
LOAN NUMBER 9606-PH

Loan Agreement

**(Philippines Disaster Risk Management and Climate Development Policy Loan
with a Catastrophe Deferred Drawdown Option)**

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 (USD 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 half of one percent (0.50%) of the Loan amount.
- 2.03. If the Closing Date is extended pursuant to Section 2.07 below, the fee payable by the Borrower for each extension of the Closing Date shall be one quarter of one percent (0.25%) of the Loan amount available for withdrawal upon such extension. If the Borrower elects to capitalize the fee, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such amounts required to pay such fee. If the Borrower elects to pay the fee from its own resources, the Borrower shall pay such fee not later than sixty (60) days after the date of the notice given by the Bank to the Borrower confirming the extension of the Closing Date.
- 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 15 and October 15 in each year.
- 2.06. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.

(b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such

Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed twenty (20) years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed thirty-five (35) years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.

- 2.07. At any time prior to the Closing Date, the Borrower may, by notice to the Bank, refund any amount of the Withdrawn Loan Balance for the purpose of re-crediting such amount to the Loan Account for further withdrawals. Upon such refund, the repayment schedule shall be adjusted on a pro rata basis, on terms and conditions acceptable to the Bank.
- 2.08. If, prior to the Closing Date, the Borrower requests an extension of the Closing Date, the Bank may provide such extension on such terms and conditions as agreed by the Bank.
- 2.09. 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 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 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 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:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	PhilippinesCMU@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By



Authorized Representative

Name: Secretary Benjamin E. Diokno

Title: Secretary of Finance

Date: 15-Dec-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Ndiame Diop

Title: Country Director

Date: 05-Dec-2023

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

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

Pillar A: Strengthening the Resilience of the Education System

1. To enhance the resilience of school infrastructure, the Borrower: (i) through its President, has required all national government agencies to integrate disaster and climate resilience measures in planning, programming, and infrastructure design, through the issuance of the Presidential Executive Order No. 14, s. 2023, approving and adopting the Philippine Development Plan, 2023-2028, Outcome 1, Chapter 12 on Expanding and Upgrading Infrastructure, issued on January 27, 2023, and (ii) through its Department of Education (“DepEd”), has mandated its bureaus to develop a School Infrastructure Investment Program using a risk-informed and evidence-based platform, through the issuance of DepEd Department Order 019 (Series of 2023), Institutionalization and Implementation of Risk-Informed and Evidence-Based School Infrastructure Planning, and Programming, Section 6, Item 5, issued on July 20, 2023.
2. To protect students and DepEd personnel from natural hazards, the Borrower, through the DepEd, has mandated schools to develop Emergency Preparedness and Response (contingency) Plans using a risk-informed and evidence-based platform, through the issuance of DepEd Department Order 019 (Series of 2023), Institutionalization and Implementation of Risk-Informed and Evidence-Based School Infrastructure Planning, and Programming, Section 6, Item 6, issued on July 20, 2023.

Pillar B: Strengthening the Resilience of the Human Settlements System

3. To establish livable communities, the Borrower, through the Department of Human Settlements and Urban Development (“DHSUD”), has mandated its bureaus to prescribe to Local Government Units (“LGUs”) the integration of climate- and disaster- resilience measures in the formulation of Comprehensive Land Use Plans (CLUPs) using a risk-informed and evidence-based platform, through the issuance of DHSUD Department Order 2023-006 (Series of 2023), Development of Digital Climate and Disaster Risk-informed Land Use and Urban Planning System, Section 3, Item 5, issued on June 15, 2023.
4. To enhance the resilience of communities, the Borrower, through the DHSUD, has mandated its bureaus to develop guidelines for LGUs in planning resilient urban design strategies, including the establishment and maintenance of green and open spaces, through the issuance of DHSUD Department Order 2023-006 (Series of 2023), Development of Digital Climate and Disaster Risk-informed Land Use and Urban Planning System, Section 3, Item 4, issued on June 15, 2023.

Pillar C: Strengthening the Resilience of the Health System

5. To better withstand the impact of hazards and minimize disruption of health services, the Borrower, through the DOH, has mandated its bureaus to integrate disaster and climate resilience measures in the construction, renovation, and retrofitting of all health infrastructure projects funded under the Health Facilities Enhancement Program, through the issuance of DOH Department Memorandum 2023-0252 (Series of 2023), Adherence to the Guidelines on the Green and Safe Health Facilities Requirements Integration of Climate and Disaster Resilient Measures in the Construction of Health Facilities, issued on July 18, 2023.

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:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	497,500,000
(2) Front-end Fee	2,500,000
(3) Fee payable pursuant to Section 2.03 of this Agreement	0
TOTAL AMOUNT	500,000,000

- C. Payment of Fee Pursuant to Section 2.03 of Agreement.** If the Closing Date is extended pursuant to Section 2.07 of this Agreement and the Borrower elects to finance from its own resources the fee set forth in Section 2.03 of this Agreement, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of such fee.
- D. Withdrawal of Loan Proceeds.**
 1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied, based on evidence satisfactory to it, that (i) a proclamation declaring a State of Calamity has been issued by the Borrower’s President due to an imminent or occurring natural catastrophe and/or a public health emergency; and/or (ii) a proclamation declaring a State of Public Health Emergency has been issued by the Borrower’s President due to a public health emergency.

2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Borrower in carrying out the Program.
3. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied, based on evidence satisfactory to it, that the situation described in paragraph (c) of Section 3.01 of Article III of this Agreement has been resolved.

E. 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.

F. Closing Date. The Closing Date is December 31, 2026.

SCHEDULE 2

Repayment Schedule

Disbursement-Linked Amortization Repayment Schedule – Level Repayment

1. Subject to the provisions of Section 3.03 of the General Conditions, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each April 15 and October 15, the first installment to be payable on the twenty-second (22nd) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the fifty-sixth (56th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-thirty-fifth ($1/35$) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.
2. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.

APPENDIX

Section I. Definitions

1. “Department of Education” or “DepEd” means the Borrower’s Department of Education.
2. “Department of Health” or “DOH” means the Borrower’s Department of Health.
3. “Department of Human Settlements and Urban Development” or “DHSUD” means the Borrower’s Department of Human Settlements and Urban Development.
4. “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), with the modifications set forth in Section II of this Appendix.
5. “Health Facilities Enhancement Program” means a DOH-managed program which aims to improve public health facilities by constructing new and upgrading and rehabilitating existing public health facilities across the country.
6. “Local Government Unit” or “LGU” means a local government unit, a territorial and political subdivision of the Borrower at the provincial, city, municipal or barangay level, or any successor thereto; and “LGUs” means, collectively, all LGUs.
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 September 29, 2023, 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.
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.
11. “State of Calamity” means a situation resulting from a disaster caused by one or more hazards as specified in the Borrower’s Disaster Risk Reduction and Management Act of 2010.

12. “State of Public Health Emergency” means a state of emergency caused by one or more health related events and/or natural disaster as specified in the Borrower’s Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act of 2018.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In paragraph 104 of the Appendix, the term “Variable Spread” is modified to read as follows:

“ 104. “Variable Spread” means, for each Withdrawal and each Interest Period: (a) (1) the Bank’s standard lending spread for Loans established by the Bank in accordance with its policies in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date (including the maturity premium, if applicable); (2) plus or minus the weighted average margin to the Reference Rate for the relevant Interest Period, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank, expressed as a percentage per annum and as periodically published by the Bank; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.”.

2. The following definitions of the terms “Withdrawal” and “Withdrawal Date” are inserted as new paragraphs 105 and 106, respectively, and the remaining definitions and paragraphs (as the case may be) renumbered accordingly:

105. “Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

106. “Withdrawal Date” means, for each Withdrawal, the date on which the Bank pays the Withdrawal.”