

[**BSP CIRCULAR NO. 1344, July 10, 1992**]

GUIDELINES FOR APPROVAL OF RELENDING LOANS UNDER THE CENTRAL BANK RESTRUCTURING AGREEMENT

Pursuant to Monetary Board Resolution No. 520 dated June 11, 1992, the following guidelines covering approval of foreign loans (the **Relending Loans**) to Philippine borrowers (the **End-User**) originally funded out of payments/prepayments of Relending Credits to the Philippine Long Distance Telephone Company (PLDT) authorized in accordance with the Restructuring Agreement dated January 10, 1986, as amended, among the Central Bank of the Philippines as Obligor, Republic of the Philippines as Guarantor, Manufacturers Hanover Trust Company as Servicing Bank, and each bank and other creditor of the Obligor (the **Agreement**) are hereby adopted for the guidance of all concerned:

1. The Relending Loan shall be subject to prior approval of the Central Bank through the Debt Restructuring Department (DRD). 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. The application shall be filed not later than forty-five (45) days prior to the projected initial drawdown date of the proposed Relending Loan. The financial institution extending the Relending Loan (the Relending Bank) shall endorse the application to borrow.
3. The Relending Loan proposals shall be evaluated in accordance with Circular No. 1232 as to purpose and credit terms provided that no Relending Loan shall be paid or prepaid in 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); and
 - iv. Other projects specifically authorized by Congress for financing through foreign loans.

The requirements of Circular No. 1232 with respect to approval/clearance by the Investment Coordination Committee (ICC) /NEDA Board shall be complied with.

4. The approved Relending Loan may be disbursed directly by the Relending Bank not earlier than the payment or prepayment date of the particular Relending Credit that will fund the loan involved by not later than five Business Days following the repayment date. Actual drawdown by the End-User shall be certified in writing by the Relending Bank to the Central Bank within seven Business Days.