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THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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271-19



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1718179

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Port Project - Port Dredging - Philippines - Loan 0280 - P004409 - Administration - Volume 1

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RETURN TO
OPERATIONAL FILES

646

PHILIPPINES

290 PH - Administration I

MAY 12	GOMEZ	MAY 12
Aug 24	Lowder	Aug 30

This file is closed - July 31, 1962

See PHilippines Loan 290 PH - Administration II

July 25, 1962

Director
Bureau of Public Works
Manila
Philippines.

Dear Sirs:

Loan 290 PH - Philippine Dredging Project

We acknowledge with thanks the receipt of your letter of July 6, dealing with various matters connected with the above loan, the contents of which we have noted.

We have already received a copy of Mr. Robert's report on his visit to Holland, and have no comment to make thereon. Concurrence in the Michael Baker contract for consulting services in connection with the proposed slipway and workshop was given in our letter of July 18, 1962.

We shall be glad if you will continue to keep us informed of developments in regard to the other matters mentioned in your letter.

Yours sincerely,

H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon/jk

cc: The Secretary of Public Works
and Communications
Department of Public Works and
Communications
Bureau of Public Works
Manila, Philippines

Mr. J. S. Arvisu
Philippine Foreign Loan
Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N.W.
Washington, D.C.

cc. Mr. J. Sagne

REGISTERED AIR MAIL

July 18, 1962

Mr. A. T. Alano
Director of Public Works
Manila
Philippines

Dear Sir:

Philippines Dredging Project- Loan 290-PH

We acknowledge the receipt of a signed copy of a supplementary contract dated March 12, 1962 between the Republic of the Philippines (Bureau of Public Works, Department of Public Works and Communications) and Michael Baker, Jr., Incorporated, for consulting engineering services in connection with the slipway and workshop which form part of the above loan project. Attached to the contract were eight original endorsements and other documents.

As requested in the last of these endorsements dated July 3, 1962, we have pleasure in confirming our approval of the supplementary contract. We return the signed supplementary contract and attachments herewith.

Yours sincerely,

H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

Enclosures

cc: The Secretary of Public Works
and Communications
Department of Public Works and
Communications
Bureau of Public Works
Manila, Philippines

Mr. J. S. Arvisu
Philippine Foreign Loan
Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

Mr. Roy Braden
Michael Baker, Jr., Inc.
Baker Building
Rochester, Pennsylvania

cc and cleared with Mr. J. Sagne
cc Mr. J. F. Rigby (with copy of contract)

Preliminary Report
W. H. Roberts

MICHAEL BAKER, JR., INC.

THE BAKER ENGINEERS
BRANCH OFFICES
JACKSON, MISSISSIPPI
HARRISBURG, PENNSYLVANIA



Consulting Engineers · Planners · Surveyors

BAKER BUILDING · ROCHESTER, PENNSYLVANIA
SPRUCE 4-3010

July 17, 1962

RECEIVED	7/19/62
ACKNOWLEDGE	<i>[Signature]</i>

Mr. James Lowdon
Department of Technical Operations
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

~~M. de Bryse~~ h
M. de Bryse d
Operational files

Dear Mr. Lowdon:

In accordance with the attached letter from Director Alano, we are forwarding two copies of the report of Walter H. Roberts covering his inspection trip to Amsterdam last month.

We transmitted copies of this report on or about June 15 to Mr. Arvisu and asked that he transmit a copy for your records.

In the event you have already received this report, please disregard this additional submission.

Sincerely yours,

MICHAEL BAKER, JR., INC.

Roy E. Braden

Roy E. Braden
Vice President

REB /rh
Enc.

RECEIVED
GENERAL FILES
CORRESPONDENCE
1962 JUL 19 AM 9:00

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

July 3, 1962

*Received 7/4/62
mcr*

Michael Baker, Jr., Inc.
Baker Building
Rochester, Pennsylvania, U. S. A.
Through Mr. Miles C. Newton
Project Manager
Manila Office

Gentlemen:

In connection with the inspection made last month by Mr. Walter H. Roberts of the dredges being manufactured for the Philippine Government at the yards of IHC Holland, it is requested that the World Bank (IBRD) be furnished, as soon as available, a copy of his inspection report which we expect him to submit to this Bureau.

Very truly yours,

AGAPITO T. ALANO
Acting Director of Public Works

To Rochester

REPORT OF WALTER H. ROBERTS

Arrived here Monday morning, June 4, and was met by Messrs. Lawas and Bagamasbad, the Philippine Resident Inspectors.

In the afternoon we met with Mr. J. M. Donkers of the Verschure Shipyard where we reviewed some of the completed drawings and afterward made a brief tour of the shipyard.

On Tuesday, June 5, I reviewed drawings with Messrs. Lawas and Bagamasbad. Later in the morning, Mr. Donkers took us on an inspection tour of an Indian hopper dredge (completed) and a Portugese hopper dredge under construction. In the afternoon we went via automobile to Haarlem to visit the plant of Conrad Stork where machinery and structural components of the 40-ton crane are being constructed.

On Wednesday, June 6, I went to Kinderdijk with the Resident Inspectors to visit the plant of J & K Smit, where the 1000 cu. yd. hopper dredge will be built. Here we met with Messrs. W. van Beelen and W. W. Kalis, Managing Directors and with key members of the engineering and production staff. We reviewed the principal drawings of the dredge. After lunch at the plant, we crossed the Maas River and visited the plant of Smit-Electro at Slikkerveen, manufacturers of many types of electrical machinery and control apparatus.

We met with Mr. de Vries, Managing Director, Mr. Jan Hofstede, shop superintendent and Mr. Bonebakker of Heemaf Manufacturing Co., subcontractor on small a. c. motors, generators and control. Afterward a tour of the plant was made where electric components of the dredge were in various stages of completion. We returned to the J & K Smit plant at Kinderdijk where we visited the engine shop to see the Smit-M.A.N. diesel engines being manufactured for the 500 cu. yd. grab hopper dredge and the 1000 cu. yd. suction hopper dredge. Afterward we returned to Amsterdam.

On Thursday, June 7, I met with the Resident Inspectors to review our findings and discuss the contract.

On Friday, June 8, the Resident Inspectors and I met with Mr. Donkers at the Verschure Shipyard to discuss the contract as follows:

1. The contractor will furnish a construction schedule to the Resident Inspectors in order that the latter can have knowledge of rate of progress expected by the Contractors.
2. The 500 cu. yd. dredge is about 30 days behind schedule because of a delay in obtaining approval of a change in the propulsion equipment. The Contractor will make every effort to compensate for the delay.

3. The 1000 cu.yd. dredge is behind schedule a few weeks according to the Contractor. Some of the work will be divided up to assist the partner J & K Smit to improve lagging production.
4. The opening in the drag of the 1000 cu.yd. dredge has a greater area for passing solids than that in the pump. The Contractor will weld bars in the two drags to be fitted on the dredge and supply material for this addition to the spare drag.
5. The Contractor was requested to furnish pricing of individual items of spare parts for future use in budgeting. This will be done on a new extended time spares proposal being prepared by the Contractor.
6. The Contractor was requested to furnish for our information the following:
 - a) Line diagram and characteristic curves of speed and torque for the drive on the 40-ton crane.
 - b) Line diagram and characteristic curves for the propulsion and dredge pump motors of the 1000 cu.yd. dredge.
7. The several partners of I.H.C. involved in this contract are doing an excellent job of workmanship. Everyone has been helpful in making information available and extending assistance in the furtherance of my inspection visit.

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4. The opening in the drag of the 1000 cu.yd. dredge has a greater area for passing solids than that in the pump. The Contractor will weld bars in the two drags to be fitted on the dredge and supply material for this addition to the spare drag.
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7. The several partners of I.H.C. involved in this contract are doing an excellent job of workmanship. Everyone has been helpful in making information available and extending assistance in the furtherance of my inspection visit.

PH-290

D.P.W.C. FOREIGN LOAN UNIT
EMBASSY OF THE PHILIPPINES
WASHINGTON 6, D.C.

July 12, 1962

RECEIVED 7/16/62
ACKNOWLEDGE _____

Mr. J.W. Lowdon
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

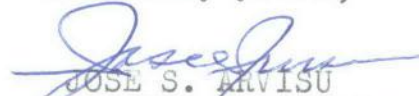
Lowdon

RE: Philippine Dredging Projects,
Loan Number 290-PH

Dear Mr. Lowdon,

Enclosed is a copy of a preliminary report covering
Mr. Walter Roberts' recent visit to Amsterdam for your
information.

Sincerely yours,



JOSE S. ARVISU
Authorized Representative
of the Secretary.

Enclosed as stated.

Open file

Amsterdam, June 8, 1962

Michael Baker Jr. Inc.,
Rochester
Pennsylvania
U.S.A.

Rec 6/14/62 - Dutch file
af call/eb-b
M. Nauta
Roy
Dr
Dee

For the attention of Mr. Roy Braden

Dear Roy,

Arrived here Monday morning and was met by Messrs. Lawas and Bagamasbad, the Philippine Resident Inspectors. In the afternoon we met with Mr. J.M. Donkers of the Verschure Shipyard where we reviewed some of the completed drawings and afterward made a brief tour of the shipyard.

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On Thursday 7 June I met with the Resident Inspectors to review our findings and discuss the contract.

On Friday 8 June the Resident Inspectors and I met with Mr. Donkers at the Verschure Shipyard to discuss the contract as follows:

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 - b) Line diagram and characteristic curves for the propulsion and dredge pump motors of the 1000 cu.yd. dredge.
7. The several partners of I.H.C. involved in this contract are doing an excellent job of workmanship. Everyone has been helpful in making information available and extending assistance in the furtherance of my inspection visit.

Sincerely yours,

Walter H. Roberts

(Walter H. Roberts)

29
3/16
Reg. Airmail

085.5 Dredge ①

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

1) Mr. Sagne
2) Mr. van Helden
for action

July 6, 1962

logged
FE-B.

The International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Loan No. 290 PH- Philippine Dredging Project

Gentlemen:

Hereunder is our point by point reply to your letter of
June 20, 1962:

Visit by dredge design expert to builder's yard:

Mr. W. H. Roberts arrived in Amsterdam, Holland, on June 4, to
inspect the dredges being built by IHC Holland.

We are requesting Michael Baker Jr., Inc. to furnish you as
soon as available copies of Roberts' reports of his inspection. We
have not received yet an official inspection report.

Payment for Mr. Roberts' services will be applied for from the
loan as soon as Michael Baker presents to us the corresponding in-
voice and supporting documents.

Engagement of one or more qualified persons to advise on (a) the
operation and maintenance of dredging equipment and (b) the operation
of the slipway and workshop:

(a) To date, no word has been received by us either from
Mr. Arvisu or Mr. Lawas on our letter dated April 23, 1962, on this
matter. We will send a call-up letter in due time.

(b) Inquiries for qualified persons are being sent to Ellicott
and IHC Holland.

We also inquired from the Netherlands Bureau of Technical Assist-
ance for qualified persons for (a) and (b) which we understand may be
made available to other countries needing technical assistance. To
date, the said Bureau has not replied to our letter dated June 1, 1962.

Copies to Messrs. van Helden, Louwen, Rigby, Sella/Wriken, Sagne, Waide, FE-B files.

RECEIVED
GENERAL FILES
CORRESPONDENCE

1962 JUL 16 AM 11:48

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Dredge chief engineers and dredge masters to be supplied by the builders to train dredge personnel:

IHC Holland submitted to us its proposals for the services of the above personnel. Based on their proposal, the draft of a supplemental agreement for their services is now being prepared in accordance with Item J.7 of the contract between IHC Holland and the Philippine Government, dated August 8, 1960, for the acquisition of dredges. Copy of the proposal of IHC Holland for the above services is hereto attached for your information. The finalized contract will be submitted to you for approval.

Obtaining a consultant's opinion in the design and specifications for the slipway and workshop:

The contract with Michael Baker for consulting services for the proposed slipway and workshop was forwarded for your approval under our 8th Indorsement dated July 3, 1962.

20-inch Cutter Suction dredge - increase in Ellicott Bid:

Our request for Presidential authority to enter into a contract with Ellicott for the acquisition of this 2nd 20" dredge was returned to us by the Secretary of Public Works and Communications requesting that its procurement be made through public bidding instead of through direct purchase. However, a letter to the Secretary is being prepared, together with the justification reiterating our request to buy directly the dredge from Ellicott Machine Corporation. We will inform you of the development.

Very truly yours,


AGAPITO T. ALANO

Acting Director of Public Works

Encl.: As stated.

COPY FURNISHED:

1. The Secretary of Public Works
and Communications
Manila
2. Mr. Jose S. Arvisu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Ave., N. W.
Washington, D. C.

3

I.H.C.
HOLLAND
SHIPBUILDERS AND ENGINEERS

PARTNERS:

Conrad - Stork - Haarlem
Werf Gusto - Schiedam
De Klop - Sliedrecht
J. & K. Smit - Kinderdijk
L. Smit & Zoon - Kinderdijk
Verschure - Amsterdam

Republic of the Philippines
Department of Public Works and
Communications,
Bureau of Public Works,
MANILA.
(Philippines).

THE HAGUE, 8th June, 1962.
P.O. Box 6058
2, Verlengde Tolweg
Our Ref.: 4-Nwh/dJG. CO. 436 etc.

Your Ref.:
Re: Dredge masters and Engineers.

Gentlemen:

In reply to your letter of 10th May last regarding the subject under heading, we must to our regret inform you that in connection with the busy work and interchanging program of our dredge masters and engineers we cannot yet tell whom of them will be chosen to be sent out to Manila, because we do not know the exact date on which you should like to dispose of them in your city.

We hope that the missing details of the names and brief biographical sketches of our personnel that may be chosen to be sent out to Manila, will not inconvenient to you in this stage.

We shall gladly comply with your request to give details of the terms and conditions under which we can send out our personnel according to Item J-7 of the contract, by stating the following data.

In order to have in time personnel at your disposal for the purpose in question, we would like to hear from you at least one month in advance when they should have to arrive in the Philippines.

In connection with the large demand that exist abroad for our dredge masters and engineers, we should appreciate it if the stay in Manila could be settled beforehand and we have in mind a period of three months with f.i. a maximum of six months.

Should you be of the opinion that a longer stay for them than six months is desirable, we are, of course, prepared to take an extension of this maximum period into consideration.

According to Item J-7 of the contract we quite willing to provide you under the proviso as above with one, two or maximum of three competent and English speaking dredge engineers, and one or two qualified English

I. H. C.
H O L L A N D

(4)
-2-
CO. 436 etc.
8-6-62

Republic of the Philippines,
Manila.

speaking dredge masters to advise and train the officers and crew of the dredges being procured under the contract dated 8th August, 1960 and to advise on the operation of said dredgers and on the satisfactory maintenance of the dredgers and machinery installation at Manila.

Our above mentioned personnel shall be considered as part of the staff of the dredgers and shall obey the instructions of your department or officers appointed by you as far as the work on the dredgers is concerned.

The cost for the provision of our personnel shall be for your account and shall consist for each engineer or dredge master of:

- a) an amount covering salary, social charges, insurance, etc. being \$750.- per month during the period from the date of departure from Holland until the date of return in Holland;
- b) the cost of travelling by air from Holland to Manila and back;
- c) all cost of travelling in the Philippines as far as this travelling is in line of duty;
- d) living allowance of 30 Pesos (P.30.-) for each day in the Philippines.

The above cost sub a. and b. to be paid by you within 30 days after receipt of our quarterly invoice at our bank, the "Nederlandsche Handel Mij, N.V.", The Hague, in our favour. The above cost sub c. and d. to be paid by you direct to our personnel. Payments to be effected without deductions of any income tax, fees, duties, etc. chargeable by the Philippine Authorities, either in the Philippines or in the Netherlands, as same shall be for your account.

We trust that the above will be of interest to you.

Looking forward to your news, we remain,

Yours faithfully,

I.H.C. H O L L A N D
One of the Partners:
Verschure & Co's Scheepswerf
en Machinefabriek N.V.;

a true copy:
/sct/7/5/62

MICHAEL BAKER, JR., INC.

THE BAKER ENGINEERS

BRANCH OFFICES
JACKSON, MISSISSIPPI
HARRISBURG, PENNSYLVANIA



Consulting Engineers · Planners · Surveyors

BAKER BUILDING · ROCHESTER, PENNSYLVANIA
SPRUCE 4-3010

July 6, 1962

RECEIVED	7/9/62
ACKNOWLEDGE	

Mr. James Lowdon
Department of Technical Operations
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

James Lowdon

Dear Mr. Lowdon:

Special files

In accordance with our telephone conversation of this date, I am pleased to furnish you with an executed copy of the slipway agreement under Loan No. 290-PH.

You will note this contract has not been dated and your date of approval will become the effective date of this contract. We would appreciate being advised by you after acceptance and approval of the document. Our Project Manager has advised us that the Government is forwarding a copy to your bank.

I am also returning the copy of your draft contract furnished me by Mr. van Helden in your absence. I sincerely appreciate the use of the draft and would like you to express my appreciation to Mr. van Helden.

I will be most happy to discuss this project with you on my visit to Washington next week.

Sincerely yours,

MICHAEL BAKER, JR., INC.

Roy E. Braden

Roy E. Braden
Vice President

REB/rh
Enc.

PH-290

RECEIVED
GENERAL FILES
CORRESPONDENCE

1962 JUL -9 AM 9:26

IDA	IBRD	IFC
FORM NO. 92 (10-61)		
CORRESPONDENCE RECORD FORM		
FROM		DATED
Republic of the Philippines Bureau of Public Works Agapito T. Alano		July 3, 1962
SUBJECT		
Request approval of attached contract pursuant to provision No. 5 (b), page 4, thereof. Contract is with Michael Baker, Jr. Inc. of Ro- chester, Pann., for proposed construction of marine slipway and workshop in Port of Manila		
REFERRED TO	DATE RECEIVED	
<i>noted</i> Mr. Sagne	July 9, 1962	

TO MICHAEL BAKER, JR.
FROM MILES NEWTON

DATE July 3, 1962
SUBJECT SLIPWAY AGREEMENT

Service Order No. 7361

VIA AIR MAIL - REGISTERED

MR-102-MCN

Forwarded herewith by registered air mail are:

1. One signed copy of Slipway Agreement
2. Copy of A. A. Villanueva 1st Indorsement
3. Copy of P. T. Cases 2nd Indorsement
4. Copy of L. A. Guinto 3rd Indorsement
5. Copy of I.B.R.D. letter of April 5, 1962 to Director of Public Works
6. Copy of F. Moreno letter of July 28, 1961 to I.B.R.D.
7. Copy of A. A. Villanueva 4th Indorsement
8. Copy of Auditor General's 5th Indorsement
9. Copy of Department of Justice's 5th Indorsement
10. Copy of Executive Secretary's 6th Indorsement
11. Copy of B. M. Contreras' 7th Indorsement

*attached 3/12/62
to Contract*

*attached
to
Contract
3/12/62*

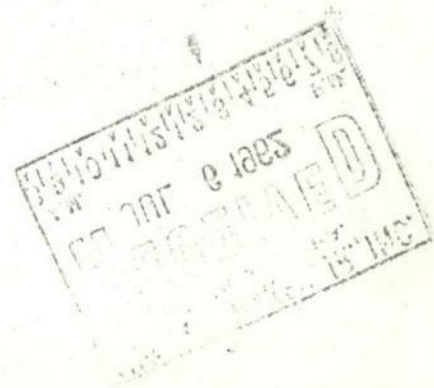
You will note that this contract is not dated. We understand that the date of the contract will be the date of its approval by IBRD under the provisions of Article 5 of the agreement.

The contract is being submitted to IBRD for approval this week. If possible, it is suggested that follow-up be made at the bank.

Uentes Clement

Encl.

MCN:lfc



Operational files

June 27, 1962

Mr. Roy Braden
Michael Baker, Jr., Inc.
Baker Building
Rochester, Pennsylvania

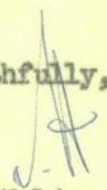
Dear Mr. Braden:

Re: Loan No. 290-PH

With reference to your telephone conversation with Mr. A. F. Geolot this afternoon, I enclose as requested a copy of the draft contract for engineering services in connection with the proposed construction of a marine slipway and workshop in the Port of Manila. This is the document which Mr. Lowdon brought back with him from the Philippines in March and we do not know what changes, if any, have been made in the text since that time.

I am sending you the document actually brought back by Mr. Lowdon because it would not be possible to have it thermofaxed as you requested and be legible. I would appreciate it very much if you would let us have it back when it has served your purpose.

Yours faithfully,



H. J. van Helden
Chief, Transportation Division
Department of Technical Operations



AFGeolot mcw
Enclosure

Isidro Jarabelo, Jr.

SUPERVISING CIVIL ENGINEER

RESIDENCE:
100 IRIGA ST.
QUEZON CITY

OFFICE:
BUREAU OF PUBLIC WORKS
MANILA, PHILIPPINES

PH-2

1617 Mass., Ave., N. W.
Washington 6, D.C.
June 21, 1962
ENGINEER DIVISION
IBRD-IFC

JUN 21 1962

Dear Mr. Geolot:

In accordance with our telephone conversation, I am pleased to furnish hereunder the names of the persons who were recommended to us by Mr. Douma of the U. S. A. Corps of Engineers:

1. Mr. Forrest L Dye ~~_____~~ X *Willing*
4224 Waymar Dr.
Memphis 17
Tennessee
2. Henry Hayward ~~_____~~ - May be contacted thru *Terry* U. S. A. Engineer Division
New York ~~_____~~ - North Atlantic
1216 Federal Office Bldg.
90 Church St.
New York 7, N.Y.
3. Herbert E. ~~Smith~~ *Schmidt* ~~_____~~ X
Galveston, Texas - May be cont. contacted thru U.S.A. Engineer District
P. O. Box 1229
Galveston, Texas
4. Richard O. Eaton ~~_____~~ X
Beach Erosion Board
5201 Little Falls Roads, N. W.
Washington 16, D. C.
5. Mr. Lymon Markel ~~_____~~ - - - X *Not but not recommended*
Los Angeles, California. - Recommended by Mr. Richard O. Eaton.

NA

IA

NA

Not a dredger -
na

As of this date, we were able to contact Mr. Eaton who informed us that he is not available for period of employment in the Philippines longer than 30 days. However, he recommended to us Mr. Lymon Markel of Los Angeles, California.

Sincerely yours,



JOSE S. ARVISU

Authorized Representative of the Secretary

June 20, 1962

Director of Public Works
Bureau of Public Works
Manila
Philippines

ACK 2/16

Dear Sir:

Philippines Dredging Project - Loan 290-PH

1. We acknowledge with thanks your letters of May 18 and 30, 1962 regarding the above project. Our comment on the various points dealt with is as follows.

2. Visit by dredge design expert to builders' yard.

We note that Mr. W. H. Roberts is visiting the IHC yard this month and again in January 1963. We shall be glad to have copies of his reports when available. We presume that application for disbursement from the Loan of the foreign currency element of Michael Baker's charges for his services will be made in due course.

3. Engagement of one or more qualified persons to advise on (a) the operation and maintenance of dredging equipment and (b) the operation of the slipway and workshop.

We note that you are endeavoring to locate suitable persons for (a) above through Mr. Arvisu and Mr. Lawas. We are already in touch with Mr. Arvisu with a view to assisting him in the matter if need be. We also note that you will send enquiries to the dredge builders regarding (b) in due time. In both cases we shall be obliged if you will keep us informed as to the position.

4. Dredge chief engineers and dredge masters to be supplied by the builders to train dredge personnel.

We note that you have written to IHC on this question, and shall be glad if you will inform us in due course of the arrangements made. In this connection it appears to us important that the dispatch of the men concerned with the 14-in. suction dredges should not be long delayed, since all of these dredges are by now presumably in Manila.

June 20, 1962

5. Alterations to project equipment recommended by Mr. Walter H. Roberts.

Your remarks are noted.

6. Obtaining a Consultant's opinion in the design and specifications for the slipway and workshop.

We note that your proposed contract with Michael Baker, Jr., Inc. covering this is being processed through the authorities for approval. We shall be glad if you will let us know as soon as approval is obtained, since this appears to be a matter of urgency.

7. 20-in. Cutter Suction Dredge - increase in Ellicott bid.

We note that the Atlantic Gulf and Pacific Co. of Manila have offered to maintain their bid price of US\$1,575,000 with the dollar payment remaining at US\$1,300,000 but the balance of US\$275,500 to be paid in pesos at 3.6 per US\$ instead of 2.0, also that you have requested Presidential Authority to enter into a contract on these terms and will send us the contract papers for review and concurrence before they are finalized.

Yours sincerely,

H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

cc: The Secretary of Public Works
and Communications
Department of Public Works and
Communications
Bureau of Public Works
Manila, Philippines

Mr. Jose Cruz, Chief
Ports and Harbors Division
Manila, Philippines

Mr. J. S. Arvisu
Philippine Foreign Loan Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

cc and cleared with Messrs. J. Sagne
J. F. Rigby

OFFICE MEMORANDUM

TO: FILES

DATE: June 18, 1962

FROM: J. Sagne *JS*

SUBJECT: Philippines - Dredge loan - PH 290

A working party meeting was held on June 14, to discuss the reply to a letter from Mr. A. A. Villanueva, Acting Director of Public Works, regarding loan 290 PH. Present were: Messrs. Sagne, Lowdon, Wiehen, and Rigby.

The main point of discussion was the information, confirmed in another letter from Mr. Villanueva, dated May 30, 1962, regarding the request from Ellicott Machine Corporation to maintain their bid price of \$1,575,500.00 provided the dollar payment will remain at \$1,300,000.00 but the equivalent of its balance of \$275,500.00 will be converted to Philippine pesos at the rate of P 3.60 to the dollar instead of P 2.00 per dollar as provided before. The Bureau of Public Works in Manila considers the offer reasonable, taking into account the present free market exchange rate of the dollar and they have, therefore, requested Presidential authority to enter into contract with Ellicott for the acquisition of the 2nd 20-inch dredge. They will forward to the Bank the contract papers for review and concurrence before finalizing them.

During the discussion, it was pointed out that:

- a) all the bids concerning loan 290 PH. were made in U.S. dollars in 1960.
- b) according to Ellicott proposal, the bid remains in U.S. dollars. The request for revision of the peso part of it is mainly an adjustment of the conditions of payment to take into account the actual rate of the P, and corresponds to the previous 8% increase which has been already envisaged by them.
- c) the \$275,500.00 part which will be converted in P at the rate of P 3.60 per dollar concerns assembling works to be performed in the Philippines.

noted

The party/that the Bureau of Public Works - Manila considers the Ellicott proposal reasonable and has requested Presidential approval to enter into contract with Ellicott. It was therefore agreed that:

- a) the Ellicott proposal could be considered a reasonable one by the Bank.
- b) this would be indicated to the Bureau of Public Works in Manila when the contract papers will be sent to the Bank for comments.)

Mr. Rigby drew the attention of the working party to some difficulties which may arise in connection with items 1 and 2 of the present list of goods. It was agreed that it was too soon to revise the list of goods, but that it may have to be done at a late date.

cc. Messrs. Lowdon, Wiehen, Rigby, Waide.

JSagne:pc

Authorizatiom

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

4.
645.341-D.P.W.C.

June 13, 1962

The Federal Reserve Bank Corp.
International Section and Money Markets
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement No. 290 PH

Gentlemen:

Supplementing our letter of June 1, 1962, we are furnishing you herewith the specimen signature of Honorable BRIGIDO R. VILLONCO, Secretary of the Department of Public Works and Communications.

Very truly yours,




R. R. VILLONCO
Undersecretary

Encl.: As stated.

Republic of the Philippines
Department of Foreign Affairs
OFFICE OF THE SECRETARY
Manila


TO WHOM IT MAY CONCERN:

This is to certify that the signature appearing hereunder is the usual signature of the following Government Official:

<u>Name</u>	<u>Position</u>	<u>Usual Signature</u>
BRIGIDO R. VALENCIA	Secretary of Public Works and Communications	

This certification is made in connection with the implementation of the loan agreement by and between the Republic of the Philippines and the International Bank for Reconstruction and Development, dated July 26, 1961 for acquisition of dredges and construction of slipway and workshop for the repair of dredges.

IN WITNESS WHEREOF, I have this day affixed hereunder my signature and seal of my Office.


EMMANUEL PELAEZ
Secretary of Foreign Affairs

Manila, May 29, 1962.

Mr. J. Rigby

June 14, 1962

M. H. Wiehen

Loan 290 PH - Dredging Project -
Authority to sign withdrawal applications

Further to my memos of May 11 and May 24 on the above subject, I attach herewith copy of a letter from the Department of Public Works and Communications to the Bank dated June 1, 1962 and copy of the ad interim designation of Brigido R. Valencia as Secretary of the Department of Public Works and Communications attached thereto. The letter informs us that the designation became effective on May 20, 1962.

We have not received a specimen signature of Mr. Valencia. We are also still waiting for the specimen signature of Mr. Villanueva, Acting Director of the Bureau of Public Works. I shall suggest to Mr. Sagne to write to the Department of Public Works and Communications asking for specimen signatures of Messrs. Valencia and Villanueva.

After these specimen signatures have been received by the Bank, all withdrawal applications should be accepted provided they are signed in either of the following manners:

1. By Mr. Valencia alone
2. By Mr. Contreras alone
3. By Mr. Villanueva alone
4. By Mr. Alano alone
5. By Mr. Cruz, with the countersignature of Mr. Valencia or Mr. Contreras

Attachments

cc: Messrs. Sagne, Lowdon

MHWiehen/rc

8A5

June 12, 1962

Mr. Jacques Sagne

Omar Dajany


Dredging Project - Philippines

You may wish to send the following comments to the members of the working party on the question of the request received for approving the price adjustment of the Ellicott dredge.

The total dollar cost of this item has not changed. The difference lies in the mode of payment according to which \$275,000 will be converted into pesos at the rate of 3.6 pesos to the US dollar instead of the former rate of 2 pesos to the dollar. This means that the Department of Public Works will have to pay an additional 440,000 pesos.

Since it was contemplated from the beginning that part of the construction would be done in Manila, it is presumed the Ellicott people had originally estimated this cost at 550,000 pesos as against their present cost estimate of 990,000 pesos. The question to consider is whether the increase in the local currency cost has risen by about 80%. This is a rather difficult and complicated question to answer. You will note that the price increase in pesos if reconverted to dollars would come to approximately 8% of the total cost of the dredge which is the increase that Ellicott had requested in the first place.

If the Bank does not approve of the proposed payment terms it would mean that new bids would have to be made and this involves loss in time and definitely causes a delay in the conclusion of the project. I also noted from the Department of Public Works' letter that they have asked for Presidential approval for the amended terms but are not requesting that of the Bank although we have told them twice before not to conclude the deal with Ellicott before we had a chance to send our comments. In the circumstances I see no advantage to be gained from objecting to their proposal at this late stage.

 ODajany:lb

Authorization

0855 Dredges ✓

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

June 11, 1962

The International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D. C.
U. S. A.

Ref.: Loan No. 290 PH - Philippine Dredging Project

Gentlemen:

Supplementing the letter dated March 21, 1962, copy attached, of the former Acting Secretary of Public Works and Communications, Mr. P. T. Cases, which was submitted to the Bank as evidence of authority for the undersigned to handle all matters concerning the implementation of the loan agreement, I am pleased to furnish herewith the specimen signature of the undersigned duly authenticated by the Philippine Secretary of Foreign Affairs.

Very truly yours,


A. A. VILLANUEVA

Acting Director of Public Works

WV/sct

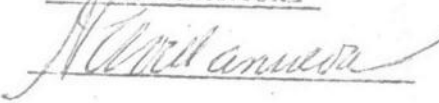
Copy furnished:

The Secretary of Public Works
and Communications
M a n i l a

Republic of the Philippines
DEPARTMENT OF FOREIGN AFFAIRS
Manila

TO WHOM IT MAY CONCERN:

This is to certify that the signature appearing hereunder is the usual signature of the Acting Director of Public Works:

<u>NAME</u>	<u>POSITION</u>	<u>USUAL SIGNATURE</u>
Antonio A. Villanueva	Acting Director of Public Works	

This certification is made in connection with the provision of Section 8.02, Article VIII of Loan Regulations No. 3 of the International Bank for Reconstruction and Development dated February 15, 1961, which is an integral part of the Loan Agreement entered into by and between the Republic of the Philippines and the said bank on July 26, 1961, concerning Dredging Project.

Mr. Antonio A. Villanueva has assumed the duties and responsibilities of Mr. Julian A. Buendia, the former Director of Public Works who retired from the government service and whose specimen signature was one of those appearing in the certification made by this Office on September 8, 1961, and subsequently submitted by the former Director of Public Works to the International Bank for Reconstruction and Development on September 12, 1961.

IN WITNESS WHEREOF, I have this day affixed hereunder my signature and the seal of my Office.

Manila, May 8, 1962.



EMMANUEL PELAEZ
Secretary of Foreign Affairs

Authorization

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

145-341-
June 1, 1962

The International Bank for
Reconstruction and Development
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement No. 290 PH

Gentlemen:

In connection with the above mentioned loan agreement, entered into and between the International Bank for Reconstruction and Development and the Republic of the Philippines represented by the Department of Public Works and Communications, I have the honor to submit herewith certified true copies of the designation of Mr. Brigido R. Valencia, as Secretary of this Department, vice Mr. Paulino T. Casas.

Effective May 20, 1962, all papers and documents emanating from this Department relative to the above loan agreement shall be signed by Mr. Brigido R. Valencia or Mr. R. M. Contreras, Secretary and Undersecretary respectively.

Very truly yours,


R. M. CONTRERAS
Undersecretary

EDIFICANCO
Medina

May 1968
1962

Sir:

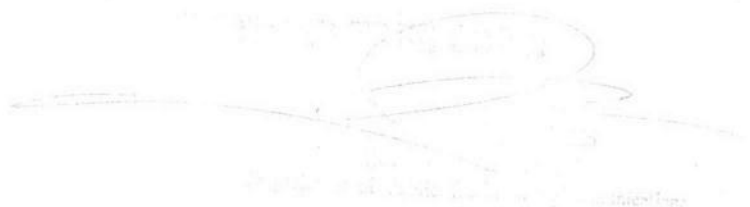
Pursuant to the provisions of Article VII, Section 10, paragraph (1), of the Constitution, and of existing laws, you are hereby appointed, as Interim, Secretary of Public Works and Communications.

By virtue hereof, you may qualify and enter upon the performance of the duties of the office, furnishing this Office and the Civil Service Commission with copies of your oath.

