

No. 10105

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
PHILIPPINES**

**Guarantee Agreement—Third Development Corporation Project  
(with annexed General Conditions applicable to Loan and  
Guarantee Agreements of the Bank, Loan Agreement  
between the Bank and the Philippine National Bank and  
Project Agreement between the Bank and the Private  
Development Corporation of the Philippines). Signed at  
Washington on 10 July 1969**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on  
19 December 1969.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
PHILIPPINES**

**Contrat de garantie - Troisième projet relatif à la Development  
Corporation (avec, en annexe, les Conditions générales  
applicables aux contrats d'emprunt et de garantie de la  
Banque, le Contrat d'emprunt entre la Banque et la  
Philippine National Bank et le Contrat relatif au Projet  
entre la Banque et la Private Development Corporation des  
Philippines). Signé à Washington le 10 juillet 1969**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 19 décembre 1969.*

## GUARANTEE AGREEMENT<sup>1</sup>

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AGREEMENT, dated July 10, 1969, between REPUBLIC OF THE PHILIPPINES (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and Philippine National Bank (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

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<sup>1</sup> Came into force on 6 October 1969 upon notification by the Bank to the Government of the Philippines.

<sup>2</sup> See p. 172 of this volume.

<sup>3</sup> See p. 172 of this volume.

## Article II

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

## Article III

*Section 3.01.* It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property, or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any agency of the Guarantor, including the Central Bank of the Philippines or any other institution performing the functions of a central bank.

The Guarantor further undertakes that, within the limits of the laws in force in its territories, it will make the foregoing undertaking effective with respect to liens on the assets of its political subdivisions and their agencies, and to the extent that the Guarantor is unable within the limits of the laws in force in its territories to make this undertaking effective, the Guarantor will give to the Bank an equivalent lien satisfactory to the Bank.

*Section 3.02.* (a) The Guarantor and the Bank shall co-operate 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 rea-

sonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement, the Project Agreement <sup>1</sup> and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery, or registration thereof.

*Section 3.05.* The Guarantor covenants that it will not take or permit any of its political subdivisions or any of its agencies or any agency of any political subdivision to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, or by the Corporation of any of the covenants, agreements and obligations of the Corporation in the Project Agreement contained, and will take or cause

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<sup>1</sup> See p. 200 of this volume.

to be taken all reasonable action which shall be necessary in order to enable the Borrower and the Corporation respectively to perform such covenants, agreements and obligations.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of Finance of the Guarantor and such person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

#### *Article V*

*Section 5.01.* The Secretary of Finance of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

*Section 5.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Secretary of Finance  
Department of Finance  
Manila  
Philippines  
Alternative address for cables:  
Secfinance  
Manila

For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Alternative address for cables:  
Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of the Philippines:  
By Eduardo Z. ROMUALDEZ  
Authorized Representative

International Bank for Reconstruction and Development:  
By J. Burke KNAPP  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]

## LOAN AGREEMENT

AGREEMENT, dated July 10, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PHILIPPINE NATIONAL BANK (hereinafter called the Borrower), a company organized and existing under the laws of the Republic of the Philippines (hereinafter called the Guarantor).

WHEREAS the Private Development Corporation of the Philippines (hereinafter called the Corporation), a company organized and existing under the laws of the Guarantor, has been incorporated to assist privately controlled industrial and other productive enterprises in the Philippines by providing capital for such enterprises in the form of credits or share participations ;

WHEREAS by an agreement dated February 15, 1963 <sup>1</sup> between the Bank and the Borrower (hereinafter called the First Loan Agreement) the Bank made a loan to the Borrower in an amount in various currencies equivalent to \$15,000,000 to be relented to the Corporation upon terms and conditions satisfactory to the Bank, such loan being guaranteed as to payments of principal, interest and other charges by the Guarantor;

WHEREAS by an agreement dated September 23, 1966 <sup>2</sup> between the Bank and the Borrower (hereinafter called the Second Loan Agreement) the Bank made a second loan to the Borrower in an amount in various currencies equivalent to

<sup>1</sup> United Nations, *Treaty Series*, vol. 478, p. 161.

<sup>2</sup> *Ibid.*, vol. 596, p. 71.

\$25,000,000 to be relent to the Corporation upon terms and conditions satisfactory to the Bank, such loan being guaranteed as to payments of principal, interest and other charges by the Guarantor; and

WHEREAS the Bank has agreed to make to the Borrower upon the terms and conditions hereinafter set forth a third loan the proceeds of which or the equivalent thereof are to be relent to the Corporation on terms and conditions satisfactory to the Bank on condition that such loan be guaranteed as to payments of principal, interest and other charges by the Guarantor upon the terms and conditions of a guarantee agreement of even date herewith between the Guarantor and the Bank;

NOW THEREFORE, the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Subsidiary Loan Agreement" means the Subsidiary Loan Agreement (Third Development Corporation Project) of even date herewith,<sup>2</sup> between the Borrower and the Corporation, under which the Borrower shall relend the proceeds of the Loan to the Corporation, as the same shall be amended from time to time by agreement of the parties thereto and the Bank;

(b) "Project Agreement" means the Project Agreement (Third Development

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<sup>1</sup> See p. 172 of this volume.

<sup>2</sup> Not published herein. Under the terms of this section the Philippine National Bank entered into a subsidiary loan agreement with the Private Development Corporation of the Philippines. The subsidiary loan agreement was signed at Washington on 10 July 1969 and came into force on 6 October 1969.

Corporation Project) of even date herewith,<sup>1</sup> between the Bank and the Corporation, as the same shall be amended from time to time by agreement between the Bank and the Corporation;

(c) "AID Agreement" means the agreement dated February 15, 1963, between the Agency for International Development, an agency of the United States of America (hereinafter called AID) and the Corporation, providing for a loan by AID to the Corporation in the aggregate principal amount of P 27,500,000;

(d) "Credit" means a credit made or proposed to be made by the Corporation out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(e) "Investment" means an investment, other than a Credit, made or proposed to be made by the Corporation out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(f) "Investment Enterprise" means an enterprise to which the Corporation shall propose to make or shall have made a Credit, or in which it shall propose to make or shall have made an Investment in accordance with and as provided in Section 3.01 of this Agreement;

(g) "Investment Project" means a specific investment project to be carried out by an Investment Enterprise and to be financed in whole or in part out of the proceeds of the Loan by means of a Credit or an Investment;

(h) "subsidiary" means any company of which the majority of the outstanding voting stock or other proprietary interest shall be owned, or which shall be effectively controlled, by the Corporation or by any one or more subsidiaries of the Corporation or by the Corporation and one or more of its subsidiaries;

(i) "pesos" and the symbol "P" mean the currency of the Guarantor;

(j) "foreign currency" means any currency other than the currency of the Guarantor;

(k) "Articles of Incorporation" means the Articles of Incorporation of the Corporation adopted on February 6, 1963, as amended on March 21, 1967 and March 18, 1969, as the same may be further amended with the agreement of the Bank;

(l) "Policy Statement" means collectively the policy statement adopted by

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<sup>1</sup> See p. 200 of this volume.



the Board of Directors of the Corporation on March 10, 1964, as amended on July 15, 1966 and January 16, 1968, as the same may be further amended with the agreement of the Bank; and.

(m) "priority industries" means such industries as listed in the investment priorities plans issued from time to time by the Board of Investments of the Guarantor and includes such other additional industries and productive activities as embodied in the supplementary lists reflecting the present and future economic development plans issued by the National Economic Council, or by other agencies, of the Guarantor designated for the purpose by the President of the Philippines.

Words importing the singular number include the plural number and *vice versa*.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars (\$25,000,000).

*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 Loan Agreement.

