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[Kreditanstalt Wiederaufbau]

[PalmengartenstraBe]

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National Housing Authority PalmengartenstraBe 5-9

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Quezon City Telegrammadresse:

Republic of the Philippines Kreditanstalt Frankfurtmain

[IhreNachncht] [Ihr Zeichen] [Bearbeiter] [Unser Zeichen] [Durchwahl] [Datum]

[your teller]
[your sign] [Office in charge] [Our sign] [extension] [date]

[votre lettre]
[votre reference] [employe competent] [notre reference] [extension] [date]

[sucarta]
[su referencia] [functionario encargado] [nuestra referencia] [extension] [fecha]

[Dr. Kinnemann] [Kin/Kel 2839] [22 MAR 1982]<!--

Re: L IXI b / DM 10.0 Million Loan for Resettlement Dasmarinas

Loan No. 81 67 561

Dear Sirs,

The Loan and Project Agreement entered into between the Republic of the Philippines ("Borrower") and the National Housing Authority ("Project Sponsor") and Kreditanstalt fur Wiederaufbau ("Kreditanstalt") on 22. MAR 1982 provides that the following be determined by separate agreement.

> Pursuant to Article 1 .2 the details of the Project as well as the goods and services to be financed from the Loan;
>
> pursuant to Article 3.1 the disbursement procedure, in particular the evidence to be furnished by the Project Sponsor for the disbursement of the Loan proving the use of the loan amounts for the purpose stipulated in the

above Loan and Project Agreement;

pursuant to Article 8.2 the details pertaining to Article 8.1 (Execution of the Project).

[Deutsche Bundesbank Frankfurt (BLZ 504 000 00) Girokonto 504 09100 - Postscheckamt Frankfurt (BLZ 500 100 60)Konto 49837 609]

Therefore, we propose that the following be agreed upon:

I. Details of the Project as well as Determination of the Goods and Services

---

(1) According to the documentation available to Kreditanstalt and the negotiations held by it with the Project Sponsor, the Project comprises the following measures at the estimated costs so far used as basis: P r o j e c t

Project Components

Investment costs 1)

To be financed
from the Loan

-in mn P -

- in mn DM -

- mn DM -

(1) Internal and external
development

35. 1

9.2

3.4

(2) Elementary School

6.7

1.8

0.7

(3) Community Facilities

0.8

0.2

0.1

(4) Core houses and sanitary core

8.2

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2.2

0.8

----------Total I ---------- ----------50.8 ----------5.0

13.4

(5) Reserves for physical
contingencies (12%)

6.1

1.6

0.6

Construction Cost
as per end of 1980

56.9

15.0

5.6

(6) Planning and construction supervision

4.6

1.2

1.2

(8 %)

Total II

61.5

16.2

6.8

(7) Reserves for price escalation 27,5 % per middle of construction period

16.9

4.4

1.8

Total Construction Cost

78.4

20.6

8.6

(8) Funds for Building Material Stock Bank

6.5

1 .7

1 .4

Grand Total

84.9

22.3

10.0

==========

Development and construction measures can be financed from the Loan up to 40 %, Consulting Services up to 100% and Funds for the Building Material Stock Bank up to 80 % of the corresponding total cost.

(1) Exchange rate: DM 1.-- = P 3.80 Should there be any indication of major changes in the measures stated in the above list of project measures or in the cost estimates, Kreditanstalt shall be informed without delay. Execution of such measures shall commence only on the basis of revised planning and after Kreditanstalt has given its consent.

(2)The list of goods and services to be financed from the Loan shall be prepared on the basis of the contracts concluded for such goods and services. Accordingly, Kreditanstalt shall be furnished with a copy of each contract.

As far as any measures of the Project shall be executed under the Project Sponsor's own management and no contracts for goods and services have been concluded, Kreditanstalt shall receive instead of the contracts a schedule of the measures planned, broken down by main cost categories (schedule of measures). Any costs incurred for general administration in connection with such works shall not be included in the schedule of measures.

Having checked the contracts and/or schedule of measures, Kreditanstalt shall transmit to the Project Sponsor numbered letters stating the amounts which have been reserved for the financing from the Loan and send him the

"List of Goods and Services"
as supplemented from case to case (Annex 1).
(3)When concluding contracts for goods and services to be financed from the Loan, the following principles shall be adhered to by the Project Sponsor:

(a) The payment conditions of the contracts shall be in line with commercial practice.

(b) To safeguard the advance payments and the due implementation of the contracts, the contracts shall provide for appropriate advance payment and performance guarantees to be given by banks or insurance companies.

(c) As according to Article 1.3 of the Loan and Project Agreement no import duties shall be financed from the Loan, such import duties, if part of the contract value, shall be stated separately in the contracts to be concluded for the goods and services and in the invoices.

(d) It shall be ensured that the goods to be financed from the Loan are insured adequately and to the customary

extent against transport risks so that their replacement or repair is possible. Such insurance shall be taken out in a freely convertible currency as far as foreign exchange costs accruing to the Project Sponsor shall be financed.

(e)It shall be ensured that all contracts for goods and services, if payable from the Loan, contain a provision to the effect that any reimbursements, insurance, guarantee or similar claimable payments shall be made for the account of the Borrower to Kreditanstalt into its account No. 504 091 00 with the Deutsche Bundesbank, Frankfurt am Main, with Kreditanstalt crediting him with the amounts. If such payments are made in local currency they shall be transferred to a special account of the Project Sponsor in the Philippines; such account may be operated only with the consent of Kreditanstalt. Such funds may be re-utilized in accord with Kreditanstalt for the execution of the Project.

II. Disbursement Procedure

> The disbursement procedure is governed by the "Guidelines for the Disbursement of Funds of German Financial Co-operation with Developing Countries by Kreditanstalt fur Wiederaufbau" , which constitute an integral part of this Agreement.

III. Execution of the Project

(1) The National Housing Authority is responsible for the execution of the Project. The time-table and the cost and financing schedule required for the proper technical and financial execution of the Project shall be prepared as soon as possible by the Project Sponsor in co-operation with the consulting engineers and shall be submitted to Kreditanstalt. Such schedule shall show the presumable timing and co-ordination of the individual project measures and the resulting financial requirements, by dates and amounts. If any deviation from such schedule becomes necessary in the course of the execution of the Project Kreditanstalt shall be furnished with the revised schedule.

(2)The duties of the consulting engineers shall comprise review of the planning of the Project, the preparation of the tender documents, advisory services to the Project Sponsor in connection with the award of contracts for goods and services (evaluation of bids, proposals as to the award of contract, drafting of contracts), the supervision of construction and the putting into operation, certificates of acceptance. A public competition having been carried through, the contract shall be awarded to independent qualified consulting engineers (domiciled in the Federal Republic of Germany including the Land Berlin). For this purpose, the Project Sponsor shall publish a corresponding notice at least in the "Nachrichten fur Aussenhandel" (NfA) of the

> Bundesstelle fur Aussenhandelsinformation Blaubach 13 D-5000 Koln Federal Republic of Germany

under the heading "Finanzielle und Technische Zusammenarbeit der Bundesrepublik Deutschland" (Financial and Technical Co-operation of the Federal Republic of Germany). Publication in the NfA is free of charge. From among the applications of the consulting engineers interested (long-list), the Project Sponsor shall preselect the consulting engineers particularly qualified for executing the Project (short-list), with the preselection requiring the approval of Kreditanstalt. Accordingly, the Project Sponsor shall furnish Kreditanstalt with an evaluation report on the preselection together with all relevant documents as requested by Kreditanstalt. Sufficient time allowed, the consulting engineers selected shall be invited to submit their tenders of services and price quotations separately

The final selection shall depend on the quality of the tenders of services; only if the tenders are of equal quality shall the price quotations be decisive. Kreditanstalt reserves the right to approve the proposal to award the contract. Accordingly, it shall be furnished with an evaluation report on the final selection together with any documents as requested by it. Furthermore, the engagement of the consulting engineers selected shall require the prior approval of Kreditanstalt. Accordingly it shall be furnished in due course with the draft of the consulting

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contract.