Very truly yours,

(SGD) RICARDO MONTAÑA

Hon. Enrique R. Valerón
Medina



A handwritten signature in blue ink, which appears to be "Ricardo Montaña", is written over a circular official stamp. The stamp contains some illegible text and a central emblem. Below the signature, there is a line of faint, illegible text.

#290PH
ORSS Dredge L
1+7

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

May 30, 1962

The International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
U. S. A.

Loan No. 290 PH - Philippine Dredging Project

Gentlemen:

With reference to your letter of May 17, 1962, regarding the Ellicott 20" cutter suction dredge, we would like to invite your attention to our letter dated May 18, 1962 wherein we informed you that Ellicott Machine Corporation agreed to maintain its original dollar bid price of \$1,575,500.00 payable in \$1,300,000.00 and ₱991,800.00 (corresponding to the balance of \$275,500.00, converted at the exchange rate of ₱3.60 to the dollar). In view of this latest proposal, which we found reasonable after considering the present free market exchange rate of the dollar, we have requested the President, under our letter of May 11, 1962, authority to enter into a contract with Ellicott for the acquisition of the subject dredge in accordance with Philippine Government requirement.

We will forward to you the contract papers for your review and concurrence before we finalize same.

Very truly yours,



A. A. VILLANUEVA
Acting Director of Public Works

NMV/jpg

1965 JUN - 07 10 10 51

RECEIVED

1962 JUN 8

The International Bank for Reconstruction
and Development
1818 K Street, N.W.
Washington 25, D.C.
U.S.A.

In a letter dated May 15, 1962, regarding

your letter

With reference to your letter of May 15, 1962, regarding
the \$100,000 loan to the Government of the Republic of
your attention to our letter dated May 15, 1962 wherein we
informed you that the \$100,000 loan was being provided to maintain
the original bid price of \$1,175,000.00 per acre in
\$1,300,000.00 and \$1,000,000.00 per acre to the balance of
\$275,000.00, converted at the exchange rate of 23.65 to the dollar.
In view of the recent proposal, which we found reasonable after
considering the present rise in the exchange rate of the dollar,
we have requested the President, under our letter of May 15, 1962,
authority to enter into a contract with the Government of the Republic
of the subject area in accordance with the applicable Govern-
ment requirements.

We will be glad to you if you could please review
and comment on the enclosed proposal.

Very truly yours,
[Signature]

Director of Public Affairs

1962 JUN -8 AM 10:27

RECEIVED
GENERAL FILES
CORRESPONDENCE

May 30, 1962

The International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
U. S. A.

Loan No. 290 HI - Philippine Dredging Project

Gentlemen:

With reference to your letter of May 17, 1962, regarding the Elliott 20" cutter suction dredge, we would like to invite your attention to our letter dated May 18, 1962 wherein we informed you that Elliott Machine Corporation agreed to maintain its original dollar bid price of \$1,575,500.00 payable in \$1,300,000.00 and P997,500.00 (corresponding to the balance of P275,500.00, converted at the exchange rate of P3.60 to the dollar). In view of this latest proposal, which we found reasonable after considering the present free market exchange rate of the dollar, we have requested the President, under our letter of May 11, 1962, authority to enter into a contract with Elliott for the acquisition of the subject dredge in accordance with Philippine Government requirement.

We will forward to you the contract papers for your review and concurrence before we finalize same.

Very truly yours,

A. A. VILLARENA
Acting Director of Public Works

NNN/jpg

1+7

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Washington 25, D. C.

May 17, 1962

Director of Public Works
Bureau of Public Works
M a n i l a
Philippines

Dear Sir:

Loan 290-PH - Philippines Dredge Project

We refer to page 11 of your "Quarterly Report of Accomplishments, Philippine Dredging Projects, March 31, 1962", received with your letter of April 23, 1962 and acknowledged in our letter of May 4, 1962.

Page 11 of the Report gives the impression that you are awaiting our comment on the Ellicott proposal and draft contract for the 20-in. cutter suction dredge. This is actually not the case, since, as made clear in paragraph 7 of our letter of April 5, 1962, we await the results of your study of the justification for the price increase proposed in the draft contract and your considered views as to the course to be followed in the matter.

We look forward to receiving your reply regarding this and the other questions raised in our letter of April 5, 1962 as soon as possible.

Yours sincerely,

(SGD.) ILLIGIBLE
Chief, Transportation Division
Department of Technical Operations

CC: The Secretary of Public Works
and Communications
Department of Public Works and
Communications
Bureau of Public Works
Manila, Philippines

Mr. Jose A. Cruz, Chief
Ports and Harbors Division
Manila, Philippines

Mr/ J. S. Arvisu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Avenue, N. W. Washington D. C.



Record Removal Notice

File Title Port Project - Port Dredging - Philippines - Loan 0290 - P004409 - Administration - Volume 1		Barcode No. 1718179		
Document Date 24 May, 1962	Document Type Memorandum			
Correspondents / Participants To: Mr. J. F. Rigby From: M. H. Wiehen				
Subject / Title Loan 290 PH - Dredging Project Authority to sign Withdrawal Applications				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"> <tr> <td>Withdrawn by Tonya Ceesay</td> <td>Date January 05, 2017</td> </tr> </table>	Withdrawn by Tonya Ceesay	Date January 05, 2017
Withdrawn by Tonya Ceesay	Date January 05, 2017			

29004
file



DPWC Foreign Loan Office
EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.
May 22, 1962

RECEIVED May 23/62
ACKNOWLEDGE _____

Mr. H. J. van Helden
Chief, Transportation Division
Department of Technical Operations
International Bank for Reconstruction
and Development
Washington 25, D. C.

Dear Mr. van Helden,

~~Mr. London~~ 24/5
Mr. Righty
Mr. Dajany
C.S. vs.

We are pleased to inform you that as per advice received from Under-Secretary Contreras, Mr. Brigido Valencia is now the Acting Secretary of the Department of Public Works and Communications vice Mr. p. T. Cases. Copy of his designation and specimen signature will be furnished your office as soon as we receive them.

JOSE S. ARVISU
Authorized Representative of the
Secretary

RECEIVED
GENERAL FILES
CORRESPONDENCE

1962 MAY 23 AM 9:18

MAY 21 1962

CODE & COMMUNICATION

T
AMBPHIL 440059
GOOD MORNING

VIA MACKAY RADIO - MAY 21 1962

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MANILA 27 21 1140AM

JOSE ARVISU

CARE PHILIPPINE EMBASSY

WASHNDC

ADVISE BANKS AND USBPR EFFECTIVE MAY 18 HONORABLE
BRIGIDO VALENCIA REPLACED CASES STOP COPY OFFICIAL
DESIGNATION AND SPECIMEN SIGNATURES FORTHCOMING

CONTRERAS

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

RECEIVED *May 28/62*
ACKNOWLEDGE *June 27, 1962*
S.W. Lowden man

May 18, 1962

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D. C.
U. S. A.

W. Lowden
ADG
4/29

Loan No. 290-PH - Philippine Dredging Project

Gentlemen:

In reply to your letter of April 5, 1962, we are giving you hereunder, using the same paragraph numbers, the information pertinent to the points raised therein.

to Amador June 4

Par. 2. Visit by dredge design expert to builder's yards

The first inspection by Mr. Walter H. Roberts of Michael Baker, Jr., Inc., Consulting Firm, of the dredges and accessories being built by IHC in Holland has been arranged in June of this year when the fabrication of the seagoing hopper and the grab hopper dredges is expected to be in full swing. The second inspection is in January, 1963, when the said dredges will be ready to undergo the required tests and trials.

Par. 3. Engagement of one or more qualified persons to advise on the operation and maintenance of the dredging equipment and on the operation of the slipway and workshop.

To hasten the employment of the person or persons qualified to advise us on the operation and maintenance of the dredging equipment, we have requested both Mr. Jose S. Arvisu, the representative of the Secretary of Public Works and Communications in Washington, D. C., and Mr. Sergio L. Lawas, the Bureau of Public Works' representative in Holland, to contact for us such person or persons possessing the necessary qualifications, emphasizing at the same time the importance of seeking out an individual who possesses both qualifications.

Copies to Messrs. Sagne, Waide, Rigby, Wieken, Lowden - 6/12.

May 24, 1962

International Board for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.
U.S.A.

Dear Sirs - British Ice Dredging Program

Enclosure

In reply to your letter of April 5, 1962, we are giving you here-
under using the same photograph numbers, the information pertinent to
the main - raised floats.

Mr. S. Staff of British Ice Dredging Program

The first inspection by Mr. Walter H. Roberts of Michael
Baker, Inc., Lansing, Mich., of the dredges and accessories
being built in U.S. in 1961 has been arranged in June of this
year when the completion of the seasonal report and the first
report is expected to be in July 1962. The second ins-
pection is in January, 1963, when the main dredge will be ready
to undergo the raised float and trials.

Mr. S. Staff of British Ice Dredging Program is advised on the
basis of the information of the dredging equipment and on the
basis of the information of the dredging equipment.

We thank the equipment of the person or persons qualified
to advise us in the operation and maintenance of the dredging equip-
ment, as we have requested that Mr. John A. Axline, the representative
of the Secretary of Public Works and Construction in Washington,
D.C., and Mr. J. J. Laves, the Bureau of Public Works, Wash-
ington, D.C., be contacted for us such person or persons
possessing the necessary qualifications, emphasizing at the same
time the importance of seeking out a qualified person or persons both
individually and collectively.

1962 MAY 28 AM 11:32
RECEIVED
GENERAL FILES
CORRESPONDENCE

We will follow your suggestion in the recruitment of a person to advise on the operation of the slipway and workshop. Inquiries will be sent to the dredge builders in due time.

Par. 4. Dredge chief engineers and dredge masters supplied by the builders to train dredge personnel.

We have written IHC Holland to submit to us the names of the chief engineers and competent dredge masters whom they proposed to send to Manila to familiarize our personnel in the operation of the dredges. These technical men will be required to render their services for at least the first three months of operation of the first dredge of each type under procurement, subject to extension when deemed necessary. Their employment will be the object of a separate agreement between the Bureau of Public Works and IHC Holland.

Par. 5. Alterations to project equipment recommended by Mr. Walter H. Roberts.

(a) IHC Holland

(i) Change Order No. 2 dated September 28, 1961, has been approved by the Philippine Government authorities and IHC Holland is being informed accordingly.

(ii) We will furnish you a copy of the "No Cost" Change Order No. 3 as soon as it is issued.

(b) 20-inch Suction Dredge (Ellicott)

The alteration recommended by Mr. Roberts will be incorporated in our proposed contract with the builders. Presidential authority to enter into said contract is being submitted to the Philippine authorities concerned. Ellicott Machine Corporation has decided to maintain their original price.

Par. 6. Obtaining a Consultant's opinion in the design and specifications for the slipway and workshop.

In case our proposed contract with Michael Baker, Jr., Inc.,

*After been by A.C.
then & Sec. New with
Lisbon. de la Penitencia*

embracing these services is finally approved, we will request the consultant to make a report on the designs and specifications finally adopted, a copy of which will be furnished the Bank.

The proposed contract is being coursed through proper authorities of the Philippine Government for approval.

Par. 7. 20-inch Cutter Suction Dredge - 8% Increase in Ellicott Bid.

The builders, through its licensee, the Atlantic, Gulf and Pacific Co. of Manila, finally agreed to maintain their bid price of \$1,575,500.00 provided the dollar payment will remain at \$1,300,000.00 but the equivalent of its balance of \$275,500.00 will be converted to Philippine pesos at the rate of P3.60 to the dollar or P991,800.00 instead of P2.00 per dollar as provided in our first contract for a similar dredge. We consider the offer reasonable and we are now requesting Presidential authority to enter into a contract with Ellicott for the acquisition of this 2nd 20-inch dredge.

Very truly yours,

A. A. Villanueva
A. A. VILLANUEVA

Acting Director of Public Works

	NMV/set	
	\$	
	1,300,000	550,000
<i>@1.08</i>	1,404,000	594,000
	104,000	44,000
<i>44.00 @ 2.0</i>	22,000	
	122,000	
<i>44.00 @ 3.6</i>	104,000	
	12,000	
	116,000	

275,500	8
220,000	0.1

220
1575.5

991,800
550,000
441,800

@2.0 220,900
@3.6 122,000

May 17, 1962

Director of Public Works
Bureau of Public Works
Manila
Philippines

Dear Sir:

Loan 290-PH - Philippines Dredge Project

We refer to page 11 of your "Quarterly Report of Accomplishment, Philippine Dredging Projects, March 31, 1962", received with your letter of April 23, 1962 and acknowledged in our letter of May 4, 1962.

Page 11 of the Report gives the impression that you are awaiting our comment on the Ellicott proposal and draft contract for the 20-in. cutter suction dredge. This is actually not the case, since, as made clear in paragraph 7 of our letter of April 5, 1962, we await the results of your study of the justification for the price increase proposed in the draft contract and your considered views as to the course to be followed in the matter.

We look forward to receiving your reply regarding this and the other questions raised in our letter of April 5, 1962 as soon as possible.

Yours sincerely,

H.J. van Helden

Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

cc: The Secretary of Public Works
and Communications
Department of Public Works and
Communications
Bureau of Public Works
Manila, Philippines

Mr. Jose Cruz, Chief
Ports and Harbors Division
Manila, Philippines

Mr. J. S. Arvisu
Philippine Foreign Loan Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

Cleared with and cc: Mr. O. Dajany

OFFICE MEMORANDUM

TO: Files

DATE: May 16, 1962

FROM: Omar Dajany 

SUBJECT: PHILIPPINES - Dredging Project (Loan No. 290 PH)

I have received the quarterly progress report ending March 31, 1962 which was submitted by the Acting Director of Public Works with his letter of April 23, 1962.

Attention drawn to the following:

- A. The three '114' Cutter Suction Dredges were completed and one dredge delivered in Manila on March 29, 1962.
- B. The three sets of the floating and shore pipelines for the dredges were also completed and the pipelines for one dredge arrived in Manila in January 1962.
- C. The Work Launch was completed last November and delivered in Manila in March 1962.
- D. One of the two diesel driven dredge tenders was completed last December. It is presumed that by now this item is delivered.
- E. The two Echo Sounders were also completed and presumed delivered.
- F. To date no disbursements from the loan account have been made with respect to any of the above equipment.
- G. In paragraph 5 of the Side-Letter dated July 26, 1961, the Borrower agreed to retain the services of a consulting Engineering firm acceptable to the Bank to review the design and specifications for the slipway and workshop. According to the progress report the engineering work is now 10% completed. This continues to be done without the benefit of any advice since no consultants were retained so far.
- H. With respect to the Ellicott Dredge the report claims that the Manufacturer's proposals and a draft of the contract were forwarded to the Bank for comment. This implies that matters with regard to this item are in our hands. In effect we informed the Director of Public Works on April 5, 1962 that the statement from the Ellicott Corporation on the proposed price increase put forth only general reasons. We asked in the same letter that they inform us of the results of their study of the justification for the proposed increase but have not received a reply to this as yet.

cc: Messrs. Cargill, Sagne, Lowdon, Weißen, Rigby.



Record Removal Notice

File Title Port Project - Port Dredging - Philippines - Loan 0290 - P004409 - Administration - Volume 1		Barcode No. 1718179		
Document Date 11 May, 1962	Document Type Memorandum			
Correspondents / Participants To: Mr. J. F. Rigby From: M. H. Wiehen				
Subject / Title Loan 290 PH - Dredging Project Authority to sign Withdrawal Applications				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Tonya Ceesay</td><td>Date January 05, 2017</td></tr></table>	Withdrawn by Tonya Ceesay	Date January 05, 2017
Withdrawn by Tonya Ceesay	Date January 05, 2017			

April 16, 1962

The Honorable
Andres V. Castillo
Governor
Central Bank of the Philippines
Manila
Philippines

Dear Governor Castillo:

On my return from the Far East recently I was informed of the findings of the end-use inspection of the Dredging Project which was conducted early last March. This inspection showed that a number of problems, both operational and technical, continue to exist despite much earlier correspondence regarding them. I feel, therefore, that the Philippines Government should be informed of these problems, which, if allowed to continue, can seriously threaten the timely and satisfactory completion of this project.

Attached are copies of our letters of March 26 and April 5, 1962 to the Department of Public Works. Only the question of the default has so far been resolved and I should like to thank you for the part you played in getting that matter settled.

I am sure you agree that a satisfactory performance in the carrying out of a Bank financed project is in the interest of the Department of Public Works, the Philippine Government and the Bank. I realize that the Department has gone through a period of transition which may account for some of the difficulties being encountered. The fact is, however, that most of these problems arose in the latter part of 1961 and have continued ever since.

The Bank has always been willing to extend any assistance required to overcome these difficulties and I should like to take this opportunity to reiterate this position. The Bank would be prepared to send a staff member to Manila to assist the Department of Public Works

in resolving the existing problems, and at any time in the future that such assistance is required.


I am sure that you share our concern over this situation and that the Government will be able now to set it right. I shall write to you at greater length in a few days about other matters and to thank you for all you did for me on my last visit.

With best personal regards,

Sincerely yours,

I.P.M. Cargill
Director
Department of Operations - Far East

Attachments: As stated.

 cc: Messrs. Sagne, Lowdon, Wiehen

ODajany:oc

ROUTING SLIP		Date <i>April 24 1962</i>
NAME <i>Mr. Dajany</i>		ROOM NO. <i>620</i>
<i>IS</i>		
<i>Operat. and files</i>		
To Handle		Note and File
Appropriate Disposition		Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
Information		Signature
Initial		Send On
REMARKS		
From <i>[Signature]</i>		

MICHAEL BAKER, JR., INC.

THE BAKER ENGINEERS
BRANCH OFFICES
JACKSON, MISSISSIPPI
HARRISBURG, PENNSYLVANIA



Consulting Engineers · Planners · Surveyors

BAKER BUILDING · ROCHESTER, PENNSYLVANIA
SPRUCE 4-3010
April 12, 1962

VIA AIRMAIL

Director of Public Works
and Communications
Government of the Republic
of the Philippines
Manila, Philippines

RECEIVED *Apr 16/62*
ACKNOWLEDGE

Re: Program for Nationwide Harbor Dredging
Ellicott 20-Inch Hydraulic Pipeline Dredge
with Pipeline and Spare Parts.
Change Order Number One.

Lowson
4/16

Dear Sir:

We have recently been advised by our representatives in Manila that you are considering issuance of a change order in connection with the procurement of the above equipment and have requested our approval in connection therewith.

We have received from Ellicott Machine Corporation a copy of proposed Change Order Number One, dated February 6, 1962. We have reviewed same and concur that the items listed, that is (1) additional special tools and testing equipment for the main diesel engine, (2) additional spare parts for the floating discharge pipeline, and (3) additional set of special cutter sheathes, are necessary for proper operation of the dredge unit.

We cannot comment on the prices quoted for these items; however, it is our understanding that the World Bank does not expect us to investigate and justify the prices. This matter of justification of prices might involve extensive investigation if it was made a requirement for approval, and we would have to be advised as to the extent of investigation required. We believe such an investigation could be performed under our existing contract with the Bureau; however, it would result in additional cost to the Bureau.

It is our opinion that you should process the proposed Change Order Number One and submit it to the World Bank for their approval. By copy of this letter we are advising the World Bank of our approval of the purchase of the additional items listed above as necessary for the proper

RECEIVED
BANK MAIL ROOM

12:01 PM
APR 16 3 1962

PH-290

7

MICHAEL BAKER, JR., INC.

THE BAKER ENGINEERS
BRANCH OFFICE
JACKSON, MISSISSIPPI
HARRISBURG, PENNSYLVANIA



Consulting Engineers - Planners - Surveyors

BAKER BUILDING - ROCHESTER, PENNSYLVANIA
SUITE 4-3010
April 15, 1962

VIA AIRMAIL

RECEIVED
APR 16 1962
ACCOUNTS DEPT.

Director of Public Works
and Communications
Government of the Republic
of the Philippines
Manila, Philippines

Re: Program for Nationwide Harbor Dredging
Ellicott 20-Inch Hydraulic Pipeline Dredge
with Pipeline and Spare Parts.
Change Order Number One.

Dear Sir:

We have recently been advised by our representatives in Manila that you are considering issuance of a change order in connection with the procurement of the above equipment and have requested our approval in connection therewith.

We have received from Ellicott Machine Corporation a copy of proposed Change Order Number One, dated February 6, 1962. We have reviewed same and concur that the items listed, that is (1) additional special tools and testing equipment for the main diesel engine, (2) additional spare parts for the floating discharge pipeline, and (3) additional set of special cutter sheaves, are necessary for proper operation of the dredge unit.

We cannot comment on the prices quoted for these items; however, it is our understanding that the World Bank does not expect us to investigate and justify the prices. This matter of justification of prices might involve extensive investigation if it was made a requirement for approval, and we would have to be advised as to the extent of investigation required. We believe such an investigation could be performed under our existing contract with the Bureau; however, it would result in additional cost to the Bureau.

It is our opinion that you should process the proposed Change Order Number One and submit it to the World Bank for their approval. By copy of this letter we are advising the World Bank of our approval of the purchase of the additional items listed above as necessary for the proper

1962 APR 13 PM 3:36

RECEIVED
BANK MAIL ROOM

[Handwritten signatures and initials]

[Handwritten mark]

MICHAEL BAKER, JR., INC.

Director of Public Works
and Communications
Page 2
April 12, 1962

operation of the twenty-inch hydraulic pipeline dredge. We have also instructed our representative in Manila to endorse Change Order Number One with this certification in order to expedite this matter.

We trust that this procedure is satisfactory and sufficient for your purposes.


Sincerely yours,

MICHAEL BAKER, JR., INC.



Michael Baker, Jr.
President

MBJr/hs

cc: Mr. H. J. van Heldon, Chief 
Transportation Division - World Bank

Mr. James Lowdon - World Bank

April 5, 1962

Director of Public Works
Bureau of Public Works
Manila
Philippines

see letter in Sep 18

Dear Sir:

Loan 290-PH - Philippines Dredge Project.

1. We refer to your letter dated February 19, 1962 regarding the above project, the contents of which were discussed with you by Mr. Lowdon during his recent visit to Manila.

2. Visits by dredge design expert to builder's yards.

Mr. Lowdon was informed that Mr. Roberts would visit the IHC yard in Holland about June 1962 and January 1963; however, we learn from your Consultants, Michael Baker, Jr., Inc., that they have not yet received instructions in the matter. We shall be glad if you will confirm that these arrangements have now been finalized and let us know the date of the earlier visit.

3. Engagement of one or more qualified persons to advise on the operation and maintenance of the dredging equipment and on the operation of the slipway and workshop.

We confirm that as Mr. Lowdon stated during his discussions with you, we feel that it is very important that the person or persons who will advise on dredge equipment maintenance and operation should be appointed as soon as possible and not await the arrival of the major dredges as suggested in your letter. As Mr. Lowdon pointed out, it is envisaged that the person or persons will give advice on dredging operations and maintenance as a whole, not merely in connection with the equipment to be provided under the Loan, and that they will be employed for a period of not less than two years.

The location and selection of suitable men for this purpose is primarily a matter in your hands, the Bank's interest being that the qualifications, terms and period of employment of the person or persons selected should be acceptable to it, as agreed in your letter of July 26, 1961. However, it may be difficult to find men of the high calibre required. After

April 5, 1962

further consideration of the matter, we make the suggestion that one of the most likely ways in which to locate suitable persons might be through the United States Corps of Engineers, with which we understand your Division of Ports and Harbors has had considerable contact in the past. It may not be easy to find a single high calibre man qualified to advise both as to dredge operation and as to dredge maintenance. However there would be advantages in combining the two functions, and we suggest that in the first place efforts should be directed to seeking such an individual.

While the recruitment of a person to advise on the operation of the slipway and workshop is less urgent, since these items will not be completed for some time, we feel enquiries should be put in hand in this case also. Here, we suggest that a suitable man might be obtained through the dredge builders, or possibly from a Philippines firm such as the Atlantic, Gulf and Pacific Corporation.

4. Dredge chief engineers and dredge masters supplied by the builder to train dredge personnel (paragraph 3 of your letter of July 26, 1961).

We understand that these have already been arranged for and shall be glad if you will let us know how many chief engineers and dredge masters are being supplied and the periods during which they will be employed.

5. Alterations to project equipment recommended by Mr. W. H. Roberts.

(a) IHC Equipment

- (i) Will you please confirm that Change Order No. 2, September 28, 1961, has been approved by the Auditor General and issued?
- (ii) Will you please send us a copy of "No Cost" Change Order No. 3, covering the remaining alterations which are being made, as soon as it is issued.

(b) 20-in. Suction Dredge

These alterations were referred to in paragraph 4(b) of our letter of January 16, 1962. Until the uncertainty existing as regards the ordering of the dredge is resolved (see paragraph 7 below), no action appears possible in this matter.

6. Obtaining of consultants' opinion on the design and specifications for the slipway and workshop.

We have examined the draft contract with Michael Baker, Jr., Incorporated, a copy of which was handed to Mr. Lowdon, and see no objection thereto. Will you please confirm that the Consultant will make a report on the designs and specifications finally adopted, of which report you will send us a copy.

As pointed out by Mr. Lowdon, finalization of a contract covering these services is a matter of urgency. We shall be glad if you will keep us informed as to progress.

April 5, 1962

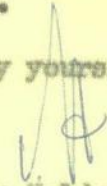
7. 20-in. cutter suction dredge - 8% increase in Ellicott bid.

This matter was referred to in our letters of November 30, 1961 and January 16, 1962. Your reply of February 19, 1962 included a statement from the Ellicott Corporation putting forth somewhat general reasons for the proposed increase.

We learn from Mr. Lowdon that at the time of his visit you had not been able to check the justification in detail nor had you come to any final opinion as to whether or not the increased bid should be accepted. We shall be glad to learn the results of your study of the justification and your considered views as to the course to be followed, as soon as possible. Pending receipt of this information, we do not feel that we can usefully comment on the reasons given by the Ellicott Corporation in justification of the proposed increase, and reaffirm our request that in the meantime no commitment should be made in the matter.

We would however add that in the light of Mr. Lowdon's discussions with you, and bearing in mind that it is now over two years since the original bids were obtained, we feel that unless a strong case can be established justifying purchase at the increased figure, consideration should be given to the desirability of obtaining new bids if the Ellicott Corporation remains unwilling to adhere substantially to the original price.

Sincerely yours,



H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

cc: The Secretary of Public Works
and Communications,
Department of Public Works and
Communications,
Bureau of Public Works,
Manila, Philippines.

Mr. Jose Cruz, Chief,
Ports and Harbors Division,
Manila, Philippines.

Mr. J. S. Arvisu,
Philippine Foreign Loan Mission Office,
Philippines Embassy,
1617 Massachusetts Avenue, N. W.
Washington, D. C.

Cleared with and cc: Mr. O. Dajany

cc: Messrs. J. F. Rigby
M. H. Wiehen

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Washington 25, D. C.

April 6, 1962

Director of Public Works
Bureau of Public Works
Manila

Dear Sirs:

Loan 299 PR - Philippines Dredge Project.

1. We refer to your letter dated February 19, 1962 regarding the above project, the contents of which were discussed with you by Mr. Loudon during his recent visit to Manila.

2. XX

6. Gathering of consultants' opinion on the design and specifications for the slipway and workshop.

We have examined the draft contract with Michael Baker, Jr., Incorporated, a copy of which was handed to Mr. Loudon, and see no objection thereto. Will you please confirm that the Consultant will make a report on the designs and specifications finally adopted, of which report you will send us a copy.

As pointed out by Mr. Loudon, finalization of a contract covering these services is a matter of urgency. We shall be glad if you will keep us informed as to progress.

7. XX

Sincerely yours,

(SGD.) H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

BUREAU OF PUBLIC WORKS
CERTIFIED TRUE COPY

FRANCISCO B. MANCAB
Chief, Records Section

(EXCERPT)

/JFE
2 true copy
scf/6/28/62

PH. 270

Form No. 27
(7-61)
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ZABLAN
NAPOCOR
MANILA
COUNTRY: PHILIPPINES
TEXT:
Cable No.:

MRT

DATE: APRIL 4, 1962

CLASS OF
SERVICE: LT

re
REMYLET MARCH 29th MISSION COMPOSED ARNOLD HITTMAIR ARRIVES
MANILA MONDAY NINTH MORNING REGARDS

DAJANY

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:
NAME Omar Dajany
DEPT. Operations - Far East
SIGNATURE *Omar Dajany*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:
cc: Working party

ODajany:oc

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

For Use by Archives Division

Checked for Dispatch: *B*

PROBATION: See order for probation form

Checked for Discharge

ORIGINAL (MR CASE)

08:12:00

For Use by Probation Division

SIGNATURE (SIGNATURE OF INDIVIDUAL ANSWERING TO ABOVE)

DEPT: PROBATION - 1st DIST

NAME: OWEN, Debra

CO: MORTON DIST

APPROVED AUTHORIZED BY:

STAMPINGS AND COPY DISTRIBUTION:

NOT TO BE TRANSMITTED

APR 4 5 41 PM 1962

RECEIVED

PROBATION DIVISION

MAILING

QUALITY CONTROL WITH PROBATION DIVISION

RECEIVED PROBATION DIVISION

DATE SENT

ADDRESS: BIRMINGHAM

NAME

ADDRESS

TO: BIRMINGHAM

SERVICE: 15
CLASS: 06

DATE: APR 11, 1962

OUTGOING MAIL

INTERNATIONAL TELEGRAPHIC
COMMUNICATIONS CORPORATION

TELEPHONE AND TELETYPE
COMMUNICATIONS CORPORATION

INTERNATIONAL AIRMAIL
COMMUNICATIONS CORPORATION

44-300

March 30, 1962

Re: Loan 290 PH

Dear Mr. Villanueva:

I wish to thank you for the payment of the commitment charges due March 15 on this loan, advice on which we received this morning.

As we already informed you in our cable of March 27, we regret that we cannot agree to your request of March 21 to revise the List of Goods by creating a new interest, commitment and other charges category. It is true that there have been cases in which the Bank has included in the loan amount the sums to be paid as loan charges during the construction period. However, the Bank has always considered this justifiable only in cases where a project, after completion, produces revenues out of which the loan can be serviced. The Angat Project of the National Power Corporation is an example of this type of loan. Since the Dredging Project is not of this self-liquidating type, we did not consider it feasible to finance the interest during the construction period.

Moreover, to take out \$500,000 from the UNALLOCATED category of the List of Goods would leave the amount for contingencies at \$177,000 which we consider much too small at this early stage of the project. As I am sure you know, this unallocated category is intended to meet any contingency, such as, for instance, increases in the cost of the equipment. It has been our experience that if the amount in this category is left too small it can seriously prejudice the timely completion of the project.

I should also like to mention that during the loan negotiations with Mr. Buendia and Mr. Fojas last June they specifically asked not to include the loan charges in the loan asserting that there were sufficient funds in the Portworks Fund to meet the interest and other charges. From the statement attached to your quarterly report ending December 31, 1961 it appears that this situation has not changed. I would appreciate, however, learning your views on this matter and if you expect to encounter difficulties in the future to meet the loan charges out of this fund.

Sincerely yours,

I.P.M. Cargill
Director

Department of Operations - Far East

The Director of Public Works
Bureau of Public Works
Manila, Philippines

ODajany:oc

March 29, 1962

Mr. F. M. Zablan
General Manager
National Power Corporation
161 Bonifacio Drive
Port Area
Manila, Philippines

Dear Filemon:

Thank you very much for your letter of March 21, 1962 and for all the troubles you have gone through in assisting us in this matter. I was somewhat reluctant to ask for your help because it had nothing to do with you. However, because of your thorough acquaintance with our procedures and because you are a friend we can always count on; I thought it would help PWD if you explained things to them.

After receiving your letter we got a letter from PWD requesting a change in the List of Goods and the creation of an interest category in the amount of \$500,000 which they proposed to transfer from the unallocated category. We could not agree to this because it would have reduced the unallocated category to such a small amount that it would not be sufficient to meet any price increase in the cost of the equipment if this should happen. We have accordingly written and told them so.

What really surprised me is the fact that they did not pay this amount from the Portworks Fund. I recall very well that during the loan negotiations I asked Buendia and Fojas if they wished to include the interest during construction in the loan amount and they said definitely no because they had sufficient funds in the Portworks Fund to take care of the interest and other charges. We agreed with them for that reason and because the Dredging Program, unlike a power project, is not a revenue earning project. I am just wondering what happened to the Portworks Fund, and why they take so long in everything they do.

When, by March 27 the amount was not paid I got very concerned because, in the Board's meeting of March 29 it would have had to be

mentioned that the Philippines is in default and this would not have looked good at all. I therefore called Governor Castillo on the phone and acquainted him with all the details. He assured me he would take care of the matter and he did. The next day the amount was paid.

While I am glad that this is now settled I think we should do something to help the PWD people get things more organized in handling this loan. We shall do whatever we can. The purpose of this letter, however, is simply to thank you for your efforts and to let you know we are grateful.

Within a couple of days we will cable you about the exact timing of the arrival of the Maria Cristina mission. Eric Arnold and Hans Hittmaire are its members but the cable will give you all details.

Thanks again, Filemon, and my warm personal regards to you.

Sincerely yours,

Omar Dajany
Department of Operations - Far East



ODajany:oc

OFFICE MEMORANDUM

TO: Files

DATE: March 28, 1962

FROM: O. Dajany

SUBJECT: Philippines - Commitment Charges - Loan 290 PH

I called Governor Castillo in Manila last night and told him that the commitment charges on loan 290 PH, due March 15 were still unpaid. I told him that the Bank had cabled the Department of Public Works twice on this matter and had cabled him also on March 22.

Governor Castillo was very apologetic and quite concerned. He said that he had called in the Public Works people and they had assured him that they had taken care of this matter.

I told the Governor about PWD's recent request to change the List of Goods and establish a new category from which the interest and other charges would be paid. It seems, I added, they are under the impression that this measure takes care of the matter when in fact it doesn't and I explained why.

I also mentioned that if this payment is not made by Thursday March 29 the Board of Directors will have to be informed that the Philippines is in default and this would not look good. I expressed the hope that he will see to it that the payment of \$30,281 is made at once and I told him that we can then straighten out all the existing problems in this Loan.

Governor Castillo assured me that he will make the payment immediately even if the Central Bank had to advance the amount to the PWD. He then said that all the important officials who were acquainted with this loan had retired or resigned and that the new people need help and must be taught all about this loan and the Bank's procedures. He asked me if we could send someone urgently to do so and I replied that I will convey this to the Bank.