*Section 2.03.* (a) Subject to the provisions of paragraphs (b), (c) and, (d) of this Section, the Borrower shall be entitled to withdraw from the Loan Account:

- (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested by the Corporation; and
- (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless such Investment Project shall have been approved by the Bank, provided, however, that such withdrawals may be made in respect of the Investment Project, for which the Corporation proposes to make a Credit, described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 2.03 (c) of the Project Agreement but only up to an amount in respect of each such Investment Project which, together with any

amount or amounts previously approved, requested or credited to a loan account for such Investment Project under this Loan Agreement, or for the same project under the First Loan Agreement or Second Loan Agreement and not repaid, shall not exceed the equivalent of \$500,000, or such other limit as shall from time to time be determined by the Bank.

(c) Except as the Bank shall otherwise agree, no withdrawals shall be made from the Loan Account pursuant to paragraph (a) of this Section in respect of any portion of the Loan the proceeds of which are to be invested by the Corporation other than by way of a Credit, until the Bank and the Corporation shall have agreed upon the terms and conditions of such Investment and upon an amortization schedule for the repayment of such portion of the Loan by the Corporation to the Borrower.

(d) Except as the Bank shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Investment Project the application required under Section 2.03 (b) of the Project Agreement or, in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 2.03 (c) of the Project Agreement.

*Section 2.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.05.* The Borrower shall pay interest at the rate of six and one-half per cent ( $6\frac{1}{2}$  %) per annum on the principal amount of the Loan 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.* (a) The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement, as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the Credits and Investments in respect of which withdrawals from the Loan Account shall have been approved or authorized pursuant to Section 2.03 of the Project Agreement, and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due

hereunder shall be made on January 1 and July 1 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on pre-payments and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace and, unless the Bank and the Borrower shall otherwise agree: (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

*Section 2.08.* Unless the Bank and the Borrower shall otherwise agree:

(a) If a Credit, or any portion thereof, shall be repaid in advance of maturity, or if a Credit or Investment, or any portion thereof, shall be sold, transferred, assigned or otherwise disposed of, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07 (a), an amount of the Loan equal to: (i) in the case of a Credit, the amount so repaid but not exceeding the amount withdrawn from the Loan Account in respect of such Credit or the said part thereof; or (ii) in the case of an Investment, the excess, if any, of the amount withdrawn from the Loan Account in respect of such Investment, or the said part thereof, over the amount of the Loan theretofore repaid to the Bank in respect of such Investment. The policy stated in Section 3.05 (c) of the General Conditions with respect to premiums shall apply to any such repayment.

(b) Any amount repaid by the Borrower under this Section shall be applied by the Bank as follows: (i) in the case of a Credit, to payment of the maturity or maturities of the principal amount of the Loan in amounts corresponding to the amounts of the maturity or maturities of the Credit so repaid or disposed of; and (ii) in the case of the disposition of an Investment, to the *pro rata* payment of the unpaid amounts of the maturity or maturities of the Loan reflecting the amount of such Investment.

(c) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayments made under paragraphe (a) of this Section.

*Article III*

## DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Project for which the Loan is granted is a program to contribute to the economic development of the Philippines through Credits for productive purposes provided by the Corporation to privately-controlled industrial and other productive enterprises in the Philippines, and through other productive Investments by the Corporation in such enterprises, all for specific development projects within the scope of the priority industries, in accordance with the Articles of Incorporation of the Corporation and in furtherance of the corporate purposes of the Corporation as therein set forth.

*Section 3.02.* The Borrower shall relend the proceeds of the Loan to the Corporation in accordance with the provisions of the Subsidiary Loan Agreement and on such other terms and conditions as shall enable the Corporation to comply with its obligations under the Project Agreement.

*Article IV*

## BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

*Section 4.02.* The President of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provisions of the Subsidiary Loan Agreement.

*Section 5.02.* The Borrower shall maintain, or cause to be maintained, records adequate to reflect in accordance with consistently maintained sound accounting practices all transactions between the Borrower and the Corporation and the operations and financial condition of the Borrower; shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect any relevant records and documents; and shall furnish, or cause to be furnished, to the Bank all such information as the Bank shall reasonably request concerning transactions between the Borrower and the Corporation, and the administration,

operations and financial condition of the Borrower.

