

B. Strengthening the Policy and Institutional Framework for Disaster Recovery

3. The Borrower has adopted a disaster rehabilitation and recovery planning framework for disaster recovery and reconstruction by national government and local government units, as evidenced through the NDRRMC Resolution Number 01 approving the Philippine Disaster Rehabilitation and Recovery Planning Guide on March 20, 2019.

4. The Borrower has issued guidelines on the implementation of the Emergency Cash Transfer Program for post-disaster recovery, as evidenced through the Memorandum Circular Number 17 issued by the DSWD on August 30, 2019.

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:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>498,750,000</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>1,250,000</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>500,000,000</strong></td>
</tr>
</tbody>
</table>

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 June 30, 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

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1</td>
<td></td>
</tr>
<tr>
<td>Beginning April 1, 2031 through October 1, 2048</td>
<td>2.7 %</td>
</tr>
<tr>
<td>On April 1, 2049</td>
<td>2.8 %</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. "DPWH" means the Borrower's Department of Public Works and Highways, or any successor thereto.

2. "DSWD" means the Borrower's Department of Social Welfare and Development, or any successor thereto.

3. "Emergency Cash Transfer Program" means the Borrower's program for immediate disaster relief, humanitarian response and early recovery support through the provision of unconditional cash to victims of disaster and emergency situations.


5. "Greater Metro Manila Area" or the acronym "GMMA" means a metropolitan area covering the national capital region and surrounding provinces within the Borrower's territory.

6. "NDRRMC" means the Borrower's National Disaster Risk Reduction and Management Council, or any successor thereto.

7. "Philippine Peso" means the lawful currency of the Borrower.

8. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated March 24, 2020 from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section 1 of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

9. "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.

10. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.