I called Mr. Kheradjou at home and informed him what Governor Castillo said. On the question of sending someone from the Bank, Mr. Kheradjou said we should wait till Mr. Cargill comes back.

cc: Messrs. Kheradjou, Sagne/Waide, Wiehen, Lowdon, Prins, Rigby

PH: 290
PH: 290.7

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

INTERNATIONAL FINANCE
CORPORATION

DATE OF WIRE: MARCH 28, 1962 538P
LOG NO.: ACR 3
TO: OMAR DAJANY INTBAFRAD
FROM: MANILA

ROUTING	
ACTION COPY:	MR. SAGNE
INFORMATION COPY:	
DECODED BY:	

TEXT:

REGARDING OUR OVERSEAS TELEPHONE CONVERSATION THIS MORNING US DOLLARS 30,281 DUE MARCH 15 ON DREDGING PROJECT LOAN 290-PH REMITTED TODAY THROUGH PHILNABANK NEW YORK WHICH WILL BE PAID TO YOUR ACCOUNT WITH FEDERAL RESERVE BANK NEW YORK. HOPE TO SEE YOU SOON IN MANILA REGARDS

CASTILLO PHILCENBANK

cc: Messrs. Prins, Lowdon, Rigby, Wiehen

ORIGINAL

AB

OUTGOING WIRE

TO: PAULINO T. CASES
ACTING SECRETARY PUBLIC WORKS & COMMUNICATIONS
MANILA

DATE MARCH 27, 1962

CLASS OF SERVICE: FULL RATE

MRT

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

FOLLOWING CONTENT CABLED TODAY TO DIRECTOR PUBLIC WORKS QUOTE

REGRET UNABLE TO AGREE WITH YOUR REQUEST DATED MARCH 21 REGARDING

LOAN 290 PH CHANGE LIST OF GOODS FOR REASONS GIVEN IN LETTER TO

FOLLOW STOP PLEASE ARRANGE PAYMENT OF \$30,281 BEFORE THURSDAY

MARCH 29 ~~AS REQUESTED~~ STOP ARE INFORMING CENTRAL

BANK UNQUOTE

KHERADJOU

INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME A. Casem Kheradjou

DEPT. Operations - Far East

SIGNATURE *A. Casem Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

JSagne#bmc *JS*

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cleared with Messrs. Lowdon, Rigby, Wiehen

cc: Messrs Prins, Lowdon, Rigby, Wiehen

For Use by Archives Division

Checked for Dispatch: *B*

ORIGINATOR (Use Code)

Reference: 17

For Use by Addressee's Office

SIGNATURE (Signature of individual authorized to verify message)

[Handwritten Signature]

GENERAL FILES
CORRESPONDENCE

DATE: 06/27/62 - 1st. year

MAR 27 4 41 PM 1962

cc: Messrs. [illegible]

[illegible]

STANDARD AND COPY DISTRIBUTION

NAME: [illegible]

MESSAGE AUTHORIZED BY: [illegible]

NOT TO BE REPRODUCED

UNCLASSIFIED

UNCLASSIFIED

DATE: [illegible]

FROM: [illegible]

SUBJECT: [illegible]

RE: [illegible]

REFERENCE: [illegible]

CLASSIFICATION: [illegible]

FORM NO. 10

1962

OPTIONAL FORM NO. 10

[Handwritten Mark]

CLASSIFICATION

GROUP OF

DATE: [illegible]

TO: [illegible]

DATE: [illegible]

OPTIONAL FORM NO. 10

CLASSIFICATION

GROUP OF

CLASSIFICATION AND EXTENSION

GROUP OF

CLASSIFICATION

GROUP OF

OUTGOING WIRE

TO: DIRECTOR PUBLIC WORKS
BUREAU PUBLIC WORKS
MANILA

MRT

DATE: MARCH 27, 1962

CLASS OF SERVICE: FULL RATE

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

REGRET UNABLE TO AGREE WITH YOUR REQUEST DATED MARCH 21 REGARDING
OF GOODS
LOAN 290 PH CHANGE LIST FOR REASONS GIVEN IN LETTER TO FOLLOW STOP
PLEASE ARRANGE PAYMENT OF \$30,281 BEFORE THURSDAY MARCH 29 STOP
ARE INFORMING CENTRAL BANK

KHERADJOU
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME A. Gasem Kheradjou

DEPT. Operations - Far East

SIGNATURE *A. Gasem Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

J Sagne:bmc *js*

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cleared with Messrs Lowdon, Rigby, Wiehen
cc: Messrs Prins, Lowdon, Rigby, Wiehen

For Use by Archives Division

Checked for Dispatch: *B*

ORIGINATOR (RIP COPY)

DATE: 4/7

For use by various Division

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO ANSWER)

ATTACHED

DEPT

Operations - FBI Head

GENERAL FILES
CORRESPONDENCE

NAME

A. James Kingston

MAR 27 4

41 FIB 1962

SEARCHED INDEXED SERIALIZED FILED
MAR 27 1962 FBI - NEW YORK

MESSAGE AUTHORIZED BY:

STANDARD MAIL COPY DISTRIBUTION

NOT TO BE RECLASSIFIED

UNCLASSIFIED
DATE 11/19/01 BY 60322 UCBAW

THE IMPROVED CREDIT BANK

LETTER NUMBER 123456 OF 1962 SENT BY AIR MAIL MARCH 25 1962

FROM: 500 N. CHURCH ST. NEW YORK 10013 IN REPLY TO LETTER 123456
OF 1962

REPLY: 123456 TO YOUR LETTER 123456 DATED MARCH 21 1962

DATE: 4/7
TEXT:

COMMUNICATIONS SECTION

REPLY

REPLY TO LETTER 123456

FOR INFORMATION OF BUREAU

SERVICE
CLASS OF

LETTER MAIL

DATE: MARCH 27 1962

COLLECTING MIBS

ORGANIZATION

ORGANIZATION AND DEPARTMENT

ORGANIZATION

ORGANIZATION AND DEPARTMENT

ORGANIZATION AND DEPARTMENT

ORGANIZATION AND DEPARTMENT

OUTGOING WIRE

TO: JOSE CRUZ
CHIEF DIVISION OF PORTS AND HARBORS
MANILA

DATE: MARCH 27, 1962

CLASS OF FULL RATE
SERVICE:

MRT

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

FOLLOWING CONTENT CABLED TODAY TO DIRECTOR PUBLIC WORKS QUOTE

REGRET UNABLE TO AGREE WITH YOUR REQUEST DATED MARCH 21 REGARDING

LOAN 290 PH CHANGE LIST OF GOODS FOR REASONS GIVEN IN LETTER TO

FOLLOW STOP PLEASE ARRANGE PAYMENT OF \$30,281 BEFORE THURSDAY

MARCH 29 ~~IN DETAILS SINCE MARCH 15 STOP~~ ARE INFORMING CENTRAL

BANK UNQUOTE

KHERADJOU

INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME A. Gasem Kheradjou

DEPT. Operations - Far East

SIGNATURE *A. Gasem Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with Messrs Lowdon, Rigby, Wiehen

cc: Messrs Prins, Lowdon, Rigby, Wiehen

For Use by Archives Division

JSagne:bmc

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

Checked for Dispatch: *B*

10

1255:010

FOR USE BY AIRMAIL DIVISION

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO SIGN)

DISPATCHED

SIGNATURE

[Handwritten Signature]

GENERAL FILES
CORRESPONDENCE

DATE

06/27/62 - 1st 2530

MAR 27

cc: Messrs. [illegible]

4 41 PM 1962

Checked with Messrs. [illegible]

NAME

A. [illegible]

SERVICES AND COPY DISTRIBUTION:

MESSAGE AUTHORIZED BY:

NOT TO BE REPRODUCED

INVESTIGATED

INDEXED

MARK [illegible]

~~RECEIVED [illegible]~~ THE INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED DATE 03/27/84 BY [illegible]

DATE 03/27/84 BY [illegible]

REASON FOR [illegible]

EXEMPT FROM [illegible]

COPY NO:

1541

CLASSIFICATION

UNCLASSIFIED

DATE 03/27/84 BY [illegible]

SERVICE:

STATE DEPT

DATE: MARCH 27, 1962

ORIGINAL FILE

INTERNATIONAL DEVELOPMENT (3-11) FORM 10-62	RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	COORDINATION INTERNATIONAL FINANCE
---	--	---------------------------------------

OUTGOING WIRE

TO: GASTILLO
PHILCENBANK
MANILA

MRT

DATE: MARCH 27, 1962

CLASS OF SERVICE: ~~NET~~ FULL RATE

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

FURTHER OUR CABLE MARCH 22 REGARDING DREDGING PROJECT LOAN 290 PH
 COMMITMENT CHARGES NOT RECEIVED YET THEREFORE PHILIPPINES STILL IN
 DEFAULT SINCE MARCH 15 STOP PUBLIC WORKS DEPARTMENT REQUESTED CHANGE
 LIST OF GOODS CREATING LOAN CHARGE CATEGORY AS POSSIBLE SOLUTION STOP
 HAVE INFORMED THEM REGRET REQUEST NOT ACCEPTABLE TO BANK FOR REASONS
 GIVEN IN LETTER TO FOLLOW STOP STRONGLY ADVISE PAYMENT BE ARRANGED
 BEFORE THURSDAY MARCH 29

KHERADJOU
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME J.Sagne

DEPT. Operations - Far East

SIGNATURE *A. Gagne Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

JSagne:bmc

CLEARANCES AND COPY DISTRIBUTION:
Cleared with and

cc: Messrs Prins, Lowdon, Rigby, Wiehen

For Use by Archives Division

ORIGINAL (File Copy)
(IMPORTANT: See guide for preparing form)

Checked for Dispatch: *B*

ORIGINATOR (110 000)

CLASSIFICATION

For use by receiving Division

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE) DISPATCHED

DEPT: Operations - Int. Sec.

GENERAL FILES CORRESPONDENCE

NAME: J. Edgar Hoover

MAR 27 4:41 PM 1962

MESSAGE AUTHORIZED BY:

Checked and distributed

NOT TO BE RETURNED

INVESTIGATION

URGENT MARCH 27 1962

RE: [Illegible] - [Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

CLASSIFICATION

CLASSIFICATION

CLASSIFICATION

CLASSIFICATION

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CLASSIFICATION

OFFICE MEMORANDUM

TO: Files

DATE: March 27, 1962

FROM: Jacques Sagne ^S

SUBJECT: Philippine Dredge

An informal meeting of the working party, attended by Messrs. Lowdon, Rigby, Wiehen and Sagne, was held March 27 in order to decide what action should be taken with regard to the default situation of the Philippines concerning the Dredging Loan (290 PH), further to the requested dated March 21, 1962 received from the Bureau of Public Works, Manila, to have the loan charges taken from the unallocated amount contained in the List of Goods. It was decided:

- (a) To send cables to the Bureau of Public Works and to the Governor of the Central Bank informing them that the Bank was unable to accept their request and, therefore, requesting that arrangements for payment of the commitment charge be made before Thursday, March 29, 1962 (at this date the Board should be informed of the default). Copies of these cables would be sent to Mr. Jose Cruz, Chief of Ports and Harbors, Manila and to Mr. Paulino Cases, Acting Secretary of Public Works and Communications.
- (b) To send a letter giving the reasons why this request is not acceptable to the Bank.

cc: Messrs. Prins, Lowdon, Rigby, Wiehen, Dajany

26
March 23, 1962

Mr. Paulino Cases
Acting Secretary
Department of Public Works,
Communications and Transportation
Manila, Philippines

Re: Loan No. IB 290 PH

Dear Mr. Secretary:

I am writing in reference to a Withdrawal Application #1 dated January 12, 1962 in the amount of \$1,537,350.00 which was received in the Bank on March 16, 1962.

In processing this Application the following points emerged as requiring further action and I am, therefore, bringing them to your attention for your kind consideration. Mr. Lowdon's recent discussions in Manila have been taken into consideration in framing these remarks.

1. The Application was signed by Mr. Julian A. Buendia, who is no longer Director of Public Works. In accordance with Undersecretary Contreras' letter of January 23, 1962 this Application should now be signed either by you or by Mr. Contreras.

2. Paragraph 5 of the Application states that at the time of signing the Application no default under the Loan Agreement existed. Subsequently, however, default occurred because of the non-payment of the commitment charges, requested in our statement of February 1, 1962, and due by March 15, 1962. We assume, following our recent exchange of cables on this matter, that by the time the new Application is signed by you or Mr. Contreras, this situation of default will no longer exist.

3. With respect to the contract with IHC the amendment providing for cash payments, signed on July 3, 1961, still requires the approval of the President of the Republic. We presume that by the time this Application is re-submitted to the Bank this approval will have been obtained and evidence thereof sent to us. Since this amendment is an integral part of the payment schedule to IHC, its approval would not only expedite the processing of Application #1 but would also

entitle you to submit another application for payment of all amounts due to IHC up to the date of signing the Application.

4. We note from the documents supporting Application #1 that commission payments to commercial banks with respect to letters of credit have been made. While it is left entirely up to you whether or not to request reimbursement for these charges we feel we should point out that you can, if you so wish, request reimbursement for all such charges.

5. We note that the Application requests payment to be made by depositing the amounts involved to the account of "Portworks Special Fund," Bureau of Public Works, Manila, Philippines, with the Central Bank of the Philippines, Manila.

This would entail our sending a check to the Central Bank in Manila which, in turn, would have to send it for clearance with its depository in New York. To expedite payment of Reimbursement Applications we would suggest that the payment request reads as follows:

"Deposit with the (Name of Depository in New York), for the account of the Central Bank of the Philippines, Manila, for the account of Portworks Special Fund, Bureau of Public Works, Manila, Philippines."

Attached please find Application #1 which we are returning for the above changes. We are keeping the rest of the supporting documents since they do not require any change. As soon as we receive the new Application amended along the above lines we shall be glad to give it prompt consideration.

We hope that the above remarks will not inconvenience you too much since they are made solely with the aim of facilitating the execution of this project which, I am sure, is our mutual interest.


Sincerely yours,



A. Gasem Kheradjou
Assistant Director
Department of Operations - Far East

Enclosures: Application #1

cleared with and cc: Working Party
Messrs. Sagne, Dajany/Waide, Lowdon, Prins, Rigby, Wiehen


ODajany:oc

Mr. Sagne

PH-270
March 23, 1962

O. Dajany

Philippines - Dredging Project (Loan 290 PH)

You will recall that the working party held on March 20th to review the end-use inspection report on this project recommended that I should go to Manila and try to straighten out the existing problems.

I understand from you that when you discussed this with Mr. Kheradjou he decided that we should wait until Mr. Cargill returns from his trip.

As I told you after the working party, due to personal reasons I will not be able to leave Washington between May 1 and June 10 inclusive. Plans for my family to come from the Middle East and visit with me were made long ago and cannot be changed without causing hardship. I merely wish to confirm this understanding.



ODajany:oc

PH-290

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: CASTILLO
PHILCENBANK
MANILA

MAT

DATE: MARCH 22, 1962

CLASS OF
SERVICE: LT

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

COMMITMENT CHARGES TOTALLING US DOLLARS 30,281 DUE MARCH 15 ON DREDGING
PROJECT LOAN 290-PH NOT RECEIVED YET STOP HAVE CABLED PUBLIC WORKS
MARCH 13 AND MARCH 16 STOP WOULD APPRECIATE YOUR ASSISTANCE IN EXPEDITING
PAYMENT

INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME A. Gasem Kheradjou

DEPT. Operations - Far East

SIGNATURE *A. Gasem Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ODajany:bmc

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Prins

For Use by Archives Division

Checked for Dispatch:

B

DISPATCHED

ORIGINATOR (SEE COPY)

DISPATCHED

FOR USE BY DISPATCH OFFICER

SIGNATURE

[Handwritten signature]

GENERAL FILES
CORRESPONDENCE

DATE

MARCH 22 1962

MAR 22 5 53 PM 1962

NAME

W. J. ...

cc: ...

MESSAGE AUTHORIZED BY:

CLASSIFICATION AND COPY DISTRIBUTION:

NOT TO BE REPRODUCED

INTERVIEW

BACKGROUND

MARCH 13 AND MARCH 19 1962. MARCH 13 INTERVIEW WAS HELD AT ...
...
... ON MARCH 13, 1962.

CLASS NO:
TEXT:

COMMUNICATIONS SECTION

W. J. ...
...
...

CLASSIFICATION: ...
CLASS OF: ...

DATE: MARCH 22, 1962

OUTGOING MESSAGE

ASSOCIATION INTERNATIONAL DEPARTMENT	RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL BANK FOR	CORPORATION INTERNATIONAL SERVICE
---	--	--------------------------------------

OFFICE MEMORANDUM

TO: Files

DATE: March 22, 1962

FROM: E. B. Waide *EBW*

SUBJECT: Philippines - Dredge Loan

A working party meeting was held on 20 March 1962 to discuss a number of problems concerning loan 290-PH, in the light of Mr. Lowdon's recent end-use inspection. Present were: Messrs. Sagne, Dajany, Lowdon, Wiehen, Rigby and Waide.

The working party felt strongly that the inefficiency with which this loan is being administered could have harmful long-run consequences, if remedial action were not taken immediately. The problems outlined were as follows:-

- 1) The commitment charges due March 15, 1962 have not been paid and the loan, therefore, is technically in default. For this reason, disbursement under this loan cannot be made until this situation is rectified.
- 2) Application #1 in the amount of approximately \$1.5 million was dated two months prior to receipt in the Bank and was signed by Mr. Buendia, who is no longer Director of Public Works. Mr. Wiehen felt that a new application, signed by the Acting Secretary of Public Works or the Undersecretary of Public Works, in accordance with their letter dated January 23, 1962, should be submitted.
- 3) The amendment to the IHC contract which provides for cash payments has been approved by the Auditor General but awaits approval of the President of the Republic before it becomes binding. Because the President has not approved the amendment the PWD/DPH consider themselves unauthorized to make cash payments under the arrangement covered by this amendment. This, in turn, may cause IHC to stop the construction work on the dredges.
- 4) No justification has been received for the 8% price increase on the Ellicott dredge. The party felt that if this increase was to be accepted by the Bank, without sufficient justification, the price of the Ellicott dredge would come to within a few dollars of that quoted by the next bidder (IHC) which could bring in protests from that bidder. The party felt that in the absence of a satisfactory justification for this increase, the borrower should be asked to invite new bids altogether.

- 5) The party noted that there was reluctance on the part of the DPH to engage qualified persons to advise on the operations and maintenance of the dredging equipment and on the operations of the slipway and workshop. In his discussions in Manila, Mr. Lowdon pointed out that the obligation was undertaken in the sideletter dated July 26, 1961, and stressed the importance of making arrangements for these appointments as soon as possible.
- 6) The party noted other minor points such as the fact that no reimbursement has been requested on payments on this project already made by the DPH and felt that these points should be brought to their attention.

In an attempt to resolve these problems, the party agreed that two letters should be sent to the Acting Secretary with copies of each to Contreras, the Undersecretary, and Villanueva, the Acting Director of Public Works. It was suggested that the first letter should deal with application #1 and the disbursement problems and should state all the remedial steps required before the application can be processed. The second letter would point to the technical and operational problems mentioned above.

In the light of Mr. Lowdon's memorandum dated March 16, 1962, and his verbal report in the working party, it was strongly felt that some action, other than these two letters, should be initiated by the Bank to assure the resolution of these problems and the elimination of future procedural delays. Because Messrs. Cases, Contreras and Villanueva are all unconfirmed in their positions and are all serving in an acting capacity only, it was felt that some kind of representation to a higher level in the Government should also be made in order to rectify the unsatisfactory and confused handling of this loan. The party felt that Mr. Dajany could best fulfill this function and, at the same time, could explain to the staff of the Bureau of Public Works and the DPH the procedures with regard to the submission of withdrawal applications.

EBWaide/ODajany:mv

cc: Messrs. Sagne, Dajany, Lowdon, Wiehen, Rigby, Waide

PH-

Form No. 27
(7-61)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ZABLAN
NAPOCOR
MANILA

MRT

DATE: MARCH 22, 1962

CLASS OF SERVICE: NIGHTLETTER

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

THANKS URTEL MARCH 19 [✓] STOP BECAUSE OF IMPORTANCE OF MATTER
HAD TO CABLE GOVERNOR CASTILLO STOP HOPE THAT CABLE TOGETHER
WITH YOUR HIGHLY APPRECIATED EXPLANATIONS TO PUBLIC WORKS WILL
PRODUCE IMMEDIATE RESULTS REGARDS

DAJANY

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME O. Dajany

DEPT. Operations - Far East

SIGNATURE *O. Dajany*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

W . ODajany:oc

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

Checked for Dispatch: *B*

ORIGINAL FILE COPY

DISPATCHED

DATE: 06

GENERAL FILES
CORRESPONDENCE

FOR THE RECORD DIVISION

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO SIGN)

DATE

06/21/62

MAR 22 5 51 PM 1962

NAME

O. J. ...

MESSAGE TRANSMITTED BY

STANDARD AND COPY DISTRIBUTION

NOT TO BE REPRODUCED

INITIAL

PRODUCE IMMEDIATE RESULTS
WITH LOW NIGHTLY UNEMPLOYED EXPERIENCES TO PUBLIC WORKS
AND TO STATE COMMISSIONS TO BE HAD WITH STATE LOCAL
SUNSHINE AGENCY WHICH TO BE RECEIVED BY INDIVIDUALS OF WHICH

COPY NO:

TEXT

COPY NO:

UNEMPLOYED

UNEMPLOYED

UNEMPLOYED

TO:

UNEMPLOYED

CLASS OF

UNEMPLOYED

DATE

MARCH 22 1962

MARCH 22 1962

OUTGOING MAIL

RECORDS

RECORDS AND DEPARTMENT

RECORDS

RECORDS AND DEPARTMENT

RECORDS AND DEPARTMENT

RECORDS AND DEPARTMENT

Authorization

ROUTING SLIP		Date May 10. 62
NAME		ROOM NO.
<i>Mr. Wehen</i>		
To Handle		Note and File
Appropriate Disposition		Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
Information		Signature
Initial		Send On
REMARKS		
<p><i>Does the attached cancel the Authorization of P.T. Cases (who also signed the attached) and R.M. Contreras</i></p> <hr style="border: 0.5px solid black;"/> <p><i>This loan has had plenty of Signatures but no Withdrawals.</i></p>		
<p>From <i>Johnny Rely</i></p>		

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

145.34 Dredging Project

hr Reyes

March 21, 1962

The International Bank for
Reconstruction and Development
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement No. 290 PH
(Dredging Project)

Gentlemen:

In compliance with the provisions of Article VIII, Section 8.02 of Loan Regulation No. 3 dated February 15, 1961 of the above-named Loan Agreement entered into by and between the International Bank for Reconstruction and Development and the Republic of the Philippines for dredging project, it is informed that all matters concerning the implementation of the credit agreement will be handled by Mr. Antonio A. Villanueva, Acting Director of the Bureau of Public Works. In the event that the Acting Director of Public Works is absent, incapacitated, retired, or otherwise cannot perform his duties, Mr. Agapito T. Alano will assume the said duties. In case similar event prevents the latter from discharging his duties, Mr. Jose A. Cruz will assume the same, subject to the approval of the Secretary of Public Works and Communications or in his absence the Undersecretary of Public Works.

The specimen signatures of Messrs. Agapito T. Alano and Jose A. Cruz had already been submitted to that Bank. As soon as the proper certification is made, the specimen signature of Mr. Antonio A. Villanueva will be submitted to that Bank.

Very truly yours,



P. T. CASES
Acting Secretary

Phil. Dredge

TEL. Nos.
3-29-77—General Manager
3-29-76—Assistant General Manager
3-82-28—Property Officer
3-54-41—Private Branch Exchange
Connecting All Departments

Republic of the Philippines
National Power Corporation
161 Bonifacio Drive, Port Area
Manila

CABLE ADDRESS
"NAPOCOR" MANILA
P. O. Box 2123

VIA AIR MAIL

IN REPLY REFER TO:

March 21, 1962

Mr. Omar Dajany
International Bank for
Reconstruction and Development
1818 H. Street, NW
Washington, D. C.

Dear Omar,

I am glad to inform you that I was able to hold a meeting yesterday with Public Works personnel on the proper servicing of their dredge loan. Present were Undersecretary R. Contreras of the Department of Public Works and Communications, Acting Director of Public Works Antonio Villanueva, Mr. Jose Cruz, Chief of Ports and Harbors Division of the BPW, and two engineers who are in charge of the implementation of the IBRD loan. Incidentally one of the latter had some training with NPC last November on IBRD procedures upon my suggestion to Mr. Buendia.

One source of difficulty in this case is the fact that all three men who are conversant with the dredge loan have left the government. Mr. Buendia reached compulsory retirement age last January, and both Mr. Moreno and Mr. Bautista, being of Cabinet rank, and in the opposite political party, were replaced by the new Administration.

I showed your radiogram to the group and explained to them the importance of meeting obligations on time, not only because this is normal business practice but to maintain goodwill and an excellent reputation in the Bank which would count much in future loan applications. Mr. Cruz said he received the February 1 letter of IBRD on the same day a radiogram was received. It turned out that the Records Clerk of the Bureau of Public Works, not sure what to do with the letter, kept it for one month. Acting Director Villanueva will investigate.

On the loan itself, I examined the Bill of Goods and noticed that there is no item for interest and other charges but there is \$677,000 unallocated. The interest charges we computed at about \$520,000. I, therefore, suggested that if they have any

1962 MAR 23 5 38 PM

BANK MAIL ROOM RECEIVED

3-24-41—Private Branch Exchange
3-82-28—Property Officer
3-28-76—Assistant General Manager
3-28-77—General Manager
Tel. Nos.
Connecting All Departments

Republic of the Philippines
National Flower Corporation
161 Donalicio Drive, Port Area
Manila

Cable Address
"NAPCOOR" MANILA
P. O. Box 2123

VIA AIR MAIL

March 21, 1962

In Reply Refer to:

Mr. Omar Dajany
International Bank for
Reconstruction and Development
1818 H. Street, NW
Washington, D. C.

Dear Omar,

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One source of difficulty in this case is the fact that all three men who are conversant with the dredge loan have left the government. Mr. Buedia reached compulsory retirement age last January, and both Mr. Moreno and Mr. Bautista, being of Cabinet rank, and in the opposite political party, were replaced by the new Administration.

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1962 MAR 23 PM 9:29

RECEIVED
BANK MAIL ROOM

difficulty buying foreign exchange now to pay the IBRD bill of \$30,281, to

1. Write a letter to the Bank requesting an amendment of the Bill of Goods to include \$520,000 interest charges and to reduce the unallocated sum to \$157,000;
2. Simultaneously write the Bank giving it authority to pay itself from the proceeds of the loan the interest charges as they fall due. (I gave them copy of the letter NPC wrote to the Bank on this subject.)

I warned them however, to review carefully their cost estimates of the equipment not yet ordered to see that the balance of \$157,000 unallocated would be sufficient to cover possible increase in prices. I also suggested that they be prepared to pay the interest charges in cash should the arrangement above not be satisfactory.

With warm personal regards, I am


Sincerely yours,



F. M. ZABLÁN
General Manager

Seen by Messrs Saque & Dajany Mar 23/62
cc sent to Prins, Lowton
Wicker & Regby " "

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP		Date <i>March 26</i>
NAME		ROOM NO.
<i>Central Files</i>		<i>8-A-4</i>
To Handle		Note and File
Appropriate Disposition		Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
Information		Signature
Initial		Send On
REMARKS		
<p><i>Copies sent to</i>  <i>Wicken</i> <i>Rigby</i> <i>Lowdon</i> <i>Pins</i></p>		
From <i>James O'Dajany</i>		

PH 290
1

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

March 21, 1962

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Loan No. 290 PH
Re: List of Goods

Dear Sirs:


Supplemental to our agreement dated July 26, 1961, copy attached, we are submitting for your concurrence the revised listing of goods enclosed herewith to be purchased out of the proceeds of the loan. The amount of \$500,000.00 will be taken from the unallocated amount of \$677,000.00 to cover payment on interest, commitment and other loan charges.

Please indicate your conformity by signing below and return a signed copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By:


AGAPITO T. ALANO

Assistant Director of Public Works

Confirmed:

Date _____

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: _____

Date March 21, 1962

Loan No. IB 290 FH

Application Serial No. 2

TO: International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

Attention: Disbursements Division
Treasurer's Department

APPLICATION FOR WITHDRAWAL IN U.S. DOLLARS AND OTHER CURRENCIES
TO MEET INTEREST, COMMITMENT AND OTHER LOAN CHARGES

Gentlemen:

Pursuant to the Loan Agreement dated July 26, 1961, between the International Bank for Reconstruction and Development, and the Bureau of Public Works the undersigned hereby certifies and agrees as follows:

1. The undersigned desires to withdraw from time to time, from the Loan Account opened under said Loan Agreement, the amounts necessary to cover interest, commitment and other charges payable March 15 and September 15 of each year as such charges become due and payable up to the amount of \$500,000.00 allocated for this purpose in the modified List of Goods.
2. Said amounts will be required to pay the International Bank for Reconstruction and Development for the charges referred to above under the terms of the Loan Agreement.
3. The undersigned have not heretofore withdrawn from said Loan Account or applied for the withdrawal from said Loan Account of any amounts for the purpose of reimbursing the undersigned for or meeting such payments, and the undersigned have not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to the undersigned.
4. At the date of this application there is no existing default in the performance of any of the obligation of either of the undersigned under said Loan Agreement and, to the best of the undersigned's knowledge and belief, of the Guarantor under the Guarantee Agreement referred to therein.

We hereby agree that if in the future the amount to be withdrawn in order to make payment under this application would result in our exceeding the limits on total indebtedness of the Bureau of Public Works set forth in its Statutes we will notify you to that effect at least ten days before the date on which the respective payment should be made.

Please make payment to yourselves to cover interest and other charges when due and provide us with a statement of the said charges.

REPUBLIC OF THE PHILIPPINES

By:

Agapito T. Alano
AGAPITO T. ALANO

Assistant Director of Public Works

Copy Furnished:

1. The Secretary of Public Works
and Communications
Manila
2. Mr. Jose S. Arvisu
c/o Philippine Embassy
Washington, D. C.
U. S. A.

Date March 21, 1962

Loan No. IB 290 PH

Application Serial No. 2

TO: International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

Attention: Disbursements Division
Treasurer's Department

APPLICATION FOR WITHDRAWAL IN U.S. DOLLARS AND OTHER CURRENCIES
TO MEET INTEREST, COMMITMENT AND OTHER LOAN CHARGES

Gentlemen:

Pursuant to the Loan Agreement dated July 26, 1961, between the International Bank for Reconstruction and Development, and the Bureau of Public Works the undersigned hereby certifies and agrees as follows:

1. The undersigned desires to withdraw from time to time, from the Loan Account opened under said Loan Agreement, the amounts necessary to cover interest, commitment and other charges payable March 15 and September 15 of each year as such charges become due and payable up to the amount of \$500,000.00 allocated for this purpose in the modified List of Goods.
2. Said amounts will be required to pay the International Bank for Reconstruction and Development for the charges referred to above under the terms of the Loan Agreement.
3. The undersigned have not heretofore withdrawn from said Loan Account or applied for the withdrawal from said Loan Account of any amounts for the purpose of reimbursing the undersigned for or meeting such payments, and the undersigned have not obtained and will not obtain funds for such purpose out of the proceeds of any other loan, credit or grant available to the undersigned.
4. At the date of this application there is no existing default in the performance of any of the obligation of either of the undersigned under said Loan Agreement and, to the best of the undersigned's knowledge and belief, of the Guarantor under the Guarantee Agreement referred to therein.

We hereby agree that if in the future the amount to be withdrawn in order to make payment under this application would result in our exceeding the limits on total indebtedness of the Bureau of Public Works set forth in its Statutes we will notify you to that effect at least ten days before the date on which the respective payment should be made.

Please make payment to yourselves to cover interest and other charges when due and provide us with a statement of the said charges.

REPUBLIC OF THE PHILIPPINES

By: 

AGAPITO T. ALANO

Assistant Director of Public Works

Copy Furnished:

1. The Secretary of Public Works
and Communications
Manila
2. Mr. Jose S. Arvisu
c/O Philippine Embassy
Washington, D. C.
U.S.A.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

085.5 Dredge

#3

March 21, 1962

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Loan No. 290 PH
Re: List of Goods

Dear Sirs:

Supplemental to our agreement dated July 26, 1961, copy attached, we are submitting for your concurrence the revised listing of goods enclosed herewith to be purchased out of the proceeds of the loan. The amount of \$500,000.00 will be taken from the unallocated amount of \$677,000.00 to cover payment on interest, commitment and other loan charges.

Please indicate your conformity by signing below and return a signed copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By:

Agapito T. Alano
AGAPITO T. ALANO

Assistant Director of Public Works

Confirmed:

Date _____

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: _____

APR 11 1962

BANK OF THE PHILIPPINES
RECEIVED

List of Goods and Services
(Proposed Modification)

(Amount Expressed
in U.S. Dollars)

<u>Goods</u>	<u>Amount</u>
1. Dredging and auxiliary floating equipment	6,297,000.00
2. Spare parts for above	365,000.00
3. Slipway, including mechanical and electrical for same	696,000.00
4. Workshop, including mechanical tools for same	285,000.00
5. Consultants' charges and personnel training costs	180,000.00
6. Interest, commitment and other loan charges	500,000.00
7. Unallocated	177,000.00
Total	8,500,000.00

EMBASSY OF THE PHILIPPINES
WASHINGTON, D.C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Dear Sirs:

Referring to Section 3.01 of the Loan Agreement (Dredging Project) of even date herewith between Republic of the Philippines and the Bank, we attach a list of goods to be purchased out of the proceeds of the loan, to which we request your agreement.

The list includes certain goods for which payment has been made after October 1, 1960, but prior to the effective date of the loan. Pursuant to Section 4.01 of the Loan Agreement, we further request your agreement that upon compliance with the provisions of the Loan Agreement we shall be entitled to withdraw from the loan account such amounts as shall be required to reimburse us of these payments.

Please indicate your agreement by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By (SGD) FLORENCIO MORENO
Authorized Representative

Confirmed:

July 26, 1961

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By (SGD) ILLEGIBLE

a true copy:
/sct/3/21/62

List of Goods and Services
(Amount expressed in U.S. Dollars)

<u>Goods</u>	<u>Amount</u>
1. Dredging and ancillary floating equipment	6,297,000
2. Spare parts for above	365,000
3. Slipway, including mechanical and electrical equipment for same	696,000
4. Workshop, including machine tools for same	285,000
5. Consultants' charges and personnel training costs	180,000
6. Unallocated	<u>677,000</u>
Total	8,500,000

a true copy:
/sct

Dredge

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

INTERNATIONAL FINANCE
CORPORATION

DATE OF WIRE: MARCH 19, 1962 1539

LOG NO.: RC 3

TO: INTBAFRAD

FROM: MANILA

ROUTING

ACTION COPY: ~~MR. DAJANY~~ *d*

INFORMATION COPY: *h*

DECODED BY:

TEXT:

FOR DAJANY

REURAD WILL MEET WITH PUBLIC WORKS TOMORROW AM GLAD TO BE OF HELP

ZABLAN

ORIGINAL

AB

OUTGOING WIRE

TO: ZABLAN
NAPOCOR
MANILA
COUNTRY: PHILIPPINES
TEXT:
Cable No.:

MRT

DATE: MARCH 16, 1962

CLASS OF NIGHTLETTER
SERVICE:

*see letter
march 21*

ACCORDING OUR STATEMENT FEBRUARY FIRST SENT TO DEPARTMENT PUBLIC
WORKS COMMITMENT CHARGES ON DREDGING LOAN NUMBER 290PH AMOUNTING
TO US DOLLARS 30,281 WERE DUE MARCH FIFTEENTH AND HAVE NOT BEEN
PAID STOP BELIEVE PUBLIC WORKS NOT YET FAMILIAR WITH OUR PROCEDURES
AND WOULD VERY MUCH APPRECIATE YOUR PERSONAL ASSISTANCE IN EXPLAINING
THEM OUR PROCEDURES COMMA THE STATEMENT COMMA AND NOTE A THEREON
STOP PLEASE ALSO EXPLAIN IMPORTANCE OF AFFECTING PAYMENTS IN SUFFICIENT
TIME TO ALLOW RECEIPT IN BANK BY DATES SPECIFIED ON STATEMENTS STOP
THANKS IN ADVANCE YOUR ASSISTANCE THIS MATTER

DAJANY

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME O. Dajany
DEPT. Operations - Far East
SIGNATURE *O. Dajany*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ODajany:oc

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Prins

For Use by Archives Division

Checked for Dispatch: *B*

PROPERTY OF THE U.S. GOVERNMENT

PROPERTY OF THE U.S. GOVERNMENT

ORIGINAL (SEE COPY)

DATE: 03/15/62

U.S. DEPARTMENT OF JUSTICE

TO: SAC, NEW YORK

FROM: SAC, NEW YORK (100-100000)

GENERAL FILES CORRESPONDENCE

RE: MURKIN

RE: MURKIN

RE: MURKIN

MAR 16 2 47 PM 1962

RE: MURKIN

RE: MURKIN

RE: MURKIN

NOT TO BE REPRODUCED

RE: MURKIN

INVESTIGATION OF THE NEW YORK OFFICE HAS REVEALED THAT THE
 ABOVE NAMED INDIVIDUAL HAS BEEN IDENTIFIED AS A MEMBER OF THE
 ORGANIZATION AND HAS BEEN ACTIVE IN THE ORGANIZATION SINCE
 THE ORGANIZATION WAS FORMED IN NEW YORK CITY IN 1958. THE
 INDIVIDUAL HAS BEEN IDENTIFIED AS A MEMBER OF THE ORGANIZATION
 AND HAS BEEN ACTIVE IN THE ORGANIZATION SINCE THE ORGANIZATION
 WAS FORMED IN NEW YORK CITY IN 1958. THE INDIVIDUAL HAS BEEN
 IDENTIFIED AS A MEMBER OF THE ORGANIZATION AND HAS BEEN ACTIVE
 IN THE ORGANIZATION SINCE THE ORGANIZATION WAS FORMED IN NEW
 YORK CITY IN 1958. THE INDIVIDUAL HAS BEEN IDENTIFIED AS A
 MEMBER OF THE ORGANIZATION AND HAS BEEN ACTIVE IN THE ORGANIZATION
 SINCE THE ORGANIZATION WAS FORMED IN NEW YORK CITY IN 1958.

DATE: 03/15/62

TO: SAC, NEW YORK

RE: MURKIN

RE: MURKIN

RE: MURKIN

CLASS OF: MURKIN

DATE: MARCH 15, 1962

OUTGOING MAIL

ASSOCIATION INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT PROGRAMS AND INVESTMENTS

CORPORATION INTERNATIONAL FINANCE

Print-use Inspece
Mar. 9-12, 1962

Office Memorandum

To: Files

March 16, 1962

From: J. W. Lowdon

Subject: Loan 290-PH - Philippines Dredging Project
End-Use Inspection, March 9-12, 1962.

1. Background

The Loan, US\$8.5 million, was made on July 26, 1961. The project comprises principally a considerable quantity of dredging equipment already being built by IHC, Holland; a 20-in. cutter dredge not yet ordered; and a slipway and workshop, which are in the design stage. No disbursement application has yet been received.

2. General

During the inspection discussions were held principally with the following:

Mr. P. T. Cases	- Acting Secretary, Ministry of Public Works and Communications.
Mr. R. M. Contreras	- Interim Under-Secretary " " " "
Mr. A. Villanueva	- Acting Director of Public Works (PWD)
Mr. J. Cruz	- Chief, Ports and Harbours Division (DPH)
Mr. Castillo	- Assistant Chief, " " "
Mr. P. Jiminez	- Auditor General, Republic of the Philippines
Mr. I. Mathay	- Auditor, Central Bank of the Philippines
Mr. Van Hagen	- Manila Representative, IHC

A meeting was held with Messrs. Cases, Contreras, Villanueva, Cruz and others on March 12. Messrs. Cases and Contreras said that they intended to visit Washington in the near future, probably arriving about March 22. However, it was heard from a number of sources that Messrs. Cases, Contreras and Villanueva are unlikely to be confirmed in their acting positions.

3. Disbursement

Practically all expenditure so far made for the project is in respect of the PWD contract with IHC of August 8, 1960. This provided for payment under credit arrangements, but at the request of the Bank, an amendment was signed on July 3, 1961 providing for cash payments in the event of a Bank loan.

Some time ago, the PWD sent this amendment to the Auditor General for comment. He returned it on March 7, 1962, raising no objection providing the approval of the President of the Republic were obtained. This was requested in a minute, dated March 12, 1962. It was expected that approval might be obtained in upwards of a week.

In the meantime the PWD/DPH had considered themselves unauthorized to make cash payments under the arrangement covered by the amendment. They had accordingly permitted a letter of credit, already established, for US\$768,675 to be expended, and, as required under the original contract, had opened a further letter of credit for the same amount.

4. In January 1962, DPH prepared Application No. 1 for disbursement from the loan of US\$1,537,350, i.e., the amount of the two letters of credit, both then fully expended. The covering letter dated January 12, 1962 (copy attached) stated that at that date a further US\$459,730 was due to the builder. I was informed that at February 26, 1962 the amount due was US\$696,680 (see statement attached).

DPH were under the impression that Application No. 1 was in the hands of the Bank. However during an interview with the Auditor General, a copy, with the original attachments, was found on his files. This, together with the actual application, had been sent him by the PWD Auditor. The application itself could not be found, but it seemed certain that it was not sent to the Bank.

5. I pointed out the unsatisfactory nature of this position at the meeting on March 12 and subsequently to the Auditor General and the Central Bank Auditor. The Loan Regulations requirement that applications for withdrawal should be made promptly/^{was}not being met, and, moreover, at a time when foreign exchange was urgently required, Central Bank dollars were being used for payments which could be met from the Loan.

The serious nature of the matter appeared to be appreciated and the Acting Secretary undertook that:

- (a) If the original of Application No. 1 could not be located ^{*/}, a fresh application for US\$1,537,350 would be prepared under Mr. Villanueva's signature and sent to the Bank immediately.
- (b) Presidential approval of the IHC contract amendment would be sought as a matter of urgency; when obtained, an application covering the outstanding payments due would at once be sent.
- (c) Notification of Mr. Villanueva's appointment and authentication of his signature would be sent to the Bank without delay.

In future, applications for disbursement would not be sent to the Auditor General. As regards (c), I pointed out that the Under-Secretary's letter of January 23, 1962 seemed to conflict with 7.04 of the Loan Agreement.

^{*/} A telegram received in the Bank on March 13 states that Application No. 1 had been found and airmailed.

6. Side Letter Requirements Regarding Technical Requirements

The following transpired regarding these requirements:

- (a) Visits by dredge design consultant to builders' yard during construction.

Mr. Roberts will be instructed to make two visits to the IHC yard, in about June 1962 and January 1963. This appears satisfactory.

- (b) Engagement of qualified persons to advise on the operation and maintenance of the dredging equipment, and on the operation of the slipway and workshop.

During the meeting on March 12 it was apparent that the Acting Secretary was reluctant to carry out this undertaking and he criticized the requirement at some length. However, he was not supported by the others present.

I recapitulated the Bank reasons for having made the stipulation and it was agreed that the matter would be further discussed during the forthcoming visit of the Acting Secretary to Washington.

- (c) Modifications to equipment recommended by dredge design consultant.

(i) IHC Equipment

Change Order No. 2, September 28, 1961 (copy attached), covering the fitting of a reversible clutch to the grab dredge, was submitted to the Auditor General on October 5, 1961. It was still with the Auditor General on March 12, 1962, but was said to have been approved on that date. The Manila representative of IHC confirmed that the remaining recommendations were being given effect to, and Mr. Cruz agreed that a "No Cost" change order would be prepared to cover them.

(ii) 20-in. Suction Dredge

Ellicott's comments on the consultants' recommendations had now been received and I was given a copy of them.

- (d) Obtaining of a consultant's opinion on the design and specification for the slipway and workshop.

A draft contract with Michael Baker for this purpose awaited the Acting Secretary's approval and he undertook to expedite his decision. I was given a copy of the draft and said that the Bank would send its comment thereon after my return to Washington.

7. Purchase of 20-in. Cutter Dredge

At the time the loan was made the acceptance of a tender made by the Ellicott Corporation in March 1960, had been recommended for this item, but no order had been placed. On December 15, 1961 Ellicotts wrote asking an increase of 8% in the bid price, which would bring it to a figure just below that of the next lowest acceptable bid, that of IHC.

On hearing of this, the Bank pointed out that it would need details of the justification for the increase before it could concur in an order being placed. These have now been received.

During discussion of the matter at the meeting on March 12, it transpired that those concerned had not checked the justification given for the increase, nor had they any clear opinion of their own as to whether it was valid. They had in mind to submit the increase to the Auditor General and probably hoped the Bank would give a favorable opinion which they could quote in doing so. However the Acting Secretary spoke rather strongly in favor of acceptance.

I said that I could not give any opinion in the matter, which had still to be examined by the Bank, adding that it would not be possible for the Bank to comment until it had heard the opinion of the PWD as to the justification for the increased price and knew whether the department wished to accept it.

In view of all the circumstances, I recommend that the Bank deal with this matter with caution. Protests from the other bidders are likely: the IHC Manila representative in fact mooted this possibility in conversations with the writer.

8. Future Procedure

I discussed with Mr. Cruz the possibility of eliminating procedural delays such as had occurred and improving communication with the Bank generally.

The gist of his reply was that although he personally would do what he could to improve matters, until the new Administration had settled down, and the senior civil servants involved ceased to be nervous of the Administration, delays were likely to continue.

8. Action

After discussion of the legal and disbursement matters arising in connection with paragraphs 3 - 5 above, a letter should be sent confirming the Bank's position in the various matters discussed during the inspection. This should be done as soon as possible and should not await the outcome of discussions with the Acting Secretary and Under-Secretary during their projected visit to Washington.

A further visit to Manila in connection with the disbursement application difficulties may prove necessary.

Attachments (3)

JWLowdon mcw

cc: Messrs. S. Aldewereld (5)
P. J. Squire
O. Dajany (2)
M. H. Wiehen
J. F. Rigby
H. J. van Helden

January 12, 1962

The International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.
U. S. A.

Reference: Loan No. IB 290 PH
Attention: Disbursement Division
Treasury Department

Gentlemen:

In accordance with the Bank's withdrawal procedures, we are submitting herewith Application No. 1, together with the required documents for the reimbursement to the Bureau of Public Works (Portworks Special Fund) through the Central Bank of the Philippines, the aggregate sum of U.S. \$1,537,350.00 representing the following payments made by the Republic of the Philippines to IHC Holland for the manufacture and delivery of various dredging accessories, and spare parts for our dredging project:

1. First installment paid to IHC Holland under L/C No. 879084 in accordance with the terms and conditions of the IHC-Republic of the Philippines agreement dated August 21, 1961 - U.S. \$768,675
 2. Second installment paid to IHC Holland under L/C No. 733597 - U.S. 768,675
- Total - - U.S. \$1,537,350

The payment corresponding to the first installment was supported by Lloyd's Register of Shipping certificates dated April 27, 1961, signed copy attached, showing that the quantity of work performed by IHC Holland on that date was in excess of the \$768,675.00 which was due. The certification was presented in compliance with the provisions of Item E, 1 of the contract, copy attached.

The second installment of U.S. \$768,675.00 was paid on October 6, 1961, upon presentation of Lloyd's certification hereto attached, dated August 21, Sept. 8 and 21, 1961. It may be noted that the certification was based on pro-rata payment terms and not on the original deferred payment plan. Progress payment under the new source of financing from IHC, from Philippine Central Bank P.C. dollar to IHC U.S. dollar,

will be adopted in accordance with the addendum dated July 3, 1961, which was duly approved by the Secretary of Public Works and Communications in lieu of the original payment terms in the contract between IHC Holland and the Philippine Government. (Photostat copy of letter of IHC Holland confirming the agreement is attached.)

On the basis of the modified payment terms, the certifications show that there is a balance of U.S. \$459,730.00 still due the Builder and payment for this balance and all succeeding payments shall be made either under Case III or Case V withdrawal procedures of funds prescribed by that Bank.

Very truly yours,

Julian A. Buendia
Director of Public Works

Encl.: As stated.

Copy Furnished:

1. Mr. Secretary of Public Works and Communications
Manila
2. Mr. Jose S. Arvizu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Avenue, N.W.
Washington, D.C.
U.S.A.

END COPY

/awv 1-23-62

ACCOUNTS DUE THE BOLLARD
(As per the last financial year)

As of Feb. 24, 1962

Item	Contract No.	PROGRESS PAYMENT PLAN						Payment Due		Balance Still Due	Remarks
		1st	2nd	3rd	4th	5th	6th	To Date	To Date		
1. Sea Going	1000	2,152,000	600,150					600,150			Payment of \$1,537,350 represents the two installments of \$769,675 each in accordance with the deferred payment terms as originally agreed upon.
2. Three 14' dredges											
(a) 1st	1000	416,000	124,700	124,300	124,300	62,400	416,000	371,400			
(b) 2nd	1000	416,000	124,700	124,300	124,300		416,000	330,000			
(c) 3rd	1000	416,000	124,700	124,300	124,300		416,000	337,000			
3. Pile-drives for 14' dredges											
(a) For 1st	1000	11,000	11,000	11,000	11,000	5,500	11,000	55,300			
(b) For 2nd	1000	11,000	11,000	11,000	11,000		11,000	44,000			
(c) For 3rd	1000	11,000	11,000	11,000	11,000		11,000	44,000			
4. Link Launch	1000	10,000	5,000	5,000	5,000		10,000	55,100			
5. Grab Lifter	1000	160,000	160,000					160,250			
6. Two Dredge Engines											
(a) 1st	1000	30,000	15,000	15,000	15,000	7,500	30,000	54,000			
(b) 2nd	1000	30,000	15,000	15,000	15,000		30,000	37,000			
7. 20 T-leafing	1000	100,000	100,000					102,000			
				(50,000 CP)	(50,000 CP)						
8. Two Side Souders		2,500	2,500					2,500			
9. Spare Parts		41,250	41,250					41,250			
TOTAL			1,537,350	1,537,350	1,537,350	1,537,350	1,537,350	1,537,350	150,700		

2,234,030

676,650

REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
 BUREAU OF PUBLIC WORKS
 MANILA

Sheet _____ of _____
 Project No. _____
 Province _____

CHANGE ORDER NO. 2

To I. H. C. Holland, The Hague, Holland, Builder

You are hereby directed to make the herein described changes from the plans and specifications, or do the following described work not included in the plans and specifications:

DESCRIPTION OF WORK TO BE DONE: Fit a reversing clutch with wheel house control between the main engine and the propeller shafting of the Grab Hopper Dredge.

REASONS FOR CHANGE: To attain the desired maneuverability when the dredge is in operation. This is also in line with what has been agreed upon in the conference held in Holland between Messrs. Roberts, Consultant and Angel Foias, Superintendent of Dredging, Bureau of Public Works, and our representatives Messrs. Iuntoren and Bonkers.

CHANGE REQUESTED BY: Bureau of Public Works

Work to be performed at contract prices; extra work at agreed prices, and for force account.

ITEMIZED QUANTITIES AND COST OF REVISION ON REVERSE SIDE OF SHEET

We the undersigned contractors have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials except as may otherwise be noted above and perform all services necessary for the work above specified and will accept as full payment therefor the prices shown on the reverse side of this sheet.	Difference in cost this change	\$	11,700.00
	Net Cost of previous changes		None
	Original Contract Amount		5,261,500.00
	Estimated Revised Contract Amount		5,273,200.00

By reason of this proposed change none days extension of contract time will be allowed.

Total extension of time to date, including this Change Order Not applicable days

ACCEPTED: Date _____, 19____

CONTRACTOR

By: _____
 Title: _____

Submitted by: (SGD.) CARLOS L. CASTILLO
 Title: Acting Chief, Division of Ports & Harbors Date Oct. 19, '61
 Approval Recommended:

(SGD.) JULIAN A. BUENDIA
 Title: Director of Public Works Date _____

APPROVED:

NOTE: This Change Order is not effective until approved:

1. The Secretary of Public Works and Communications
2. World Bank

(SGD.) FLORENCIO MORENO
 Secretary of Public Works and Communications

Supplementary Contract
Michael Baker 3/12/62

Form No. 75
(2-60)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL DEVELOPMENT
ASSOCIATION

ROUTING SLIP

Date received in
Op. Files Jan 3 '63

NAME

ROOM NO.

Operational Files

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

290 P17

From

CONTRACT FOR CONSULTING ENGINEERING SERVICES
BETWEEN
THE REPUBLIC OF THE PHILIPPINES (BUREAU OF PUBLIC
WORKS, DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS)
AND
MICHAEL BAKER, JR., INCORPORATED
OF ROCHESTER, PENNSYLVANIA
UNITED STATES OF AMERICA

KNOW ALL MEN BY THESE PRESENTS:

This contract made and entered into in the City of Manila,
Republic of the Philippines, by and between -

THE REPUBLIC OF THE PHILIPPINES

(BUREAU OF PUBLIC WORKS, DEPARTMENT OF PUBLIC WORKS
AND COMMUNICATIONS)

represented by the Director of Public Works, hereinafter referred
to as the BUREAU, and

MICHAEL BAKER, JR., INCORPORATED OF ROCHESTER,

PENNSYLVANIA, UNITED STATES OF AMERICA

a firm duly organized under the laws of the state of Pennsylvania,
United States of America, represented by ROY E. BRADEN, hereinafter
referred to as the CONSULTING FIRM,

W I T N E S S E T H :

THAT

WHEREAS, the BUREAU and the CONSULTING FIRM had entered into
a contract on December 21, 1960 in the City of Manila, Philippines,
whereby the BUREAU has engaged the services of the CONSULTING FIRM
to provide engineering and other technical services in connection
with the program of the Republic of the Philippines for a nation-
wide harbor dredging in the Philippines and the acquisition of an
integrated harbor dredging fleet; and

WHEREAS, the BUREAU in connection with the said program requires the services of engineering specialists qualified to advise in the maintenance of dredges, accessory vessels and attendant plants and to advise in the operation of ~~the~~ dredging fleet; and

WHEREAS, the CONSULTING FIRM, under the contract aforementioned, shall provide such engineering and other technical services;

NOW THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the services to be rendered and sums of money to be paid, the parties hereto have mutually agreed and, by this Supplemental Agreement, do hereby agree as follows:

1. The CONSULTING FIRM shall provide engineering services in connection with the nationwide harbor dredging program to undertake the following:

- (a) Advise the BUREAU in its dredging operations and on the proper maintenance of its harbor dredging fleet.
- (b) Maintain continuous general liaison and collaborate or coordinate and assist or support the work of the BUREAU in the implementation of its harbor dredging program.
- (c) Prepare ^{reports and recommendations} ~~recommendations or reports~~ when requested by the ~~BUREAU~~ with respect to the operation and maintenance of ~~the Bureau's dredging and related equipment when necessary and~~ dredges, ~~when requested by the Bureau.~~

2. The CONSULTING FIRM, for the purpose of performing the above mentioned services, shall provide the services of the following:

One (1) Dredge Operations and Maintenance Specialist ^{assisted by} and one (1) Dredge Maintenance Engineer with appropriate experiences and qualifications satisfactory to the BUREAU and the International Bank for Reconstruction and Development (World Bank).

3. In consideration of the pertinent services enumerated in this Supplemental Agreement, rendered by the Specialists, the BUREAU shall pay or cause to be paid to the CONSULTING FIRM all its expenses for the Specialists upon presentation of documents satisfactory to the BUREAU and the World Bank at the following rates per month:

- (a) Dredge Operations and Maintenance Specialists - \$3,000.00
- (b) Dredge Maintenance Engineer - - - - - \$2,500.00

4. The BUREAU shall officially notify the CONSULTING FIRM when the services of the Specialists mentioned under paragraph (2) shall be availed of in connection with the services referred to in paragraph (1) hereof.

5. The Specialists to be furnished by the CONSULTING FIRM shall be under the direction of the Director of Public Works and/or his authorized representatives while in the performance of their duties in the Philippines.

6. The Specialists to be furnished by the CONSULTING FIRM under this agreement shall render these services to the BUREAU for a period of two (2) years. This Supplemental Agreement shall take effect ten (10) calendar days after receipt of the duly approved contract by the CONSULTING FIRM and shall terminate after the Specialists have rendered the service for the period referred to hereinabove. However, this Supplemental Agreement may be terminated by mutual agreement between the BUREAU and the CONSULTING FIRM any-time before the termination of the period of service referred to above.

58.00
66.800
130.800

The BUREAU and the CONSULTING FIRM further agree on the following:

Item A - Back-stopping and Cost of Living Allowances.

The CONSULTING FIRM shall assume all obligations for all back-stopping and cost of living allowances and incidental personal expenses, which shall be deemed included in the compensations of these personnel as provided herein, exclusive of all actual travel expenses (including travel within Philippine territory) of the Specialists while rendering services in connection with these projects.

Back-stopping is defined to mean the CONSULTING FIRM's general overhead expenses in the operation of its organization in the United States, profit, goodwill, reputation, fee, and similar items.

Item B - Travel Expenses.

The BUREAU shall reimburse or cause to be reimbursed all the expenditures of the CONSULTING FIRM for travel and portorage from their point of origin to Manila, Philippines, and return incurred by the Specialists upon presentation of a bill for such expenditures supported with authenticating documents satisfactory to the BUREAU, provided, however, that reimbursement to the CONSULTING FIRM for such travel expenses shall be limited to one round trip for each Specialist.

SPECIAL PROVISIONS

1. The BUREAU shall furnish, without cost to the CONSULTING FIRM, all office spaces, facilities, assistance and services, including labor, material and equipment, required in connection with the performance of the consulting services to be provided under the terms of this agreement in the Republic of the Philippines. The Specialists shall have access to all relevant records, correspondence, *and stores* persons, craft and workshop concerned.

2. The CONSULTING FIRM and the Specialists furnished by the former under the terms of this agreement, shall be reimbursed for

all taxes, duties, customs fees and charges assessed and collected by the Philippine Government, or any of its political subdivisions, provided that such taxes, duties, customs fees and charges are assessed in connection with their services to be rendered in the projects mentioned herein.

3. For the purpose of computing payments to be made under paragraph (3) above, the date of departure from the point of origin and the date of departure from the City of Manila, Philippines, of the Specialists shall be taken as the effective date of initiating and terminating the services referred to in paragraph (1) above, respectively, provided, the travel time from the point of origin to Manila shall not exceed 3 days.

4. The Specialists furnished by the CONSULTING FIRM under the terms of this agreement shall be paid vacation or sick leave at the rate of thirty (30) days per year. Reimbursement of this leave shall be paid upon submission of certified papers, subject to Philippine auditing requirements.

5. The employee furnished by the CONSULTING FIRM under this agreement for assignment for a duration of one year or longer, shall be permitted to transport his wife and eligible dependent children to the Philippines to establish residence. Such travel cost shall be reimbursed to such employee or to the CONSULTING FIRM by the BUREAU upon presentation of the proper supporting documents.

6. That this Supplemental Agreement shall become binding to both the parties upon,

- (a) Approval of Philippine authorities, as provided in Executive Order No. 298;
- (b) Approval of the Secretary of Public Works and Communications, the President of the Philippines, and the International Bank

for Reconstruction and Development.

7. In case of a suit by one party against the other due to the failure of either to perform his obligation, the same shall be filed only in one of the Philippine courts having competent jurisdiction.

IN WITNESS WHEREOF, WE, the aforementioned parties have set our hands below, in the City of Manila, Philippines, this _____ day of _____, 1962.

WITNESS AS TO:

REPUBLIC OF THE PHILIPPINES
(BUREAU OF PUBLIC WORKS,
DEPARTMENT OF PUBLIC WORKS
AND COMMUNICATIONS)

By: _____

By: _____
Director of Public Works

WITNESS AS TO:

MICHAEL BAKER, JR., INCORPORATED
OF ROCHESTER, PENNSYLVANIA
UNITED STATES OF AMERICA

By: _____

By: _____
ROY E. BRADEN
Vice President

APPROVED:

Secretary of Public Works and Communications

7th Indorsement
June 29, 1962

Respectfully returned to the Director of Public Works, Manila, the herein contract entered into by and between the Republic of the Philippines (Bureau of Public Works, Department of Public Works and Communications) and the Michael Baker, Jr., Inc. of Rochester, Pennsylvania, United States of America, whereby the latter shall provide engineering services in connection with the proposed construction of a marine slipway and workshop in the Port of Manila, duly approved, attention being invited to the preceding 6th indorsement of the Executive Secretary which is self-explanatory.

(SGD) R. M. CONTRERAS
Undersecretary

FOB/alc

BUREAU OF PUBLIC WORKS
GENERAL COPY

FRANCISCO D. BIANCAS
Chief, Office of Files

COPY FOR:

MICHAEL BAKER, JR., INC.
ROCHESTER, PENNSYLVANIA
U. S. A.

OFFICE OF THE PRESIDENT
OF THE PHILIPPINES

6th Indorsement
Manila, June 18, 1962

Respectfully returned to the Secretary of Public Works and Communications, Manila, hereby authorizing, as an exception to Executive Order No. 298, series of 1940, the within contract entered into by and between the Republic of the Philippines (Bureau of Public Works, Department of Public Works and Communications) and the Michael Baker, Jr., Inc. of Rochester, Pennsylvania, United States of America, whereby the latter shall provide engineering services in connection with the proposed construction of a marine slipway and workshop in the Port of Manila, in view of the representations and recommendations herein made, subject to the terms and conditions of the contract, the availability of funds and the usual audit.

By authority of the President:

(SGD) RODRIGO D. PEREZ, Jr.
Assistant Executive Secretary

11

a true copy:
/sct/6/22/62

BUREAU OF PUBLIC WORKS
CERTIFIED TRUE COPY

FRANCISCO B. MANGAO
Chief Records Section

Republic of the Philippines
DEPARTMENT OF JUSTICE
Manila

5th Indorsement
June 6, 1962

Respectfully forwarded to the Honorable, the Executive
Secretary, Malacañang, Manila.

In view of the representations in the basic letter dated July 26, 1961 and of the reasons in the 4th indorsement dated May 3, 1962, this Department concurs in the recommendation of the Auditor General in the next preceding indorsement for the approval by the President of the within contract entered into by and between the Republic of the Philippines (Bureau of Public Works, Department of Public Works and Communications) and the Michael Baker, Jr., Inc. of Rochester, Pennsylvania, United States of America whereby the latter shall provide engineering services in connection with the proposed construction of a marine slipway and workshop in the Port of Manila, as an exception to Executive Order No. 298, series of 1940, as amended.

The authority that may be granted should be subject to:

1. availability of funds,
2. the usual audit requirements, and
3. terms and conditions of the contract

(SGD) HENRY S. GERRAITAN
Undersecretary

a true copy:
/sct/6/28/62

RECEIVED
JUN 11 1962
FRANCISCO S. MANTAO
Chief Records Section
6/7/62

Republic of the Philippines
GENERAL AUDITING OFFICE
Manila

6th Indorsement
May 14, 1962

Respectfully forwarded, thru the Secretary of Justice, to
the President of the Philippines, Malacañang, Manila.

In view of the representations contained in the within
papers, this Office will interpose no objection to the within
contract for consulting engineering services between the Republic
of the Philippines (Bureau of Public Works, Department of Public
Works and Communications) and the Michael Baker, Jr., Inc. of
Rochester, Pennsylvania, United States of America, whereby the
latter shall provide engineering services in connection with the
proposed construction of a marine slipway and workshop in the
Port of Manila, if approved by the President as an exception to
Executive Order No. 298, s. of 1940, subject to the terms and
conditions of the contract, the availability of funds and the
usual audit.

(SGD) PEDRO M. GIMENEZ
Auditor General

a true copy:
/sct /6/28/62

DEPARTMENT OF PUBLIC WORKS
AND COMMUNICATIONS
MANILA
B. MANGOSAG
Chief, Planning Section
6/7/62

Republic of the Philippines
Department of Public Works and Communications
BUREAU OF PUBLIC WORKS
Manila

4th Indorsement
May 3, 1962

Respectfully returned to the Auditor General (Attention: Mr. Lucido A. Guinto, Chief, Control and Review Division), Manila, with the information that the hiring of a consulting firm acceptable to the Bank to advise us on the design and specifications and to retain their services in connection with the proposed marine slipway and workshop is in compliance with our commitment to the World Bank as evidenced by the letter dated July 26, 1961 by Secretary Moreno which is hereto attached, for your ready reference.

Inasmuch as Michael Baker, Jr., Inc. is our consulting firm for both the Manila Harbor Development Project under the Export-Import Bank loan and the Dredging Projects under the World Bank loan, we, therefore, consider it feasible and more economical to include in their contract the consulting services for the marine slipway and workshop which is also part of our IBRD loan rather than employ another firm which will be hired after going through the standard government procedure which will mean time and additional expenses. It may also be stated in this connection that said consulting firm prepared the preliminary engineering for the dredges to be acquired from IHC Holland out of the World Bank loan. This acquisition of dredges forms the major part of the loan. The marine slipway and workshop which is essential to the upkeep and maintenance of the dredges is likewise part of the dredging projects; hence, consulting services herein called for is just an extension of the services they have already rendered and the proposed contract is just a supplement to their existing contract.

The consultants to be hired for the services herein mentioned must not be connected in any way with the Bureau, with ample qualifications and experience, and satisfactory to the Bank. This Office has no objection and would prefer the employment of a Filipino engineer by the Consulting Firm provided he has the necessary knowledge and experience for the work to be done which is highly specialized in nature, and which necessarily must be acceptable to the Bank, in accordance with regulations of the Bank.

In view of the foregoing and considering the urgency of the services of such consulting firm as pointed out by the World Bank in its letter of April 5, 1962, excerpt from which is hereto attached, early approval of the within supplemental agreement is earnestly requested.

BUREAU OF PUBLIC WORKS (BOPW) A. A. VILLANUEVA
Acting Director of Public Works

Incls.: As stated.
EAB/jps
a true copy:
set/6/28/62

FRANCISCO B. MANGOS
Chief, Research Services

Republic of the Philippines
GENERAL AUDITING OFFICE
Manila

3rd Indorsement
March 27, 1962

Respectfully returned to the Acting Director, Bureau
of Public Works, Manila.

In the within contract for consulting engineering services between the Republic of the Philippines (Bureau of Public Works, Department of Public Works and Communications) and the Michael Baker, Jr., Inc., this Office observes that the consulting firm will only review the design, plans and specifications for the structures, tools, equipment and machinery; assist in the preparation of any modified plans and specifications; assist in the review and evaluation of the bids for the above and provide attendant technical inspection services. In other words, the principal work to be undertaken is to be performed by parties other than the consulting firm and the services to be rendered by Michael Baker, Jr., Inc. would at most be advisory in nature. Information is requested as to the necessity of hiring the abovesmentioned consulting firm to perform the aforesaid services or as to whether or not there are no qualified Filipino technicians in that Bureau or elsewhere in the Philippines who can perform the abovesmentioned work.

PEDRO M. GIMENEZ
Auditor General

By:

(SGD) LUCIDO A. QUINTO
Chief, Control and Review
Division

a true copy:
/act/6/28/62

OFFICE OF PUBLIC WORKS
(RETURNED TRUE COPY)

ESTERITA M. MARICAS
Acting Director

Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
OFFICE OF SECRETARY
Manila

2nd Indorsement
March 12, 1962

Respectfully forwarded, thru the Auditor General and the Secretary of Justice, to the President of the Philippines, Malacañang, recommending favorable consideration, as an exception to Executive Order No. 298, S. 1940, on the herein proposed amendment to the contract entered into on December 21, 1960 by and between the Republic of the Philippines, represented by the Director of Public Works and the Michael Baker, Jr. Inc. of Pennsylvania, U.S.A.

This amendment proposes to require, for certain considerations, the Consulting Firm (Michael Baker, Jr. Inc.) to provide additional engineering and other technical services in connection with the construction by the Bureau of Public Works of the proposed Marine Slipway and Workshop in the Port of Manila.

(SGD) P. T. CASES
Acting Secretary

5-1td.

a true copy:
/s/ ct/6/28/62

DEPARTMENT OF PUBLIC WORKS
OFFICE OF THE SECRETARY
MANILA
3/12/62

Republic of the Philippines
Department of Public Works and Communications
BUREAU OF PUBLIC WORKS
Manila

1st Increment
February 19, 1962

Respectfully forwarded, through the Secretary of Public Works and Communications, Auditor General and Secretary of Justice, to the President of the Philippines, Malacañang, Manila.

Attached is a proposed amendment to the contract entered into on December 21, 1960 by and between the Republic of the Philippines, represented by Mr. Julian A. Buonsia, Director of Public Works, referred to as the Bureau and Michael Baker, Jr., Inc., of Rochester, Pennsylvania, U.S.A., represented by Mr. Roy Braden, Vice President thereof, referred to as the Consulting Firm.

In the attached proposed amendment, the Consulting Firm shall provide engineering and other technical services in connection with the proposed construction by the Bureau of the proposed Marine Slipway and Workshop in the Port of Manila, Philippines.

Approval of the attached proposed amendment is, therefore, recommended.

(SGD) A. A. VILLANUEVA
Acting Director of Public Works

a true copy:
/sct/6/28/62

BUREAU OF PUBLIC WORKS
(CERTIFIED TRUE COPY)

FRANCISCO E. MANCAG
Chief, Procurement Section





Record Removal Notice

File Title Port Project - Port Dredging - Philippines - Loan 0290 - P004409 - Administration - Volume 1		Barcode No. 1718179		
Document Date 01 March, 1962	Document Type Contract			
Correspondents / Participants The Republic of the Philippines and Mr. Michael Baker Jr. Inc				
Subject / Title Contract				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"> <tr> <td>Withdrawn by Tonya Ceesay</td> <td>Date January 05, 2017</td> </tr> </table>	Withdrawn by Tonya Ceesay	Date January 05, 2017
Withdrawn by Tonya Ceesay	Date January 05, 2017			

March 1, 1962

Mr. J. W. Lowdon
c/o IBRD Mission
c/o Minister of Finance
Wellington, New Zealand

Dear Jim:

Philippines Dredging Project - 290-PH

It may be rather late to attempt to catch you by Air Mail in New Zealand but we are making the attempt and enclose a letter dated February 19, 1962 from the Director of Public Works, Manila, in answer to ours of January 16th, of which you have a copy.

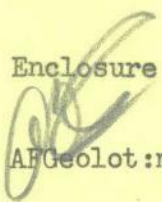
I hope everything is going well.

Sincerely yours,



H. J. van Helden
Chief, Transportation Division
Technical Operations Department

Enclosure



AFGeolot:meg

February 23, 1962

Dear Jim:

I can guess what you must have said when you received Van Helden's cable #7 of February 21. It will, I am sure, be a long time before I can dare face your wife again. However, as you will know we have not received any requests for disbursement under this loan and many questions remain unanswered, despite all the letters we have written. An end-use inspection at this time is really much needed and you are the only expert on this loan.

In your cable reply to Van Helden, you asked for the names of the new Secretary of Public Works and other officials. I have given these names to TOD this morning but will list them again here.

The new Secretary of Public Works is MR. PAULINO T. CASES. Officially, he is still Acting Secretary.

The new Under Secretary is MR. RAFAEL CONTRERAS; and the new Director of Public Works (replacing Buendia) is MR. ANTONIO VILLANUEVA. MR. JOSE CRUZ remains in his position as Chief of the Ports and Harbors Division.

Since these officials are new, I think it would be nicer if we introduced you to them, rather than your contacting them directly. We will therefore, write officially today to Acting Secretary Cases introducing you, and informing him of your proposed visit. A copy of this letter will be airmailed to you in New Zealand. It would be a good idea, however, to cable Cruz directly about the date and timing of your arrival when you know it and ask him, if you wish, to make the hotel reservation you want.

I have asked Mrs. Whitaker to send you with the Loan Agreement and Side Letters, copies of the recent correspondence such as the famous letter of October 4, 1961; their reply and your reply to that reply. This will help you to check on all the points involved.

Good luck - and please forgive me. Think of me when you see that swimming pool!

Sincerely,

Omar Dajany
Department of Operations - Far East

Mr. James W. Lowdon
c/o IBRD Mission
c/o Minister of Finance
Wellington, New Zealand

ODajany:bmc

February 23, 1962

Dear Mr. Secretary:

This is to introduce Mr. James Lowdon of the Department of Technical Operations who plans to visit Manila during the second week of next month.

Mr. Lowdon is currently in New Zealand and the Bank has asked him to stop over in Manila on his way back to review the progress being made on the Dredging Project and to discuss with the appropriate officials a number of outstanding matters which have been the subject of correspondence with the Ports and Harbors Division.

I would be grateful if you will let me know by cable, if the timing of his visit is convenient to you, and would appreciate any assistance given to him during his stay.

With best regards,

Yours sincerely,



A. Gasem Kheradjou
Acting Director
Department of Operations - Far East

The Honorable Paulino T. Cases
Acting Secretary of Public Works,
Communications and Transportation,
Manila.



ODajary:bmc

cc: Messrs. Sagne, van Helden, Lowdon

February 23, 1962

Mr. J. W. Lowdon
Care of IBRD Mission
Care of Minister of Finance
Wellington
New Zealand

Dear Lowdon:

7 Feb 62

With reference to your telegram No. 1, we enclose a copy of the Loan Agreement with Side Letters, a progress report from the Division of Ports and Harbors dated December 31, 1961, and various other papers from your file which may be of assistance to you.

The names of the officials you asked for are as follows:

- Acting Secretary of Public Works - Mr. Paulino T. Cases
(Replaced Secretary Moreno)
- Under Secretary of Public Works - Mr. Rafael Contreras
(Replaced Under Secretary Bautista)
- Chief, Ports and Harbors Division - Mr. Hose Cruz
- Director of Public Works - Mr. Antonio Villanueva
(Replaced Buendia).

We are checking with our Treasurer's Department to ascertain whether they can supply the name of the official directly concerned with the preparation and submission of applications for disbursement. We will telegraph you in this connection.

We are informing the Philippines Government of your impending visit to discuss the status of the dredging projects, but would appreciate your advising Mr. Hose Cruz of your expected arrival time.

We are pleased to hear that the New Zealand Mission is progressing satisfactorily and that you hope to leave on March 7.

Sincerely yours,

A. F. Geolot

Enclosures

AFGeolot mcw

Cleared with and cc: Mr. O. Dajany



Mr H. van Helden,
Room 407,
IBRD,
Washington D.C.

With the Compliments of

THE NEW ZEALAND EMBASSY
WASHINGTON 8, D. C.

23 February 1962

TELEGRAM RECEIVED 22 February 1962

FROM: EXTERNAL WELLINGTON

TO. TOTARA WASHINGTON

RECEIVED	<u>Feb 23/62</u>
ACKNOWLEDGE	<u>Feb 23/62</u>

ACK Feb 23

World Bank Mission for INTBAFRAD Washington.

From Lowdon.

One for Van Helden your telegram seven will endeavour arrange return via Philippines. Please cable names new Secretary Ministry of Public Works and new Director of Public Works if known. Also name of suitable person to contact in Treasury regarding disbursement application position. Please also airmail copy loan agreement and side letters to me here. N.Z. Mission proceeding satisfactorily expect leave March seventh as planned.

New Zealand Embassy,

Washington, D.C.

23 February 1962

Form No. 27
(7-61)
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: LOWDON
IBRD MISSION
c/o MINISTER OF FINANCE
WELLINGTON

RCA

DATE: FEBRUARY 21, 1962

CLASS OF SERVICE: ~~FULL RATE~~
NTL.

COUNTRY: NEW ZEALAND

TEXT: /
Cable No.: 7.

SUGGEST YOU MAKE STOPOVER MANILLA ON YOUR RETURN TO DISCUSS SLOW PROGRESS
RETAINING TECHNICAL ASSISTANTS AND INVESTIGATE WHY NO DISBURSEMENT
APPLICATIONS SUBMITTED STOP IF THIS DETOUR CONVENIENT SUGGEST YOU INFORM
PHILIPPINE OFFICIALS DIRECTLY

VANHELDEN

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME H.J. Van Helden
DEPT. Transportation Division
Technical Operations Dept.

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

HJvanHelden/q

ORIGINAL (File Copy)

(IMPORTANT: See guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

c.c. Mr. A. Kheradjou

For Use by Archives Division

Checked for Dispatch: *B.*

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

095.5 dredge
RECEIVED Feb 26/62
ACKNOWLEDGE

February 19, 1962

International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
U. S. A.

Attention: Mr. H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

Gentlemen:

This has reference to the comments in your letter of January 16, 1962, on our reply to your letter of October 4 and all subsequent letters about the same subject matter.

Using the same paragraph numbers in your letter, we would like to inform you of the following:

2. Par. 2(b) (i)

The dredge design consultant will make two (2) visits to IHC Holland's yard during the construction of the sea-going hopper dredge. The first visit will be during the fabrication and the second will be during the test and trials. This will be followed also in the case of the 20-inch pipeline dredge.

2. Par. 2(b) (ii)

Arrangement for the employment of the qualified person to advise on the operation and maintenance of the dredging equipment will be made prior to the arrival of the major dredges.

2. Par. 2(b) (iii)

Attached hereto is a copy of the report on the conference held in Holland between Messrs. Roberts, Fojas and the IHC representatives in September, 1961.

Cope
L. L. Lonsdale
H. J. van Helden
A. H. C.

2. Par. 2(b) (iv)

The contract with Michael Baker, Jr., Inc. to furnish consulting services for the slipway and workshop is now being prepared. As soon as it is approved by the authorities concerned, we will forward it to that Bank for concurrence.

3. Attached is the letter of Atlantic Gulf & Pacific Company and a verifax copy of the letter of their principals Ellicott Machine Corporation substantiating their claim of the 8% increase in price.

4. (a) Mr. Roberts reviewed the contractor's proposals regarding the 20-inch pipeline dredge and he agreed to all the terms except his observations which were contained in the report entitled "Ports Development Program" submitted by Michael Baker of which you are aware.

(b) We have not received the comments of Ellicott on Mr. Roberts' report. We have, however, written Mr. Arvisu, Head of the Philippine Foreign Loan Mission, Washington, D. C. to send us this information.

(c) (d) (e) We will consider your suggestion when the final contract is made.

Very truly yours,



AGAPITO T. ALANO
Assistant Director of Public Works

Encl.: As stated.

Copy Furnished:

1. The Secretary of Public Works
and Communications
Manila
2. Mr. Jose S. Arvisu
c/o Philippine Embassy
Washington, D. C.
U. S. A.
3. Michael Baker, Jr., Inc.
c/o Mr. Miles C. Newton
Manila Office

MA/jps

ATLANTIC, GULF AND PACIFIC COMPANY OF MANILA
INCORPORATED
P. O. Box 626
Manila, Philippines

AG&P
Machinery Division

CABLE ADDRESS: "DREDGING"
45 Muelle de la Industria, Manila
Telephone 4-94-21

January 27, 1962

Department of Public Works & Communications
Bureau of Public Works
M a n i l a

Attention: Mr. Julian Buendia
Director

Subject : Second Ellicott 20-inch Hydraulic Pipeline Dredge
Our Estimate No. 61/853

Gentlemen:

This will acknowledge receipt of your letter of December 13, 1961 which made reference to the proposal of our Principals, Ellicott Machine Corporation, regarding the manufacture and delivery of a second 20-inch Hydraulic Pipeline Dredge, and wherein you request us to submit the reasons substantiating the claim of our Principals for an eight per cent (8%) over all increase in price on their proposal.

We have taken note that a copy of our Principals' proposal was forwarded by yourselves last December 7, 1961 to the International Bank for Reconstruction and Development for their comment, and have notified them that you are awaiting our justification on the increase in price.

In connection with this matter, we wish to advise that in checking with our Principals, they notified us that their letter of justification, which was dated December 15, 1961, under their Reference No. E-39412, was air-mailed directly to the Honorable Marciano D. Bautista, then Acting Secretary of the Department of Public Works and Communications. We presume the mentioned letter has already been received by the Secretary's Office, but just the same, we are taking this opportunity of enclosing herewith three (3) verifax copies of same, for your ready reference and which you will find self-explanatory. Our Principals have also notified us that they have furnished Engr. Jose Arvisu in Washington a copy of the mentioned letter of justification.

Trusting that our Principals' request will receive your most favorable consideration, we are

Very truly yours,
ATLANTIC, GULF & PACIFIC CO. OF MANILA, INC.

HAC:rlt in dup (SGD.) H. A. CLEMENTE, JR.
Encls Assistant to the Division Manager

cc w/encl: Acting Secretary Paulino Cases
Mr. Jose Cruz, Chief Ports & Harbors Division
Mr. R. Dantes
Mr. E. Eleria
Mr. I. Fernando, Michael Baker Jr. Eng'g. Corp.
Consulting Engineers

True Copy/jpg
2/19/62

NERIS INTERNATIONAL, INC.

Main Office:
Neris International, Inc.
530 Fifth Avenue
New York 36, N.Y.
Cable: "NERISIT"

Pacific Division
Samora Building, Manila Hotel
Manila, Philippines

Cable: "NERISBA"
Tel. 9-60-71
Local 364

September 19, 1961

The Director
Bureau of Public Works
Through Ports & Harbours Division
Port Area, Manila

R E : DREDGE FLEET

Dear Sir:

On behalf of INC, we submit enclosed four copies of the minutes of the discussions held in Amsterdam between Mr. Fojas, Mr. Roberts and INC representatives. Furthermore, please find enclosed four copies of the summary of items discussed with Mr. Fojas during his stay in Holland.

It appears from this, that the discussions with Mr. Roberts and Mr. Fojas have cleared up all outstanding problems, with the possible exception of one item on the Grab Hopper dredge.

In view of the advanced stage of design and manufacture of the main engine, Mr. Roberts agreed that a change to twin engine propulsion was not to be recommended. As however, good manoeuvrability is considered to be of extreme importance, an intermediate solution has been arrived at which consists of the fitting of a reverse clutch between the main engine and propeller, which will be operated from the wheel-house.

The extra cost would amount to approximately \$11,700.-. It is assumed that this extra amount could be taken out of the amount set aside for contingencies under the loan agreement with the World Bank.

We assume that you will want to defer a decision on this item until Mr. Fojas has returned. We have to stress however, that we would appreciate this matter to be decided upon with expediency, as the design work has to be held up pending the decision.

We trust that otherwise the minutes are self-explanatory.

Very truly yours,

NERIS INTERNATIONAL, INC.

s/ W. VON DEN HAGEN
t/ W. VON DEN HAGEN

WVH/c

cc: Neris Ny, INC Holland
Encls:- as stated.

VERSCHURE & CO'S SCHRIPSLOOF EN MASCHINEFABRIEK N.V. - AMSTERDAM

Minutes of a meeting between:

Mr. Fojas	Representative of P.W.D., Government of the Philippines
Mr. Roberts	Consultant to the Government of the Philippines
Mr. V. Lunteren)	Representative of I.H.C. - Holland.
Mr. Donkers)	

held on September 13th, 1961 in the office of Verschure & Co, Amsterdam.

Subject of discussions: Report of Mr. Roberts, prepared for Michael Baker Jr, Inc, on the proposed fleet of dredgers and auxiliary equipment, to be constructed by I.H.C. - Holland.

Basis of discussions are the above-mentioned report, I.H.C. comments on this report and Michael Baker's Jr, Inc, letter to the Director of Public Works, Manila, dated August 14th, 1961, with enclosures.

1. 1000 cub. yard seagoing hydraulic hopper dredge - Yard no. CO. 436

- a) Mr. Roberts is prepared to accept I.H.C.'s figure for hopper loading ratio after a more detailed explanation of the proposed design of hopper and loading system. I.H.C. claims that their hopperloading system permits the use of a high ratio without unacceptable loss of loading efficiency.
- b) The proposed pumpmotor horsepower as described in I.H.C.'s comments is satisfactory.
- c) Carrying capacity
I.H.C. states that at a draft of 14'6" the vessel can carry 1000 cub. yards of 125 lbs/cub.ft. material (plus the fuel etc. as specified). [Further the height of the hoppercomings will be increased, so the can load 1318 cub.yard of 95 lbs/cub.ft. density. Thus in both cases a hopperload of 1830 metric tons can be carried. To adjust the effective hoppervolume for different materials an adjustable overflow sill will be fitted. This sill will be fixed with bolts and can be re-adjusted when the dredge is moving to an other job with different materials. Care will be given to the design of this sill with a view to avoiding it being wedged fast by sand in the guides.
- d) The vessel will remain afloat with any one compartment flooded and with water in the hopper to the line of flotation after flooding. To permit dumping of the hopperload in case of flooding of the engine room, when the hydraulic system cannot be operated, hand-operated bypass valves will be fitted to open the bottom doors.
- e) Echosounder
Mr. Roberts' requirements for a precision echosounder would be a 6" accuracy down to 50 ft.
- f) The construction of hopperdoors and sealing rubber was discussed and found satisfactory. Mr. Roberts stresses the importance of rigidity of the doors.
- g) The resulting freeboard of 3'12" corresponds with the expected freeboard, according to International load line regulations, which is approx. 3'1".

c) Hopper pumpout system

Both Mr. Rojas and Mr. Roberts consider the proposed pumpout system satisfactory for the materials encountered in the Philippines. Mr. Roberts doubts its effectiveness in some sands as found in the U.S.A. (very sharp and coarse and tending to form stable arcs). Up to now I.N.C. has the experience that all materials that has been loaded in the hopper could be pumped out with this system

b) Mr. Roberts stresses the importance of a quick acting connection for the shore discharge pipe. A ball joint with wingbolts seems satisfactory.

j) Space for future installations of a gas ejection system is available. The required power (2x30 HP) will be available from the auxiliary generator, as the trunnion hoist motors will not be working simultaneously with the ejector system.

k) The spare draghead should in Mr. Roberts' opinion be of the coral drag type as used by the U.S. Army Corps of Engineers.

l) After some discussions on the design of the draghead gentries and the geometries of the dragpipe suspension, it is agreed that a 7' outreach of the drag gantry will be acceptable.

m) Sterntube seal

All those present feel that a reliable rope guard design will be preferable to returning to the lignum vitae sterntube lining. Mr. Roberts suggests to try and fit the guard to the propellerhub instead of the sterntube to avoid chafing through. Deposit welded cutting knives should be investigated.

n) I.N.C. will install a bellows-type recording load meter without extra charge.

o) I.N.C. has decided to fit the sandpump discharge with an overhead discharge for light mixture, with valves hydraulically operated from the wheelhouse.

2. 14 inch cutterhead suction dredge - Yard nos. CO. 437/8/9

a) A squirrel cage motor drive with hydrodynamic coupling for the cutterhead is considered satisfactory. I.N.C. confirms that the cuttermotor can be started on the auxiliary generator.

b) The suction area of the suction pipe, being 17 $\frac{1}{2}$ in excess of the discharge pipe area, is considered sufficient. It is considered that generally the U.S. practice is to use higher discharge velocities than in Europe, this necessitating relatively larger suction pipes.

3. 500 cub.yard searching grab hopper dredge - Yard no. C9444

a) Carrying capacity

A freeboard of 1'9" with a load of 500 cub.yards of 95 lbs/cub.ft. material (582 metric tons) is acceptable. The trim by the bow is expected to be in the order of 8", which is not considered harmful to course stability.

I.N.C. expects the speed with this load and the increased engine power (500 S.H.P. at 330 r.p.m.) to be approx. 9 knots, as originally specified.

b) Single versus twin screw arrangement

After careful consideration of the desired manoeuvrability, the state of progress of manufacturing of engine parts and design of the hull, it was decided that the extra expense and delay in delivery, caused by changing the design to twin screw, would not be justified by the anticipated gain in overall dredge output. Manoeuvring between finger piers would be easier with a wheelhouse controlled twin screw ship, but the vessel could back out from between piers when the width of the basin is too narrow for turning. The slight increase of time per dredging cycle (inclusive of travel and dumping) will not be important compared with the total time per cycle.

A cable was drafted and sent to Mr. Buendia, advising this gentleman of Mr. Fojas' and Mr. Roberts' decision to accept the existing single screw arrangement.

An alternative solution would be to fit a reversing clutch with wheelhouse control between main engine and propeller shafting. The price increase for supplying and fitting of this clutch would be approximately DG. 42,000.-. After consulting the clutch manufacturers, I.N.C. is prepared to accept this price as firm.

Both Mr. Fojas and Mr. Roberts recommend this additional feature to be incorporated.

- c) The dredging crane of Priestman type 625 will be provided with struts to handle heavy loads without extra charge.

4. 40 ton floating crane

- a) I.N.C.'s description of the proposed arrangement of the diesel-electric crane is considered satisfactory.

Amsterdam September 14, 1961

Mr. J. N. Donkers

(SGD) J. N. DONKERS

COUNTERSIGNED

for P.W.D. :

(SGD) A. P. FOJAS
(Mr. A. P. Fojas)

for Michael Baker Jr. Inc:

(SGD) Walter H. Roberts
(Mr. Walter H. Roberts)

4-ATS/do/Rgz
14/9/61
a true copy:
/act

VERSCHEURE & CO'S SCHEEPWERF EN MACHINEFABRIEK N.V. - AMSTERDAM

Dredge fleet for P.W.U. - Government of the Philippines

Summary of items discussed between Mr. Fojas, representative of P.W.U. and representative of I.H.C. - Holland.

1. Lubricants

Mr. Fojas states that the fleet will be served by Caltex and I.H.C. will have the local Caltex representation prepare lubricating charts for each vessel.

2. 40 tons floating crane - Yard no. CO. 1006

It is impossible to ship the crane pontoon complete, because of the available space on cargo ships. Therefore it is decided that the pontoon will be divided in two pieces after trials in Holland. The two parts will be re-united in Manila, using the facilities of a local yard. Expenses to be for I.H.C. account.

The electrical circuits of the crane itself and the pontoon are independent. A possibility will be provided to supply current for lighting on the crane from the pontoon generator and the crane generator can supply current for the pontoon lighting and winch motors.

This facility will consist of connecting boxes and length of flexible cable with plugs and can be used only when the crane is not working. The jib of the crane can be lowered to approx. 15° with the horizontal and supported on a special structure on the deck for interisland transport in the Philippines. For this reason it is necessary to install the auxiliary diesel generator set and toilet in the pontoon and cut the deckhouse to allow the jib to be lowered sufficiently. Layout drawings of the crane (no. 3123049) and of the hoisting winch arrangement (no. 336050) are approved by Mr. Fojas.

3. Twin screw pushboats - Yard no. CO. 445/6

All working drawings have been checked by Mr. Fojas and have been approved, after incorporation of some modifications.

The following drawings have been approved:

No. 452282	Construction plan
" 452306	Plate lines
" 452279 sheets I and II	Lines plan
" 426591	Construction aft ship with engine seating
" 452311	Maindeck
" 476768	Propellershaft brackets
" 476745	Hatch covers
" 476767	Draft marks
" 476740	Hatch on engineroom
" 484314	Foundation bollards etc.
" 484294	Rope guide with rollers
" 476746	Railings
" 484337	Shog
" 484322	Support for towing hook
" 476765	Drinking water tank
" 476733	Fuel oil tank

No. 482298 B	Engine casing with wheelhouse
" 478772 A	Mast with engine exhaust
" 484341	Bench in wheelhouse
" 484340	Locker
" 484343	Bollard
" 484342	Grating in wheelhouse
" 484344	Store in foreship
" 481631	Airpipe
" 487348	Spanner for propeller shaft coupling
" 482800	Shell passage with grating
" 483780	Ditto
" 487347	Spanner for propeller hub nut
" 481632	Airpipe
" 487348	Sealing ring for sterntube
" 482483 B	Shell passage
" 483618	Tools for dismantling propeller
" 480595 A	Shell passage
" 480750 B	Ditto
" 483619	Male and female gauges for tailshaft coupling
" 483612	Ditto for propeller hub
" 441913	Accumulator box
" 482788	Propeller hub
" 483801	Filling pipe
" 413672	Propeller shafting
" 413708	Piping outside engine room
" 401355	Piping in engine room
" 413750	Remote control of engines and reverse gear boxes.

4. 14" Sutterhead dredges - Yard nos. CO. 437/8/9

Following drawings have been approved by Mr. Fojes:

No. 426837	3 sheets	Construction of section
" 426862	2 sheets	Engine casing and deck
" 452307		Construction plan
" 438863		Deckhouse on engine casing hull.
" 312286		Suspension of ladder and ladder gentry to
" 362282		Spud guides
" 484287		Engine room casing insulation
" 452299		Plan for rockwool and asbestos insulation
" 452304		Arrangement of accommodation in casing top
" 452322		Safety plan
" 452383		Arrangement of accommodation on maindeck
" 452388		Woodwork in leverroom
" 401330	2 sheets	Engine room arrangement
" 413653		Diagram sanitary piping
" 440888		" Airpipes piping
" 440888		" cooling water, washdeck and fire-
" 440884		" lubricating oil piping.
" 440887		" bilge and ballast piping
" 440888		" fuel oil piping
" 440879		" air filling and sounding pipes
" 312382		Assembly plan control winch
" 312310		Dredge pump discharge pipe
" 312301		Dredge pump suction piping
" 30, 350, 010		Arrangement dredge pump (typical drawing)

2. Upon Mr. Fojas' request I.E.C. will install a means of starting the pump-engine in case of failure of the aircompressor. This means can be a hand-operated compressor with small airvessel, or a small gasoline driven compressor. Catch hooks will be fitted on all swinging windows in casing and accommodation.

3. Echosounder

These echosounders will be transportable.

I.E.C. intends to supply echosounders of "Atlas" make, type 672, with ranges 0-30 m. and 20-40 m.

Accuracy 10 cm to a depth of 14 m., at greater depth the accuracy is better than 1% of the range.

The equipment will be suitable for 12 V.D.C. power supply.

The same type of sounder will be fitted on the trailing hopper dredge, power supply however, will be adapted to this vessel's electric installation.

4. General

Navigation - and dredging lights have to comply with international regulations only.

5. Painting

I.E.C. will send drawings of funnels, on which P.V.D. will indicate their funnel mark.

I.E.C. will send general arrangement drawings, which will be coloured by P.V.D. and returned to I.E.C. to serve as colour schemes.

6. Spare parts

Lists of spare parts, including Lloyd's' spares, spares to be supplied according to contract and recommended extra spares will be prepared by I.E.C., discussed with the inspectors and if necessary, sent out to Manila for final approval.

7. Trailing hopper dredge - Yard No. CO. 436

a. Report of Mr. Roberts

The report of Mr. Roberts, I.E.C.'s comments on this report, and Mr. Roberts' remarks on I.E.C.'s comments are discussed with Mr. Fojas.

Watertight division

The extra V.T. bulkhead between propulsion motors and generators provides safety with one compartment flooded in the unloaded condition only i.e. with water in the hopper compartment to the leadline level.

Safety in the loaded condition can only be attained in hopperdredgers of sizes far in excess of the size of the ordered hopperdredger. Mr. Fojas asks whether provisions can be made for opening the hopper-bottom doors in case no electricity is available for driving the hydraulic pumps, so that in case of emergency the hopper load can be discharged. Accordingly I.E.C. will provide a valve in the cylinder outlet to enable opening of the hopper bottom doors.

It has to be understood that in this case the wedges have to be removed with hammers.

Outreach of entries

It is shown to Mr. Fojas that the angle between the hoisting wires of the drag and the ship's sides will be the only criterion for swinging clear of the bilge knuckle.

Stern tubes

I.E.C. shows a typical drawing of a rope guard around an oil gland mounted on the afterend of the stern tubes.

b) Engine room lay-out

Our proposal, drg. 508.202, for the engine room lay-out has been approved by Mr. Fojas.

c) Propulsion winches

In the specification solely a wormgear was erroneously mentioned. With a single wormgear the transmission ratio can however not be attained.

Mr. Fojas agrees with an enclosed wormgear in which moreover a transmission of gearsheels is mounted.

Number of revs. at driving end of the wormgear abt. 8.

d) Handpump, drg. 833.967

Mr. Fojas agrees with I.E.C.'s standard pump, i.e. however the pump-casing to be made in 2 parts according to the Specification.

Amsterdam, September 14, 1961.

Countersigned

for P.W.D.

a/ A. P. Fojas
t/ (Mr. A. P. Fojas)

Countersigned

for I.E.C.

a/ J. H. Donkers
t/ (Mr. J. H. Donkers)

a true copy:
/ast

February 14, 1962

Mr. Agapito T. Alano
Acting Director of Public Works
Dept. of Public Works & Communications
Bureau of Public Works
Manila, Philippines

Dear Sir:

Re: Loan #290-PH

*NRK files
see memo
Jan 30
(7-1-62)*

We acknowledge receipt of your letter of January 30th, 1962, with which you enclosed the reports listed hereunder, relative to the above loan, covering the period October 1, 1961 to December 31, 1961.

1. Narrative Report of the IBRD Projects.
2. Status of Projects Financed by IBRD Loan.
3. Report on Dredging Accomplishment.
4. Report on Receipts and Expenditures of the Portswork Fund.

Yours sincerely,



H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

AFGeolot/q

* Mr. Wubnig
Mr. Lowdon

*Memorandum to Ellicott
letters*

ROUTING SLIP	Date <i>February 9th 1962</i>
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NAME	ROOM NO.
<i>Mr. v. Helden</i>	<i>408</i>
<i>Mr Rowdon</i>	

To Handle	Note and File
Appropriate Disposition	Note and Return
Approval	Prepare Reply
Comment	Per Our Conversation
Full Report	Recommendation
Information	Signature
Initial	Send On

REMARKS

*Mr. Aruso brought these in
at as I left. I told him
we would study them but could
take no official action until
the PWD had replied to our
letter of January*

From *J. Rowdon*

PH-270

ELLICOTT MACHINE CORPORATION

CABLE ADDRESS
ELLICOTT BALTIMORE



ESTABLISHED
1885

1600 BLOCK OF BUSH STREET

BALTIMORE 30, MARYLAND, U. S. A.

IN REPLY PLEASE REFER TO FILE

E-39412

February 5, 1962

Mr. Jose S. Arvisu, Head
D. P. W. C. Foreign Loan Office
Embassy of the Philippines
1617 Massachusetts Avenue, N. W.
Washington 6, D. C.

Reference: Proposed Contract for the Furnishing of One (1) Ellicott 20-inch Hydraulic Pipeline Dredge with Pipeline and Spare Parts to the Bureau of Public Works, Ports Development Program, I. B. R. D.

Dear Mr. Arvisu:

We are writing you with reference to our discussions in your office on Thursday, January 25, 1962, in connection with a number of questions received by you from Mr. Loudon of the International Bank for Reconstruction & Development, concerning the captioned contract. We would like to clarify these matters as follows:

- a. As indicated in a letter dated January, 1961 from Michael Baker, Jr., Inc. to the Secretary of Public Works & Communications in Manila, which letter has been made a part of their "Report on Survey of Existing and Proposed Dredging Equipment for a Nationwide Ports Development Program", also dated January, 1961, Mr. Walter H. Roberts has reviewed our contract specifications. He commented on certain parts of these specifications to which we replied with our letters of October 7 and November 3, 1961, addressed to the Director of Public Works in Manila, and of which copies are in your possession. The matters referred to in Mr. Roberts' letter of January, 1961 having been resolved, we believe that no further action is required on the part of Michael Baker, Jr., Inc. or of Mr. Walter H. Roberts, with respect to the captioned contract, until this contract becomes effective, at which time they will take up their active duties as consultants.
- b. We fully agree that the captioned contract should be amended to cover the additional equipment offered with our letter of November 3, 1961 and believe that this may be done most effectively by a Change-Order. We are

ELLICOTT DREDGES

ELLICOTT MACHINE CORPORATION

File No. E-39412

Sheet No. 2

Date February 5, 1962

To Mr. Jose S. Arvisu, Head
D. P. W. C. Foreign Loan Office
Embassy of the Philippines
Washington, D. C.

enclosing four (4) copies of a proposed Change-Order, entitled "CHANGE-ORDER NUMBER ONE", dated February 5, 1962, which, if acceptable, may be attached to the captioned contract and executed at the same time.

- c. Paragraph number 1 of Section I of the captioned contract outlines the rights of the Purchaser to appoint two (2) inspectors to supervise the construction of the dredge and pipelines. We are pleased to confirm that we will not interpret this provision as precluding inspections as contemplated by this Section I by the dredge design consultant of Michael Baker, Jr., Inc., even if he is not appointed as an inspector as provided in Paragraph 1 under this Section I.
- d. Paragraph number 2 under Section 8 has been included by mutual agreement in the captioned contract as a result of negotiations carried out by us with your Department in Manila. A similar clause is contained in Ellicott's contract with your Department for the design, manufacture and delivery of an identical 20-inch dredge and equipment for the International Port of Manila, which is being financed under a loan agreement with the Eximbank. This clause does not in any way intend to prejudice the matter of additional manufacturing costs, but simply recognizes the right of the contractor to approach the proper authorities of the Philippines. In view of these facts, we believe that this clause should be retained in the captioned contract.
- e. Concerning Paragraph number 1 of Section U of the captioned contract, we wish to confirm that the "option" of your Government as provided therein to purchase another identical dredge is available to your Government in accordance with said paragraph regardless of the source of the funds used for the procurement thereof. In view of this undertaking on our part, we believe that it is in the best interest of your Government to retain Paragraph number 1 of Section U in the captioned contract.

We hope this information will clarify these questions to your satisfaction.

Very truly yours,

ELLICOTT MACHINE CORPORATION

Herbert P. Buré
Division Sales Manager

HPB:ndd
Enclosures

February 5, 1962

CHANGE-ORDER NUMBER ONE

pursuant to Clause G, "ALTERATIONS", of the Agreement dated _____, 1962, between the Republic of the Philippines, therein and hereinafter referred to as the PURCHASER, and Ellicott Machine Corporation, therein and hereinafter referred to as the BUILDER.

A. The PURCHASER hereby orders and requests the following changes in Annex A attached to said Agreement:

1. The following additional special tools and testing equipment for the main diesel engine shall be furnished:

One (1) set of special testing equipment for the Enterprise diesel engines for driving the dredging pump, and including one (1) cylindrical pressure indicator; one (1) fuel pump and nozzle test stand; one (1) geared torque wrench; and one (1) complete valve griader.

2. The following additional spare parts for the floating discharge pipeline shall be furnished:

a. Ten (10) sets of spares for one (1) 25 foot length of floating pipe, including four hundred (400) bolts and nuts, 1-inch by 4-inch, and twenty (20) gaskets, 20-inch inside diameter, 1/8 inch thick.

b. Ten (10) sets of spares for 20-inch inside diameter flanged ball joints, including sixty (60) eye bolts, with nuts, washers and cotters; sixty (60) hinge pins with cotters; and six (6) molded rubber gaskets.

3. The following additional set of special cutter sheaths shall be furnished:

One (1) set of chrome-nickel-molybdenum cast steel cutter sheaths with integral cast spike teeth, suitable for mounting on the Ellicott cutter furnished with this 20-inch dredge, for digging special compacted materials.

B. The PURCHASER hereby agrees that the additional cost to the PURCHASER arising from the furnishing of the above described additional equipment shall be NINE THOUSAND SIX HUNDRED EIGHTY-NINE U. S. DOLLARS (\$9,689.00), that the U. S. dollar portion of the contract price stated in Clause D of said Agreement shall be increased by an amount of US\$9,689.00, that the sum payable and the payment terms of the U. S. dollar portion of the contract price, as stated in Paragraphs 1 and 2 of Clause E of said Agreement shall be deemed to be amended accordingly and that the payment of said additional US\$9,689.00 shall be made in full at the time that the final payment specified under Paragraph 1b(7) of said Clause E is payable.