*Section 5.03.* (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

*Section 5.04.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.05.* Subject to such exemption as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement,<sup>1</sup> the Borrower shall pay or cause to be paid all taxes imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Project Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 5.06.* The Borrower shall pay or cause to be paid all taxes imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan

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<sup>1</sup> See p. 168 of this volume.

Agreement, the Guarantee Agreement, the Project Agreement or the Bonds.

### *Article VI*

#### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

*Section 6.02.* The following additional events are specified for the purposes of Section 7.01 of the General Conditions:

- (a) A default shall have occurred in the performance of any covenant or agreement on the part of the Corporation under the Project Agreement or under any other project agreement between the Bank and the Corporation, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Corporation;
- (b) The Corporation has been unable to pay its debts as they mature or any action or proceeding has been taken by the Corporation or by others whereby any of the property of the Corporation shall or may be distributed among its creditors;
- (c) Any other loan or credit to the Corporation, having an original maturity of one year or more, shall have become due and payable prior to its agreed maturity pursuant to the terms thereof; and
- (d) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Corporation or for the suspension of its operations.

*Section 6.03.* For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) The Corporation's right of withdrawal under any other loan or credit agreement shall have been suspended; and
- (b) An extraordinary situation shall have arisen which shall make it improbable that the Corporation will be able to perform its obligations under the Project Agreement or under any other project agreement between the Bank and the Corporation.

*Article VII*

## EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

- (a) That the execution and delivery by the Borrower and the Corporation of the Subsidiary Loan Agreement, in form and substance satisfactory to the Bank, shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) That the execution and delivery of the Project Agreement on behalf of the Corporation shall have been duly authorized or ratified by all necessary corporate and governmental action.

*Section 7.02.* The following are specified as additional matters within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinions to be furnished to the Bank:

- (a) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the respective parties thereto, that all acts, validations, consents and approvals necessary to render said Agreement valid and effective have been duly performed or given, and that said Subsidiary Loan Agreement constitutes a valid and binding obligation of the parties thereto in accordance with its terms;
- (b) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Corporation, that all acts, validations, consents and approvals necessary to render said Agreement valid and effective have been duly performed or given, and that said Project Agreement constitutes a valid and binding obligation of the Corporation in accordance with its terms.

*Section 7.03.* The date of October 7, 1969 is hereby specified for purposes of Section 11.04 of the General Conditions.

*Article VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be June 30, 1972, or such other date as shall be agreed between the Bank and the Borrower.

*Section 8.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

## For the Bank:

International Bank for Reconstruction and Development  
 1818 H Street, N.W.  
 Washington, D.C. 20433  
 United States of America  
 Alternative address for cables:  
 Intbafrad  
 Washington, D.C.

## For the Borrower:

Philippine National Bank  
 Escolta  
 Manila  
 Philippines  
 Alternative address for cables:  
 Philnabank  
 Manila

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. Burke KNAPP  
 Vice President

Philippine National Bank:

By Arturo R. CRUZ  
 Authorized Representative

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
July 1, 1971 . . . . .	50,000	January 1, 1974 . . . . .	950,000
January 1, 1972 . . . . .	250,000	July 1, 1974 . . . . .	1,300,000
July 1, 1972 . . . . .	450,000	January 1, 1975 . . . . .	1,300,000
January 1, 1973 . . . . .	650,000	July 1, 1975 . . . . .	1,300,000
July 1, 1973 . . . . .	850,000	January 1, 1976 . . . . .	1,300,000



<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
July 1, 1976 . . . . .	1,200,000	January 1, 1982 . . . . .	650,000
January 1, 1977 . . . . .	1,200,000	July 1, 1982 . . . . .	650,000
July 1, 1977 . . . . .	1,200,000	January 1, 1983 . . . . .	600,000
January 1, 1978 . . . . .	1,200,000	July 1, 1983 . . . . .	600,000
July 1, 1978 . . . . .	1,100,000	January 1, 1984 . . . . .	550,000
January 1, 1979 . . . . .	1,100,000	July 1, 1984 . . . . .	550,000
July 1, 1979 . . . . .	1,000,000	January 1, 1985 . . . . .	550,000
January 1, 1980 . . . . .	1,000,000	July 1, 1985 . . . . .	450,000
July 1, 1980 . . . . .	900,000	January 1, 1986 . . . . .	350,000
January 1, 1981 . . . . .	800,000	July 1, 1986 . . . . .	250,000
July 1, 1981 . . . . .	700,000		

