

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
THE PHILIPPINES AND THE GOVERNMENT OF DENMARK ON A  
DANISH GOVERNMENT LOAN TO THE REPUBLIC OF THE  
PHILIPPINES**

The Government of the Republic of the Philippines and the Government of Denmark desiring to strengthen the traditional cooperation and cordial relations between their countries, have agreed that, as a contribution to the economic development of the Philippines, a Danish Government Loan shall be extended to the Government of the Republic of the Philippines in accordance with the following provisions of this Agreement and the attached Annex, which is an integral part of the Agreement:

**ARTICLE I**

**THE LOAN**

The Government of Denmark (hereinafter called "the Lender") shall make available to the Government of the Republic of the Philippines (hereinafter called "the Borrower") a Loan in an amount of 125 (one hundred and twentyfive) million Danish Kroner for the purposes described in article V.

**ARTICLE II**

**LOAN ACCOUNT**

1. An account designated "Government of the Republic of the Philippines Loan Account No. 5" (hereinafter called "Loan Account") shall, at the Borrower's request, be opened with Danmarks Nationalbank (central bank of Denmark) (acting as agent for the Lender) in favour of Ministry of Finance, the Republic of the Philippines (acting as agent for the Borrower). The Lender shall ensure that sufficient funds are always available in the Loan Account to enable the Borrower to effect punctual payment for capital goods and services procured within the framework of this Agreement.

2. The Borrower (or the Ministry of Finance) shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account in accordance with the Guidelines set out in the Annex to this Agreement amounts needed for payment for capital goods or services procured.

**ARTICLE III**

**RATE OF INTEREST**

The Loan shall be free of interest.

**ARTICLE IV**

**REPAYMENTS**

1. The Loan shall be repaid by the Borrower in Danish Kroner to Danmarks Nationalbank to the credit of the current account of the Danish Ministry of Foreign Affairs with Danmarks Nationalbank in 35 semi-annual

instalments of 3,470,000 Danish Kroner each, commencing on April 1, 1992 and ending on April 1, 2009, and one final instalment of 3,550,000 Danish Kroner on October 1, 2009. 2. If the Loan is not fully utilized in accordance with the provisions of Article VI, Paragraph 5, a revised schedule of repayment shall be established by mutual consent.

## **ARTICLE V**

### **THE PURPOSES**

1. The Loan shall be applied to the implementation of the following projects:

|   |                |
|---|----------------|
| 1) Local Water Utilities Administration                                       | Mill.<br>D.kr. |
| Water Supply Systems  | 50             |
| Philippines Fisheries Development Authority Cold<br>2) storage rehabilitation | 15             |
| 3) Farm Systems Development Corporation                                       |                |
| a) Tomato-paste plant   | 15             |
| b) Fish-canning plant   | 16             |
| 4) National Economic and Development Authority<br>Feasibility studies         | 15             |
| 5) Unallocated balance to be agreed upon                                      | <u>14</u>      |
| Total   | 125            |

2. Any proposal on the part of the Borrower implying changes in the plans laid down for the implementation of the projects mentioned above, and any proposal on the part of the Borrower for the substitution of new projects for any of the abovementioned projects shall be subject to the approval of the Lender.

## **ARTICLE VI**

### **USE OF THE LOAN**

1. The Borrower shall use the Loan to finance imports from Denmark (including costs of transport from Denmark to the Philippines) of such Danish capital goods and services as are to be used for the purposes mentioned in Article V.

2. All contracts to be financed under this Agreement shall be subject to approval by the Borrower and the Lender.

3. The approval by the Lender of a contract for financing under this Agreement shall not imply any responsibility for the proper performance of such contract.

The Lender also disclaims responsibility for the efficient use of the capital goods and services financed under this Agreement and for the proper operation of the projects etc., to which such goods have been supplied and such services have been rendered.

4. The proceeds of the Loan may be used only for payment for capital goods and services contracted for after the entry into force of the Agreement, except as otherwise agreed by the Borrower and Lender.

5. Withdrawals from the Loan Account may take place in fulfilment of contracts which are approved within a period of three years after the entry into force of the Agreement or such other date as may be mutually agreed upon by the Borrower and the Lender.

## **ARTICLE VII**

### **NON-DISCRIMINATION**

1. The Borrower undertakes to give the Lender no less favourable treatment regarding repayment of the Loan than that accorded to other foreign creditors.

2. All shipments of capital goods covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

## **ARTICLE VIII**

### **TAXES AND OTHER PUBLIC CHARGES AND RESTRICTIONS**

1. This Agreement shall be free from any present and future taxes imposed under existing or future laws of the Borrower in connection with the issue, execution, registration, entry into force of the Agreement or otherwise.

2. The Borrower shall exempt the capital goods or services procured from Denmark under this Agreement from any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments licences or import licences.

3- The Loan shall be repaid without deduction for, and free from, any taxes and charges, and free from all restrictions imposed under the laws of the Borrower.

## **ARTICLE IX**

### **COLLABORATION AND INFORMATION**

1. The Borrower and the Lender shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To that end the Parties shall at the request of one or the other of the Parties exchange views with regard to matters relating to the projects under this Agreement and provide each other with all such information as can reasonably be requested with regard to the matters in question.