This Change Order Number One, upon being executed on behalf of the Republic of the Philippines and on behalf of Ellicott Machine Corporation shall be deemed to be in full force and effect and to be binding upon the PURCHASER and the BUILDER on and after the _____ day of _____, 1962 and shall be deemed to modify said Agreement, dated _____, 1962, in the respects set forth above and in no other respects.

BUREAU OF PUBLIC WORKS
DEPARTMENT OF PUBLIC WORKS
AND COMMUNICATIONS OF THE
REPUBLIC OF THE PHILIPPINES

ELLICOTT MACHINE CORPORATION

BY:

BY:

Director of Public Works

WITNESS:

WITNESS:

APPROVED:

CONCURRED IN:

Secretary of Public Works
and Communications

ELLICOTT MACHINE CORPORATION

CABLE ADDRESS
ELLICOTT BALTIMORE



ESTABLISHED
1885

1600 BLOCK OF BUSH STREET
BALTIMORE 30, MARYLAND, U. S. A.

IN REPLY PLEASE REFER TO FILE E-39412

December 15, 1961

The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

Reference: Proposed Agreement to Build and Deliver One (1)
20-inch Hydraulic Pipeline Dredge with Floating and
Shore Pipeline and Spare Parts, dated July 25, 1961

Subject: Request for Favorable Consideration for Additional
Manufacturing Costs

Dear Mr. Bautista:

On July 26, 1961 we submitted to the Secretary to the Department of Public Works and the Director of the Bureau of Public Works a set of drafts of the proposed agreement to build and deliver one (1) 20-inch hydraulic pipeline dredge and equipment. This draft agreement, dated July 25, 1961, was based on our existing agreement, dated October 6, 1960, which covers the manufacture and delivery of a 20-inch dredge and equipment of identical specifications and performance. However, as explained in our letter of July 26, 1961, reference E-39412, the contract prices of the draft agreement show an overall price increase of eight per cent (8%) of both the U. S. dollar and the Philippine peso portions.

It may be recalled that the existing agreement of October 6, 1960 contains a clause under Item S. 2, reading as follows:

"That the BUILDER, although maintaining the firm price in accordance with the letter of May 4, 1960, reserves the right to approach the proper authorities of the Philippines to request favorable consideration for additional manufacturing costs resulting

ELLICOTT DREDGES

To The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

"from increase in costs of labor and materials incurred after
May 4, 1960."

We now have the honor to request your favorable consideration for such overall price increase of eight per cent (8%) which represents the additional manufacturing costs resulting from increases in costs of labor and materials, incurred after May 4, 1960, up to and until this date of writing.

As regards the manufacturing costs in the United States, as represented by the U. S. dollar portion of the contract price, it has been necessary for Ellicott Machine Corporation to raise their overall wage standards twice between May 4, 1960 and this date of writing, by three per cent (3%) each time. This amounts to an overall wage increase of approximately six and one-tenth per cent (6.1%) over this period.

A careful sampling of our manufacturing records between May 4, 1960 and this date of writing has also shown an increase in the cost of materials for dredges and dredging machinery of identical type manufactured repeatedly during this period of time of approximately ten and seven tenths per cent (10.7%). We have, therefore, established that the overall increase in cost of manufacture at Ellicott's plants between May 4, 1960 and this date of writing, amounts to eight per cent (8%).

Because of the particular nature of our proposed agreement for the manufacture and delivery of one (1) 20-inch hydraulic pipeline dredge and equipment, which calls substantially for the supply of the machinery components from the United States, together with the structural steel and materials and prescribes the final manufacture, erection, assembly, installation and all other work required to make the complete dredging equipment by our licensees in the Philippines, the peso portion of the contract price is essentially a factor of the cost of labor at the plant of our Philippine licensees, the Atlantic, Gulf & Pacific Company of Manila, Inc., with appropriate adjustment for the supply of some locally available materials.

Our licensees in the Philippines have advised us that the cost of labor at their manufacturing plants has been increased by an overall percentage of eleven per cent (11%) during the period starting May 4, 1960 and until this date of


To The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

writing. However, our licensees have agreed to settle for an overall increase in the peso portion of the contract price of eight per cent (8%) for this period of time.

In view of these facts, we request your approval of the contract prices as stated in our draft agreement of July 25, 1961, which represent an overall increase of eight per cent (8%) over the prices established on May 4, 1960. We understand that you have arranged for the financing of the purchase price of this 20-inch dredge and equipment under a loan agreement between your Government and the International Bank for Reconstruction and Development, and are pleased to confirm that we are fully prepared to finalize the agreement for the manufacture and delivery of this 20-inch dredge and equipment with your Government on the basis of our draft agreement of July 25, 1961 and proceed with the manufacture promptly after such agreement has been perfected.

Very truly yours,

ELLICOTT MACHINE CORPORATION



Richard E. Bowe
Secretary

HPB:ndd

ROUTING SLIP

Date
Feb 12

NAME

ROOM NO.

(1) Mr Rigby

6 -A 19

and

(2) ~~Mr Wiehen~~

10 A 14

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Philippine Dredge

Michael -

I have retained a duplicate copy of the Signatures - in the event a Withdrawal Application arrives before I receive a photostat
Johnny Rigby

From

O. Dajany Room 618

145.34 - Judges

4

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

February 5, 1962

The International Bank for
Reconstruction and Development
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement
No. 290-PH

Gentlemen:

As mentioned in our letter of January 23, 1962, we are furnishing you herewith the specimen signatures of Honorable PAULINO CASES (usual signature, P. T. CASES) and the undersigned, RAFAEL CONTRERAS (usual signature, R. M. CONTRERAS) Acting Secretary and Undersecretary of the Department of Public Works and Communications, respectively.

Very truly yours,


R. M. CONTRERAS
Undersecretary

Encl.: As stated

145.34

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

January 23, 1962

The International Bank for
Reconstruction and Development
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement
No. 290-PH

Gentlemen:

In connection with the implementation of Loan Agreement No. 290-PH entered into by and between The International Bank for Reconstruction and Development and the Republic of the Philippines represented by the Department of Public Works and Communications, I have the honor to submit herewith certified true copies of the designations of Honorable PAULINO CASAS (usual signature, P. T. CASAS) and Honorable RAFAEL CONTRERAS (usual signature, R. M. CONTRERAS) as Acting Secretary and Undersecretary of this Department, respectively.

All papers and documents relative to the above-mentioned loan agreement will be signed and/or approved as the case maybe by P. T. CASAS, Acting Secretary or R. M. CONTRERAS, Undersecretary, effective January 16, 1962.

The specimen signatures of the above-mentioned Officials will be furnished that Bank as soon as same are authenticated by the Secretary of Foreign Affairs.

Very truly yours,

(SGD) R. M. CONTRERAS
Undersecretary

Encl.: As stated.



L-RJ/alc

a true copy:

Republic of the Philippines
Department of Foreign Affairs
OFFICE OF THE SECRETARY

To Whom It May Concern:

This is to certify that the signatures appearing hereunder are the usual signatures of the following Government officials:

<u>Name</u>	<u>Position</u>	<u>Usual Signature</u>
1. P. T. CASES	Acting Secretary of Public Works and Communications	
2. R. M. CONTRERAS	Undersecretary of Public Works and Communications	

This certification is made in connection with the implementation of the loan agreement by and between the Republic of the Philippines and the International Bank for Reconstruction and Development, dated July 26, 1961 for acquisition of dredges and construction of shipway and workshop for the repair of dredges.

In witness whereof, I have this day affixed hereunder my signature and the seal of my Office.



EMMANUEL PELAEZ
Secretary of Foreign Affairs

Manila, January 24, 1962.

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

145,324-1220

January 23, 1962

The International Bank for
Reconstruction and Development
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement
No. 290-PH


Gentlemen:

In connection with the implementation of Loan Agreement No. 290-PH entered into by and between The International Bank for Reconstruction and Development and the Republic of the Philippines represented by the Department of Public Works and Communications, I have the honor to submit herewith certified true copies of the designations of Honorable PAULINO CASES (usual signature, P. T. CASES) and Honorable RAFAEL CONTRERAS (Usual signature, R. M. CONTRERAS) as Acting Secretary and Undersecretary of this Department, respectively.

All papers and documents relative to the above-mentioned loan agreement will be signed and/or approved as the case may be by P. T. CASES, Acting Secretary or R. M. CONTRERAS, Undersecretary, effective January 16, 1962.

The specimen signatures of the above-mentioned Officials will be furnished that Bank as soon as same are authenticated by the Secretary of Foreign Affairs.

Very truly yours,


R. M. CONTRERAS
Undersecretary

Encl.: As stated.

- 5/10

MALACANANG
MANILA

January 16th
1962

Sir :

Pursuant to the provisions of Article VII, Section 10, paragraph (4), of the Constitution, and of existing laws, you are hereby appointed, ad interim, Undersecretary for Public Works.

By virtue hereof, you may qualify and enter upon the performance of the duties of the office, furnishing this Office and the Civil Service Commission with copies of your oath.

Very truly yours,

(S) FLORENDO MAC-PAGAL
President of the Philippines

Mr. Rafael Contreras
Through the Secretary of Public
Works and Communications
Manila

True copy/lvv

RECEIVED TRUE COPY.

J. C. GARCIA
Records Office
Department of Public Works and Communications

January 16, 1962

Mr. J. A. Buendia
Director of Public Works
Bureau of Public Works
Manila
Philippines

Dear Sir:

Philippines Dredge Project - Loan 290-PH

1. We refer to your two letters dated December 7, 1961 and enclosures, one dealing with the above project generally, the other with the 20-in. cutter dredge. These two letters, which reply to our letter of October 4 and reminding telegram and letters of November 13, 22 and 30, 1961 were not received in the Bank until December 29, 1961. Your letter dated January 2, 1962 now received also deals with these matters.

2. Referring to the paragraph numbers of our letter of October 4, as also used in your general letter of December 7, we would like to make the following comment:

Para. 2(a) We acknowledge the receipt of the final version of the dredging program.

(b) (i)

We note that your contract with Michael Baker, Jr., Inc. covers inspection by a dredge design consultant during building and presume that the consultant will accordingly be Mr. W. E. Roberts. We shall be glad if you will inform us of the number of visits which you are arranging for by Mr. Roberts to make and their approximate timing, (a) to IHC and (b) in due course to the yard of the builder of the 20-in cutter dredge.

(ii) Item J, Paragraph 7 of the IHC contract appears to refer to the supply by IHC of dredge engineers and dredge masters, i.e., the men referred to in Paragraph 3 of Mr. Moreno's letter of July 26, 1961, not the qualified persons to advise on the operation and maintenance of the dredging equipment and on the operation of the slipway and workshop dealt with in Paragraph 2 of the same letter, to whom our letter of October 4 referred.

January 16, 1962

It would appear important that the persons who will advise on dredge operation and maintenance should begin their work without delay. Will you kindly let us know what arrangements you propose to make in this respect and send us details of the qualifications of the men proposed to be appointed, and the suggested terms for their employment as soon as the information becomes available.

- (iii) We are unable to relate the matters dealt with in Annexes "B" and "C" enclosed with your letter to the recommendations regarding the IHC craft made by Mr. Roberts in his report of January 1961. This may be because, as far as we can trace, we have not received a copy of the report on Mr. Roberts' discussions with IHC in September 1961 referred to in Michael Baker's letter to you dated October 5, 1961. Will you please send us a copy of this by return mail?
- (iv) We note that you are arranging with Michael Baker, Inc. to review the designs and specifications of the slipway. Will you please inform us if these arrangements have been finalized and, if so, let us have a copy of the terms of reference you propose to give them in this matter?

3. We note that you have requested the Ellicott Machine Corporation to substantiate their claim for an 8% increase in the contract price for the 20-in. cutter dredge, but as of *January 2* had not yet received a reply. We suggest that you press for this information, since as indicated in the last paragraph of our letter of November 30, 1961, we feel that no final commitment should be entered into regarding this item until the Bank has had an opportunity of reviewing the detailed justification for the price increase.

4. We make the following comment regarding the general terms of the draft agreement for the supply of the 20-in. cutter dredge (i.e., disregarding the question of price, which we will deal with when the information referred to in the preceding paragraph is received):

- (a) We believe that Mr. Roberts examined and concurred in the terms of the agreement. Will you kindly confirm that this was the case?
- (b) We suggest that either the document should be amended to cover the carrying out of the construction changes recommended by Mr. Roberts and referred to in Messrs. Ellicott's letters of October 7 and November 3, 1961, or a change order covering the work should be signed and issued simultaneously with the signing of the contract.
- (c) We suggest that it should be made clear that Paragraph 1, Section I. does not preclude visits by the dredge design consultant during building.

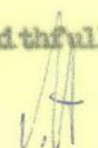
Mr. J. A. Buendia
Director of Public Works

- 3 -

January 16, 1962

- (d) It is felt that Paragraph 2, Section 8 does not serve any useful purpose and might preferably be omitted.
- (e) Paragraph 1, Section U appears no longer applicable and we suggest that it should be deleted.

Yours faithfully,


H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

g
JWLowdon mcw

cc: Mr. J. S. Arvisu
Philippine Foreign Loan Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

Cleared with and cc: Mr. O. Dajany and Mr. M. H. Wiehen

MICHAEL BAKER, JR., INC.

THE BAKER ENGINEERS
BRANCH OFFICES
JACKSON, MISSISSIPPI
HARRISBURG, PENNSYLVANIA



Consulting Engineers · Planners · Surveyors

BAKER BUILDING · ROCHESTER, PENNSYLVANIA
SPRUCE 4-3010

January 15, 1962

Mr. Dajany *HS*
Operational Files

J
12/12/62

International Bank for Reconstruction
and Development
1818 H Street
Washington, D.C.

Attention: Mr. James Lowdon

Gentlemen:

We have been asked by the Bureau of Public Works, Republic of the Philippines, to submit a proposal to extend our consulting services under 290 PH loan in connection with the design of the marine slipway and work shop. In accordance with this request to us, we propose to offer the following services:

- (a) Review of the design, plans and specifications for the structures, tools, equipment and machinery.
- (b) Assist in the preparation of the modified plans and specifications, if any.
- (c) Assist in the review and evaluation of the bids for the structures, tools, equipment and machinery.
- (d) Provide attendant technical inspection services.

We have served as the consultants on similar projects in Saudi Arabia and many in the United States and in accordance with my discussion with you on January 9, we are submitting the qualifications of two of our specialists for your information that we would propose to use on this project.

Joseph G. McCaw, Structural Engineer
Born: 19 April 1920
Education: Geneva College - B.S.
Mr. McCaw is a Registered Professional Engineer in the State of Pennsylvania (5572E) and has been employed by Michael Baker, Jr., Inc. since September 29, 1951.

MICHAEL BAKER, JR., INC.

Mr. James Lowdon
Page 2
January 15, 1962

He served as a Project Engineer on the design and construction of the Jeddah Pier Development including marine slipway, work shops, warehouses, and causeway; a River-Rail Terminal for the Monongahela Terminals Corporation a handling and storage facility consisting of 35 acres including repair shops and rail services; and many other similar projects in various ports in the United States.

He also served as our Tunnel Engineer on major tunnel projects such as the Fort Pitt Tunnel and the Allegheny Mountain Tunnel on the Pennsylvania Turnpike.

Raymond L. Budnik, Electrical Engineer

Born: 9 August 1925

Education: University of Pittsburgh - B.S.E.E.

Columbia University - M.S.E.E.

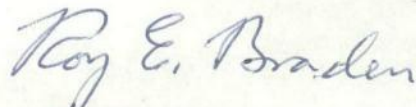
Mr. Budnik has been employed by Michael Baker, Jr., Inc. since 1949 and has served as the Chief Electrical Engineer on projects such as: Power Plant development including distribution systems; lighting and controls for turnpikes, airports (civil and military) tunnels, industrial plants, schools and hospitals; and marine slipway and repair shops in Saudi Arabia and the United States.

In connection with the above subject loan, we wish also to advise you that our Mr. Walter H. Roberts is available for further visits to the dredge builders facilities upon request by you through the Bureau of Public Works.

Please feel free to contact us at any time for information or any assistance that we might offer.

Sincerely yours,

MICHAEL BAKER, JR., INC.



Roy E. Braden
Vice President

4/19

085,5- Bridge

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

RECEIVED 1/12/62
ACKNOWLEDGE

January 2, 1962

International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
U. S. A.

Attention: Mr. H. J. van Helden
Chief, Transportation Division

Mr. London
Mr. Higgins
1/18

Gentlemen:

In reply to your letter of November 30, 1961, requesting information concerning the 20-inch cutter suction dredge proposed to be constructed by the Ellicott Machine Corporation, we would like to inform you that we have not yet received the documents referred to in the second paragraph of your letter regarding the request of Messrs. Ellicott for a 15% increase on the original cost of a similar dredge we will acquire from them through the Ex-Im Bank. Also, we have not received the letter of Ellicott dated November 3, 1961, giving the estimates of the cost of the modifications suggested by Mr. Roberts. Therefore, we have requested Mr. Arvisu on even date to furnish us copies of these documents so that we can study the matter.

Under our letter of December 7, 1961, we forwarded to IBRD for comment the draft of the proposed agreement and correspondence relative thereto sent to us by the Ellicott Machine Corporation involving an increase in price by 8% over their original offer on the 20-inch dredge.

The information requested in paragraph 2 of your letter of October 4, 1961, has been included in our reply dated December 7, 1961.

Very truly yours,

Julian A. Buendia
JULIAN A. BUENDIA
Director of Public Works

EAB/jpg

- Copy Furnished:
1. The Secretary of Public Works and Communications
Manila
 2. Mr. Jose S. Arvisu
C/O Philippine Embassy
Washington, D. C.
U. S. A.

RECEIVED
BANK MAIL ROOM

1962 JAN 12 AM 10:33

COMMUNICATIONS SECTION

DIRECTOR OF AIR MAIL
UNITED STATES AIR FORCE

ATTENTION: AIR MAIL

Enclosed for you are two copies of the report of the investigation conducted by the Department of the Air Force on January 10, 1962.

The report contains information regarding the activities of the Communist Party, USA, in the United States Air Force. It is requested that you review this information and advise the appropriate authorities of any action that may be warranted.

The report also contains information regarding the activities of the Communist Party, USA, in the United States Air Force. It is requested that you review this information and advise the appropriate authorities of any action that may be warranted.

Sincerely,
[Signature]

UNITED STATES AIR FORCE
COMMUNICATIONS SECTION

1962 JAN 12 AM 10:33
COMMUNICATIONS SECTION

JAN 12 1962

UNITED STATES AIR FORCE

COMMUNICATIONS SECTION

The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

writing. However, our licensees have agreed to settle for an overall increase in the peso portion of the contract price of eight per cent (8%) for this period of time.

In view of these facts, we request your approval of the contract prices as stated in our draft agreement of July 25, 1961, which represent an overall increase of eight per cent (8%) over the prices established on May 4, 1960. We understand that you have arranged for the financing of the purchase price of this 20-inch dredge and equipment under a loan agreement between your Government and the International Bank for Reconstruction and Development, and are pleased to confirm that we are fully prepared to finalize the agreement for the manufacture and delivery of this 20-inch dredge and equipment with your Government on the basis of our draft agreement of July 25, 1961 and proceed with the manufacture promptly after such agreement has been perfected.

Very truly yours,

ELLCOTT MACHINE CORPORATION

(SGD.) Richard P. Bowe
Secretary

RPB;ndd

bcc: Mr. Jose Arvisu, Engineer, Washington, D. C.

office copies only

cc: Atlantic, Gulf & Pacific Company, Manila
Robert G. Holbrook, Esq., Washington

True Copy/jpg
2/20/62

The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

"from increase in costs of labor and materials incurred after
May 4, 1960."

We now have the honor to request your favorable consideration for such overall price increase of eight per cent (8%) which represents the additional manufacturing costs resulting from increases in costs of labor and materials, incurred after May 4, 1960, up to and until this date of writing.

As regards the manufacturing costs in the United States, as represented by the U. S. dollar portion of the contract price, it has been necessary for Ellicott Machine Corporation to raise their overall wage standards twice between May 4, 1960 and this date of writing, by three per cent (3%) each time. This amounts to an overall wage increase of approximately six and one-tenth per cent (6.1%) over this period.

A careful sampling of our manufacturing records between May 4, 1960 and this date of writing has also shown an increase in the cost of materials for dredges and dredging machinery of identical type manufactured repeatedly during this period of time of approximately ten and seven tenths per cent (10.7%). We have, therefore, established that the overall increase in cost of manufacture at Ellicott's plants between May 4, 1960 and this date of writing, amounts to eight per cent (8%).

Because of the particular nature of our proposed agreement for the manufacture and delivery of one (1) 20-inch hydraulic pipeline dredge and equipment, which calls substantially for the supply of the machinery components from the United States, together with the structural steel and materials and prescribes the final manufacture, erection, assembly, installation and all other work required to make the complete dredging equipment by our licensees in the Philippines, the peso portion of the contract price is essentially a factor of the cost of labor at the plant of our Philippine licensees, the Atlantic, Gulf & Pacific Company of Manila, Inc., with appropriate adjustment for the supply of some locally available materials.

Our licensees in the Philippines have advised us that the cost of labor at their manufacturing plants has been increased by an overall percentage of eleven per cent (11%) during the period starting May 4, 1960 and until this date of

CABLE ADDRESS:
Ellicott Baltimore

ELLICOTT MACHINE CORPORATION
1600 Block of Bush Street
Baltimore 30, Maryland, U. S. A.

ESTABLISHED:
1885

In reply please refer to file E-39412

December 15, 1961

The Honorable Marciano D. Bautista
Acting Secretary to the
Department of Public Works &
Communications
Government of the Republic of the
Philippines
Manila, Philippines

Reference: Proposed Agreement to Build and Deliver One (1)
20-inch Hydraulic Pipeline Dredge with Floating and
Shore Pipeline and Spare Parts, dated July 25, 1961

Subject: Request for Favorable Consideration for Additional
Manufacturing Costs

Dear Mr. Bautista:

On July 26, 1961 we submitted to the Secretary to the Department of Public Works and the Director of the Bureau of Public Works a set of drafts of the proposed agreement to build and deliver one (1) 20-inch hydraulic pipeline dredge and equipment. This draft agreement, dated July 25, 1961, was based on our existing agreement, dated October 6, 1960, which covers the manufacture and delivery of a 20-inch dredge and equipment of identical specifications and performance. However, as explained in our letter of July 26, 1961, reference E-39412, the contract prices of the draft agreement show an overall price increase of eight per cent (8%) of both the U. S. dollar and the Philippine peso portions.

It may be recalled that the existing agreement of October 6, 1960 contains a clause under Item S.2, reading as follows:

"That the EUILDER, although maintaining the firm price in accordance with the letter of May 4, 1960, reserves the right to approach the proper authorities of the Philippines to request favorable consideration for additional manufacturing costs resulting

ELLICOTT DREDGES

Authorization

ROUTING SLIP		Date 1 2. 62
NAME		ROOM NO.
Mrs Wiehen		10 A14
To Handle		Note and File
Appropriate Disposition		Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
Information		Signature
Initial		Send On
REMARKS		
I have retained Form 324 Estimate of Withdrawals"		
From Johnny R. [Signature]		

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

2555 Dredge
RECEIVED 12/29/61
ACKNOWLEDGE -----

December 12, 1961

International Bank for Reconstruction
and Development
1818 H Street N. W.
Washington 25, D. C.
U. S. A.

Reference: Loan Agreement No. 290 PH
(Dredging Project)

Gentlemen:

Pursuant to the provisions of Article VIII, Section 8.02 of the Loan Regulations No. 3 dated February 15, 1961, we are transmitting herewith the evidence of authority of the persons whose specimen of signatures we have submitted to you and who will handle all matters relative to the implementation of our Loan Agreement No. 290 PH.

Enclosed also, in duplicate, is Form No. 324 (10-58), Quarterly Report of Estimated Withdrawals, properly accomplished as per your letter of September 7, 1961, regarding withdrawal procedures.

Please acknowledge receipt hereof.

Very truly yours,

Julian A. Buendia
JULIAN A. BUENDIA
Director of Public Works

Encl.: As stated.
NMV/sct

COPY FURNISHED:

1. The Secretary of Public Works and Communications
Manila
2. Mr. Jose S. Arvisu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Avenue, N.W.
Washington, D. C.

Retained
J. Rigby
1.2.62.

Mr. J. Rigby
12/29
Mr. Wehen
1.2.62

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

November 28, 1961

International Bank for
Reconstruction and Development
Washington 25, D.C.
U. S. A.

Reference: Loan Agreement No. 290 PH
(Dredging Project)

Gentlemen:


In compliance with the provisions of Article VIII, Section 8.02 of Loan Regulation No. 3 dated February 15, 1961 of the above-named Loan Agreement entered into by and between the International Bank for Reconstruction and Development and the Republic of the Philippines for dredging project, it is informed that all matters concerning the implementation of the credit agreement will be handled by Mr. Julian Buendia, Director of the Bureau of Public Works. In the event that the Director of Public Works is absent, incapacitated, retired, or otherwise cannot perform his duties, Mr. Agapito T. Alano will assume the said duties. In case similar event prevents the latter from discharging his duties, Mr. Jose A. Cruz will assume the same, subject to the approval of the Secretary of Public Works and Communications or in his absence the Undersecretary of Public Works.

The specimen of signatures of the persons mentioned above had already been submitted to that Bank.

Very truly yours,

FLORENCIO MORENO
Secretary

By:


M. D. BAUTISTA
Undersecretary

L-RJ/alc

085.5

23
12/20

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

Quint...
12/16
Mr. Lowden
Mr. Sugmans

December 7, 1961

The International Bank for Reconstruction
and Development
1818 H Street N.W.
Washington 25, D.C.
U. S. A.

RECEIVED--12/29/61
ACKNOWLEDGE *Jan 15*

12/29

Reference: Loan Agreement No. 290 PH
(Dredging Project)

Gentlemen:

We are forwarding herewith for your comment the draft of the proposed agreement to be entered into by and between the Ellicott Machine Corp. of Maryland, U. S. A., and the Republic of the Philippines for the manufacture and delivery of one (1) 20-inch hydraulic pipeline dredge, accessories, and spare parts. Attention is invited to the fact that the prices appearing therein are higher by 8% than those in our first contract with the manufacturing firm for a similar dredge.

The increase in prices was due allegedly to the increase in the cost of materials and labor since May 4, 1960. However, we have requested said firm through their representative, the Atlantic Gulf and Pacific Company, to substantiate their claim, but to date we have not heard from them.

We are also enclosing herewith a copy of the letter dated June 13, 1961, of the Ellicott Machine Corporation regarding this increase in prices as well as a copy of their letter dated July 26, 1961, regarding the draft of the proposed agreement.

Very truly yours,

Julian A. Buendia
JULIAN A. BUENDIA
Director of Public Works

Encl.: As stated.

NMV/sct

- COPY FURNISHED:
1. The Secretary of Public Works and Communications
Manila
 2. Mr. Jose S. Arvisu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Avenue, N.W.
Washington, D.C.

RECEIVED
BANK MAIL ROOM

1961 DEC 28 PM 3:23

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RECEIVED

ELLICOTT MACHINE CORPORATION
Baltimore 30, Maryland, U.S.A.

June 13, 1961

Dear Mr. Moreno:

Reference: Agreement to Build and Deliver One (1)
20-inch Hydraulic Pipeline Dredge, With
Floating and Shore Pipeline and Spare Parts
dated December 9, 1960

We are writing you at this with reference to our agreement of December 9, 1960 for the manufacture and delivery of one (1) 20-inch hydraulic pipeline dredge, with floating and shore discharge pipeline and spare parts, and would like to make particular reference to Clause S2.

In accordance with Clause E1(a), the initial payment was to be made within thirty (30) days of the signing of the agreement, and in accordance with Clause E2, the letter of credit was to be established within thirty (30) days after perfection of this agreement. We fully realize that it has not, so far, been possible for your Department to check either the initial payment or the establishing of the letter of credit, and that it is your intention to do so as soon as conditions permit, which may be expected to take place within the next several weeks.

However, in view of the fact that the contract price stated in Clause D of our agreement was established on the basis of our letter of May 4, 1960, and considering further that the period of construction, which has not yet been started, will be fifteen (15) months from date of acceptance by us of the letter of credit, we wish to advise you that we must reserve the right to request your approval for an overall price increase of eight per cent (8%) of both the Dollar and Peso portions of the contract price, if this letter of credit would not have been accepted by us on or before July 15, 1961.

This request is prompted by the fact that an increase in the cost of labor and materials has already taken place since May 4, 1960, and that substantial further increases in these costs are fully expected during the construction period of fifteen (15) months, subsequent to the date of acceptance of the letter of credit.

Very truly yours,

ELLICOTT MACHINE CORPORATION

By (SGD.) ALLAN W. MUND
ALLAN W. MUND

The Hon. Florencio Moreno
Sec. to Dept. of Pub. Works & Comm.
Republic of the Philippines, Manila, Philippines
a true copy: sct.

President

ELLICOTT MACHINE CORPORATION

Cable Address
Ellicott Baltimore

Established
1885

1600 Block of Bush Street
Baltimore 30, Maryland, U. S. A.

In Reply Refer to File E - 39412

July 26, 1961

Dear Mr. Moreno:

With further reference to the discussions which our Mr. Elijah Rinehart, Jr. had with you and Director Julian Buendia on Tuesday morning, July 25, 1961, we are pleased to enclose a draft of our proposed Agreement to build and deliver one (1) 20-inch hydraulic pipeline dredge with floating and shore pipeline and spare parts, which dredge is to be a duplicate of the 20-inch dredge and equipment which we are to build for your Department in accordance with our Agreement dated December 9, 1960, and which was included in your loan agreement with the Export-Import Bank of Washington, D. C.

We are pleased to learn that your new loan agreement with the World Bank has now been finalized, and understand that this loan agreement includes the procurement of this second 20-inch hydraulic pipeline dredge with equipment, which you are awarding to us as a result of the worldwide public bidding conducted by your Department in May, 1960 and subsequently approved by the World Bank.

Since this second 20-inch dredge and equipment which you would award to us is to be identical to the other 20-inch dredge for which the contract was signed in December, 1960, and based on the same specifications, we believe that our proposed Agreement should also be a duplicate of the Agreement which was concluded in December, 1960 as far as applicable.

The enclosed Agreement, therefore, is an exact copy of the signed contract of December, 1960, with the following exceptions:

1. The contract price stated in Paragraph D and the amounts stated in the payment terms in Paragraph E on pages 5, 6, 7 and 8 have been adjusted in accordance with our letter of June 13, 1961 which was presented to you by our authorized representatives for the Philippines, Atlantic, Gulf & Pacific Company of Manila, Inc.
2. Paragraph E, Item 2 on Page 8 has been modified slightly to delete the reference made in the earlier contract to your loan agreement with the Export-Import Bank of Washington. We do not believe that any specific reference needs to be made at this time to your loan agreement with the World Bank.

ELLICOTT DREDGES

To The Honorable Secretary Moreno
Government of the Philippines
c/o DuPont Plaza Hotel
Washington, D. C.

3. Paragraph S, Item 2 on Page 26 has been slightly modified to include reference not only to our letter of May 4, 1960 but also to our recent letter of June 13, 1961. It is understood that the prices stated in this new Agreement will be maintained firm after July 15, 1961, subject to the provision of this clause S2.
4. The total amount of the Performance Bond stated in Paragraph T on Page 26 has been adjusted upward in accordance with the adjusted prices.
5. The original Paragraph U of our Agreement of December, 1960 which was based on Eximbank financing entitled "Overseas Shipments", has been deleted in its entirety, since, to our best knowledge, the World Bank does not impose any restrictions on shipping of equipment procured under its loan agreements from country of manufacture to country of destination.
6. The wording of Paragraph U, which is equivalent to Paragraph V of our Agreement of December, 1960, has been slightly modified to replace the words "Export-Import Bank of Washington" with the words "International Bank for Reconstruction and Development".

We would be very pleased indeed to have an opportunity to discuss this proposed Agreement with you in the next few days in Washington at your convenience and hope that we may have the pleasure of finalizing this important contract with your Department in the very near future.

Very truly yours,

ELLICOTT MACHINE CORPORATION

s/ Herbert P. Bure
t/ Herbert P. Bure
Division Sales Manager

HPB:ndd
The Honorable Secretary
Florencio Moreno
Secretary to the Department of
Public Works & Communications
Government of the Philippines
c/o DuPont Hotel
DuPont Plaza, Washington, D.C.

a true copy
/set

0855 Dredge

43
M/4

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

RECEIVED 12/29/61
ACKNOWLEDGE Jan 16

December 7, 1961

International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
U. S. A.

Delet met
Mr. Lowdon
Mr. Beymans
12/29

Attn.: Mr. H. J. van Helden
Chief, Transportation Division

Gentlemen:

In reply to your letter of November 22, 1961, regarding progress reports in connection with the Philippine Dredging Project-Loan 290-PH, we are submitting herewith the information asked for in Paragraph 2 of your letter of October 4, 1961, numbered in the order shown in said letter.

2.(a) Two copies of the final version of the dredging program with the corresponding explanatory notes are attached hereto as Annex "A".

(b)(i) We have a standing contract with Michael Baker, Jr., Consulting firm, whose services include inspection of the dredges to be built so as to insure quality of performance employed, materials, machinery and equipment. This falls under the scope of work of the dredge design specialist to be provided by said consulting firm.

Check
with B

(ii) We have a provision under Item J, Paragraph 7, in our contract with IHC Holland that they will send one or more qualified engineers on our request to advise us on the operation and maintenance of the equipment.

Not applicable

(iii) The change orders, copy attached as Annex "B" & "C", are now with our General Auditing Office, since some changes will involve additional cost.

Check
with B

(iv) The construction drawings of the slipway is being prepared. We are making arrangements with Michael Baker so that their consulting services will include review of the design and specifications of the slipway.

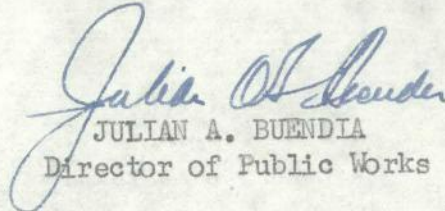
Check
with B

Dec 12

Regarding the 20-inch pipeline dredge, we are forwarding to you, under separate cover, the new proposal of Ellicott Machine Corporation of the U.S.A., which involves an increase in price amounting to 8%, not 15% as mentioned in your letter of November 30, 1961.

*Probably
8%*

Very truly yours,


JULIAN A. BUENDIA
Director of Public Works

Encl.: As stated.

