

PD-AB P-814
CONFORMED COPY

USAID Project No. 492-0456

25 10 5

AMENDMENT NO. 5

TO THE

PROJECT GRANT AGREEMENT

BETWEEN THE

REPUBLIC OF THE PHILIPPINES

AND THE

UNITED STATES OF AMERICA

FOR THE

MINDANAO DEVELOPMENT PROJECT

Dated: Aug. 29, 1997

- 1 -

MINDANAO DEVELOPMENT PROJECT

AMENDMENT NO. 5 TO PROJECT GRANT AGREEMENT NO. 492-0456

THIS AMENDMENT NO. 5, is entered into as of the 29th day of August, 1997, between the REPUBLIC OF THE PHILIPPINES (the "Grantee") and the UNITED STATES OF AMERICA, acting through the United States Agency for International Development ("USAID").

WHEREAS, the Grantee and U.S.A.I.D. entered into Project Grant Agreement No. 492-0456 (the "Agreement") on September 28, 1990, whereby USAID agreed to provide an initial increment of \$14,484,000 in Grant funds for the Mindanao Development Project (the "Project");

WHEREAS, through four previous amendments to the Agreement, the amount of Grant funds was increased to \$87,700,000;

WHEREAS, USAID desires to increase further the amount of Grant funds by \$7,300,000;

NOW, THEREFORE, the Grantee and USAID hereby agree to amend the Agreement as follows:

1. Paragraph (a) of Section 3.1 ("The Grant") is amended by deleting the phrase "Eighty-Seven Million Seven Hundred Thousand United States ("U.S.") Dollars (\$87,700,000) ("Grant") and substituting the phrase "Ninety-Five Million United States Dollars (US\$95,000,000) ("Grant")."

2. Paragraph (b) of Section 3.2 ("Grantee Resources for the Project") is amended in its entirety to read as follows:

"Resources provided or caused to be provided by the Grantee for the Project will not be less than the equivalent of US\$31,666,666.66 in cash and/or "in kind". An additional Pesos 51,931,881.24 (\$2,077,275.24) will be in cash expenditures to offset value-added tax (VAT) charges, including expanded VAT charges, assessed on Grant-financed goods and services during the life of the Agreement."

3. Paragraph (a) of Section 3.3 ("Project Assistance Completion Date"), as amended by PIL No. 26, is amended by deleting the phrase "September 27, 2000" and substituting therefor the phrase "September 30, 2001."

4. Amendment to Annex 1 ("Amplified Project Description").

4.1. Annex 1 is amended by deleting Attachment 1 thereto ("Financial Plan") and substituting therefor the new version of Attachment 1 which is attached hereto.

4.2. Annex 1 to the Agreement is further amended by adding the following paragraph to Section II, "Project Components" at the end of paragraph 4, "Growth Plan":

"MDP will implement through a contractor and appropriate counterparts a Microenterprise Access to Banking Services in Mindanao (MABS-M) activity. MABS-M will focus on assisting participating banks to learn and adopt microfinance best practices. The activity will demonstrate that it can be sensible and profitable for the formal financial sector to provide financial services to the microenterprise sector."

Except as expressly amended herein, the Agreement shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

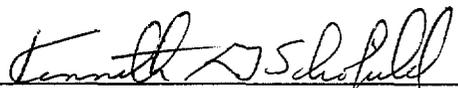
UNITED STATES OF AMERICA

By:



Cielito F. Habito
Director-General
National Economic and
Development Authority

By:



Kenneth G. Schofield
Mission Director
United States Agency for
International Development

Illustrative

MINDANAO DEVELOPMENT PROJECT
REVISED FINANCIAL PLAN
PROJECT NO. 492-0456

PROJECT ELEMENT	OBLIGATION after MDP JPIL No. 31	ADJUSTMENT in OBLIGATION	REVISED LIFE-OF-PROJECT AMOUNTS		
			AID	GOI/PRIVATE SECTOR 1/	TOTAL
1. GSC Airport	30,843,337.48		30,843,337.48	11,630,383.48	42,473,720.96
2. Makar Port Improvement	13,573,566.58		13,573,566.58	4,564,177.97	18,137,744.55
3. Agro-Processing Complex	0.00		0.00	0.00	0.00
4. Growth Plan	29,658,095.94	7,300,000.00	36,958,095.94	12,999,774.85	49,957,870.79
5. Other Studies	250,803.06		250,803.06	88,596.23	339,399.29
6. Monitoring, Eval. & Audit	669,000.00		669,000.00	225,943.72	894,943.72
7. South Cotabato Highways	12,705,196.94		12,705,196.94	4,235,065.65	16,940,262.59
TOTAL	87,700,000.00	7,300,000.00	95,000,000.00	33,743,941.90	128,743,941.90

(Either party may unilaterally, with written notice to the other, adjust line items in this budget to a maximum of 15 percent per line item provided, however, that the total obligated amount as shown in the budget is not exceeded; the total contribution by the Grantee is not reduced; and the amount budgeted for evaluation and audit is not reduced.)

1/ Includes an amount of Pesos 51,931,881 (US \$2,077,275.24) in cash expenditures required to cover estimated value-added taxes (VAT), including expanded VAT charges on USAID-financed goods and services pursuant to Article 3.2(b) of the Grant Agreement and on goods and services financed by other USAID assistance to Mindanao. Also includes counterpart contribution of \$903,205 and VAT cash expenditure of Pesos 227,500 (US \$9,100) of the Gerry Roxas Foundation. Includes counterpart contribution of \$1,766,666.67 and VAT cash expenditure of Pesos 2,605,612.84 (US \$104,224.51) of the Rural Bankers' Association of the Philippines.