

September 12, 1994

**MEMORANDUM OF UNDERSTANDING ON FINANCIAL  
COOPERATION BETWEEN THE REPUBLIC OF THE PHILIPPINES  
AND THE KINGDOM OF SPAIN**

On the occasion of the Official and Working Visit to Spain by H. E. the President of the Republic of the Philippines, Mr. Fidel V. Ramos, both Governments have defined the amount of financial facilities foreseen for the period running up to the 31st. of December 1996.

1. The Government of Spain intends to allocate an amount of up to 100 million US dollars to finance the supply of Spanish goods and services for projects executed by Spanish firms in the Republic of the Philippines.

2. The said total amount will be distributed as follows:

- 50 million US dollars as aid credits from the Spanish Fondo de Ayuda al Desarrollo, allocated from the Spanish current State Budget for the relevant fiscal years.

- 50 million US dollars as export credits under OECD conditions.

3. The allocation of the financial facilities mentioned above will be subject to the existing international rules and regulations, in particular the OECD Consensus, and to the respective international and institutional commitments of both Governments.

The above mentioned facilities will be implemented basically through mixed credits. Exceptionally, both Governments may agree on the application of other financial formulae.

4. The specific conditions of each credit (i.e., repayment period, grace period and interest rate) will be determined on a case by case basis.

5. The financial facilities will be applied to projects of mutual interest to be approved by both Governments. Upon the request of the Philippine Embassy in Madrid, the Spanish side has taken due notice of a project for the acquisition of an hydrographic/oceanographic survey vessel. As stated earlier, and with the pending availability of firm information on terms and conditions of the loan offer, the project shall still be subject to approval of both Governments following their respective rules and regulations.

6. In the event that the above mentioned facilities should have been consumed prior to the 31st of December 1996, both Governments may agree on the allocation of further facilities.

7. The financial agreements relative to the FAD credit shall be signed by the Spanish Instituto de Credito Oficial, acting upon the authorization of the Spanish Government, and the Department of Finance of the Republic of the Philippines. Export credits under OECD conditions will be agreed and signed by Spanish Banks and the Department of Finance or Borrowing Government owned and controlled corporations, including Government Financial Institutions (GFI's) of the Republic of