Copy Furnished:

1. The Secretary of Public Works
and Communications
Manila
2. Mr. Jose S. Arvisu
Philippine Foreign Loan Mission Office
Philippine Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

RD/jpg

APPROVED DREDGING PROGRAM
AREAS OF HARBORS, DEPTH OF DREDGING AND VOLUME

PORT SITE	BACK LOG					MAINTENANCE			IMPROVEMENT			REMARKS
	Present Required Depth (Feet)	Former Required Depth (Feet)	Area (Sq.M.)	Average Depth of Cut (M.)	Volume (Cu.M.)	Area (Sq. M.)	Av. Yearly Shoaling Rate (M.)	Volume (Cu.M.)	Area	Average Depth of Cut	Volume	
1. Manila South Harbor	42	35	5,463,100	2.00	10,926,200 ^{11,700}	5,463,100	.30	1,638,930				Spoil for filling work
2. Manila North Harbor	25	20	1,495,000	3.70	5,531,500	1,495,000	.30	448,500				" " " "
Manila North Harbor Int. Port					4,876,150 10,408,150 ^{10,200}				2,709,200	1.80	4,876,560	Deepening Int. Port Spoil for filling work
3. Pasig River	20	20	310,000	1.50	465,000 ^{1,000}	310,000	.30	93,000				Const. entrance channel
Pasig River Channel	20	20			653,000 1,120,000				345,000	1.90	655,500	
4. Cebu	25-35	25-30	828,540	1.53	1,267,666 ^{2,200}	828,540	.30	248,562	840,000	.90	756,000	Widening channel
5. Iloilo	26	20	327,785	1.50	491,677 ⁵⁰⁰	327,785	.60	196,670				
6. Pulupandan	36	30	90,000	5.81	522,900 ⁶⁰⁰	90,000	.49	44,100				
7. Tacloban	25-30	20-25	4,245,000	.72	3,056,400 ^{3,400}	4,245,000	.30	1,273,500				Two entrances to be maintained
8. Catbalogan	25	25	142,300	2.94	418,362 ²⁰⁰	142,300	.30	42,690				
9. Davao	25-35	30	37,300	3.96	147,708 ²⁰⁰	37,300	.40	14,920				
10. Aparri	25-35	25	368,500	1.30	479,050 ³⁰⁰	368,500	.60	221,100				Current is swift needs wider channel
11. Butuan	20	20	291,000	1.17	340,470 ²⁰⁰	291,000	.40	116,400				Current is swift needs wider channel
12. Zamboanga	25-35	20-30	46,300	1.98	91,674 ¹⁰⁰	46,300	.40	18,520				
13. Calbayog	25	20	75,000	2.94	220,500 ²⁰⁰	75,000	.30	22,500				
14. Surigao	30	25	1,800	.36	648	1,800	.30	540				
15. Legaspi	30	30	68,330	1.47	100,445 ¹⁰⁰	68,330	.30	20,500				
16. Romblon	25	25	4,000	.74	2,960	4,000	.25	1,000				
17. Masbate	30	30	-	-	-	-	-	-				
18. Capiz	25	25	70,000	1.93	135,100 ¹⁰⁰	70,000	.29	20,300				
19. Iligan	25	25	12,300	3.30	40,590	12,300	.12	1,476				
20. Esteros & Rivers	10	10			700,000			300,000				
TOTAL					24,938,850			4,724,208			6,288,060	
SAY					24,939,000			4,724,000			6,288,000	

NOTE:

1. Dredge spoils from Manila South Harbor will be used for reclamation work in South Harbor.
2. Dredge spoils from Manila North Harbor will be used for reclamation work in North Harbor.
3. Dredge spoils from Pasig River will be used for reclamation work at mouth of Pasig River.

Republic of the Philippines
Department of Public Works and Communications
BUREAU OF PUBLIC WORKS
Manila

August 2, 1961

IHC Holland
The Hague, Holland
Through Neris Philippines, Inc.
Zamora Bldg., Manila Hotel
Manila

Attn.: Mr. W. Von Dem Hagen
Vice President

Gentlemen:

This is to inform you that the change order concerning the type of engines, dredging apparatus, electrical installation and deck auxiliaries to be installed on the dredges and attendant plant covered by the agreement entered into by your principal, IHC Holland, and the Philippine Government, is hereby accepted.

The modifications covered by this Change orders are enumerated hereunder:

A. FOR THE 1000 Cuyd. SEAGOING HOPPER DREDGE

(1) All auxiliary engines will be Lister Blackstone engines instead of those engines whose makes were originally specified. (Change to be entered under "Machinery").

(2) Dredge pumps to be identical and will rotate in the same direction. (To be added under "Dredging Apparatus, No. 2 Dredge Pumps").

B. FOR THE 14-INCH HYDRAULIC PIPELINE DREDGE

(1) All auxiliary engines to be Lister Blackstone engines, (Changes to be entered under "Machinery").

(2) The cutter to be driven with an AC motor instead of a Ward Leonard motor. A hydraulic coupling to be fitted between the AC motor and reduction gearlock. Provision to block the coupling in case of failure shall be installed. (Changes to be entered under "Electrical Installation, No. 2 Generators").

(3) The winch will be executed with brakes and coupling on a secondary shaft to enable independent dismantling of each individual winch drums. (To be added under "Dredging Apparatus, No. 8 Central Winch").

C. FOR THE GRAB HOPPER DREDGE

(1) The main diesel will be SMIT-MAN 7 cylinder Diesel Engine instead of the German built M.A.N. 8-cylinder engine. (Changes to be entered under "Machinery" No. 2, Main Engines")

(2) All auxiliary engines to be Lister Blackstone Engines. (Changes to be entered under "Machinery").

(3) All winches shall be electrical winches instead of hydraulic winches. (Changes to be entered under "Deck Auxiliaries, No. 1 Winches - General"). ✓

D. FOR THE 40-TON GRAB HOPPER

(1) Winches to be diesel-electric instead of diesel direct. (Changes to be entered under "Engine Installation").

E. ADDENDUM

(1) IHC Holland will supply the drawing of the terminal pontoon for the floating pipeline of the 14-inch dredges with overhang T-type at the end of the discharging piping.

It is understood that the foregoing changes and addition will not in any way affect the original contract price and period of construction.

Very truly yours,

(SGD) AGAPITO T. ALANO
Acting Director of Public Works

A P P R O V E D :

(SGD) M. D. BAUTISTA
Secretary of Public Works
and Communications

a true copy:
/sct.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

Annex "C"

Sheet _____ of _____
Project No. _____
Province _____

CHANGE ORDER NO. 2

To I. H. C. Holland, The Hague, Holland, Builder

You are hereby directed to make the herein described changes from the plans and specifications, or do the following described work not included in the plans and specifications:

DESCRIPTION OF WORK TO BE DONE: Fit a reversing clutch with wheel house control between the main engine and the propeller shafting of the Grab Hopper Dredge.

REASONS FOR CHANGE: To attain the desired maneuverability when the dredge is in operation. This is also in line with what has been agreed upon in the conference held in Holland between Messrs. Roberts, Consultant and Angel Fojas, Superintendent of Dredging, Bureau of Public Works, and your representatives Messrs Lunteren and Donkers.

CHANGE REQUESTED BY: Bureau of Public Works

Work to be performed at contract prices; extra work at agreed prices, and for force account.

ITEMIZED QUANTITIES AND COST OF REVISION ON REVERSE SIDE OF SHEET

We the undersigned contractors have given careful consideration : Difference in cost this change _____ \$ 11,700.00
to the change proposed and hereby agree, if this proposal is approved; Net Cost of previous changes _____ None
that we will provide all equipment, furnish all materials except as : Original Contract Amount _____ 5,261,500.00
may otherwise be noted above and perform all services necessary for : Estimated Revised Contract Amount _____ 5,273,200.00
the work above specified and will accept as full payment therefor the :
prices shown on the reverse side of this sheet. :

ACCEPTED, Date _____, 19____

CONTRACTOR

By: _____
Title: _____

: By reason of this proposed change none days extension
: of contract time will be allowed.
: Total extension of time to date, including this
: Change Order Not applicable days

: Submitted by: (SGD) CARLOS L. CASTILLO
: Title: Acting Chief, Division of Ports & Harbors Date Oct. 19'61
: Approval Recommended:
: (SGD) JULIAN A. BUENDIA
: Title: Director of Public Works Date _____

APPROVED:

FLORENCIO MORENO
Secretary of Public Works and Communications

NOTE: This Change Order is not effective until approved:

1. The Secretary of Public Works and Communications
2. World Bank

a true copy: /sct.

APPROVED DREDGING PROGRAM
AREAS OF HARBORS, DEPTH OF DREDGING AND VOLUME

PORT SITE	BACK LOG					MAINTENANCE			IMPROVEMENT			REMARKS
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Manila North Harbor Int. Port												" " " "
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Pasig River Channel	20	20										Spoil for filling work
4. Cebu	25-35	25-30	828,540	1.53	1,267,666	828,540	.30	248,562	345,000	1.90	655,500	Const. entrance channel
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14. Surigao	30	25	1,800	.36	648	1,800	.30	540				
15. Legaspi	30	30	68,330	1.47	100,445	68,330	.30	20,500				
16. Romblon	25	25	4,000	.74	2,960	4,000	.25	1,000				
17. Masbate	30	30	-	-	-	-	-	-				
18. Capiz	25	25	70,000	1.93	135,100	70,000	.29	20,300				
19. Iligan	25	25	12,300	3.30	40,590	12,300	.12	1,476				
20. Esteros & Rivers	10	10			700,000			300,000				
TOTAL					24,938,850			4,724,208			6,288,060	
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3. Dredge spoils from Pasig River will be used for reclamation work at mouth of Pasig River.

November 30, 1961

Mr. J. A. Buandia
Director of Public Works
Ministry of Public Works and
Communications
Manila
Philippines

Dear Sir:

Philippines Dredging Project - Loan 290-PH
Contract for 20-in. Cutter Suction Dredge

In our letter of October 4, 1961 we asked to be informed of the position regarding procurement of the 20-in. cutter suction dredge with pipeline, covered by item 1 (b) of Schedule 2 of the Loan Agreement. We also asked the position regarding the incorporation of the alterations in the project equipment recommended by Mr. Roberts, some of which apply to this dredge.

We have not yet received a reply to our letter, a second copy of which was sent with our letter of November 22 as requested in your telegram of that date. However on November 29 we received from Mr. J. S. Arvisu documents showing that Messrs. Ellicott have requested a 15% increase in the price of the dredge on account of alleged increases in costs since the bid was made, and including a draft contract embodying this increase. A copy of the Ellicott Corporation's letter dated November 3, 1961 giving estimates of the cost of various modifications suggested by Mr. Roberts totaling US\$18,680.00, was also included but no reference was made to instructions for these to be carried out.

We shall be glad if you will send us full information on these matters as a matter of urgency, including full details of the proposed increase in price and of the justification for it, a copy of the latest draft contract, and particulars of the arrangements being made to implement Mr. Roberts' recommendations.

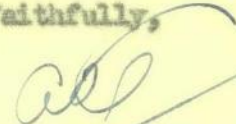
Mr. J. A. Buendia
Director of Public Works

- 2 -

November 30, 1961

In the meantime, it would be appreciated if no final commitment is entered into with respect of this item until the Bank has had the opportunity of reviewing the detailed justification for the price increase together with the latest draft revised contract and formed an opinion, which will be promptly sent to you.

Yours faithfully,



H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

cc: Mr. J. S. Arvisu
Philippine Foreign Loan Mission Office
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

Cleared with and cc: Mr. O. Dajany

cc: Mr. J. F. Rigby

PHILIPPINE FOREIGN LOAN MISSION OFFICE
Embassy of the Philippines
Washington, D. C.

November 28, 1961

International Bank for Reconstruction
and Development
Washington 25, D. C.

ATTENTION: Mr. J. W. Lowdon

Gentlemen:

We have the honor to submit herewith for your information a copy of the draft of the proposed agreement, dated July 25, 1961, between the Republic of the Philippines and the Ellicott Machine Corporation, Baltimore, Maryland for furnishing one (1) 20-inch hydraulic pipeline dredge with floating and shorepipeline and spare parts to the Republic and to be financed under Loan 290-PH of your bank.

Enclosed also are the following for your information:

- 1) One (1) thermofax copy of Ellicott's letter, dated July 26, 1961, to Secretary Moreno of the Department of Public Works, Manila, care of the Dupont Hotel in Washington where he was staying at that time and transmitting the draft agreement.
- 2) A thermofax copy of three (3) pages of a report prepared by Mr. Walter H. Roberts, Consultant for Michael Baker, Jr., Inc. and submitted to the Department of Public Works, Manila. This particular part of Mr. Robert's report reviews Ellicott's original proposal for the 20-inch dredge.
- 3) Ellicott's letter, dated October 7, 1961 addressed to Mr. Julian A. Buendia, Director of Public Works in Manila, commenting on the notes made by Mr. Roberts in connection with Ellicott's original proposal.
- 4) Ellicott's letter, dated November 3, 1961 addressed to Mr. Buendia in Manila giving additional and final information in connection with Mr. Robert's report.

NR in files

Very truly yours,


JOSE S. ARVISU
Head of Office

Encl@ As stated.

Operational files

E-39413

July 26, 1961

Dear Mr. Moreno:

With further reference to the discussions which our Mr. Elijah Rinehart, Jr. had with you and Director Julian Buendia on Tuesday morning, July 25, 1961, we are pleased to enclose a draft of our proposed Agreement to build and deliver one (1) 30-inch hydraulic pipeline dredge with floating and shore pipeline and spare parts, which dredge is to be a duplicate of the 30-inch dredge and equipment which we are to build for your Department in accordance with our Agreement dated December 9, 1960, and which was included in your loan agreement with the Export-Import Bank of Washington, D. C.

We are pleased to learn that your new loan agreement with the World Bank has now been finalized, and understand that this loan agreement includes the procurement of this second 30-inch hydraulic pipeline dredge with equipment, which you are awarding to us as a result of the worldwide public bidding conducted by your Department in May, 1960 and subsequently approved by the World Bank.

Since this second 30-inch dredge and equipment which you would award to us is to be identical to the other 30-inch dredge for which the contract was signed in December, 1960, and based on the same specifications, we believe that our proposed Agreement should also be a duplicate of the Agreement which was concluded in December, 1960 as far as applicable.

The enclosed Agreement, therefore, is an exact copy of the signed contract of December, 1960, with the following exceptions:

1. The contract price stated in Paragraph D and the amounts stated in the payment terms in Paragraph E on pages 5, 6, 7 and 8 have been adjusted in accordance with our letter of June 13, 1961 which was presented to you by our authorized representatives for the Philippines, Atlantic, Gulf & Pacific Company of Manila, Inc.
2. Paragraph E, Item 3 on Page 8 has been modified slightly to delete the reference made in the earlier contract to your loan agreement with the Export-Import Bank of Washington. We do not believe that any specific reference needs to be made at this time to your loan agreement with the World Bank.

July 26, 1961

The Honorable Secretary Moreno
Government of the Philippines
c/o DuPont Plaza Hotel
Washington, D. C.

3. Paragraph S, Item 2 on Page 26 has been slightly modified to include reference not only to our letter of May 4, 1960 but also to our recent letter of June 13, 1961. It is understood that the prices stated in this new Agreement will be maintained firm after July 15, 1961, subject to the provision of this clause S2.
4. The total amount of the Performance Bond stated in Paragraph T on Page 26 has been adjusted upward in accordance with the adjusted prices.
5. The original Paragraph U of our Agreement of December, 1960 which was based on Eximbank financing entitled "Overseas Shipments", has been deleted in its entirety, since, to our best knowledge, the World Bank does not impose any restrictions on shipping of equipment procured under its loan agreements from country of manufacture to country of destination.
6. The wording of Paragraph U, which is equivalent to Paragraph V of our Agreement of December, 1960, has been slightly modified to replace the words "Export-Import Bank of Washington" with the words "International Bank for Reconstruction and Development".

We would be very pleased indeed to have an opportunity to discuss this proposed Agreement with you in the next few days in Washington at your convenience and hope that we may have the pleasure of finalizing this important contract with your Department in the very near future.

Very truly yours,

ELLCOTT MACHINE CORPORATION

HPB:ddd

Herbert P. Burd
Division Sales Manager

The Honorable Secretary
Florencio Moreno
Secretary to the Department of
Public Works & Communications
Government of the Philippines
c/o DuPont Hotel
DuPont Plaza, Washington, D. C.

PH-290

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

INTERNATIONAL FINANCE
CORPORATION

DATE OF WIRE: NOVEMBER 22, 1961 1150AM
LOG NO.: RC 6
TO: INTBAFRAD
FROM: MANILA

ROUTING
ACTION COPY: TECHNICAL OPERATIONS
INFORMATION COPY:
DECODED BY:

TEXT: ATTENTION MR. VAN HELDEN.

REGRET NOT RECEIVING YOUR LETTER OCTOBER 4 ✓ PLEASE SEND COPY THEREOF

BUENDIA

AB

TYPED
GENERAL FILES
CORRESPONDENCE

NOV 22 8 44 AM 1961

• • •

SEARCHED

INDEXED

SERIALIZED

FILED

NOV 22 1961

FBI

MEMPHIS

TO DIRECTOR

FROM

RE

SUBJECT

1

2

3



EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.

D.P.W.C. Foreign Loan Office

November 22, 1961

The International Bank for Reconstruction
and Development
Washington 25, D. C.

Gentlemen:

We have the honor to advise you that the Department of Public Works and Communications of the Republic of the Philippines which has entered into a loan agreement (designated as IBRD Loan No. 290 PH) with your goodselfes to finance its major projects, has established a Liaison Office here in Washington, D. C. with headquarters at the Philippine Chancery, 1617 Massachusetts Ave., N. W., Washington, D. C.

Enclosed is a copy of Department Order No. 513 dated October 24, 1961 designating the members of such Liaison Office and their respective duties.

Very truly yours,


JOSE S. ARVISU
Head of Office

Encl: As stated.

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

October 24, 1961

TO WHOM IT MAY CONCERN:

This is to certify that Mr. JOSE S. ARVISU, Assistant Staff Civil Engineer is designated as Head of the Liaison Group created by the Secretary of Public Works and Communications which shall have its office, per authority of the Secretary of Foreign Affairs, at the Philippine Embassy in Washington, D. C.

As group head, he is the authorized resident representative and will represent the Secretary of Public Works and Communications and act for and in his behalf in routine matters pertaining to (a) DLF Loan for the importation of construction equipment, materials and spare parts, (b) the Export-Import Bank Loans for the improvement of the Manila International Airport (CAA) and Improvement of the Manila International Port and (c) the Loan from the International Bank for Reconstruction and Development, Procurement, of the Dredge and the construction of the Slipway, secured by the Department of Public Works and Communications and by the Bureaus under it, provided such matters do not involve office policy. He shall process all bids, and approve awards in accordance with the procurement service agreement ~~and~~ with the DLF Loan No. 67. He shall exercise direct supervision of the members of the group.

Done this 24th day of October, 1961 in the Office of the Secretary, Department of Public Works and Communications, Manila, Philippines.


M. D. BAUTISTA
Acting Secretary

November 22, 1961

Mr. J. A. Buendia
Director of Public Works
Ministry of Public Works and
Communications
Manila
Philippines

Dear Sir:

Philippines Dredging Project-Loan 290-PH
Progress Reports.

As requested in your telegram of November 22, 1961, we en-
close a copy of our letter to you dated October 4, 1961.

As indicated in our telegram of November 13, 1961, we are
anxious to have the information asked for in paragraph 2 of the let-
ter at the earliest possible date.

Yours sincerely,

H. J. van Heiden
Chief, Transportation Division
Department of Technical Operations

J

JWLowdon mcw

Enclosure

cc: Mr. J. S. Arviso
Philippines Embassy
1617 Massachusetts Avenue, N. W.
Washington, D. C.

cc: Mr. O. Dajany

Mr. J. Heymans

PH-290

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	INCOMING WIRE	INTERNATIONAL FINANCE CORPORATION
--	---------------	--------------------------------------

DATE OF WIRE: NOVEMBER 22, 1961 1150AM

LOG NO.: RC 6

TO: INTBAFRAD
FROM: MANILA

RECEIVED *Nov 22/61*
ACKNOWLEDGE

ROUTING	
ACTION COPY:	TECHNICAL OPERATIONS
INFORMATION COPY:	
DECODED BY:	<i>A. London</i>

TEXT: ATTENTION MR. VAN HELDEN.

REGRET NOT RECEIVING YOUR LETTER OCTOBER 4 [✓] PLEASE SEND COPY THEREOF

BUENDIA

AB

ORIGINAL

ORIGINAL

TYPED

GENERAL FILES
CORRESPONDENCE

NOV 22 8 44 AM 1961

• • •

RECEIVED

NOV 22 1961

NOV 22 1961

NOV 22 1961

RECEIVED
NOV 22 1961

RECEIVED BY
COMM
LABORATORY
NOV 22 1961

NOV 22 1961

PH-290

TO: BUENDIA
DIRECTOR OF PUBLIC WORKS
MANILA

DATE: NOVEMBER 13, 1961

CLASS OF
SERVICE: NLT

RCA

COUNTRY: PHILIPPINES

TEXT:
Cable No.:

WOULD APPRECIATE RECEIVING INFORMATION REQUESTED IN PARAGRAPH TWO OF OUR
LETTER OF OCTOBER FOURTH EARLIEST POSSIBLE

VANHELDEN

H. J. van Helden
[Signature]

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME H. J. van Helden
Chief, Transportation Division
DEPT. Technical Operations Department

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc: Mr. O. Dajany

For Use by Archives Division

JWLowdon mcw

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: _____

NOVEMBER 13, 1961

CLASS OF

NET

INDONESIA
DIRECTOR OF PUBLIC WORKS
MANILA

PHILIPPINES

TO

FROM

Code No.

LETTER OF OCTOBER FOURTH KALLIST HOSTELS
WOULD APPRECIATE RECEIVING INFORMATION REQUESTED IN PARAGRAPH TWO OF OUR

WASHINGTON

DISPATCHED

GENERAL FILES
CORRESPONDENCE

NOV 13 5 43 PM 1961

[Handwritten signature]

NOT TO BE REWRITTEN

CLEARANCES AND COPY DISTRIBUTION

Cleared with and cc: Mr. O. J. [unclear]

MESSAGE AUTHORIZED BY:

Wesley J. van Helben
Chief, Transportation Division
Technical Operations Department

SIGNATURE

REPRODUCTION OF THIS MESSAGE IS PROHIBITED

(JL) [unclear]

ORIGINAL (FIVE COPIES)

(IMPORTANT) See back of yellow copy for guide in preparing form

for use by Receiver Division

Checked for [unclear]

ELLICOTT MACHINE CORPORATION

CABLE ADDRESS
ELLICOTT BALTIMORE



ESTABLISHED
1885

1600 BLOCK OF BUSH STREET

BALTIMORE 30, MARYLAND, U. S. A.

IN REPLY PLEASE REFER TO FILE **E-39412, 26700-A**

November 3, 1961

VIA AIR MAIL

Mr. Julian A. Buendia
Director of Public Works
& Communications
Government of the Republic
of the Philippines
Manila, Philippines

Reference: **Second Ellicott 20-inch Hydraulic Pipeline Dredge with Pipeline and Spare Parts for Bureau of Public Works**

Subject: **Additional Information**

Dear Sir:

We are writing you with reference to our letter of October 7, 1961 in response to the report prepared by Mr. Walter H. Roberts, P. E., on the proposed dredging equipment for the Nationwide Ports Development Program and are pleased to submit the following additional information for your consideration:

1. **Reference Paragraph 16**
Outfitting Equipment:

As indicated in Paragraph 2 of our letter of October 7, 1961, we propose to furnish the following additional special tools and testing equipment for the main diesel engine:

One (1) set of special testing equipment for the Enterprise diesel engines for driving the dredging pump, and including one (1) cylindrical pressure indicator; one (1) fuel pump and nozzle test stand; one (1) geared torque wrench; and one (1) complete valve grinder.

Total Price, F. A. S. San Francisco, California \$ 4,147.00

ELLICOTT DREDGES

E-39412

ELLCOTT MACHINE CORPORATION

File No.

26700-A

Sheet No.

2

Date

November 3, 1961

To **Mr. Julian A. Buendia**
Director of Public Works
& Communications
Government of the Republic
of the Philippines
Manila, Philippines

2. Reference Section II, Paragraph 1
Discharge Pipelines:

a. As indicated in Paragraph 5 of our letter of October 7, 1961, we would like to offer the following spare parts for the floating discharge pipeline:

Ten (10) sets of spares for one (1) 25 foot length of floating pipe, including four hundred (400) bolts and nuts, 1-inch by 4-inch, and twenty (20) gaskets, 20-inch inside diameter, 1/8 inch thick.

Total Price, F. A. S. Baltimore,
 Maryland for ten (10) sets \$ 385.00

b. We also propose to furnish the following parts for the ball joints:

Ten (10) sets of spares for 20-inch inside diameter flanged ball joints, including sixty (60) eye bolts, with nuts, washers and cotters; sixty (60) hinge pins with cotters; and six (6) molded rubber gaskets.

Total Price, F. A. S. Baltimore,
 Maryland for ten (10) sets \$ 1,257.00

3. Reference Annex A:

As indicated in Paragraph 6 of our letter of October 7, 1961, we shall be pleased to furnish one (1) additional set of special cutter sheaths, as follows:

One (1) set of chrome-nickel-molybdenum cast steel cutter sheaths with integral cast spike teeth, suitable for mounting on the Ellicott cutter furnished with this 20-inch dredge, for digging special compacted materials.

Total Price, F. A. S. Baltimore, Maryland,
 for one (1) set \$ 3,200.00

E-39412

ELLICOTT MACHINE CORPORATION

File No.

26700-A

Sheet No.

3

Date

November 3, 1961

To **Mr. Julian A. Buendia**
Director of Public Works
& Communications
Government of the Republic
of the Philippines
Manila, Philippines

4. Total price for these tools and spares, F.A.S. port of shipment	\$ 8,989.00
Ocean freight and marine insurance for delivery of this equipment C.I.F. Manila, Philippines	<u>700.00</u>
GRAND TOTAL, C.I.F. MANILA, PHILIPPINES	<u>\$ 9,689.00</u>

We also indicated in our letter of October 7, 1961 that we would carefully review the entire list of spare parts valued at \$100,000.00 in connection with the comments made by Mr. Walter H. Roberts, P.E. We are now pleased to confirm that our Engineering Department has completed their review of the entire list and has expressed their satisfaction that this list is indeed adequate to cover the anticipated requirements of your 20-inch dredge, and that the selection of items and quantities is correct, based on our experience and standard recommendations.

Our exclusive representatives for the Philippines, Atlantic, Gulf & Pacific Company of Manila, Inc., will present this letter to you in our behalf, and their Mr. H. A. Clemente, Jr. shall be pleased to furnish any additional information which you may require.

Very truly yours,

ELLICOTT MACHINE CORPORATION

By _____

Herbert P. Buré
Division Sales Manager

HPB:add

cc: Atlantic, Gulf & Pacific Co., Manila

svagp

4,147
 385
 1,257
 3,200
 2,489
18,680

ELLICOTT MACHINE CORPORATION

CABLE ADDRESS
ELLICOTT BALTIMORE



ESTABLISHED
1885

1600 BLOCK OF BUSH STREET

BALTIMORE 30, MARYLAND, U. S. A.

IN REPLY PLEASE REFER TO FILE **E-39412, 26700-A**

October 7, 1961

VIA AIR MAIL

**Mr. Julian A. Buendia
Director of Public Works
Department of Public Works
& Communications
Government of the Republic
of the Philippines
Manila, Philippines**

Reference: Second Ellicott 20-inch Hydraulic Pipeline Dredge with Pipeline and Spare Parts for Bureau of Public Works

Subject: Report on Proposed Dredging Equipment for Nationwide Ports Development Program by Walter H. Roberts, P. E., Special Consultant to Michael Baker, Jr., Inc.

Dear Sir:

We are pleased to advise you that our Engineering Department has completed their review of the comments and suggestions contained on pages 17 and 18 and in Annex A of the above mentioned Ports Development Program report, submitted by Mr. Walter H. Roberts, P. E., Special Consultant for Michael Baker, Jr., Inc. In response to these comments and suggestions, we are pleased to advise you that most of these matters were already incorporated in our design for this 20-inch dredge with pipeline equipment and spare parts, although they were not specifically mentioned in our contract proposal and specifications.

In some other cases we are now preparing a proposal for your consideration, including some of the additional tools and equipment which may be desired by your Department for this dredge.

We would like to reply in detail in the following manner, referring to the paragraphs by references as used in Mr. Roberts' report, pages 17 and 18 and in Annex A:

E-39412

ELLCOTT MACHINE CORPORATION

File No.

26700-A

Sheet No.

2

Date

October 7, 1961

To **Mr. Julian A. Buendia**
Director of Public Works
Department of Public Works & Communications
Government of the Republic of the Philippines
Manila, Philippines

1. **Reference Paragraph 4**
Main Deck House and Crew Accommodations:

- b. The deck over the quarters will indeed extend to the railing line for protection of the quarters against the direct sun. ✓
- c. All overhead areas in the quarters area and the lever room will be fully insulated, as well as the sides of the lever room. This is in accordance with our standard practice. ✓

2. **Reference Paragraph 7**
Dredging Pump:

- a. The dredging pump will be split on the horizontal centerline to facilitate handling and repairs.
- b. The inside diameter of the suction from the pump to the forward end of the ladder will measure 24-inches, in accordance with Ellicott's standard practice for efficient operation of dredging pumps of this type.
- c. The flexible coupling installed between the diesel engine and the dredging pump is of the Falk type, which provides for adequate flexibility for both misalignment and for torsional vibrations. The entire installation, including the main diesel engine for driving the dredging pump, the impeller shaft and bearings and the pump impeller, have been carefully designed in connection with possible torsional vibration for the entire operating range of speed for both the engine and the pump, and all necessary provisions have been made to avoid torsional vibrations in this operating speed range.

3. **Reference Paragraph 16**
Outfitting Equipment:

The outfitting equipment is believed to be adequate for normal conditions of maintenance and operation, but, in accordance with Mr. Roberts' suggestions,

E-39412

ELLICOTT MACHINE CORPORATION

File No. 26700-A

Sheet No. 3

Date October 7, 1961

To **Mr. Julian A. Buendia**
Director of Public Works
Department of Public Works & Communications
Government of the Republic of the Philippines
Manila, Philippines

we are now preparing a proposal for your consideration covering some additional special tools and testing equipment which may be desired. This proposal will be submitted to you within the next few days under separate cover.

4. Reference Paragraph 17
Painting:

All hull sections will be adequately protected with anti-corrosive coating prior to shipment. In addition, all surfaces damaged during assembly will be re-coated, and at least one standard coat each of marine anti-corrosive and anti-fouling paint will be applied prior to launching and final delivery.

5. Reference Section II, Paragraph 1
Discharge Pipelines:

All pipes and pontoons of the floating and shore discharge pipeline and auxiliary equipment will be properly painted in accordance with Ellicott's standard practice. An adequate supply of pipeline bolts, rubber seals and swing bolts for the ball joints will be furnished for the complete installation of the floating and shore pipeline prior to delivery. We are now preparing a proposal for your consideration, covering additional pipeline bolts, rubber gaskets and spare swing bolts, if desired, and this proposal will be submitted to you under separate cover within the next several days.

6. Reference Annex A:

The cutter which will be furnished with this 20-inch dredge is of the truncated cone type, with removable sheaths, and two (2) spare sets of cutter sheaths will be furnished in addition. One (1) of these sets will be of the straight-edged type and the other set of the serrated edge type. In addition we could furnish a third set of cutter sheaths of manganese steel or chrome-nickel-molybdenum steel, with integral cast spike type teeth. While these teeth are not replaceable, they can be rebuilt by welding, in accordance with our standard practice, and detailed instructions for this will be furnished with the dredge. Our proposal for your consideration covering these additional sheaths with spike type teeth will be submitted to you within the next several days.

ELLICOTT MACHINE CORPORATION

E-39412
File No. 26700-A Sheet No. 4

Date October 7, 1961

To **Mr. Julian A. Buendia**
Director of Public Works
Department of Public Works & Communications
Government of the Republic of the Philippines
Manila, Philippines

(Reference Annex A - continued)

As regards the supply of spare parts which we are to furnish with this 20-inch hydraulic pipeline cutterhead dredge, this was prepared in accordance with our standard engineering recommendation. We are now, however, reviewing this list in connection with the comments made by Mr. Roberts, and will submit a revised list for your consideration within the next several days.

Our exclusive representatives for the Philippines, Atlantic, Gulf & Pacific Company of Manila, Inc., will present this letter to you in our behalf, and their Mr. H. A. Clemente, Jr. shall be pleased to furnish any additional information which you may require.

Very truly yours,

ELLICOTT MACHINE CORPORATION

Herbert P. Buré
Division Sales Manager

HPB:ndd

cc: Atlantic, Gulf & Pacific Company
of Manila, Inc.

svagp

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

INTERNATIONAL FINANCE
CORPORATION

DATE OF WIRE: OCTOBER 12, 1961 1735
LOG NO.: WU 7
TO: INTBAFRAD
FROM: MANILA

ROUTING

ACTION COPY: MR. CARGILL
INFORMATION COPY: MR. WIHREN
DECODED BY:

TEXT:

GRATEFULLY ACKNOWLEDGING RECEIPT MR. KNAPPS CABLE
REGARDING EFFECTIVELY LOAN AGREEMENT PHILIPPINE
DREDGING PROJECT

BUENIDA

TYPED

GENERAL FILES
CORRESPONDENCE

OCT 13 9 30 AM 1961



Effective
Date

PH-290

TO: THE DIRECTOR OF PUBLIC WORKS
BUREAU OF PUBLIC WORKS
MANILA

DATE: OCTOBER 10, 1961

CLASS OF FULL RATE
SERVICE:

RCA

COUNTRY: PHILIPPINES

TEXT:

Cable No.: AM PLEASED NOTIFY YOU BANK ACCEPTS EVIDENCE SUBMITTED IN FULFILLMENT
CONDITION TO EFFECTIVENESS OF LOAN AGREEMENT DREDGING PROJECT DATED
JULY 26, 1961 BETWEEN REPUBLIC OF PHILIPPINES AND BANK STOP CONSEQUENTLY
LOAN AGREEMENT BECOMES EFFECTIVE TODAY OCTOBER 10, 1961 STOP PLEASE
CABLE CONFIRMATION RECEIPT THIS CABLE

KNAPP

INTBAFRAD

COPY

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Michael H. Wiehen

DEPT. Legal

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Mejia-Palacio

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: 15



Record Removal Notice

File Title Port Project - Port Dredging - Philippines - Loan 0290 - P004409 - Administration - Volume 1		Barcode No. 1718179		
Document Date 10 October, 1961	Document Type Memorandum			
Correspondents / Participants To: Messrs. Cavanaugh, Aldewereld, Cargill From: M. H. Wiehen				
Subject / Title Loan 290 PH - Dredging Project Effectiveness of Loan Agreement				
Exception(s) Attorney-Client Privilege				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"> <tr> <td>Withdrawn by Tonya Ceesay</td> <td>Date January 05, 2017</td> </tr> </table>	Withdrawn by Tonya Ceesay	Date January 05, 2017
Withdrawn by Tonya Ceesay	Date January 05, 2017			

Extension of
Section 7.02

October 5, 1961

Dear Marciano:

Thank you for your letter of September 22, 1961 regarding the extension of the date mentioned in Section 7.02 of the Loan Agreement (Dredging Project) dated July 26, 1961.

