

FINANCIAL PROTOCOL BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE FRENCH REPUBLIC

With a view to strengthening the ties of friendship and cooperation which bind them, the Government of the Republic of the Philippines and the Government of the French Republic have agreed to conclude the present Protocol to foster the economic development of Philippines.

ARTICLE 1 EXTENT AND PURPOSE OF THE FINANCIAL SUPPORT

The French Government grants the Government of the Republic of the Philippines financial support designed for the execution of a project included in the economic development priorities of the Republic of the Philippines. The said support shall not exceed 53 MF (fifty three million French Francs) and shall be used to finance the purchase in France of French goods and services related to the implementation of the project referred to in the appendix to the present Protocol.

ARTICLE 2 BREAKDOWN OF FINANCE PACKAGE

The financial support provided for in Article 1 shall comprise;

- a loan from the French Treasury of a total amount not exceeding 26.5 MF (twenty six million five hundred thousand French Francs);
- credits guaranteed by the French credit insurance company (COFACE) of a total amount not exceeding 26.5 MF (twenty six million five hundred thousand French Francs).

ARTICLE 3 METHOD GOVERNING THE FINANCING OF THE PROJECT

The financing of the project referred to in appendix shall be provided jointly by the French Treasury loan and the guaranteed credits. The COFACE premium is paid by the borrower. For each contract related to this project, drawing rights on the French Treasury loan and the guaranteed credits shall be opened up to, respectively, 50 % and 50 % of the amount of the contract financed by the present Protocol. The French Treasury loan shall be used to finance the first downpayment of each contract relating to this project. This first downpayment shall be comprised between 10 % and 20 % of the value of the contract financed, after deduction of the amount of freight and insurance. The remainder of this contract shall be financed by joint and simultaneous utilization of the French Treasury loan and the guaranteed credits.

ARTICLE 4 CONDITIONS AND MODALITIES GOVERNING FINANCIAL SUPPORT

A) The French Treasury loan shall be granted for a period of 30 years, including a grace period of 10 years. The interest rate shall be 0.47 % per year. Said loan shall be repaid in 40 equal consecutive six-monthly instalments, the first instalment

falling due 126 months after the end of the calendar quarter during which the drawings are made. Interest shall be payable on the total amount outstanding ; it shall be applicable as of the date of each drawing on the French Treasury loan and shall be paid at six-monthly intervals.

The date of payment of a maturity of principal or interest is, when it falls due on a non-working day in France, postponed to the working day which follows. Any maturity of principal or interest not paid on due date shall give rise to interest on overdue payment from the date of maturity up to the effective date of payment. The rate of interest on overdue payment is 7.5 % per year. Interest on overdue payment shall itself bear interest at the rate above mentioned if it is due for a full year.

An implementation agreement between Natexis Banque, acting in name and on behalf of the Government of the French Republic, and either the governmental agency or corporation designated by the Government of the Republic of the Philippines to receive the French financial support and guaranteed by the Government of the Republic of the Philippines or the Department of Finance of the Philippines acting in name and on behalf of the Government of the Republic of the Philippines shall define the mechanisms of utilisation and repayment of the French Treasury loan.

B) The guaranteed credits shall be granted for a period of 10 years and shall be repaid in 20 equal consecutive six-monthly instalments, the first instalment falling due six months after delivery of the equipment or completion of the project. Interest shall be payable on the total amount outstanding. It shall be applicable as of the date of each drawing on the guaranteed credits and is paid at six-monthly intervals.

An implementation agreement between the credit institutions approved in France or authorized to practise on the French territory, under the care of AFB Export, and either the governmental agency or corporation designated by the Government of the Republic of the Philippines to receive the French financial support and guaranteed by the Government of the Republic of the Philippines or the Department of Finance of the Philippines acting in name and on behalf of the Government of the Republic of the Philippines, shall define the mechanisms of utilisation and of repayment of the said credits as well as the relating bank conditions, in particular those relating to interest on overdue payment. The said agreement shall stipulate that the interest rate applicable shall be fixed according to the rules established by the participants to the OECD consensus for export credits benefiting of the public supports.

ARTICLE 5

CURRENCY OF ACCOUNT AND PAYMENT

The currency of account and payment under the terms of the present Protocol shall be the French Franc.

ARTICLE 6

REGISTRATION OF THE CONTRACTS

For each contract relating to the project referred to in the appendix, its registration as specified hereafter is subject to :

- the conformity of the contract with the recommendations formulated by the pre-evaluation of the project corresponding to such contract;