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

#### PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or to Section 2.08 (a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1 %
More than three years but not more than six years before maturity . . .	2¼ %
More than six years but not more than eleven years before maturity . .	3¼ %
More than eleven years but not more than fifteen years before maturity .	5¼ %
More than fifteen years before maturity . . . . .	6¼ %

#### SCHEDULE 2

##### MODIFICATIONS OF GENERAL CONDITIONS

For the purposes of this Loan Agreement, the provisions of the General Conditions are modified as follows:

1. By the addition to Section 3.05 of the following new subparagraph (d):  
“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 3.05 and Section 8.15.”

2. By the substitution in the second sentence of Section 5.03 of the words "Investment Projects" for the word "Project".

3. By the deletion of paragraph (g) of Section 6.02 and the substitution therefor of the following paragraph:

"(g) Prior to the Effective Date, any material adverse change in the condition of the Borrower or the Corporation, as represented by the Borrower or the Corporation, shall have occurred."

4. By the deletion of paragraph (h) of Section 6.02 and the substitution therefor of the following paragraph:

"(h) A representation made by the Borrower, the Corporation or the Guarantor, in or pursuant to the Loan Agreement, the Project Agreement or the Guarantee Agreement or any statement furnished in connection therewith and intended to be relied upon by the Bank in making the Loan, shall have been incorrect in any material respect."

5. By the deletion of Section 6.03 and the substitution therefor of the following Section:

"SECTION 6.03. *Cancellation by the Bank.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in Section 2.03 (d) of the Project Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Corporation and the Borrower terminate the right of the Corporation to request such approvals and authorizations or the right of the Borrower to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled."

6. By the insertion in Section 6.06 of the words "the Project Agreement," after the words "these General Conditions,".

7. By the deletion of paragraph (d) of Section 7.01 and the substitution therefor of the following paragraph:

"(d) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank providing for a loan to the Borrower the proceeds of which are to be lent to the Corporation, or any guarantee agreement between the Guarantor and the Bank guaranteeing

a loan granted under any such loan agreement, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

8. By the deletion of paragraph (e) of Section 7.01 and the substitution therefor of the following paragraph:

“(e) The Borrower (not being a member of the Bank) shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower or by others whereby any of the property of the Borrower shall or may be distributed among its creditors, and such event shall continue for a period of thirty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

9. By the deletion of paragraph (f) of Section 7.01 and the substitution therefor of the following paragraph:

“(f) The Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Borrower or for the suspension of its operations, and such event shall continue for a period of thirty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

10. By the insertion in Section 8.16 of the words “, the Project Agreement” after the words “the Loan Agreement”.

11. By the deletion of Section 9.01 and the substitution therefor of the following Section:

“SECTION 9.01. *Enforceability.* The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement, the Guarantee Agreement, the Project Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or of the Loan Agreement, the Guarantee Agreement, the Project Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.”

12. By the deletion of Section 9.02 and the substitution therefor of the following Section:

“SECTION 9.02. *Obligations of the Guarantor.* The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except

by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or the Corporation or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or the Corporation, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower or the Corporation; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or the Corporation or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or the Project Agreement contemplated by the terms thereof; any failure of the Borrower or the Corporation to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor."

13. By the insertion in Section 9.03 of the words ", the Project Agreement" after the words "the Loan Agreement".

14. By the deletion of paragraph (b) of Section 11.01 and the substitution therefor of the following paragraph:

"(b) that the condition of the Borrower or the Corporation, as represented or warranted to the Bank at the date of the Loan Agreement, has undergone no material adverse change between such date and the date agreed upon between the Borrower, the Corporation and the Bank for the purposes of this Section;"

15. By the deletion of paragraph 12 of Section 2.01 and the substitution therefor of the following paragraph:

"12. The terms 'Project' means the Project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower."

## PROJECT AGREEMENT

AGREEMENT, dated July 10, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PRIVATE DEVELOPMENT CORPORATION OF THE PHILIPPINES (hereinafter called the Corporation).

WHEREAS pursuant to the First Loan Agreement dated February 15, 1963,<sup>1</sup> the Bank made to the Philippine National Bank (hereinafter called the Borrower) a loan in various currencies equivalent to fifteen million dollars (\$15,000,000) for relending to the Corporation, and the Corporation, as a condition of such relending

<sup>1</sup> United Nations, *Treaty Series*, vol. 478, p. 161.

and in consideration of the Bank's entering into the First Loan Agreement did undertake certain obligations to the Bank under a project agreement of the same date (hereinafter called the First Project Agreement);

WHEREAS pursuant to the Second Loan Agreement dated September 23, 1966,<sup>1</sup> the Bank made to the Borrower a second loan in various currencies equivalent to twenty-five million dollars (\$25,000,000) for relending to the Corporation, and the Corporation, as a condition of such relending and in consideration of the Bank's entering into the Second Loan Agreement did undertake certain obligations to the Bank under a project agreement of the same date (hereinafter called the Second Project Agreement);

WHEREAS by a loan agreement of even date herewith<sup>2</sup> between the Bank and the Borrower (hereinafter called the Loan Agreement) the Bank has agreed to make to the Borrower a third loan in various currencies equivalent to twenty-five million dollars (\$25,000,000) on the terms and conditions set forth in the Loan Agreement to be relent to the Corporation, but only on condition that the Corporation agree to undertake certain obligations to the Bank as hereinafter provided; and

WHEREAS the Corporation, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake obligations as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions<sup>3</sup> (as so defined) shall have the respective meanings therein set forth.

### *Article II*

#### PARTICULAR COVENANTS OF THE CORPORATION

*Section 2.01.* The Corporation shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and in accordance with its Articles of Incorporation and Policy Statement.

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<sup>1</sup> United Nations, *Treaty Series*, vol. 596, p. 71.

<sup>2</sup> See p. 172 of this volume.

<sup>3</sup> See p. 172 of this volume.

*Section 2.02.* (a) The Corporation shall cause the proceeds of the Loan to be applied exclusively to foreign currency expenditures on Investment Projects in respect of which amounts have been withdrawn from the Loan Account in accordance with the provisions of this Project Agreement, the Loan Agreement and the Subsidiary Loan Agreement.

(b) Except as the Bank and the Corporation shall otherwise agree, the proceeds of the Loan shall not be applied to expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

(c) Except as the Bank and the Corporation shall otherwise agree, the proceeds of the Loan shall not be applied to expenditures made by any Investment Enterprise for any Investment Project subject to the Bank's approval more than 90 days prior to the date on which the Bank shall have received in respect of such Investment Project the application in accordance with Section 2.03 (b) of this Agreement or, in respect of any other Investment Project more than 90 days prior to the date on which the Bank shall have received the description pursuant to Section 2.03 (c) of this Agreement.

*Section 2.03.* (a) Subject to the provisions of the Loan Agreement, Investment Projects may be submitted to the Bank either for approval or for authorization to make withdrawals from the Loan Account.

(b) When submitting an Investment Project to the Bank for approval, the Corporation shall furnish to the Bank an application, in form satisfactory to the Bank, containing a description of such Investment Project (including a brief description of the costs thereof proposed to be met out of the proceeds of the Loan), the terms and conditions of the Corporation's Credit to or Investment in the Investment Enterprise, the amortization schedule proposed therefor and such other information as the Bank shall reasonably request.

(c) When submitting a request to the Bank for authorization to make withdrawals from the Loan Account in respect of Credits for Investment Projects not requiring approval by the Bank, the Corporation shall furnish to the Bank a summary description, in form satisfactory to the Bank, of such Investment Enterprise and the Investment Project (including a brief description of the costs thereof proposed to be met out of the proceeds of the Loan), for which such authorization is requested, and of the terms and conditions of the Corporation's Credit for such Investment Project, including the amortization schedule proposed therefor.

(d) Except as the Bank and the Corporation shall otherwise agree, the Corporation shall submit Investment Projects for approval pursuant to Section 2.03 (b) of this Agreement and requests for authorization to withdraw from the Loan Account pursuant to Section 2.03 (c) of this Agreement on or before June 30, 1971.

(e) Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not make a Credit for an Investment Project in respect of which the amount to be withdrawn from the Loan Account is less than fifty thousand dollars (\$50,000).

*Section 2.04.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall cause the cost of goods financed out of the proceeds of the Loan to be paid in the respective currencies of the countries from which such goods are acquired. Withdrawals shall be made either in the respective currencies in which the cost of goods has been paid or is payable or in the currency in which the Loan is denominated, as the Bank may from time to time elect.

*Section 2.05.* Any Credit granted by the Corporation to an Investment Enterprise for an Investment Project to be financed wholly or partly out of the proceeds of the Loan shall be granted or made on terms whereby the Corporation shall obtain, by the written agreement of such Investment Enterprise or other appropriate legal means, rights adequate to protect the interests of the Bank, the Borrower and the Corporation, including the right to require such Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in conformity with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the proceeds of the Credit shall be applied exclusively to the expenditure on such Investment Project; the right of representatives of the Bank and the Corporation to inspect the sites, works and construction included in such Investment Project, the operation thereof and any relevant records and documents; the right to require that such Investment Enterprise take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound practice, that without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by such Investment Enterprise to replace or repair such goods; the right to obtain all such information as the Bank and the Corporation shall reasonably request relating to the foregoing and to the administration, operations and financial condition of such Investment Enterprise; and the rights of the Corporation to suspend and terminate access by the Investment Enterprise to the proceeds of the

Loan upon failure by such Investment Enterprise to carry out the terms of such Credit.

*Section 2.06.* The Corporation shall exercise its rights in relation to each Investment Project in such manner as to protect the interests of the Bank, the Borrower and the Corporation.

*Section 2.07. (a)* The Corporation shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects, the Credits, the Investments and the administration, operations and financial condition of the Corporation.

*(b)* The Corporation shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Corporation. The Corporation shall enable the Bank's representatives to examine such records.

*Section 2.08. (a)* The Bank and the Corporation shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Corporation shall from time to time at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Corporation of its obligations under this Project Agreement, the administration, operations and financial condition of the Corporation and any other matters relating to the purposes of the Loan.

*(b)* The Corporation shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Corporation of its obligations under this Project Agreement.

*Section 2.09.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not incur or permit any subsidiary to incur any debt if, after the incurring of any such debt, the consolidated debt of the Corporation and all its subsidiaries then incurred and outstanding would be greater than four and one-half times the consolidated capital and surplus of the Corporation and all its subsidiaries.

For the purposes of this Section:

*(a)* The terms "debt" means all debt incurred by the Corporation or a subsidiary (including debt assumed or guaranteed by the Corporation or a subsidiary) maturing more than one year after the date on which it is originally incurred.



(b) Debt shall be deemed to be incurred (i) under a contract or loan agreement, on the date and to the extent it is drawn down pursuant to such loan contract or agreement, and (ii) under a guarantee agreement,<sup>1</sup> on the date the guarantee agreement providing for such guarantee shall have been entered into but shall be counted only to the extent that the underlying debt is outstanding.

(c) Whenever in connection with this Section it shall be necessary to value in terms of pesos debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term "consolidated debt of the Corporation and all its subsidiaries" means the total amount of debt of the Corporation and all its subsidiaries but excluding: (i) debt owed by the Corporation to any subsidiary or by any subsidiary to the Corporation or to any other subsidiary, and (ii) debt referred to in paragraph (e) (ii) of this Section.