(3) The contracts for goods and all other services shall be awarded in co-operation with the consulting engineers by way of national public competitive bidding. The tender documents shall be submitted to Kreditanstalt for comment in due course prior to publication of the invitation to tender. The bidding period shall be fixed in such a way as to give the bidders sufficient time to prepare their bids.

(4) The bids shall be evaluated by way of comparison by the consulting engineers or by the Project Sponsor in cooperation with the consulting engineers. The evaluation of bids and the substantiated proposal for awarding the contract, which shall bear the certification by the consulting engineers or be accompanied by their separate comments, shall be submitted to Kreditanstalt early enough for it to make its comments before any contracts are awarded.

Kreditanstalt reserves the right to demand new competitive bidding if it is obvious that the lowest bid considerably exceeds reasonable cost estimates and if such new competitive bidding can be expected to result in much cheaper bids.

Prior to the conclusion of a contract for goods and services, Kreditanstalt shall be furnished for comment with the draft contract as agreed upon, duly provided with the visa of the consulting engineers. The same shall apply to subsequent modifying or amending agreements, if any.

(5)For smooth implementation of the Project the Project Sponsor shall:

> (a) carry out a census in "Dulo Puting Bato" after final clearance of areas "Slip Zero" and "Bonifacio Village" and after possibly related intermediate resettlement of families to "Dulo Puting Bato" in order to finally fix the number of families to be resettled;
>
> (b) consider as far as possible Kreditanstalt's recommendations for the planning of the project area mentioned during local appraisal;
>
> (c) make any major changes in the number and distribution of plot-types only in consultation with Kreditanstalt;
>
> (d) submit to Kreditanstalt soonest possible a proposal for staffing of the project management;
>
> (e) appoint a project Director at director level to ensure co-ordination between Dasmariñas Bagong Bayan Project Office and the head office of the Project Sponsor;
>
> (f) together with the Consulting Engineer thoroughly examine the possibility of establishing a Building Material Stock Bank;
>
> (g) ensure the keeping of a project accounting system.

(6) The Project Sponsor shall until further notice report to Kreditanstalt annually on his financial situation and quarterly on the progress of the Project. Such reports shall cover the points stated in the list attached hereto (Memo for Progress Reports, Annex 2). The first report on the state of affairs shall be submitted as of January 1, 1982. The reports shall be duly countersigned by the consulting engineers.

After completion of the Project, the Project Sponsor shall report on its further development. Kreditanstalt shall in due course inform the Project Sponsor about the details, in particular the period, to be reported on.

(7) Please send all documents we need for preparing the comments and approvals agreed upon above so early as to give us sufficient time for their examination.

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IV. The above stipulations may at any time be amended or modified by mutual consent if this should appear useful for the execution of the Project or the implementation of the Loan and Project Agreement. In addition, the provisions of Articles 7.3 and 9 of the Loan and Project Agreement shall apply to this agreement accordingly.

Please confirm your approval of the above agreement by signing in a legally binding form and returning the enclosed copies in German and in English.

We enclose herewith copies of the present letter in German and English asking you to be so kind as to forward them (one copy each) to Ministry of Finance and to the consulting engineers.

Yours faithfully,

KREDITANSTALT FUR WIEDERAUFBAU

Encls.

1. Reservation of partial loan amounts by addition to the "List of Goods and Services"
2. Memo for Progress Reports

READ AND AGREED: NATIONAL HOUSING AUTHORITY S p e c i m e n Reservation of partial loan amounts by addition to the "List of Goods and Service"

KREDITANSTALT FUR WIEDERAUFBAU Frankfurt/Main, ...

