

November 21, 2018

GRANT FOR THE PASIG-MARIKINA RIVER CHANNEL IMPROVEMENT PROJECT (PHASE IV)

EMBASSY OF JAPAN

MANILA

Manila, November 21, 2018

Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Republic of the Philippines concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of the Philippines:

1. A loan in Japanese yen up to the amount of thirty-seven billion nine hundred and five million yen (¥37,905,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, to the Government of the Republic of the Philippines by the Japan International Cooperation Agency (hereinafter referred to as "JICA") for the purpose of implementing the Pasig-Marikina River Channel Improvement Project (Phase IV) (hereinafter referred to as "the Project").

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of the Philippines and JICA. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement, within the scope of the present understanding, which will contain, inter alia, the following principles:

(a) The repayment period will be twenty-eight (28) years after the grace period of twelve (12) years;

(b) The rate of interest will be nought point one per cent (0.1%) per annum;

(c) Notwithstanding sub-paragraph (b) above, where a part of the Loan is made available to cover payments to consultants of the Project then the rate of interest of the said part will be nought point nought one per cent (0.01%) per annum; and

(d) The disbursement period will be eleven (11) years after the date of coming into force of the said loan agreement.

(2) The loan agreement mentioned in sub-paragraph (1) above will be concluded after JICA is satisfied with the feasibility of the Project, including environmental consideration.

(3) The disbursement period mentioned in sub-paragraph (1)(d) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments to be made by the Philippine executing agency to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services