(e) The term "consolidated capital and surplus of the Corporation and all its subsidiaries" means the aggregate of: (i) the total unimpaired paid-in share capital, surplus and reserves of the Corporation and all its subsidiaries not allocated to cover specific liabilities after excluding such items of capital, surplus and reserves as shall represent equity interests of the Corporation in any subsidiary or of any subsidiary in the Corporation or in any other subsidiary, and (ii) the amount of the loan from AID pursuant to the AID Agreement repayable after the date of the last outstanding maturity of the Loan or of any other loan made by the Bank to the Borrower for relending to the Corporation.

*Section 2.10.* Except as the Bank and the Corporation shall otherwise agree, or as shall be required pursuant to Sections 17-1/2, 18, 28-1/2 and 44 of Act No. 1459 (Corporation Law), as amended, of the Republic of the Philippines, the Corporation shall not redeem or purchase shares of its capital stock.

*Section 2.11.* The Corporation shall at all times take all steps possible and necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank and the Corporation shall otherwise agree, take all steps possible and necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

*Section 2.12.* Except as the Bank and the Corporation shall otherwise agree,

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<sup>1</sup> See p. 164 of this volume.

the Corporation shall not: (i) amend its Articles of Incorporation, (ii) amend its Policy Statement, (iii) substantially change the nature of its business or establish any subsidiary, or (iv) sell, transfer, lease or otherwise dispose of all or substantially all of its assets, or undertake any merger or consolidation.

*Section 2.13.* The Corporation shall duly perform all its obligations under the Subsidiary Loan Agreement and the AID Agreement. Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement or the AID Agreement.

*Section 2.14.* Without the approval of the Bank no repayment in advance of maturity other than in accordance with Section 7.01 of the AID Agreement shall be made in respect of the loan from AID pursuant to the AID Agreement.

*Section 2.15.* The Corporation shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 2.16.* In the event that the Corporation establishes or acquires any subsidiary, the Corporation shall cause such subsidiary to observe and perform the obligations of the Corporation hereunder to the extent to which the same are or can be applied thereto, as though such obligations were binding upon such subsidiary.

### *Article III*

#### MODIFICATION OF PRIOR PROJECT AGREEMENTS

*Section 3.01.* For purposes of the First Project Agreement, the provisions of Section 2.09 of the said Agreement as amended are deleted and the provisions of Section 2.09 of this Agreement substituted therefor.

*Section 3.02.* For purposes of the Second Project Agreement, the provisions of Section 2.09 of the said Agreement are deleted and the provisions of Section 2.09 of this Agreement substituted therefor.

### *Article IV*

#### MISCELLANEOUS PROVISIONS

*Section 4.01.* No delay in exercising, or omission to exercise, any right,

power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power, or remedy of such party in respect of any other or subsequent default.

*Section 4.02.* Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Alternative address for cables:  
Intbafrad  
Washington, D.C.

For the Corporation:

Private Development Corporation of the Philippines  
PDCP Building  
Ayala Avenue  
Makati, Rizal  
Philippines  
Alternative address for cables:  
Pridecop  
Makati, Rizal  
Philippines

*Section 4.03.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of the Corporation may be taken or executed by the President of the Corporation or such person or persons as he shall designate in writing.

*Section 4.04.* The Corporation shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of the Corporation, take any action or execute any documents required or permitted to be taken or

executed by the Corporation pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

*Article V*

EFFECTIVE DATE

*Section 5.01.* This Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 7.03 of the Loan Agreement and Section 11.04 of the General Conditions, the Loan Agreement shall terminate, this Project Agreement and all the obligations of the parties hereunder shall also terminate and the Bank shall promptly notify the Corporation thereof.

*Section 5.02.* If and when the entire principal amount of the Loan and the Bonds and the premium, if any, on the repayment of the Loan and on the redemption of all Bonds called for redemption (as the case may be) and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, this Project Agreement and all obligations of the parties thereunder shall forthwith terminate.

IN WITNESS WHEREOF the parties hereto have caused this Project Agreement to be signed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. Burke KNAPP  
Vice President

Private Development Corporation of the Philippines:

By Roberto T. VILLANUEVA  
Authorized Representative

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