No. 7801

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and PHILIPPINES

Loan Agreement—*Education Project* (with annexed Loan Regulations No. 3 and Project Agreement between the Bank and the University of the Philippines). Signed at Washington, on 28 October 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 June 1965.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et PHILIPPINES

Contrat d'emprunt — *Projet relatif à l'enseignement* (avec, en annexe, le Règlement n° 3 sur les emprunts et le Contrat relatif au Projet entre la Banque et l'Université des Philippines). Signé à Washington, le 28 octobre 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 juin 1965.

No. 7801. LOAN AGREEMENT[1] (*EDUCATION PROJECT*) BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 OCTOBER 1964

AGREEMENT, dated October 28, 1964, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank to assist in the financing of a project to improve and expand facilities at the College of Agriculture at Los Baños, Laguna (hereinafter called the College) of the University of the Philippines (hereinafter called the University);

WHEREAS the University will, with the Borrower's assistance, carry out or cause to be carried out said project and, as part of such assistance, the Borrower will make available to the University the proceeds of the loan provided for herein; and

WHEREAS the Bank is willing to make a loan to the Borrower on the terms and conditions provided herein and in a project agreement of even date herewith[2] between the Bank and the University;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961[3] subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

[1] Came into force on 1 February 1965, upon notification by the Bank to the Government of the Philippines.
[2] See p. 184 of this volume.
[3] See p. 182 of this volume.

Section 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(*a*) Section 4.01 is deleted.

(*b*) Section 7.02 shall be amended by inserting the words " or the Project Agreement " after the words " the Loan Agreement ".

Section 1.03. Wherever used in this Agreement, in any schedule thereto or in the Loan Regulations, unless the context shall otherwise require, the following terms shall have the following meanings :

(*a*) The term " Project Agreement " means the agreement between the Bank and the University of even date herewith, providing for the carrying out of the Project, and shall include any amendments thereof made by agreement between the Bank and the University.

(*b*) The term " Five Year Development Program " means the University's Five Year Development Program for the development of the College, as described in a report dated March 1964, as modified before the date of this Agreement and as it shall be modified from time to time.

Article II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to six million dollars ($6,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account such amounts as shall be the equivalent of such a percentage as may from time to time be agreed between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of goods required to carry out the Project; provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to August 1, 1964, or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn and outstanding from time to time.

Section 2.05. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1[1] to this Agreement.

Article III

Use of Proceeds of Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.03. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the Bank agree that any withdrawals on account of expenditures in the currency of the Borrower or for goods produced in the territories of the Borrower shall be made in such currency or currencies as the Bank shall reasonably elect.

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

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[1] See p. 180 of this volume.

Section 4.02. The Governor of the Central Bank of the Philippines and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in accordance with sound technical, administrative and financial practices and shall cause the College to be operated so as to realize the educational objectives of the Five Year Development Program.

(*b*) The Borrower shall take all action which shall be necessary on its part to enable the University to perform all its obligations under the Project Agreement and shall not take any action that would hinder or prevent the performance of such obligations by the University.

Section 5.02. (*a*) The Borrower shall make the proceeds of the Loan or the equivalent thereof available to the University for the purposes of the Project and shall not demand repayment thereof.

(*b*) In addition, the Borrower shall make or cause to be made available to the University, promptly as needed, all other funds and all resources required for the carrying out of the Project and shall not demand repayment thereof.

(*c*) The Borrower shall at all times make or cause to be made available to the University, promptly as needed, all funds and other resources required for the operation of the College on the basis of the Five Year Development Program, including maintenance of the entire physical plant and equipment of the College, to the extent that such requirements shall not be met from other sources of the University and the College. All funds and other resources to be made available by the Borrower shall be made available either by way of grant or upon other terms and conditions satisfactory to the Borrower and the Bank.

Section 5.03. (*a*) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(*b*) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall