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LOAN AGREEMENT NO. PH-P67, DATED MAY 7, 1984, BETWEEN THE OVERSEAS ECONOMIC COOPERATION FUND AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

In the light of the contents of the Exchange of Notes between the Government of Japan and the Government of the Republic of the Philippines dated April 28, 1984, concerning Japanese loans to be extended to the Republic of the Philippines, THE OVERSEAS ECONOMIC COOPERATION FUND (hereinafter referred to as "the Fund") and

THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (hereinafter referred to as "the Borrower") herewith conclude the following Loan Agreement (hereinafter referred to as "the Loan Agreement", which includes all agreements supplemental hereto).

ARTICLE I

LOAN SECTION 1.

AMOUNT AND PURPOSE OF LOAN

The Fund agrees to lend the Borrower an amount not exceeding TWO BILLION NINE HUNDRED AND FIVE MILLION Japanese Yen (¥2,905,000,000.) as principal for the implementation of the Bataan Export Processing Zone Project (II) described in Schedule 1 attached hereto (hereinafter referred to as "the Project") on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan {hereinafter referred to as "the Loan" } , provided, however, that when the cumulative total of disbursements under the Loan Agreement reaches the said limit, the Fund shall make no further disbursement.

SECTION 2.

USE OF PROCEEDS OF LOAN

(1) The Borrower shall cause the proceeds of the Loan to be used for the purchase of eligible goods and services necessary for the implementation of the Project from suppliers, contractors or consultants (hereinafter collectively referred to as the "Suppliers") of the eligible source countries described in Schedule 5 attached hereto (hereinafter referred to as "the Eligible Source Countries") in accordance with the allocation described in Schedule 2 attached hereto.

(2) The final disbursement under the Loan Agreement shall be made not later than May 7, 1989 and no further disbursement shall be made by the Fund thereafter, unless otherwise agreed upon between the Fund and the Borrower.

ARTICLE II

REPAYMENT AND INTEREST SECTION 1.

REPAYMENT OF PRINCIPAL

The Borrower shall repay the principal of the Loan to the Fund in accordance with the Amortization Schedule set forth in Schedule 3 attached hereto.

SECTION 2.

INTEREST AND METHOD OF PAYMENT THEREOF

(1) The Borrower shall pay interest to the Fund semi-annually at the rate of three and a half percent (3.5%) per annum on the principal disbursed and outstanding.

(2) The Borrower shall pay to the Fund on May 20 of each year the interest that has accrued up to May 19 of that year from November 20 of the preceding year, and on November 20 of each year the interest that has accrued up to November 19 from May 20 of that year, provided that, prior to the date of the final disbursement of the proceeds of the Loan, the Borrower shall pay to the Fund on June 20 of each year the interest that has accrued up to May 19 of that year from November 20 of the preceding year, and on December 20 of each year the interest that has accrued up to November 19 from May 20 of that year.

ARTICLE III

PARTICULAR COVENANTS SECTION 1.

GENERAL TERMS AND CONDITIONS

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in General Terms and Conditions attached hereto as Schedule 4 with the following supplemental stipulations (hereinafter referred to as "the General Terms and Conditions"):

Article VI of the General Terms and Conditions shall be disregarded, and, consequently, all references to "the Guarantee" or "the Guarantor", wherever mentioned in the General Terms and Conditions, shall be likewise disregarded.

SECTION 2.

PROCUREMENT PROCEDURE

1 The guidelines for procurement mentioned in Section 3.01. of the General Terms and Conditions shall be as stipulated in Procurement Procedure attached hereto as Schedule 5.

SECTION 3.

DISBURSEMENT PROCEDURE

The disbursement procedure mentioned in Section 4.01. of the General Terms and Conditions shall be as follows:

(1) Commitment Procedure (III) attached hereto as Schedule 6 shall apply in cases of disbursements to the Suppliers of the Eligible Source Countries other than the Republic of the Philippines.

(2) Reimbursement Procedure attached hereto as Schedule 7 and/or Transfer Procedure attached hereto as Schedule 8 shall apply in cases of disbursements to the Philippine Suppliers.

SECTION 4.

ADMINISTRATION OF LOAN

(1) The Borrower shall authorize Export Processing Zone Authority (hereinafter referred to as "the Executing Agency") to implement the Project.

(2) The Borrower shall cause consultants to be employed for the implementation of the Project.

(3) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed.

(4) The Borrower may, out of the proceeds of the Loan, make a loan to the Executing Agency (hereinafter referred to as "the Sub-loan") for the implementation of the Project. The terms and conditions of the Sub-loan shall be no less favorable than those of the Loan Agreement.

(5) The Borrower shall furnish the Fund with progress reports for the Project on a semi-annually basis in January, July of each year, until the Project is completed.

(6) Promptly, but in any event not later than six (6) months after completion of the Project, the Borrower shall furnish the Fund with a Project Completion Report in such form and in such detail as the Fund may reasonably request.

SECTION 5.

EXEMPTION FROM IMPORT RESTRICTION

As to the importation of the goods required for the implementation of the Project under the Loan, the goods to be procured out of the proceeds of the Loan shall be exempted from any import restriction by the Borrower in accordance with paragraph 3. of the Record of Discussions dated April 28, 1984, between the Government of Japan and the Borrower.

SECTION 6.

NOTICES AND REQUESTS

The following addresses are specified for the purpose of Section 8.03. of the General Terms and Conditions:

For the Fund

Postal address:

THE OVERSEAS ECONOMIC COOPERATION FUND

Takebashi Godo Building, 4-1, Ohtemachi 1-chome

Chiyoda-ku, Tokyo 100, Japan

Attention: Director, Loan Department I

Cable address: COOPERATIONFUND Tokyo

Telex: (1) Call No. J28430

Answer Back Code: COOPFUND J28430

(2) Call No. J28790

Answer Back Code: COOPFUND J28790

For the Borrower

Postal address:

The Government of the Republic of the Philippines

National Economic and Development Authority

P.O. Box 1116, Manila, Philippines

Attention: Director General

Cable address: NEDAPHIL

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

IN WITNESS WHEREOF, the Fund and the Borrower, acting through their duly authorized representatives, have caused the" Loan Agreement to be duly executed in their respective names and delivered at the office of THE OVERSEAS ECONOMIC COOPERATION FUND, Chiyoda-ku, Tokyo, Japan, as of the day and year first above written.

SCHEDULE 1

DESCRIPTION OF PROJECT SECTION 1.**OUTLINE OF THE PROJECT**

(1) Objective: To improve the infrastructure facilities of the Bataan Export Processing Zone

(2) Location: Bataan

(3) Executing Agency: Export Processing Zone Authority

(4) Scope of the Work

(a) Improvements and Expansion of water supply system, sewerage system, solid waste disposal system, electrical system, central warehouse and housing units

(b) Consulting services for construction supervision of Bataan Export Processing Zone and managerial support to Export Processing Zone Authority

The proceeds of the Loan are available for the foreign currency portion of items (a) and (b). The foreign currency portion shall be determined by the Fund.

Any balance remaining on the aforementioned items and all other items are to be financed by the Borrower.

Section 2. Estimated annual fund requirements by currency are as shown below.

For

For

THE OVERSEAS ECONOMIC COOPERATION FUND**THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES****TAKASHI HOSOMI****CARLOS J. VALDES**

President
Ambassador Extraordinary
and Plenipotentiary of the
Republic of the Philippines
to Japan

Calendar Year

Foreign Currency (in million Japanese Yen)

Local Currency (in thousand Philippine Pesos)

1984

233

4,309

1985

1,510

28,011

1986

900

16,699

1987

175

3,232

1988

87

1,616

Total

2,905

53,867

Disbursement of the proceeds of the Loan shall be made within the limit of the Government's budgetary appropriations for the Fund.

Section 3. The Project is expected to be completed by the end of September 1988.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF LOAN

Section 1. Allocation

Category

Estimated Amount

(in million Japanese Yen)

(A) Water Supply System

370

(B) Sewerage System '

249

(C) Solid Waste Disposal System

576

(D) Electrical System

524

(E) Central Warehouse

182

(F) Housing Units

215

(G) Consulting Services

471

(H) Contingencies

318

Total

2,905

Section 2. Reallocation upon change in cost estimates

(1) If the estimated cost of items included in any of Categories (A) through (G) shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated by the Fund to Category (H).

(2) If the estimated cost of items included in any of Categories (A) through (G) shall increase, the amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan, will be allocated by the Fund, at the request of the Borrower, to such Category from Category (H), subject, however, to the requirements for contingencies, as determined by the Fund, in respect of the cost of items in the other Categories.

SCHEDULE 3

AMORTIZATION SCHEDULE

No. of Installment

Due Date

Amount

(in Japanese Yen)

1.

May 20, 1994

70, 880,000.

2.

November 20, 1994

70, 853,000.

3.

May 20, 1995

70, 853,000.

4.

November 20, 1995

70, 853,000.

5.

May 20, 1996

70, 853,000.

6.

November 20, 1996

70, 853,000.

7.

May 20, 1997

70, 853,000.

8.

November 20, 1997

70, 853,000.

9.

May 20, 1998

70, 853,000.

10.

November 20, 1998

70, 853,000.

11.

May 20, 1999

70, 853,000.

12.

November 20, 1999

70, 853,000.

13.

May 20, 2000

70, 853,000.

14.

November 20, 2000

70, 853,000.

15.

May 20, 2001

70, 853,000.

16.

November 20, 2001

70, 853,000.

17.

May 20, 2002

70, 853,000.

18.

November 20, 2002

70, 853,000.

19.

May 20, 2003

70, 853,000.

20

November 20, 2003

70, 853,000.

20

November 20, 2003

70, 853,000.

21.

May 20, 2004

70, 853,000.

22.

November 20, 2004

70, 853,000.

23.

May 20, 2005

70, 853,000.

24.

November 20, 2005

70, 853,000.

25.

May 20, 2006

70, 853,000.

26.

November 20, 2006

70, 853,000.

27.

May 20, 2007

70, 853,000.

28.

November 20, 2007

70, 853,000.

29.

May 20, 2008

70, 853,000.

30.

November 20, 2008

70, 853,000.

31.

May 20, 2009

70, 853,000.

32.

November 20, 2009

70, 853,000.

33.

May 20, 2010

70, 853,000.

34.

November 20, 2010

70, 853,000.

35.

May 20, 2011

70, 853,000.

36.

November 20, 2011

70, 853,000.

37.

May 20, 2012

70, 853,000.

38.

November 20, 2012

70, 853,000.

39.

May 20, 2013

70, 853,000.

40.

November 20, 2013

70, 853,000.

41.

May 20, 2014

70, 853,000.

Total

2,905,000,000

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