

[BSP CIRCULAR NO. 1277, March 14, 1991]

**GUIDELINES FOR APPROVAL OF QUALIFYING LOANS UNDER THE
NEW MONEY AGREEMENT**

Pursuant to Monetary Board Resolution No. 693 dated July 20, 1990, the following guidelines covering approval of Qualifying Loans of Philippine Public Sector Borrower and Philippine Private Sector Borrower (the "End-User") under the Second Amendment dated January 22, 1990 to the Credit Agreement dated May 20, 1985 among the Central Bank of the Philippines as Borrower, the Republic of the Philippines as Guarantor, Manufacturers Hanover Trust Company as Agent and the financial institutions parties thereto (the "New Money Agreement" or the "Agreement") are hereby adopted for the guidance of all concerned:

1. The Qualifying Loan shall be subject to prior approval of the Central Bank thru the Management of External Debt Department MEDD). In the case of public sector loans, prior approval-in-principle by the Central Bank shall be obtained even before commencement of actual negotiations.
2. Applications for the purpose shall be filed using attached form CBP-MEDD-1 (for public sector) (ANNEX "A") and form CBP-MEDD 1A (for private sector) (ANNEX "B"). The financial institution extending the Qualifying Loan (the "Relending Bank") shall endorse the application to borrow using attached form (Annex "C") together with the specified documentary requirements.
3. The following guidelines shall apply in evaluating Qualifying Loan Proposals:
 - a. The loans shall be evaluated in accordance with Circular No. 1232 as to purpose and credit terms provided that the loans shall be payable in not less than 366 days. Projects eligible for financing are the following:
 - i. Export-oriented projects registered with BOI, CB or EPZA
 - ii. Projects listed in the Annual Investment Priorities Plan
 - iii. Projects listed in the Medium-Term Public Investment Program (MTPIP)
 - iv. Other projects specifically authorized by Congress for financing through foreign loans
 - b. The requirements of Circular No. 1232 with respect to approval/clearance by the Investment Coordination Committee (ICC)/NEDA Board shall be complied with.
 - c. The loan shall be made and repaid in the pertinent Relending Advance Currency, either in U.S. Dollars, Deutsche Mark or Japanese Yen (the