

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

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 the Philippines.

ARTICLE 1 - EXTENT AND PURPOSE OF FINANCIAL SUPPORT

The French Government shall grant the Government of the Republic of the Philippines financial support designed to finance projects included in the development priorities of the Republic of the Philippines. The said " support shall not exceed TWO HUNDRED FORTY-FIVE MILLION FRENCH FRANCS (245 MF).

and shall be used to finance the purchase in France of French goods and services related to the implementation of projects referred to in the schedule to the present protocol.

ARTICLE 2 - BREAKDOWN OF FINANCE PACKAGE

The financial support provided in Article 1 hereof shall comprise:

- a loan from the French Treasury of a total amount not exceeding ONE HUNDRED TWENTY-TWO MILLION AND FIVE HUNDRED THOUSAND FRENCH FRANCS (122,5 MF)
- credit guaranteed by the French credit insurance agency (COFACE) of a total amount not exceeding ONE HUNDRED TWENTY-TWO MILLION AND FIVE HUNDRED THOUSAND FRENCH FRANCS (122,5 MF).

ARTICLE 3 - MECHANISMS OF FINANCIAL SUPPORT

The financing of the projects referred to in the schedule hereto shall be provided jointly by the French Treasury loan and the guaranteed credit.

The total drawing rights on the French Treasury loan and the guaranteed credit shall amount to 50 % and 50 % respectively of the total value of orders for goods and services provided under Article 1 hereof.

The first instalment on each contract will be equal to at least 10% of the value of each contract. The French Treasury loan shall be used to finance the whole of the first instalment on each contract covered by the protocol.

The French Treasury loan and the guaranteed credit - used simultaneously - shall finance the remainder of the value of each of the aforesaid contracts concerned.

ARTICLE 4 - CONDITIONS GOVERNING CREDIT FACILITIES

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 3 % 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 each drawing is 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.

For each project an agreement between the Department of Finance acting on behalf of the Government of the Philippines or duly designated government corporation guaranteed by the Government of the Philippines, on the one hand, and the Credit National, acting on behalf of the French Government, on the other hand, shall define the mechanisms of application and of repayment of the said loan.

b) The guaranteed credit 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 as stipulated in the contract.

An agreement between the competent Philippine Authorities and the French banks shall define the mechanisms of application and of repayment of the said credit. It shall be stipulated in the said agreement that the interest rates applicable shall be the normal interest rates on the currency concerned on the date of signature of the contract, plus the credit insurance premium. The said agreement shall also stipulate the maximum time limit between the signature of the contract and the starting date for repayment of the guaranteed credit.

ARTICLE 5 - IMPLEMENTATION DEADLINE AND EXPIRY DATE OF THE FRENCH TREASURY LOAN

In order to qualify for the financial support provided in Article 1 hereof, contracts must be concluded by April 30, 1989 at the latest.

No drawing on the French Treasury loan provided in Article 2 hereof shall be made after December 31, 1991.

The above dates shall not be extended except by special agreement between the two Governments in the event of exceptional difficulties.

ARTICLE 6 - CURRENCY OF ACCOUNT AND PAYMENT

All transactions under the terms of the present protocol shall be carried out in French francs except by exchange of letters between the two Governments opening the option for DM, JPY, FS or USD.

ARTICLE 7 - FREIGHT AND INSURANCE

All contracts financed under the terms of the present protocol shall be invoiced exclusive of freight and insurance. Freight and insurance costs may, however, be financed by the simultaneous use of the French Treasury loan and the guaranteed credit in the proportions stipulated in Article 3 hereof insofar as: