



**LOAN NUMBER 96890-PH**

# **Loan Agreement**

**(Philippines Second Sustainable Recovery 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.A 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 Ninety-Nine Million One Hundred Five Thousand Euros (EUR 699,105,000), 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) 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) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
  - (c) without limitation upon paragraph (a) and (b) 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 is that 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 is that 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: (63-2) 8523-9216      E-mail: [secfin@dof.gov.ph](mailto:secfin@dof.gov.ph)

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: Ralph Recto

Title: Secretary of Finance

Date: 22-Aug-2024

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



\_\_\_\_\_  
Authorized Representative

Name: Zafer Mustafaoglu

Title: Country Director

Date: 18-Jul-2024

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

A. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

#### Pillar 1: Accelerate the economic recovery and boost long-term growth

To increase investment in infrastructure services, the Borrower, through: (a) NEDA and select administrative agencies, has adopted the general regulatory framework to open Public Service Sectors to 100 percent foreign ownership and establish procedures for public service sector review; and (b) MARINA has harmonized sector regulations by repealing all foreign equity restrictions in domestic shipping, through the General IRRs of R.A. 11659 and MARINA Memorandum Circular No. DS-2023-02, respectively.

1. To attract private investment in public infrastructure, the Borrower has enacted a Republic Act Providing for the Public-Private Partnership Code of the Philippines (Republic Act 11966) which creates a unified legal framework for PPPs, including joint ventures, and strengthens the management of unsolicited proposals and fiscal risk.
2. To incentivize transparent and better prepared PPPs at the local levels, the Borrower, through the Philippines PPP Governing Board, has revised Project Development and Monitoring Facility (PDMF) Guidelines dated October 2023 to: (a) improve access of local governments to resources for project preparation, negotiation, evaluation, and bid management; and (b) provide a mechanism to also cooperate with the specialized agencies of the United Nations, international organizations, or international financial institutions' transactions advisory.
3. To mobilize development of offshore wind (OSW) energy projects, the Borrower, through the President's Office and the Department of Energy (DoE), has: (a) established the OSW policy and administrative framework for permitting, development of ports and harbors and transmission facilities, and marine spatial planning; and (b) mandated all relevant permitting agencies to develop permitting processes, through Executive Order 21 and DoE Department Circular DC2023-06-0020.
4. To mobilize and scale up sustainable finance, the Borrower, through: (a) the BSP, has required banks to use the Sustainable Finance Taxonomy Guidelines; and (b) SEC, has directed regulated entities to refer to those Guidelines, when extending credit, making investment decisions, or designing sustainable financial products and services, among others, through BSP Circular No. 1187 Series of 2024 and SEC Memorandum Circular No. 5 Series of 2024.

**Pillar 2: Protect the environment and improve climate resilience**

5. To enhance plastic waste management through reduction, recovery, and recycling of plastic waste, the Department of Environment and Natural Resources has prescribed, through a DENR Administrative Order No. 2024-04, the standards of annual EPR Compliance Reports that Obligated Enterprises, PROs, Collectives, and their respective independent third-party compliance auditors are required to adopt under the EPR Act of 2022.
6. To provide an enabling environment for the use of electric vehicles and to reduce dependence on fossil fuels, the Borrower, through the Department of Energy, has issued Department Circular DC2023-05-0011 with the guidelines on accrediting EV charging stations' providers.
7. To incentivize public procurement of green goods and services, the Borrower, through the GPPB, has issued Resolution 19-2023 mandating selected agencies to use green technical specifications for procurement of products in seven broad categories.

**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 is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay the Front-end Fee. 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 Tranche Allocated (expressed in EUR)</b>
(1) Single Withdrawal Tranche	697,357,237.50
(2) Front-end Fee	1,747,762.50
<b>TOTAL AMOUNT</b>	<b>699,105,000.00</b>

**C. Withdrawal Tranche Release Conditions.**

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

**D. Deposit of Loan Amounts.**

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 December 31, 2025.



**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**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each June 15 and June 15 Beginning June 15, 2035 through December 15, 2052	2.70%
On June 15, 2053	2.80%

## APPENDIX

### Section I. Definitions

1. “BSP” means Bangko Sentral ng Pilipinas established pursuant to the provisions of the 1987 Philippine Constitution and the New Central Bank Act of 1993, or any successor thereto.
2. “Collective” means a group of Obligated Enterprises that organized themselves, not as a PRO, to implement a common platform for the implementation of their EPR program, and “Collectives” means the plural thereof.
3. “Department of Energy” or “DOE” means the Borrower’s Department of Energy established pursuant to the Republic Act No. 7638 (Department of Energy Act of 1992), as amended by the Republic Act No. 9136, otherwise known as EPIRA, or any successor thereto.
4. “Department of Environment and Natural Resources” or “DENR” means the Borrower’s Department of Environment and Natural Resources, established pursuant to Executive Order No. 192 of 1987, or any successor thereto.
5. “Department of Finance” or “DOF” means the Borrower’s Department of Finance pursuant to Executive Orders Nos. 127, 127-A, and 292, or any successor thereto.
6. “Extended Producer Responsibility” or “EPR” means the environmental policy approach and practice that requires producers to be environmentally responsible throughout the life cycle of a product, especially its postconsumer or end-of-life stage.
7. “EPR Compliance Report” means an annual compliance report to be submitted by the OEs, Collectives, and PROs to the Department of Environment and Natural Resources pursuant to Sections 44-E and 44-F of the Philippine Ecological Solid Waste Management Act of 2000, as amended by the EPR Act of 2022.
8. “EV” means electric vehicle.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
10. “Government Procurement Policy Board” means the Borrower’s Government Procurement Policy Board established pursuant to Republic Act No. 9184 (R.A. 9184), or any successor thereto.
11. “IRRs” means implementing rules and regulations.
12. “MARINA” means the Borrower’s Maritime Industry Authority established pursuant to the Presidential Decree No. 474 or any successor thereto.

13. “NEDA” means the Borrower’s National Economic and Development Authority established pursuant to the Presidential Decree No. 107 dated January 24, 1973, and reorganized under the Executive Order No. 230, or any successor thereto.
14. “Obligated Enterprises” or “OEs” means:
  - (a) large enterprises, as defined in paragraph 6.27 of the EPR IRR, that generate plastic packaging waste and are required to implement an EPR program under Section 44-B of the Philippine Ecological Solid Waste Management Act of 2000, as amended by the EPR Act of 2022;
  - (b) micro, small, and medium enterprises where the total value of assets of all enterprises carrying the same brand, label, or trademark exceeds that of medium enterprises under Republic Act No. 9501;and “Obligated Enterprise” or “OE” means the singular thereof.
15. “Philippine Crop Insurance Corporation” or “PCIC” means the implementing agency of the Borrower’s agriculture insurance program established pursuant to the Presidential Decree No. 1467 (June 11, 1978), (as amended by PD 1733 (October 21, 1980) and further amended by Republic Act No. 8175 (December 29, 1995)), and the Executive Order No. 148 series of 2021.
16. “Philippine Peso” means the lawful currency of the Borrower.
17. “Producer Responsibility Organization” or “PRO” means the organization, voluntarily formed, or authorized by Obligated Enterprises under Section 44-H of the Ecological Solid Waste Management Act of 2000, as amended by the EPR Act of 2022, that shall serve as the viable platform to implement their EPR program, and “Producer Responsibility Organizations” or “PROs” means the plural thereof.
18. “PPP” means public private partnership.
19. “PPP Governing Board” means the Borrower’s overall policy making body for all PPP-related matters, including the PDMF, as constituted under Republic Act No. 11966, or any successor thereto.
20. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 20, 2024 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 I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
21. “Public Service Sectors” means those sectors of the economy offering certain public services, for general business purposes, and which are identified in the Public Service Act (Commonwealth Act No. 146, as amended), Section 13(b).

22. “SEC” means the Borrower’s Securities and Exchange Commission established pursuant to Commonwealth Act (CA) No. 83 (The Securities Act), as amended, or any successor thereto.
23. “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.
24. “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.