

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AND THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY CONCERNING FINANCIAL
COOPERATION IN 2003**

**THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND
THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY,**

in the spirit of the friendly relations existing between the Republic of the Philippines and the Federal Republic of Germany,

desiring to strengthen and intensify those friendly relations through financial cooperation in a spirit of partnership,

aware that the maintenance of those relations constitutes the basis of this Agreement,

intending to contribute to social and economic development in the Republic of the Philippines,

referring to the Summary Record of the German-Philippine intergovernmental negotiations on Development Cooperation dated 24 June 2003,

have agreed as follows:

ARTICLE 1

(1) The Government of the Federal Republic of Germany shall enable the Government of the Republic of the Philippines and/or other recipients to be determined jointly by the two Governments to obtain from the Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), Frankfurt/Main, the following amounts:

1. Loans totalling up to EUR 5,500,000 (five million five hundred thousand euro) for The project Programme Rural Water Supply, if on examination it has been found eligible for promotion;
2. Financial contributions totalling up to EUR 10,000,000 (ten million euro) for the project Family Planning and HIV Prevention. If, on examination it has been found eligible for promotion and confirmation has been obtained that as environmental protection / social infrastructure project / medium-sized enterprise credit guarantee fund / self-help anti-poverty scheme or as a measure to improve the status of women it meets the special requirements for promotion in the form of a financial contribution.

(2) The projects specified in paragraph (1) above may be replaced by other projects provided the Government of the Federal Republic of Germany and the Government of the Republic of the Philippines so agree. In the event that a project specified in paragraph (1)2 above is replaced by an environmental protection or social infrastructure project, a medium-sized enterprise credit guarantee fund or a

measure to improve the status of women or a self-help anti-poverty scheme meeting the special requirements for promotion in the form of a financial contribution, a financial contribution, otherwise a loan, may be granted.

(3) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of the Republic of the Philippines to obtain from the Kreditanstalt für Wiederaufbau loans or financial contributions for the preparation of the projects specified in paragraph (1) above or further financial contributions for attendant measures necessary to implement and support the projects specified in paragraph (1) above.

ARTICLE 2

(1) The utilization of the amounts specified in Article 1 of this Agreement and the terms and conditions on which they are made available, as well as the procedure for awarding contracts, shall be governed by the agreements to be concluded between the Kreditanstalt für Wiederaufbau and the recipients of the loans/financial contributions, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

(2) The commitment to grant the amounts specified in Article 1 (1) 1 to 2 shall lapse if the relevant loan/financing agreements are not concluded within a period of eight years after the year in which the commitment was made. For the specified amounts the deadline shall be 31 December 2011.

(3) The Government of the Republic of the Philippines, where it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments in euro to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to paragraph (1) above.

(4) The Government of the Republic of the Philippines, where it is not itself the recipient of the financial contributions, shall guarantee any repayment due to the Kreditanstalt für Wiederaufbau under the financing agreements to be concluded pursuant to paragraph (1) above.

ARTICLE 3

The Government of the Republic of the Philippines shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied in the Republic of the Philippines in connection with the conclusion and implementation of the agreements referred to in Article 2 above.

ARTICLE 4

The Government of the Republic of the Philippines shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea, land or air of persons and goods as results from the granting of the loans and financial contributions, abstain from taking any measures that might exclude or impair the participation on equal terms of transport enterprises having their place of business in the Federal Republic of Germany and grant any necessary permits for the participation of such enterprises.

ARTICLE 5

(1) The following loans shall be reprogrammed with the following amounts and used additionally for the projects specified in paragraph 2 below, if on examination the projects have been found eligible for promotion:

1. the amount of EUR 10,737,129.51 (ten million seven hundred and thirty-seven thousand one hundred and twenty-nine euro and fifty-one cent) from the loans envisaged for the projects Women's Health and Safe Motherhood II, Integrated Solid Waste Management Programme for LGUs, SME Entrepreneurship Centre, Credit Line for Micro and Small Enterprises, Urban Family Health Services (Famus 11), Family Planning and HIV/AIDS Prevention II in the Agreement of 27 December 2002 between our Governments concerning Financial Cooperation in 2001;
2. the amount of EUR 5,102,484.56 (five million one hundred and two thousand four hundred and eighty-four euro and fifty-six cent) from the loans envisaged for the projects Industrial Pollution Central Credit Line, Phase II, Philippine Merchant Marine Academy, Vocational Training, Family Planning and HIV Prevention II in the Agreement of 25 April 2001 between our Governments concerning Financial Cooperation in 1999;
3. the amount of EUR 17,042,010.31 (seventeen million forty-two thousand and ten euro and thirty-one cent) from the loans envisaged in the Agreement of 14 May 1999 between our Governments concerning Financial Cooperation in 1998;
4. the amount of EUR 6,873,594.04 (six million eight hundred and seventy-three thousand five hundred and ninety-four euro and four cent) from the loans envisaged in the Agreement of 18 September 1998 between our Governments concerning Financial Cooperation in 1997;
5. the amount of EUR 7,669,378.22 (seven million six hundred and sixty-nine thousand three hundred and seventy-eight euro and twenty-two cent) from the loans envisaged in the Agreement of 29 October 1996 between our Governments concerning Financial Cooperation in 1996;
6. the amount of EUR 5,112,918.81 (five million one hundred and twelve thousand nine hundred and eighteen euro and eighty-one cent) from the loans envisaged in the Agreement of 3 May 1995 between our Governments concerning Financial Cooperation in 1994.

A total amount of EUR 52,537,515.45 (fifty-two million five hundred and thirty-seven thousand five hundred and fifteen euro and forty-five cent) is thus reprogrammed for the projects specified in paragraph 2 above.

(2) The loans reprogrammed pursuant to paragraph 1 above shall be used additionally for the following projects, if on examination the projects have been found eligible for promotion:

1. a loan of EUR 12,000,000 (twelve million euro) for the project Programme Rural Water Supply referred to in Article 1 (1) (1) above;
2. a loan of EUR 10,500,000 (ten million five hundred thousand euro) for the project LGU Investment Programme;