National Housing Authority
Quezon Memorial Elliptical Road
Diliman,
Quezon City
Republic of the Philippines

Re: L III b / Loan and Project Agreement

dated 22 MAR 1982 or DM 10.0 million

Loan No. 81 67 561

List of goods and Services

Letter of reservation No. .....

Dear Sirs, With letter dated ..... you sent us your contract for goods and services dated ..... concluded with your schedule of measures dated.....

In consequence/ we have reserved the amount of DM .....to be financed from the above loan and have added the amount to the

List of Goods and Services,
a supplemented copy of which is enclosed herewith.

You will request disbursement of the amount reserved under the ..... Procedure.

Please return the enclosed copy of the supplemented "List of Goods and Services", duly signed by you and bearing your declaration of consent.

Yours faithfully,

KREDITANSTALT FUR WIEDERAUFBAU

S p e c i m e n
Reservation of partial loan amounts by addition to
the "List of Goods and Service"

KREDITANSTALT FUR WIEDERAUFBAU Frankfurt/Main, ...

National Housing Authority
Quezon Memorial Elliptical Road
Diliman,
Quezon City
Republic of the Philippines

Re: RS-A/L III b /

Loan and Project Agreement

dated for DM 10.0 million

for Resettlement Dasmariñas

Loan No. 81 67 561

Our letter dated

List of Goods and Services

Letter of Reservation No.....

With letter dated ..... you sent us your contract for goods and services dated ..... concluded with your schedule of measures dated.....

In consequence, we have reserved the amount of DM .....to be financed from the above loan and have added the amount to the

List of Goods and Services,
(a supplemented) copy of which is enclosed herewith. You will request disbursement of the amount reserved under the ..... Procedure.

Kindly check the enclosed list. In case you should have any objections, please contact us immediately.

Yours faithfully,

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KREDITANSTALT FUR WIEDERAUFBAU

List of Goods and Services, inclusive of Reservation No.....dated.....

Re: RS-A/L III b / Loan No. 81 67 561, Philippines DM 10.0 Million for Resettlement Dasmariñas

Reserv. Contract

Total Costs

Local Costs

Foreign Exchange ;Reservation

No.
dated with (Local DM '000 DM '000 Costs
DM '000

DM

'000

currency) DM '000

(Direct disbursement)

(Reimbursement)

(Letter of credit)

Reservation, total

Loan amount not yet reserved

Total loan amount

S p e c i m e n
Memo for Progress Reports
The reports on the progress of the project to be submitted quarterly by the Project Sponsor shall cover at least the following points: (1) List of Project Measures
(in accordance with the measures stated under Section I (1) of the Separate Agreement)
Progress made in the period under report; changes, if any, in the planning, giving reasons therefor

(2) Activities of the Consulting Engineers
Amendments of contract; kind of services rendered and activities of personnel engaged at the project site.

(3) Award of Contracts for Goods and Services
Tender procedure; deadlines; results and evaluation of bids; award of contract.

(4) Activities of Suppliers and Contractors
(broken down according to the list of project measures stated above under (1))

> Construction work: Kind and scope of work; disposition of equipment; labour input; acceptance of work
>
> Putting into Operation: Final acceptances; repairs/replacements.

(5) Details regarding the provisions for the implementation of the project, agreed upon under Section III (5) of the Separate Agreement and under Article 8 of the Loan and Project Agreement.

(6) Adherence to Time Schedule
Comparison of targets with actual values; reasons for changes in the time schedule; descriptions of effects on the progress of the project.

(7) State of Accounts and Disbursements regarding the goods and services stated in the list specified under Section I.

(8) Adherence to Cost and Financing Schedule
Comparison of targets with actual values; proposed financing of cost increases, if any.

(9) Progress of resettlement measures.

It is recommended to use graphic presentations (bar charts or CPM/PERT network) to show the flow of goods and the performance of services and the incurrence of costs. The progress reports shall be sent to Kreditanstalt within four weeks after the end of the period under report.

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