



Republic of the Philippines
National Electrification Administration
Quezon City

May 7, 2008

MEMORANDUM No. 2008-005

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Concessional Loan for Electric Cooperatives

1. The implementation of operational and structural reforms by the ECs in the ARMM, off-grid islands and other critically situated ECs may need considerable amount of investment in order to turnaround their operations, however, given their present financial standing, private financing may be limited for these ECs.
2. Pursuant to Sec. 58 of RA 9136 mandating NEA to develop and implement programs to strengthen the technical and financial viability of electric cooperatives and to review and upgrade regulatory policies with a view to enhancing the viability of rural electric cooperatives as electric utilities, NEA established a special lending window or the concessional loan for these ECs to help them institute the needed reforms.
3. The following are the terms of the concessional loan:

Amount : The maximum amount of loan shall depend on the absorptive capacity of the EC.

Interest Rate :
a. Lower by 5% based on the average rate of the previous year if sourced from subsidy funds.
b. Lower by 3% based on the average rate of the previous year if sourced from IGF.

Repayment Period : 10 to 25 years in equal quarterly amortization or graduated repayment scheme

Grace Period : 6 months to three years

Other Conditions :
a. The loan will be a supervised loan.
b. Attainment of annual key performance indicator such as but not limited to system loss, collection efficiency, payment to TRANSCO/GENCO/NEA.

4. The individual loan of the concerned EC shall be for approval by the Administrator subject to the confirmation by the Board.

5. For your information.

Edita S. Bueno
EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLEASE QUOTE: #OR012270



NER-OR012270

gl
5/7/08