

May 11, 1982

FINANCING AGREEMENT

**dated 12 MAY 1982 between KREDITANSTALT FUR WIEDERAUFBAU and the REPUBLIC OF THE PHILIPPINES for DM 3,000,000.—
(Fund for Studies and Experts)**

FINANCING AGREEMENT

between

KREDITANSTALT FUR WIEDERAUFBAU, Frankfurt am Main,

("Kreditanstalt")

and the

REPUBLIC OF THE PHILIPPINES

("Recipient")

On the basis of the agreement dated February 18, 1982 between the Government of the Federal Republic of Germany and the Government of the Republic of the Philippines on Financial Cooperation ("Government Agreement"), the Recipient and Kreditanstalt hereby conclude the following Financing Agreement.

ARTICLE 1

Amount and Purpose of the Financial Contribution

1.1 Kreditanstalt undertakes to extend to the Recipient a financial contribution not exceeding

DM 3,000,000.--

(in words; three million Deutsche Mark).

This financial contribution shall not be returned except as otherwise provided for in Article 4.2.

1.2 The Recipient shall use the financial contribution exclusively to finance the costs of consultant services for Project Studies, Detailed Engineering and Consulting Services for Projects of Financial Cooperation ("Project") and primarily to pay the foreign exchange cost. The utilization of funds for the individual Project Components shall be agreed upon between the Recipient and Kreditanstalt in due time. By separate agreement, the Recipient and Kreditanstalt shall determine the details of the Project as well as the goods and services to be financed from the financial contribution.

1.3 The counterpart obligations for the individual Project Components shall be determined in detail in a separate agreement between the Recipient and Kreditanstalt.

1.4 Taxes and other public charges to be borne by the Recipient and import duties shall not be financed from the financial contribution.

ARTICLE 2

Channeling of the Financial Contribution

2.1 In case of Project Components implemented by legally independent Project Sponsors the Recipient shall channel the funds to be provided from the financial contribution for these Project Components to the respective Project Sponsors under a subsidiary agreement which shall determine the amount to be provided from the financial contribution and the conditions of the channeling and which shall be submitted to Kreditanstalt for approval.

2.2 Prior to the first disbursement from the financial contribution for the respective Project Components, the Recipient shall furnish Kreditanstalt with a certified version of the subsidiary agreement specified in Article

ARTICLE 3

Disbursement

3.1 Kreditanstalt shall disburse the financial contribution upon the Recipient's request in accordance with the progress of the Project. By separate agreement, the Recipient and Kreditanstalt shall agree on the disbursement procedure, in particular on the evidence to be furnished by the Recipient for the disbursement of the financial contribution, proving the use of the financial contribution for the purpose stipulated in this Agreement.

3.2 Kreditanstalt shall have the right to refuse to make disbursements after December 31, 1985.

ARTICLE 4

Suspension of Disbursement and Repayment

4.1 Kreditanstalt shall be entitled to suspend disbursements if

(a) the Recipient shall not be able to prove the use of the financial contribution for the purpose stipulated in this Agreement;

(b) any other obligations under this Agreement shall not have been duly performed; (c) any extraordinary situation shall have arisen which shall preclude or seriously jeopardize the accomplishment of the purpose of this financial contribution,