
CONFORMED COPY

LOAN NUMBER 8035-PH

Loan Agreement

**(Additional Financing for Laguna de Bay Institutional Strengthening and
Community Participation Project)**

between

REPUBLIC OF THE PHILIPPINES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated May 12, 2011

LOAN AGREEMENT

AGREEMENT dated May 12, 2011, between the REPUBLIC OF THE PHILIPPINES (“the Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“the Bank”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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) constitute an integral 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, in this Agreement, or if not otherwise defined, in the Original Loan Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of ten million dollars (\$10,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“the Loan”), to assist in financing Part A.2 of the project described in Schedule 1 to this Agreement (“the Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by

the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.

- 2.05. The Payment Dates are January 1 and July 1 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 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: (a) carry out Part A.2 of the Project through MDFO; and cause LLDA to carry out Parts A.1, A.3 and B of the Project, all in accordance with the provisions of Article V of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:

(a) The Republic Act No. 4850 of the Borrower (“The Laguna Lake Development Authority Act of 1966”), as amended by Presidential Decree No. 813 (October 17, 1975) and Executive Order No. 927 (December 16, 1983), has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of LLDA to perform any of its obligations under this Agreement.

(b) The Borrower has amended, suspended, abrogated or waived the LLDA’s Re-engineering Program, or any provision thereof so as to affect materially and adversely the ability of LLDA to perform any of its obligations under this Agreement.

Section 4.02. The Additional Event of Acceleration consist of the following; that the event specified in paragraph (a) of Section 4.01 of this Agreement or the event specified in paragraph (b) of Section 4.01 of this Agreement has occurred.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: that the Bank has received draft final bidding documents of at least four (4) Subprojects.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

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 ng Pilipinas Complex

Roxas Blvd.
Manila, Republic of the Philippines

Cable address:	TELEX 40268CB-	Facsimile: CONF
SECFIN Manila		(63-2) 523-9216

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Manila, Republic of the Philippines, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By /s/ Cesar V. Purisima

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Chiyo Kanda

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to improve the environment quality of the Laguna de Bay Watershed.

The Project, comprising the Original Project with the modifications set forth below, consists of the following parts, subject to modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part A: Micro-watershed Environmental Interventions

Carrying out a program of environmental management and improvement of the Laguna de Bay watershed at the micro-watershed level, said program consisting of:

1. Preparation of small-scale investment sub-projects which are parts of an integrated program at the micro-watershed level, in waste management and sanitation, natural resource development and management, eco-tourism, soil erosion and localized flood prevention.
2. Provision of Subloans and Subgrants to selected LGUs for the implementation of the Subprojects, including provision of Subloans and Subgrants to selected LGUs for the construction, rehabilitation or enhancement of the following types of Subprojects: (a) solid waste management facilities; (b) water and wastewater management facilities; (c) local drainage and flood control and prevention; (d) slope and river bank stabilization and protection; (e) natural resource management; and (f) environmental improvements/eco-tourism.
3. Monitoring and supervision of the implementation of the Subprojects referred to in paragraph 2 above.

Part B: Institutional Development

Carrying out a program to strengthen institutions and develop instruments to effectively manage the Laguna de Bay Watershed environment, said program consisting of:

1. Enhancement of the capacity of the Laguna Lake Development Authority, through: (a) the development, piloting and strengthening of regulatory instruments and approaches to control environmental pollution and degradation; (b) the strengthening of its policy and planning capacity; (c) the development and implementation of information, education and communication programs; and (d) the formulation of a strategy for trunk infrastructure development;
2. Development of the environmental protection and management capacity of stakeholders in the micro-watersheds, through: (a) the preparation, on a participatory basis, of about twenty-four (24) Laguna micro-watershed environmental action plans; and (b) provision of training and skill development assistance to LGUs, River Councils and community groups within the Laguna de Bay Watershed;
3. Provision of support for Project coordination and management; and
4. Establishment of a Monitoring and Evaluation Framework, and dissemination of lessons learnt.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall, for the duration of the Project, maintain the institutional arrangements set forth in Paragraph 1 of Schedule 4 to the Original Loan Agreement.
2. The Borrower shall carry out Part A.2 of the Project through MDFO, and cause LLDA to carry out Parts A.1, A.3 and B of the Project, in accordance with the provisions of (a) Section 3.01 (except for sub paragraph (c) thereof) of the Original Loan Agreement; and (b) the part of the Implementation Program set forth in Section A and B of Schedule 4 to the Original Loan Agreement subject to the amendments and revisions set forth in Part C below;
3. Without limitation upon the provisions of the preceding paragraph, the Borrower shall cause LLDA to (a) carry out Parts A.1, A.3 and B of the Project, in accordance with the Project Implementation Plan, provided that in the event that any provision of the aforesaid documents is inconsistent with the provisions of the Original Loan Agreement or this Agreement, the provisions of the Original Loan Agreement or this Agreement shall prevail; and (b) not to change, assign, amend, abrogate or waive the PIP, or any provision thereof without the prior written consent of the Bank.

B. Subloans and Subgrants

The procedures for the processing of Subloans and Subgrants shall be those set forth in Schedule 4 to the Original Loan Agreement as amended on July 10, 2009, and thereafter from time to time with the prior written agreement of the Bank, subject to the amendments and revisions set forth in Part C below

C. Amendments and Revisions to the Original Agreement

1. The term "Operations Manual" wherever it appears shall be deemed to be a reference to the Operations Manual defined in the Appendix to this Agreement

2. The reference in Paragraph 4(d) to Annex 1 of Schedule 4 shall be deemed to be a reference to Section III of this Schedule 2; and

D. Safeguards

The Borrower shall ensure that the Project (including Subprojects) is implemented in accordance with the provisions of the Environmental and Social Safeguards Framework.

E. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in Annex 1 of this Schedule. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Project closing date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Methods
(a) National Competitive Bidding procedures subject to the additional procedures set out in Annex 2 to this Schedule.
(b) National Shopping
(c) Community Participation in Procurement
(d) Procurement of Small Works

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Methods
(a) Selection Based on Consultants' Qualifications
(b) Selection of Individual Consultants
(c) Single Source Selection

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this

Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Subgrants and Subloans under Part A.2 of the Project	9,975,000	100 % of amounts of Subloans and Subgrants Disbursed.
(2) Front-end Fee	25,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium ¹	0	Amount due pursuant to Section 2.07(c) of this Agreement
TOTAL AMOUNT	10,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is April 30, 2014.

¹ The amount allocated to this category will be zero until premia is to be charged.

Annex 1 to Schedule 2 Project Performance Indicators

Outcome Indicator	Baseline (2003)	End of Project Target (July 31, 2010)	Achievement under the Original Project (as of January 2011)	Additional Financing Indicators (April 30, 2014)
1. At least 10 percent reduction in pollution loading for regulated parameters	BOD loading: 827.56 MT	10 percent (744.80 MT)	15 percent (698.37MT)	10 percent (744.80 MT)
2. At least 30 percent increase in compliance by enterprises	507	30 percent (659 enterprises)	91 percent (971 enterprises)	91 percent (971 enterprises)
3. All LGUs in at least 10 of the micro-watersheds have adopted multi-stakeholder micro-watershed planning as part of their municipal development planning process	0	All LGUs in 10 micro-watersheds	All LGUs in 24 micro-watersheds adopted LEAP	All LGUs in 24 micro-watersheds adopted LEAP
4. At least five (5) of the micro-watershed interventions that are implemented result in measurable reductions in important environmental pressures	0	5	33	50
5. At least 30 percent increase in the number of men and women from community and stakeholder groups that are involved in watershed planning and management	249 (men) 162 (women) = 411	30 percent 535 (324 men and 211 women)	300 percent 1644 (1080 men and 564 women)	300 percent 1644 (1080 men and 564 women)
Results Indicator by Component				

Component 1: Co-managed micro-watershed environmental interventions				
6. Monitoring and evaluation framework set up and in use	None	M&E framework & system in place	M&E framework & system in place	M&E framework & system improved and in use
7. MIS benchmarking completed	None	Completed	Completed	Completed
8. Multi-stakeholder planning process (Lake Environment Action Planning-LEAP) conducted in 24 micro-watersheds	0	24	24	24
9. Number of micro-watershed sub-projects identified and FS completed	0	20	38	50
10. At least 20 sub-projects approved with adequate time for their implementation within the project duration	0	20	33	50
11. Number of SPLAs signed	0	20	22	35
12. More than 80 percent of sub-projects that are approved for funding are implemented and completed	0	20	33	50
Component 2: Strengthening institutions and instruments				
13. LLDA has implemented the new structure and completed its re-	None	New structure implemented	New structure implemented based on approved Rationalization	Sustain implementation of new structure based on the

engineering program as envisioned in the LIDO			Plan	Rationalization Plan
14. Data management systems improved	None	Data management system completed	100 percent completed	Data management system in use
15. Laguna de Bay Environment Monitor published annually	0	Total of 5 publications	5 LdBE Monitors published	7 LdBE Monitors published
16. Modified Environmental User Fee (EUF) formula officially adopted	None	Modified EUF Formula adopted	Modified EUF Formula adopted	Modified EUF Formula adopted
17. EUF parameters expanded	1	3	3 (BOD, TSS, TSS/BOD)	3 (BOD, TSS, TSS/BOD)
18. Number of establishments covered by EUF increased by 300-400	1000	1400	2182	2482
19. 85-90 percent of Loan proceeds disbursed	0	85-90 percent	79 percent	At least 85 percent
20. 16-25 percent increase in revenue from EUF system	55 million	25 percent increase (P68.75m)	126 percent (P124.705m)	25 percent increase
21. Revenues reinvested in environmental projects through PDF & other instruments by LGUs & the private sector	0	P25M	P11M	P37M
22. Operational guidelines for expansion of EUF to new enterprises and their collection adopted	0	Guidelines developed and adopted	Guidelines already developed and adopted	Guidelines adopted and sustained
23. Public disclosure of industry and LGU performance occurs	None	2	3	5

at least twice				
24. Measures to upgrade permitting, monitoring, enforcement, policy and planning procedures (PMEPPP) officially adopted	None	PMEPPP officially adopted	PMEPPP has been adopted	PMEPPP implemented
25. Infrastructure strategy adopted by LLDA	None	Infra Dev. Strategy adopted	Infra Dev. Strategy for LLDA Board approval	Infra Dev. Strategy adopted
26. Operational guidelines for EUF expansion to households and regulation of water use developed	None	Operational guidelines for EUF expansion to households and water use regulation adopted	Operational guidelines for EUF expansion to households and water use regulation adopted	Operational guidelines for EUF expansion to households and water use regulation adopted
27. Number of RC offices established	0	10 RC offices established	Only 1 RC has established an office	Dropped
28. Annual Conference/ Learning Forum	0	5 conferences	5 conferences	7 conferences
29. Capacity of 24 RCs substantially expanded by at least 3 levels		Average maturity index scores of 24 RCs moved up by 3 to 7.59	Average maturity index scores of 24 RCs 3.51	Dropped
30. Public Perception Survey on effectiveness of IEC programs conducted at least twice by end of project	None	2 surveys conducted	Baseline survey conducted in 2005 and the 2 nd in 2009; Analysis of results of 2009 survey available by 15Feb2010	A 3 rd survey conducted by 2013
31. Number of watershed management-related SB resolutions approved and/or enforced	0	–	37	50

Annex 2 to Schedule 2**Additional National Competitive Bidding Provisions**

1. Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
2. A ceiling may be applied to bid prices provided the following conditions are met: (a) bidding documents are obtainable free of charge on a freely accessible website; (b) the agency has procedures in place to ensure that the ABC is based on Engineer's Estimate; (c) the agency has trained cost estimators on estimating prices and analyzing bid variance; and (d) the agency has established a system to monitor and report bid prices relative to ABC and Engineer's estimate.
3. Domestic or regional preferences will not be applied in the evaluation of bids, and other preference in effect in the Philippines will not be used except with prior concurrence of the Bank.
4. In case of contracts for prior review, modification exceeding 15% of contract amount and materials changes in the conditions during implementation require prior Bank concurrence.
5. Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture, with local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements after award and before signing of contract.
6. For works contract, the experience qualification requirement shall be: (a) at least one previous contract at 80% of the estimated cost of the contract being procured; and (b) an annual turnover from all works averaged over the last three years equal to 100% of the estimated cost of the contract being procured.
7. Alternative procurement methods defined in the implementing rules and regulations such as Limited Source Bidding, Direct Contracting and Shopping are acceptable. The use of the other alternative methods will require prior Bank concurrence.

8. A period of at least thirty (30) days for bid preparation shall be required.

SCHEDULE 3**Amortization Schedule**

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each January 1 and July 1 beginning July 1, 2021 through July 1, 2035	3.33%
On January 1, 2036	3.43%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means 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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
4. “Environmental and Social Safeguards Framework” means the updated framework dated April 12, 2010 prepared by the Borrower, approved by the Bank and publically disclosed on April 12, 2010 setting out, *inter alia*, policies and procedures for the screening and management of environmental and social impacts of activities to be carried out under the Project (including Sub-Projects), and including: (i) the Land Acquisition, Resettlement and Rehabilitation Framework, and any Resettlement Action Plans required thereunder; (ii) the Indigenous Peoples Planning Framework; and (iii) the Environmental Management Plans for specific types of activities, as the same may be amended from time to time with the agreement of the Association.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans” dated July 31, 2010.
6. “Operations Manual” means the manual adopted by the Borrower, and approved by the Bank that sets out procedures for implementation of the Project, including, *inter alia*, procurement procedures to be followed by LLDA and by LGUs (including the special provisions on national competitive bidding procedures), reporting requirements, financial management procedures, including audit procedures to be followed by LLDA and by LGUs, as such manual may be amended from time to time in agreement with the Bank;
7. “Original Loan Agreement” means the agreement entered into between the Borrower and the Bank, dated January 26, 2004 (Loan No 7205-PH) for the Laguna De Bay Institutional Strengthening and Community Participation Project.

8. “Original Project” means the project described in Schedule 2 to the Original Loan Agreement.
9. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
10. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 28, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.