

**LOAN AGREEMENT FOR NATIONWIDE FLOOD CONTROL DREDGING
PROJECT (TELEMETERING PORTION) BETWEEN THE OVERSEAS
ECONOMIC COOPERATION FUND, JAPAN AND THE GOVERNMENT
OF THE REPUBLIC OF THE PHILIPPINES**

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Loan Agreement No. PH-P62, dated September 9, 1983, between THE OVERSEAS ECONOMIC COOPERATION FUND and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

Taking into consideration the contents of the Exchange of Notes between the Government of Japan and the Government of the Republic of the Philippines dated July 18, 1983, concerning Japanese financial assistance to be extended to the Republic of the Philippines,

THE OVERSEAS ECONOMIC COOPERATION FUND (hereinafter referred to as "the Fund") and THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES (hereinafter referred to as "the Borrower") herewith conclude the following Loan Agreement (hereinafter referred to as "the Loan Agreement", which includes all agreements supplemental hereto).

ARTICLE I

LOAN

1. Amount and Purpose of Loan

The Fund agrees to lend the Borrower an amount not exceeding ONE BILLION ONE HUNDRED FORTY MILLION Japanese Yen (¥1,140,000,000.) as principal for the implementation of Nationwide Flood Control Dredging Project (Telemetering Portion) described in Schedule 1 attached hereto (hereinafter referred to as "the Project") on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as "the Loan"), provided, however, that when the cumulative total of disbursements under the Loan Agreement reaches the said limit, the Fund shall make no further disbursement.

2. Use of Proceeds of Loan

(1) The Borrower shall use the proceeds of the Loan for the purchase of eligible goods and services necessary for the implementation of the Project from suppliers, contractors or consultants (hereinafter collectively referred to as the "Suppliers") of the eligible source countries in accordance with the allocation described in Schedule 2 attached hereto.

(2) The final disbursement under the Loan Agreement shall be made not later than September 9, 1988 and no further disbursement shall be made by the Fund thereafter, unless otherwise agreed upon between the Fund and the Borrower.

ARTICLE II

REPAYMENT AND INTEREST

1. Repayment of Principal

The Borrower shall repay the principal of the Loan to the Fund in accordance with the Amortization Schedule set forth in Schedule 3 attached hereto.

2. Interest and Method of Payment thereof

(1) The Borrower shall pay interest to the Fund semi-annually at the rate of three percent (3%) per annum on the principal disbursed and outstanding.

(2) The Borrower shall pay to the Fund on September 20 of each year the interest that has accrued up to September 19 from March 20 of that year and on March 20 of each year the interest that has accrued up to March 19 of that year from September 20 of the preceding year, provided that, prior to the date of the final disbursement of the proceeds of the Loan, the Borrower shall pay to the Fund on October 20 of each year the interest that has accrued up to September 19 from March 20 of that year, and on April 20 of each year the interest that has accrued up to March 19 of that year from September 20 of the preceding year.

ARTICLE III

PARTICULAR COVENANTS

1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in General Terms and Conditions attached hereto as Schedule 4 with the following

supplemental stipulation (hereinafter referred to as "the General Terms and Conditions"):

Article VI of the General Terms and Conditions shall be disregarded, and, consequently, all references to "the Guarantee" or "the Guarantor", wherever mentioned in the General Terms and Conditions, shall be likewise disregarded.

2. Procurement Procedure

The guidelines for procurement mentioned in Section 3.01. of the General Terms and Conditions shall be as stipulated in Procurement Procedure attached hereto as Schedule 5.

3. Disbursement Procedure

The disbursement procedure mentioned in Section 4.01. of the General Terms and Conditions shall be as follows:

(1) Commitment Procedure (III) attached hereto as Schedule 6 shall apply in cases of disbursements to Suppliers of the eligible source countries other than the Republic of the Philippines.

(2) Reimbursement Procedure attached hereto as Schedule 7 and/or Transfer Procedure attached hereto as Schedule 8 shall apply in cases of disbursements to Philippine Suppliers.

4. Administration of Loan

(1) The Borrower shall authorize Ministry of Public Works and Highways (hereinafter referred to as "the Executing Agency") to implement the Project.

(2) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed.

(3) The Borrower shall furnish the Fund with progress reports for the Project semi-annually in January and July of each year until the Project is completed.

(4) Promptly but in any event not later than six (6) months after completion of the Project, the Borrower shall furnish the Fund with a project completion report in such form and in such detail as the Fund may reasonably request.

5. Exemption from Import Restriction

As to the importation of the goods required for the implementation of the Project under the Loan, the goods to be procured out of the proceeds of the Loan shall be exempted from any import restriction by the Borrower in accordance with paragraph 3. of the Record of Discussions dated July 18, 1983, between the Government of Japan and the Borrower.

6. Notices and Requests

The following addresses are specified for the purpose of Section 8.03. of the General Terms and Conditions:

For the Fund

Postal address:

THE OVERSEAS ECONOMIC COOPERATION FUND
Takebashi Godo Building, 4-1, Ohtemachi 1-chome
Chiyoda-ku, Tokyo 100, Japan

Attention: Director, Loan Department I

Cable address: COOPERATIONFUND

Telex: Call Nos. J28430, J28790

Answer Back Code: COOPFUND

For the Borrower

Postal address:

The Government of the- Republic of the Philippines
National Economic and Development Authority
P.O. Box 1116, Manila, Philippines

Attention: Director General

Cable address: NEDAPHIL

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

IN WITNESS WHEREOF, the Fund and the Borrower, acting through their duly authorized representatives, have caused the Loan Agreement to be duly executed in their respective names and delivered at the office of THE OVERSEAS ECONOMIC COOPERATION FUND, Chiyoda-ku, Tokyo, Japan, as of the day and year first above written.

For
THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES
(Sgd.) TAKASHI HOSOMI
President

For
THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES
(Sgd.) CARLOS J. VALDES
Ambassador Extraordinary and
Plenipotentiary of the Republic
of the Philippines to Japan

SCHEDULE I

DESCRIPTION OF PROJECTS

I. The Project consists of the following parts:

- (1) Location: Pasig-Marikina-Laguna Lake Complex
- (2) Executing Agency: Ministry of Public Works and Highways
- (3) Scope of the work:
 - (i) Construction and installation of hydrological observation and telemetering system