

CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE REPUBLIC OF ITALY

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The Government of the Republic of the Philippines and the Government of the Republic of Italy, in the spirit of friendship and economic cooperation between the two countries, have agreed upon the following:

ARTICLE 1

The Government of the Republic of Italy shall extend to the Government of the Republic of the Philippines a financial credit in the amount of up to 70,000,000 US dollars (seventy million US dollars) to be utilized for the development of the energy sector in the Philippines, within the framework of the Italian participation in cooperation schemes and programmes to be agreed between the two Governments.

ARTICLE 2

The credit shall be granted in order to finance the supplies of Italian goods and/or services made by Italian firms for the foreign exchange cost of the Bacon Manito Geothermal Power Plant Project Phase One, 10% (ten per cent) of the credit can be used for local costs; the Italian Authorities will consider the further extension of such percentage to 15% (fifteen per cent).

It is understood that the additional amount of 10,000,000 (ten million) US dollars pledged to this project is over and above the 180,000,000 (one hundred and eighty million) US dollars earmarked for soft loans under the Protocol of Understanding signed in Manila on September 18, 1987.

ARTICLE 3

The credit referred to in Article 1 shall be granted at the following conditions:

- reimbursement in 20 (twenty) half-yearly consecutive equal principal instalments, the first of which falling due 126 (one hundred twenty-six) months from the date of effectiveness of the financial convention referred to in the following article;
- interest rate of nominal annual 1.50% (one point fifty per cent), payable at the end of each period of six months from the date of each drawdown.

ARTICLE 4

The technical arrangements and other conditions governing the above-mentioned credit will be established under a separate financial convention between Mediocredito Centrale, acting on authorization of the Italian Government, and the President of the National Power Corporation, acting in the name and on behalf of the Government of the Republic of the Philippines.

ARTICLE 5

All differences arising from the interpretation and application of the present agreement shall be settled through diplomatic channels.

ARTICLE 6

This agreement shall come into force on the day of its signature and it shall remain in force until the last payment to Mediocredito Centrale, due under previous Article 3, is made.

Done in Rome on 17th June 1988 in two original copies in English, both being equally authentic.

FOR THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES

FOR THE GOVERNMENT OF THE
REPUBLIC OF ITALY

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