

## RESCHEDULING/CONSOLIDATION OF DEBTS OF THE PHILIPPINES

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In line with the Agreement reached by the Philippine Government on June 20, 1991 with representatives of creditor countries participating in the Paris Club on the rescheduling/consolidation of debts of the Philippines, the following guidelines are hereby adopted:

1. Debts covered by the rescheduling/consolidation agreement are principal and interest (excluding late interest) due from June 1, 1991 up to August 31, 1992 inclusive, on the following:

- loans from Governments or appropriate institutions of the Participating Creditor Countries (Annex A), having an original maturity of more than one year, and which were extended to the Government of the Philippines or to one of its agencies, organizations or institutions, pursuant to a contract or other financial arrangement concluded before April 1, 1984 — [Current Official Development Assistance (ODA) loans];

- commercial credits guaranteed or insured by the Governments of the Participating Creditor Countries or their appropriate institutions, having an original maturity of more than one year, and which were extended to the Government of the Philippines or to one of its agencies, organizations or institutions, or covered by the guarantee of payment of the Government of the Philippines or one of its agencies, organizations or institutions, pursuant to a contract or other financial arrangement concluded before April 1, 1984 — (current non-ODA loans);

- repayments of principal and interest due as a result of the consolidation agreements concluded according to the Agreed Minutes dated December 20, 1984 (Paris Club 1), January 22, 1987 (Paris Club 2) and May 26, 1989 (Paris Club 3), whether ODA or non-ODA — (Previously Rescheduled Debt (PRD));

2. The rescheduling/consolidation does not apply to the following:

- loans from creditor countries with principal and interest falling due from July 1, 1991 to August 31, 1992 aggregating less than SDR 1.0 million. Payments thereon should be made on original due dates and arrearages, if any, should be settled not later than September 30, 1991; and

- the remaining 15% interest due on Paris Club accounts covered by the third round of rescheduling originally falling due June 1, 1989 to June 30, 1991 and scheduled to be paid on June 30, 1992. Arrearages on the 10% interest due on June 30, 1991 should be settled immediately.

3. The terms of the consolidation are as follows:

- ODA loans — Current and PRD

100% of the amounts of principal and interest (excluding late interest) due from July 1, 1991 up to August 31, 1992 inclusive and not paid, will be paid in twenty (20) equal and successive semi-annual payments, the first payment to be made on July 31, 2002 (end of the grace period) and the final payment to be made on January 31, 2012 (end of the repayment period).

- Non-ODA loans — Current and PRD

100% of the amounts of principal and interest (excluding late interest) due from July 1, 1991 up to August 31,

1992, inclusive and not paid, will be paid in fourteen(14) equal and successive semi-annual payments, the first payment to be made on July 31, 2000 (end of the grace period) and the final payment to be made on January 31, 2007 (end of the repayment period).

4. The government of each creditor country or its appropriate institutions, may on a voluntary basis, sell or exchange the above loans in the framework of debt for nature, debt for aid, debt for equity swaps or other local currency debt swaps, in amounts equivalent to:

- Up to 100% of amounts outstanding as of June 30, 1991 — for ODA and direct government loans (Current and PRD);
- Up to 10% of amounts outstanding as of June 30, 1991 or up to the maximum amount of US\$20.0 million — for Non-ODA loans (Current and PRD).

5. All borrowers with debt service due and not paid as at the date of the Agreed Minute, on consolidations, on loans, on credits or pursuant to contracts or other financial arrangements, payable on cash terms, extended or guaranteed by the Governments of the Participating or Observer Creditor Countries (i.e., Netherlands and Sweden) or their appropriate institutions and not covered by the present Agreement shall settle their respective obligations as soon as possible but not later than September 30, 1991.

6. All borrowers with loans subject to Paris Club rescheduling are enjoined to deposit with the Central Bank (through their authorized agent banks) the peso equivalent of 100% principal and 100% interest due on these loans based on the following schedule:

- for Previously Rescheduled Debt (ODA or NON-ODA) — on due dates per original rescheduling agreement
- for Current Maturities (ODA or Non-ODA) - on original due dates

Excluded from this requirement are the debts associated with the Nuclear Power Plant Project and obligations of the government financial institutions and National Development Company (NDC) transferred to and assumed by the National Government.

7. The peso equivalent shall be calculated at the prevailing CB selling rate on the date of deposit. The Central Bank shall provide the corresponding forward cover for the amount deposited, and shall pay the rescheduling interest from date of deposit.

8. The foreign liability remains with the original obligor until the signing of the bilateral rescheduling agreement. The obligor in the bilateral agreement will then assume the foreign liability.

9. All applications for peso deposit shall be submitted to the Management of External Debt Department (MEDD) together with the corresponding debit authority of the authorized agent bank at least five (5) working days before original due date.

10. For credits of comparable maturity extended, guaranteed or insured by foreign governments/official export credit agencies of creditor countries not participating in this rescheduling (as listed in Annex B) and granted to public sector borrowers and private sector borrowers covered by a guarantee of payment of the Philippine Government or one of its agencies, organizations or institutions, said borrowers shall negotiate with the creditor for a rescheduling of said loans on terms comparable to the terms mentioned in item 3.

11. For suppliers credits of comparable maturity not extended, guaranteed or insured by foreign governments/official export credit agencies and granted to public sector borrowers and private sector borrowers covered by a guarantee of payment of the Philippine Government or one of its agencies, organizations or

institutions, said borrowers shall negotiate with the creditor/supplier for rescheduling of said credits on terms comparable to the terms mentioned in item 3.

Adopted: 29 July 1991

(SGD.) JOSE L. CUISIA, JR.

Governor

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