

No. 19223

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
PHILIPPINES**

**Exchange of notes constituting an agreement concerning
a loan by the Government of the United Kingdom to
the Government of the Philippines (with appendices).
Manila, 12 March 1980**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
6 November 1980.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
PHILIPPINES**

**Échange de notes constituant un accord relatif à l'octroi d'un
prêt par le Gouvernement du Royaume-Uni au Gou-
vernement des Philippines (avec annexes). Manille,
12 mars 1980**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
6 novembre 1980.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRIT-
AIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES CONCERNING A LOAN BY THE
GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT
OF THE PHILIPPINES

I

*Her Majesty's Ambassador at Manila to the Minister of Human Settlements
of the Philippines*

BRITISH EMBASSY
MANILA

12 March 1980

Your Excellency,

1. I have the honour to inform you that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") to make available to the Government of the Republic of the Philippines (hereinafter referred to as "the Government of the Philippines") by way of a loan a sum not exceeding £4,510,000 (four million, five hundred and ten thousand pounds sterling) (hereinafter referred to as "the Loan") to be allocated towards the cost of machinery, equipment, material and associated services for small hydro-electric stations to be supplied to the National Electrification Administration of the Philippines (hereinafter referred to as "the NEA") by Balfour Beatty Engineering Ltd (hereinafter referred to as "the Contractors") under a contract dated 12 March 1980 between the NEA and the Contractors (hereinafter referred to as "the Contract"), and certain charges and commissions payable to the Crown Agents for Oversea Governments and Administrations.

2. The Government of the United Kingdom shall adopt the arrangements and the procedures described in the following paragraphs of this Note, insofar as they relate to things to be done by or on behalf of, or to matters under the control of that Government. The Government of the Philippines shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.

3. The Government of the Philippines shall lend the funds provided out of the loan to the NEA on terms to be agreed by the Government of the United Kingdom and the Government of the Philippines.

4. Subject to paragraph 8 of this Note, drawings from the Loan to a total sum not exceeding £4,500,000 (four million, five hundred thousand pounds sterling) shall be used to pay the Contractors sums due to them under the Contract which become due and payable as follows:

- (i) On the coming into operation of the Loan or when all the pre-disbursement conditions referred to in Article 4.2(i) of the Contract have been fulfilled, whichever is the later..... £900,000

¹ Came into force on 12 March 1980, the date of the note in reply, in accordance with the provisions of the said notes.

(ii) On 1 April 1980 or such later date as the said pre-disbursement conditions have been fulfilled.....	£1,012,500
(iii) On delivery of plant or a portion thereof.....	20%
	of contract price
(iv) For advisory services and commissioning (payable at monthly intervals for work done)	20%
	of contract price
(v) For outline engineering design (payable upon completion of the outline engineering design for a site).....	20%
	of contract price
(vi) For freight and insurance (on delivery of plant or portions thereof)	35%
	of actual cost
(vii) For variations and contract price adjustments.....	20%
	of payments

INITIAL PROCEDURES

5. For the purposes of these arrangements, the Government of the Philippines shall, by a request in the form shown in Appendix A to this Note, open a special account (hereinafter referred to as "the Account") with the Crown Agents for Oversea Governments and Administrations (hereinafter referred to as "the Crown Agents"). The Account shall be operated solely for the purposes of the Loan and in accordance with the instructions contained in the request.

6. As soon as the Account is opened, and before taking any other steps required by these arrangements for obtaining any part of the Loan, the Government of the Philippines shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the provisions of paragraph 5 of this Note. The Crown Agents, acting on behalf of the Government of the Philippines, shall at the same time and as often as any change is made therein, notify the Government of the United Kingdom of the names of the officers of the Crown Agents who are duly authorised to sign on its behalf the Request for Drawing in the form shown in Appendix B to this Note and shall furnish a specimen signature in duplicate of each such officer.

7. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom, accept

- (a) A request from the Contractors for a payment in accordance with paragraph 4 of this Note; or
- (b) Reimbursement of charges incurred by the Government of the Philippines under Section B of Paragraph 8 of this Note;

the Government of the United Kingdom shall, on receipt of the request from the Crown Agents, acting on behalf of the Government of the Philippines, in the form set out in Appendix B to this Note, make payments in sterling into the Account and each such payment shall constitute a drawing on the Loan.

8. Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the Loan shall only be used as provided in paragraph 4 of this Note and in accordance with the provisions of Sections A and B of this paragraph.

Section A

Before any payments are made the Government of the Philippines shall ensure that the Crown Agents, acting on their behalf, receive copies of the Contract from the Contractors and a certificate from Hill Samuel and Company Ltd to the effect that all the pre-disbursement conditions under the Loan Agreement (as defined in the Contract) have

been fulfilled. For the payments due under paragraph 4 of this Note withdrawals from the Account shall be made on receipt by Crown Agents from the Contractors of the UK Payment Certificate in the form shown in Appendix C to this Note.

Section B

For payment of sterling charges and commissions payable in the United Kingdom to the Crown Agents in respect of their services on behalf of the Government of the Philippines in connection with the Loan, the Crown Agents shall debit the Account for these payments and shall inform the Government of the Philippines of the amounts so debited.

PAYMENTS INTO AND FROM THE ACCOUNT

9. Unless the Government of the United Kingdom otherwise agree, payments into the Account shall not be made after 31 March 1984.

10. If any monies that have been paid out of the Account are subsequently refunded to the NEA or the Government of the Philippines either by the Contractor or by a Guarantor the Government of the Philippines shall pay the equivalent in sterling of such sums into the Account.

11. Any balances remaining in the Account six months after the dates of the last credit to the Account in accordance with paragraph 9 of this Note shall be remitted to the Government of the United Kingdom.

12. The Government of the Philippines shall ensure the provisions of such finance additional to the Loan as may be needed to complete the project.

13. In the event of any of the goods and services to be provided under the Contract not being so provided the Government of the United Kingdom shall have the right to recover forthwith from the Government of the Philippines any sum paid out of the Loan in excess of 33% of the value of goods and services which have been provided.

14. The Government of the Philippines shall ensure the NEA permit officers and other servants or agents of the Government of the United Kingdom to visit the project sites for which any part of the Loan is allocated and shall furnish such information as regards the project, its progress and financing as they require.

15. The Government of the Philippines shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the Loan. The repayments shall be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding need be paid:

Instalments

<i>Date due</i>	<i>Amount</i>
12 September 1987 and 12 September of each year thereafter until 12 September 2004.....	£125,300
12 March 1988 and 12 March of each year thereafter until 12 March 2004.....	£125,300
12 March 2005.....	£124,500

Notwithstanding these provisions, the Government of the Philippines shall be free to repay at any earlier time to the Government of the United Kingdom in pounds sterling in London any amount of the Loan that is outstanding.

16. The Government of the Philippines shall pay interest to the Government of the United Kingdom in pounds sterling in London on drawings from the Loan, in accordance with the following provisions:

- (a) The rate of interest in respect of each drawing shall be 2% (two per cent) per annum commencing from the drawn-down date of the relevant drawing.
- (b) Interest shall be calculated on a day to day basis on the balance of the total drawings from the loan for the time being outstanding, after deduction of the total repayments made under the provisions of paragraph 15 of this Note, the drawings being reduced in chronological order by such repayments for the purpose of the calculation.
- (c) The first payment of accrued interest shall be made on 12 March 1981 and subsequent payments shall be made on 12 September and on 12 March in each year, save that if no drawing has been made by 12 March 1981 interest shall only be payable from 12 March or 12 September next following the first drawing.

17. The Government of the Philippines shall inform the Government of the United Kingdom not less than three months before the first repayment of principal becomes due under the provisions of paragraph 15 of this Note of the name and address of the agent in London through whom repayments shall be made. At the same time a standing authority shall be issued to the agent to make payments of the amounts in pounds sterling on the dates specified in paragraph 15 of this Note and a copy of the authority shall be sent to the Government of the United Kingdom.

18. The Government of the Philippines shall inform the Government of the United Kingdom, not less than three months before the first payment of interest becomes due under the provisions of paragraph 16 of this Note of the name and address of the agent in London through whom payments of interest shall be made. At the same time a standing authority shall be issued to the agent to make payments of the amounts in pounds sterling on the dates specified in paragraph 16 of this Note and a copy of the authority shall be sent to the Government of the United Kingdom.

19. If the above proposals are acceptable to the Government of the Philippines I have the honour to propose that this Note and its Appendices, together with your Excellency's reply in that sense, shall constitute an Agreement between the Government of the United Kingdom and the Government of the Philippines which shall enter into force on the date of your reply and shall be known as the United Kingdom/Philippines Loan 1980.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

WILLIAM BENTLEY

APPENDIX A

GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

The Crown Agents for Oversea
Governments and Administrations
4 Millbank
London SW1P 3JD

Dear Sirs,

United Kingdom/Philippines Loan 1980

1. I confirm your appointment as agents of the Government of the Republic of the Philippines (hereinafter called "the Government") in connection with the management in the United Kingdom of the above mentioned Loan which is for a sum not exceeding four million five hundred and ten thousand pounds sterling.

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be described as United Kingdom/Philippines Loan 1980 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom on receipt of request in the form shown in Appendix B to the Exchange of Notes between the Government of the United Kingdom and the Government of the Philippines dated 12 March 1980 (a copy of which is attached hereto) and which you are authorised to present on behalf of the Government. The amount of the Loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the payments properly due from the loan in accordance with paragraphs 4 and 8 of the Exchange of Notes. It is possible that, as a result of refunds referred to in paragraph 10 of the Exchange of Notes paid by Contractors or Guarantors to the National Electrification Administration, payments into the Account will also be made by the Government themselves.

4. Payments from the Account are to be made only in respect of the amounts falling due under the provisions of paragraphs 4 and 8 of the Exchange of Notes and in the manner and subject to the conditions described in paragraph 8 of the Exchange of Notes.

5. You are to send to the Government at the end of each month a detailed statement showing all debits and credits to the Account.

6. You are to send to the Government of the United Kingdom specimen signatures of the Officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with the Loan shall be chargeable to the Account.

8. A copy of this letter has been addressed to the Government of the United Kingdom.

Yours faithfully,

For the Government of the Philippines

APPENDIX B

United Kingdom/Philippines Loan 1980

REQUEST FOR DRAWING

CROWN AGENTS FOR OVERSEA GOVERNMENTS AND ADMINISTRATIONS
4 Millbank
LONDON SW1 3JD

D.F. No.

Dear Sirs,

Please pay the sum of £..... to the United Kingdom/Philippines Loan 1980 Account at the Crown Agents.

This sum shall, on payment into the Account, constitute a drawing on the Loan. The balance in hand is £.....

for the Crown Agents on behalf
of the Government of the Philippines

Funding approved ODA

To: Finance Department
Overseas Development Administration
Foreign and Commonwealth Office
Eland House, Stag Place
London SW1E 5DH

cc: Government of the Philippines

APPENDIX C

Crown Agents Reqn: No.
Suppliers Contract Ref.

UK PAYMENT CERTIFICATE

I hereby certify that

(i) The payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No. between Balfour Beatty Engineering Limited and National Electrification Administration, Philippines.

Balfour Beatty Engineering's Invoice No.	Date	Amount £	Short description of goods, works and/or services

(ii) I have the authority to sign this certificate on behalf of Balfour Beatty Engineering Limited.

Signed.....

Position held.....

For and on behalf of Balfour Beatty Engineering Ltd.
Marlow House
Sidcup, Kent

Date.....

II

*The Minister of Human Settlements of the Philippines
to Her Majesty's Ambassador at Manila*

MALACANANG
MANILA

12 March 1980

Your Excellency,

I have the honour to acknowledge receipt of your Note dated 12 March 1980 which reads as follows:

[See note I]

I have the honour to confirm that the proposals are acceptable to the Government of the Philippines and that your Note and its Appendices and my reply shall constitute an Agreement between our two Governments in this matter which shall enter into force today and shall be known as the United Kingdom/Philippines Loan 1980.

Please accept, Your Excellency, the assurances of my highest consideration.

IMELDA MARCOS

[Appendices as under note I]