This is to confirm the Bank's cable of September 20, 1961, in which the Bank agreed to the extension requested. Accordingly, the Bank is willing to act as if said Section 7.02 would specify a date ninety days after the date of the Loan Agreement.

With best personal regards,

Very sincerely yours,

O. Dajany
Department of Operations - Far East

Mr. Marciano D. Bautista
Acting Secretary
Department of Public Works,
Communications and Transportation
Plaza Lawton
Manila, Philippines


ODajany:bmc

14534

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

September 22, 1961

The International Bank for
Reconstruction and Development
1618 H. Street, N.W.
Washington 25, D.C.

Loan No. 290 FH (Dredging Project)

Gentlemen:

We are pleased to quote hereunder our cablegram to that Bank dated September 19, 1961:

"DUE TO DELAYED ACTION PHILIPPINE MONETARY BOARD ON OUR REQUEST FOR CERTAIN INFORMATION RELATIVE TO LOAN AGREEMENT WHICH DEPARTMENT JUSTICE DESIRES TO HAVE BEFORE LEGAL OPINION COULD BE ISSUED COMMA REQUEST TARGET DATE PROVIDED IN LOAN AGREEMENT BE EXTENDED THIRTY DAYS STOP TWO PHOTOSTAT COPIES AUTHENTICATED SPECIMEN SIGNATURES AIRMAILED SEPTEMBER 13"

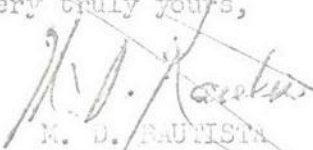
and your reply thereto, as follows:

"REURTEL SEPTEMBER 20 BANK AGREES TO EXTENSION REQUESTED"

In accordance with the provisions of Section 9.04 of Loan Regulation No. 3, permit us to request your confirmation of the approval of our request for an extension of thirty (30) days from the target date within which to submit the Legal Opinion required in Section 9.02 of said Regulation, our Office having been assured that the said opinion is now under preparation and will be ready for submittal to that Bank in a few days.

We trust that this request will receive your kind and favorable consideration.

Very truly yours,


M. D. BAUTISTA
Acting Secretary

CONFIRMED:

THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date

October 12, 1961

NAME

ROOM NO.

~~Mr. H. J. van Helden~~

V.A.

407

~~Mr. Heymans~~

Operational Files

~~J. W. Lowdon~~

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Please return.

From

M. Whitaker

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP		Date <i>Oct. 12</i>
NAME		ROOM NO.
<i>Mr. Lowdon</i>		<i>3A18</i>
	To Handle	Note and File
	Appropriate Disposition	Note and Return
	Approval	Prepare Reply
	Comment	Per Our Conversation
	Full Report	Recommendation
	Information	Signature
	Initial	Send On
REMARKS		
From <i>O. Dajany</i>		

C O P Y

MICHAEL BAKER JR., INC.,
The Baker Engineers,
Jackson, Mississippi

Consulting Engineers
Baker Building, Rochester, Pa

October 5, 1961

Mr. Julian A. Buendia
Director of Public Works
Bureau of Public Works
Department of Public Works and Communications
Republic of the Philippines
Manila

Dear Director Buendia:

We are transmitting a copy of the report on the meeting between Mr. Roberts, your Mr. Fojas and the representatives of IHC Holland held in Amsterdam on September 12. Please advise us by cable if you wish copies of this information to be furnished by us to the World Bank together with the questions raised concerning the dredge equipment by Mr. Roberts prior to this meeting.

We have had additional copies of the report printed and delivered to us today. We are sending 25 additional copies via air express for your use. Please advise us by cable the status of the letter of credit for the preparation of this report since we now have additional invoicing to be submitted to your Bureau covering the recent meeting and services of Mr. Roberts in Amsterdam.

Sincerely yours,

MICHAEL BAKER, JR., INC.

Roy E. Braden
Vice President

REB/rh
enc
copy to Mr. Omar Dajany

October 4, 1961

Mr. J. A. Buendia
Director of Public Works
Ministry of Public Works and
Communications
Manila
Philippines

Dear Sir:

Philippines Dredging Project - Loan 290-PH
Progress Reports, etc.

1. As explained while you were in Washington in connection with the Negotiations for the above loan, it is customary for the Bank to keep in touch with the carrying out of projects in connection with which loans have been made, and to obtain from the Borrower periodic reports showing the progress achieved. We shall accordingly be glad if you will send us progress reports in respect of the dredging project, giving the following information:

- (a) Progress made by IHC in building the craft ordered from them, giving an approximate percentage of completion for each vessel together with brief description of the stage which construction has reached. The report should also cover, in due course, the progress made with the construction of the 20-in. cutter suction dredge.
- (b) Progress in connection with the proposed slipway and workshop. Initially this should cover progress in preparing the design and specifications, obtaining the bids, etc. When construction has begun, a simple bar-line or other progress chart, with a brief description of principal happenings affecting progress will suffice.
- (c) A brief report summarizing the progress made with the Department's overall dredging program, listing the ports at which work had been carried out during the period concerned, the amount dredged and the prevailing depths in each port.
- (d) A statement showing the receipts and expenditures of the Port Works Fund during the period concerned, broken down as in Appendix L, Project Studies and Report on Harbour Dredging (Procurement of Dredges - Updated July 1960), and giving the amount standing in the Fund at the end of the period.

October 4, 1961

We suggest that, if convenient to you, the reports should be made at quarterly intervals, and that the first should cover the period October-December 1961. We shall be grateful if the report can be dispatched within, say, a month of the end of the period concerned. We would like to emphasize that we do not wish to impose any unnecessary burden on your staff in preparing reports especially for the Bank. If any reports are already prepared giving substantially the information listed above, e.g. in the case of (a) reports sent to you by IHC, or in the case of (b) departmental reports, copies of these will be adequate for our purpose.

2. We shall also be glad if you will send us as soon as possible information regarding the following matters connected with the project:

- (a) A copy of the final version of the dredging program, with explanatory notes, as referred to in your letter to the Bank dated July 20, 1961.
- (b) The position regarding the various matters dealt with in Secretary Moreno's letter to the Bank dated July 26, 1961. In particular, we should like to know what arrangements have been made in respect of the following:
 - (i) Inspection by a dredge construction consultant during building (paragraph 1 of the letter).
 - (ii) Appointment of one or more qualified persons to advise on operations and maintenance of dredging equipment, etc. (paragraph 2).
 - (iii) The alterations to the project equipment recommended by Mr. Roberts (paragraph 4). Could we please have a list of the alterations actually to be incorporated?
 - (iv) Obtaining a consultant's opinion on the design and specifications for the slipway and workshop (paragraph 5).

We should also be glad to know the present position regarding the 20-in. cutter suction dredge, i.e. whether an order has been placed with the Ellicott Company on the basis of their original bid, or whether you have in mind to invite new bids.

3. Referring to paragraph 6 of Secretary Moreno's letter, we shall be obliged if you will in due course send us the following in connection with principal contracts not yet let (e.g. the slipway, its workshop and machine tools, and the 20-in. cutter suction dredge should you decide to call for new bids):

- (a) A copy of the specifications, principal drawings, invitations to bid, form of contract and other bid documents, sufficiently early for the Bank to comment before bids are invited.

Mr. J. B. Buendia
Director of Public Works

- 3 -

October 4, 1961

- (b) A copy of the analyses of the bids, and of the bid which it is proposed to accept, sufficiently early for the Bank to comment before a bid is accepted.
- (c) A copy of the contract finally entered into.

We presume that bids will be called for by advertisement in the Philippines press or by notification to the Embassies of Bank member countries. Should in any case bids be invited from a limited number of firms after pre-qualification procedure, e.g. in the case of the 20-in. cutter suction dredge if new bids are requested, we will appreciate being sent a list of the firms applying and of those selected for bidding to enable us to comment before the bids are actually invited.

With kind regards,

Yours sincerely,



H. J. van Helden
Chief, Transportation Division
Department of Technical Operations

JWLowdon mcw

Cleared with and cc: Mr. O. Dajany
cc: Mr. J. Heymans

Central PH-290

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	INCOMING WIRE	INTERNATIONAL FINANCE CORPORATION
---	---------------	-----------------------------------

DATE OF WIRE: OCTOBER 3, 1961 7P
 LOG NO.: ACR 3
 TO: INTBAFRAD
 FROM: MATLA

ROUTING	
ACTION COPY:	MR. DAJANY <i>[Signature]</i>
INFORMATION COPY:	
DECODED BY:	

TEXT:

AS REQUIRED UNDER SECTION NINE POINT ZERO TWO LOAN REGULATION 3
 WE ARE AIRMAILING TODAY LEGAL OPINION RENDERED BY OUR SECRETARY
 OF JUSTICE. OPINION FAVORABLY CONVEYING THAT THE LOAN AGREEMENT
 AS REVIEWED IS VALID AND BINDING UPON THE REPUBLIC OF THE
 PHILIPPINES AND THAT BONDS AND OR PROMISSORY NOTES THEREIN
 STIPULATED CONSTITUTE VALID AND BINDING OBLIGATIONS OF THE
 BORROWER IN ACCORDANCE WITH THE TERMS OF THE LOAN

SECMORENO

DATE	NOV 1 1961
TO	SA [Name]
FROM	SA [Name]
SUBJECT	[Subject]
REASON FOR CALL	[Reason]
INITIALS	[Initials]

DATE: NOV 1 1961
 TO: SA [Name]
 FROM: SA [Name]
 SUBJECT: [Subject]

AS REQUESTED BY THE BUREAU, THE FOLLOWING INFORMATION IS BEING FURNISHED TO YOU FOR YOUR INFORMATION. THIS INFORMATION IS BEING FURNISHED TO YOU UNDER THE PROVISIONS OF THE FREEDOM OF INFORMATION ACT, 5 U.S.C. 552. THE INFORMATION IS BEING FURNISHED TO YOU AS REQUESTED BY THE BUREAU AND IS NOT BEING FURNISHED TO YOU FOR YOUR INFORMATION. THE INFORMATION IS BEING FURNISHED TO YOU AS REQUESTED BY THE BUREAU AND IS NOT BEING FURNISHED TO YOU FOR YOUR INFORMATION.

OCT 4 10 00 AM 1961

GENERAL FILES
 CORRESPONDENCE

TYPED

ORIGINAL

PH-290
PH-290

DECLASSIFIED
DECLASSIFIED
JAN 11 1967
WBG ARCHIVES WBG ARCHIVES

CONFIDENTIAL
September 28, 1961

~~CONFIDENTIAL~~

Memorandum from Department of Operations
Far East

THE ECONOMIC OUTLOOK IN THE PHILIPPINES

Summary

1. The memorandum of July 12, 1961, "Recent Economic Developments in the Philippines", ^{1/} drew attention to the deterioration in the Philippines external situation which occurred in the first half of 1961, but concluded that this was likely to be reversed by early 1962. It also indicated that there was no basis for modifying the conclusions of the last Economic Report (R 60-52 dated May 2, 1960) that the prospects were good for maintaining a satisfactory growth rate over the longer run. These conclusions are supported, with some qualifications, by the more recent information provided by the Bank mission referred to in paragraph 6.

2. In the past nine months external reserves have fallen by 30% and now correspond to less than 3 months imports. This is mainly due to uncertainties and speculation associated with the transition to a freer exchange system now underway, but also in some degree, to domestic monetary pressures. This is a Presidential election year in the Philippines, and the chances are that no major action will be taken to remove the exchange uncertainties or stop monetary expansion until after the elections, which will take place in November. It seems likely, therefore, that some further deterioration will take place between now and the end of the year. Decisive action will be needed to reverse the present trend. The Philippine monetary authorities demonstrated in the period following the 1957 election that they are capable of taking such action. The changes made since 1957 in the exchange system and fiscal policy should make it easier to correct the present situation. On these grounds, it is expected that action will be taken by early 1962, and that a considerable improvement in the external and internal financial position will follow.

1/ Circulated as attachment 5 to the President's Report on the Proposed Dredge Loan (P-257)

3. For the longer run, the prospects are that the country should be able to continue increasing total income faster than the population growth. However, the rapid growth in population and labor force which has occurred since the War presents some difficult problems. To prevent large increases in unemployment, it will be necessary to increase the volume of investment substantially. Moreover, with the growth in young population, large increases in outlays on education, housing and other social services will be necessary just to keep per capita standards from declining. To finance these expanded requirements will require higher rates of saving and taxation out of domestic income. But, given the efforts that the country has already made to create a basis for continued growth, and since it is likely that these efforts will be intensified once the magnitude of the country's development problems are fully appreciated, it may be expected that considerable progress will be made during the next several years in coping with these problems.

4. In light of all these considerations, it is concluded that there remains further scope for external borrowing by the Philippines on conventional terms. In view of the country's growth prospects, resources should be sufficient not only to meet the rising level of debt service, but also to permit increases in domestic investment and consumption. In the peak years 1965 and 1966, service on presently outstanding debt and on loans likely to be negotiated in the next twelve months - including the proposed Angat loan - would amount to about 8.5% of 1960 foreign exchange earnings and somewhat less of the earnings projected for that period.

Recent Developments in Production

5. The over-all growth rate between 1955 and 1959 averaged around 6%. In 1960 this dropped to around 4% mainly because of a slowdown in manufacturing, which had been a very rapidly expanding sector in the past. The recent sluggishness of manufacturing appears due partly to some slowing down of demand, a development which was reinforced in 1960 by tight fiscal and monetary policy; and partly to an increase in competition from imports, especially in 1961 when the decontrol program began to become effective. In 1960 and in 1961, output of the main export crops expanded sharply following better growing weather for coconuts and as the result of a higher U.S. allocation for sugar. The growth rate in domestic food crops slowed down in both years mainly because of typhoons in some of the producing areas. Partly because of this, and partly because of distribution difficulties, the country is again importing rice during 1961.

The External Situation

6. In the first eight and a half months of 1961, Philippine foreign exchange reserves dropped by \$58 million as compared to a rise of \$108 million between the end of 1958 and 1960. Net reserves now stand at around \$134 million - or less than 3 months imports. Part of this drop is due to extraordinary debt repayment. The remainder is due to the maintenance of imports at or above 1960 rates in the face of a fall in export receipts. In the first half of the year, registered exports were 20% lower than the record rate reached in the first half of 1960, in spite of the fact that output of export crops was higher. One factor was a 20% drop in copra prices; another has been a substantial increase in underporting or withholding of exports in anticipation of a change in the exchange rate. The latter factor has also had a stimulating effect on those categories of imports and invisible payments which are still permitted at a preferred rate. Increases in private credit during 1961 have also helped keep import demand high.

7. Introduction of the final stage of the decontrol program, and the establishment of a more definite exchange rate will probably not take place until after the Presidential election in November. In the meantime, the situation may deteriorate and reserves may well drift down still further because of continued speculation and domestic monetary expansion. Once action is taken to remove the uncertainties about the exchange rate, a reversal of recent speculative tendencies is likely to produce a marked short run improvement in the situation. In addition, the Philippines will probably receive around \$70 million in War damage payments from the United States during 1962. Maintenance of external stability over the longer run will, of course, also require action to keep domestic monetary pressures down.

Internal Financial Situation

8. After the foreign exchange difficulties experienced in late 1957 (the last Presidential election year), the Philippines introduced emergency measures which stopped the loss of reserves and sharply reduced credit expansion during 1958. In June 1959 more basic action was introduced in the form of higher domestic taxes and a 25% margin fee on foreign exchange transactions. This led to a sizeable budget surplus during the fiscal year 1959/60, so that despite an \$85 million increase in reserves, the money supply grew by only 1%. Nevertheless, retail prices rose by around 2% and wholesale prices by 4%. Real output also rose, so that total liquidity - measured as the ratio of money supply to GNP at current prices - fell sharply. During the fiscal year ending June 30, 1961, private credit was permitted to rise substantially and the money supply increased by 12.5% even though reserves fell by \$42 million.

In view of the prior drop in liquidity, some increase was probably necessary in this period to permit the economy to adjust to the higher peso cost of imports resulting from the changes in the exchange rate which were introduced in three stages between April 1960 to March 1961. Indeed, prices continued to rise in 1960/61 at only about the same rate as 1959/60, despite a much steeper rise in the cost of most imports, resulting in a profit squeeze on many importers and manufacturers.

9. There are indications that monetary expansion may have slowed down somewhat in July and August 1961. ^{1/} However, the Government has indicated plans for a considerable rise in public spending for the September-December period, and it is likely that private credit will also continue to expand in this period. Thus, it seems probable that final action on the exchange rate will have to be accompanied by action to reduce domestic monetary pressures if financial stability is to be fully restored. However, in view of the performance of the monetary authorities in the 1958-59 period, and of their awareness of what needs to be done now, it seems probable that adequate measures will be taken when the elections are over.

The Longer Run Outlook

10. In the 1950's, real output expanded at a rate averaging 5-6% per annum. Expansion of a similar order of magnitude or even higher will be needed over the next 5 to 10 years in order to sustain growth in per capita income and to prevent large increases in unemployment. The Philippines have experienced an explosive growth in population and labor force since World War II. Total population growth is now estimated to be in excess of 3% annually, perhaps as much as 3.5%. The annual increments to the labor force are now around 3%, as compared to 2% in the early part of the last decade. Moreover, the country is likely to experience a deterioration in its terms of trade with an adverse impact on growth in real income, as a result of the likely lower prices for some of its major export products which face an inelastic world demand.

^{1/} Domestic credit operations of the Central Bank actually showed a moderate contraction in these months. Data on the operations of the commercial bank beyond June are not yet available.

11. In the past 5 years, the expansion in aggregate output of around 5.5% per year has been accompanied by average increases of 4% annually in current foreign exchange receipts. The lower export prices expected for copra and manila hemp (which together accounted for 40% of total commodity exports in 1960) will exercise a dampening effect on growth in aggregate export earnings in the next five years. Total current account receipts will also be affected by a gradual decline in U.S. payments to Philippine veterans. A major offsetting factor is the expansion in the Philippine sugar export to the U.S. - provided the country retains the 50% increase in U.S. sugar allocation granted in 1961. With the latter, current account earnings in 1965-66 are likely to be 17% higher than the record level reached in 1960; without an increase in sugar the expansion would be only around 12% or 2% per year.

12. It should be borne in mind, however, that the change in the exchange rate has considerably improved the longer-run export prospects for a number of other agricultural crops, for minerals, and even for some manufactured goods. Given time to develop markets and make the necessary investments, a substantial rise in such exports seems quite possible. By the second half of the decade, this could well lead to a higher growth in total foreign exchange earnings than the rate expected in the next several years. Appropriate support from government policies could help considerably in this respect.

13. But, in any event, a continued high rate of growth in output for the domestic market will be essential if the Philippines is to achieve what might be regarded as reasonable targets for economic development. In some sectors of agriculture, there appear to be good prospects of expanding output with quite moderate additional outlays on inputs such as fertilizer and better seed. However, in other sectors of agriculture and in much of manufacturing, the most logical areas of further development will involve increased capital intensity: e.g., livestock production, metal refining and fabricating, chemicals, food processing, plywood, etc. This means a greater outlay per job than in the past. Large increases in capital expenditures on transport, communications and power will also be needed to support growth in the commodity producing sectors. At the same time, the increased growth rate in the school age population and in family formation mean a large rise in the need for schools, housing and other social services just to keep per capita standards from deteriorating. All this implies an expansion in the rate of investment and an increase in current public sector outlays. In addition, the country will have to devote some of its resources to increasing its international reserve, if they are to provide adequate support when decontrol is completed.

14. While the Philippines may count on continuing foreign capital inflow, it is unlikely that the latter will be available to such an extent as to enable the country to rely mainly on foreign savings for the solution of its development problems. Most of the increase in requirements for private investments and public sector outlays will have to come from savings and taxes out of domestic income. This may prove difficult politically. However, the Philippine authorities have shown on several occasions

in the post-war period that they can take politically unpopular measures when necessary. And since the longer run alternative to early action to increase investment is rising unemployment and deteriorating standards of social services, the chances seem good that once the nature of the problem is understood, intensified efforts will be made by the government along these lines.

15. Between the end of 1959 and mid-1961 the reported external public debt of the Philippines fell from \$130 million to \$113 million. Private debt covered by government exchange guarantees, although rising much less rapidly than in the preceding two years, advanced from \$173 million to \$197 million, thus bringing total external debt outstanding in mid-1961 to \$310 million. The debt service on this amount during the next four years will average 6.5% of 1960 foreign exchange earnings, dropping to 5% in the period 1965-67, and declining sharply thereafter. Within the next twelve months, however, loans authorized or under negotiation may result in new external indebtedness of \$200 million. Formalities following the successful negotiation of the sale of Manila's U.S.-owned electric utility company to private Philippine interests are almost complete and will result in an external debt of \$41 million. The \$62.3 million U.S. Eximbank loan for an integrated steel mill has been approved but signing is not expected until early 1962. Eximbank loans currently under negotiation include loans for a copper refinery and for harbor and civil aviation improvement totaling \$41 million. These, together with the proposed Angat loan and an allowance for some increase in suppliers' credits, would raise debt service in the peak period 1965-66 to an average of 8.5% of 1960 earnings. This should be well within the Philippines' capacity for debt service considering the favorable prospects for economic growth.

Selected Economic Indicators

	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
<u>National income at constant</u>							
(1955) prices (billion pesos)	7.62	8.46	8.80	9.00	9.58	9.95	..
Agricultural production (net)	3.16	3.35	3.47	3.60	3.80	3.96	..
Export sector	(0.85)	(0.97)	(1.00)	(0.95)	0.95	(1.02)	..
Domestic sector	(2.31)	(2.38)	(2.37)	(2.65)	(2.85)	(2.94)	..
Industrial production	1.00	1.16	1.25	1.35	1.46	1.52	..
Mining	0.12	0.13	0.15	0.15	0.17	0.15	..
<u>Balance of Payments (millions US\$)</u>							
Exports f.o.b.	390	438	431	483	530	560	<u>250</u>
Imports f.o.b.	551	509	615	567	523	604	<u>300</u>
Trade balance	-161	-71	-184	-84	19	-14	-50
Other current (net) ^{a/}	9	10	6	21	21	9	..
Current account	-152	-61	-178	-63	28	-35	..
Private and Public capital	89	95	87	59	98	89	..
Use of Reserves (increase -)	74	-11	115	1	-86	-31	37
(Errors and Omissions)	-11	-23	-24	3	-40	-23	..
<u>Government Budget (million pesos)^{b/}</u>							
Revenue (incl. margin fee)	740	807	927	941	986	1,290	1,400
Expenditure (incl. gov't corp)	914	995	1,107	1,194	1,078	1,267	1,400
Balance	-174	-188	-180	-253	92	23	-
Financed by:							
Foreign loans and grants	-	-	10	8	17	8	40
Borrowing from public	-	21	42	-18	8	116	35
Bank credit and cash balances	174	167	128	263	67	-147	-75
<u>Money Supply (million pesos): end period</u>							
Net credit to public sector	412	478	739	883	788	574	<u>567</u>
Net credit to private sector	526	599	676	684	728	842	<u>1,066</u>
Total net domestic credit	938	1,077	1,415	1,567	1,516	1,416	<u>1,633</u>
External reserves at							
Pesos 2 to \$1	398	419	170	165	326	393	310
Peso losses on For. Exchange	-	-	-	-	-	100	183
Total	1,336	1,499	1,598	1,738	1,842	1,902	<u>2,026</u>
<u>Prices (1955 = 100)</u>							
Retail	100	104.6	107.6	112.4	112.5	117.8	<u>118.1</u>
Domestic items	100	103.3	106.2	111.0	108.4	115.0	<u>115.0</u>
Imported items	100	109.0	112.6	117.6	126.8	127.9	<u>129.0</u>
<u>Non-agricultural employment (1955 = 100)</u>							
Total	100	105.0	111.0	112.9	116.6	119.5	..
Manufacturing	100	100.5	106.2	106.5	111.6	115.3	..
Construction	100	114.9	135.8	151.1	157.5	167.4	..
Services	100	110.7	117.0	121.1	129.3	131.4	..

^{a/} Includes invisibles, non-monetary gold, and donations

^{b/} Fiscal year ending June 30.

.. Not Available

145-24

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

September 22, 1961

The International Bank for
Reconstruction and Development
1616 H. Street, N.W.
Washington 25, D.C.

Loan No. 290 FH (Grading Project)

Gentlemen:

We are pleased to quote hereunder our cablegram to that Bank dated September 19, 1961:

"DUE TO DELAYED ACTION PHILIPPINE MONETARY BOARD ON OUR REQUEST FOR CERTAIN INFORMATION RELATIVE TO LOAN AGREEMENT WHICH DEPARTMENT JUSTICE DESIRES TO HAVE BEFORE LEGAL OPINION COULD BE ISSUED COMMA REQUEST TARGET DATE PROVIDED IN LOAN AGREEMENT BE EXTENDED THIRTY DAYS STOP TWO PHOTOSTAT COPIES AUTHENTICATED SPECIMEN SIGNATURES AIRMAILED SEPTEMBER 18"


and your reply thereto; as follows:

"REUNTEL SEPTEMBER 20 BANK AGREES TO EXTENSION REQUEST"

In accordance with the provisions of Section 9.04 of Loan Regulation No. 3, permit us to request your confirmation of the approval of our request for an extension of thirty (30) days from the target date within which to submit the Legal Opinion required in Section 9.02 of said Regulation, our Office having been assured that the said opinion is now under preparation and will be ready for submittal to that Bank in a few days.

We trust that this request will receive your kind and favorable consideration.

Very truly yours,


M. D. BAUTISTA
Acting Secretary

CONFIRMED:

THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

PH = *[Handwritten]*

TO: SECRETARY MORENO
DEPT OF PUBLIC WORKS
MANILA

DATE: SEPTEMBER 20, 1961

CLASS OF
SERVICE: LT

COUNTRY: (PHILIPPINES)

TEXT:
Cable No.:

RCA

✓
REURTEL SEPTEMBER 20 BANK AGREES TO EXTENSION REQUESTED

KHERADJOU

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME A. G. Kheradjou

DEPT. Operations - Far East

SIGNATURE *A. G. Kheradjou*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Lowdon, Wiehen, Rigby

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ODajany/mv

Checked for Dispatch: _____

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

INTERNATIONAL FINANCE
CORPORATION

DATE OF
WIRE: **SEPTEMBER 20, 1961 218P**

LOG NO.: **ACR 7**

TO: **INTRAFRAD**

FROM: **MANILA**

TEXT:

ROUTING

ACTION COPY: **MR. SELLA**

INFORMATION COPY: **MR. EDELMAN** *DASANY*

DECODED BY:

DUE TO DELAYED ACTION PHILIPPINE MONETARY BOARD ON OUR REQUEST
FOR CERTAIN INFORMATION RELATIVE TO LOAN AGREEMENT WHICH
DEPARTMENT JUSTICE DESIRES TO HAVE BEFORE LEGAL OPINION COULD
BE ISSUED COMMA REQUEST TARGET DATE PROVIDED IN LOAN AGREEMENT
BE EXTENDED THIRTY DAYS STOP TWO PHOTOSTAT COPIES AUTHENTICATED
SPECIMEN SIGNATURES AIRMAILED SEPTEMBER 18

SECURENO

DUPLICATE
RP

TYPED

GENERAL FILES
CORRESPONDENCE

SEP 20 2 31 PM 1961

• • •

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SEARCHED	INDEXED
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Authorization



Record Removal Notice

File Title Port Project - Port Dredging - Philippines - Loan 0290 - P004409 - Administration - Volume 1		Barcode No. 1718179		
Document Date 25 September, 1961	Document Type Memorandum			
Correspondents / Participants To: Official Documents Files From: M. H. Wiehen				
Subject / Title Philippines: Loan 290 PH (Dredging Project)				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Tonya Ceesay</td><td>Date January 05, 2017</td></tr></table>	Withdrawn by Tonya Ceesay	Date January 05, 2017
Withdrawn by Tonya Ceesay	Date January 05, 2017			

m. Reyes

Republic of the Philippines
Department of Public Works and Communications
OFFICE OF THE SECRETARY
Manila

14534 - *Dredging Project*
September 18, 1961

International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington 25, D.C.
U. S. A.

Re: Loan 290 PH (Dredging Project)

Dear Sir:

Pursuant to the provisions of Section 8.02 of the Loan Regulation No. 3, we are forwarding herewith two (2) photostat copies of the specimen signatures of the Government officials who will take action or execute documents required under the Loan Agreement, duly authenticated by the Secretary of Foreign Affairs.

Relative to the Legal Opinion mentioned in Section 9.02 of Loan Regulation No. 3, it is informed that same is now under preparation by the Department of Justice and will be forwarded to the Bank within a few days. The apparent delay in the early submission of the Legal Opinion is due to certain information required by the Department of Justice which only the Central Bank of the Philippines could furnish.

Very truly yours,


M. D. BAUTISTA
Acting Secretary

Encl.

JWA luc

September 18, 1961

International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington 25, D.C.
U. S. A.

Re: Loan 290 PH (Dredging Project)

Dear Sir:

Pursuant to the provisions of Section 8.02 of the Loan Regulation No. 3, we are forwarding herewith two (2) photostat copies of the specimen signatures of the Government officials who will take action or execute documents required under the Loan Agreement, duly authenticated by the Secretary of Foreign Affairs.

Relative to the Legal Opinion mentioned in Section 9.02 of Loan Regulation No. 3, it is informed that same is now under preparation by the Department of Justice and will be forwarded to the Bank within a few days. The apparent delay in the early submission of the Legal Opinion is due to certain information required by the Department of Justice which only the Central Bank of the Philippines could furnish.

Very truly yours,

M. D. BAUTISTA
Acting Secretary

Encl.

NSA/luz

095.2-P.P.W.

RUSH
DPW
SEND BY
AIR MAIL

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
BUREAU OF PUBLIC WORKS
MANILA

B-14816
September 12, 1961
RECEIVED
SEP 14 1961
DEPARTMENT OF PUBLIC
WORKS AND COMMUNICATIONS

International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America
Through the Secretary of Public Works
and Communications
Manila

Gentlemen: RE: Loan 290 PH (Dredging Project)

Pursuant to the provision of Section 8.02, Evidence of Authority, Article VIII, Miscellaneous Provisions, of the Loan Regulations No. 3, dated February 15, 1961, of the Loan Agreement (Dredging Project), dated July 26, 1961, between your Bank and our Government, we are pleased to furnish herewith the authenticated specimen signatures of some Philippine Government officials that will take action or execute documents required under the Agreement.

Very truly yours,

Julian A. Buendia
JULIAN A. BUENDIA
Director of Public Works

Encl: As stated.

IJ/jpg

NOTED:

M. D. Bautista
M. D. BAUTISTA
Acting Secretary

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRS
Manila

TO WHOM IT MAY CONCERN:

This is to certify that the signatures appearing here-
under are the usual signatures of the following Philippine
Government officials:

<u>NAME</u>	<u>POSITION</u>	<u>USUAL SIGNATURE</u>
1. JOSE A. CRUZ	Chief, Div. of Ports & Harbors	<i>Jose A. Cruz</i>
2. AGAPITO T. ALANO	Chief, Investigation Division	<i>Agapito T. Alano</i>
3. JULIAN L. BUENDIA	Director of Public Works	<i>Julian L. Buendia</i>
4. MARCIANO D. BAUTISTA	Undersecretary of Public Works and Communications	<i>Marciano D. Bautista</i>
5. FLORENCIO MORENO	Secretary of Public Works and Communications	<i>Florencio Moreno</i>

This certification is made in connection with the pro-
vision of Section 8.02, Article VIII, Loan Regulations of
the Loan Agreement by and between the Republic of the Philip-
pines and the International Bank For Reconstruction And Deve-
lopment regarding Dredging Project.

IN WITNESS WHEREOF, I have this day affixed herewith my
signature and the seal of my office.






Manila, September 8, 1961.

Felixberto M. Serrano
FELIXBERTO M. SERRANO
Secretary of Foreign Affairs

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRS
Manila

TO WHOM IT MAY CONCERN:

This is to certify that the signatures appearing hereunder are the usual signatures of the following Philippine Government officials:

<u>NAME</u>	<u>POSITION</u>	<u>USUAL SIGNATURE</u>
1. JOSE A. CRUZ	Chief, Div. of Ports & Harbors	
2. AGAPITO T. ALANO	Chief, Investigation Division	
3. JULIAN A. BUENDIA	Director of Public Works	
4. MARCIANO D. BAUTISTA	Undersecretary of Public Works and Communications	
5. FLORENCIO MORENO	Secretary of Public Works and Communications	

This certification is made in connection with the provision of Section 8,02, Article VIII, Loan Regulations of the Loan agreement by and between the Republic of the Philippines and the International Bank For Reconstruction and Development regarding Dredging Projects.

IN WITNESS WHEREOF, I have this day signed hereunder my signature and the seal of my office.

Manila, September 2, 1961.


BENIGNO M. SERRANO
Secretary of Foreign Affairs

August 17, 1961

Utah Construction and Mining Co.
550 California Street
San Francisco 4, California

Attention: Mr. G. P. Sealy

Dear Mr. Sealy:

returned by Raw

You will be informed shortly on the third question you raised in your letter of August 4th after further discussion of the matter here. In the meantime, I am enclosing copy of the Press Release relating to the Bank loan of \$18.5 million to the Philippines for dredging equipment.

Thank you very much for sending Paul Yount's greetings. We are old friends, having served together both at home and overseas.

We will write you in a couple of days on the subject of varying the currency proportions specified in the tender during course of the contract.

With best regards,

Sincerely,

R. A. Wheeler

Attachment - 1

RAWheeler:lfb

cc: Files
Indus Files

August 15, 1961

Dear Will:

It was a pleasant surprise to get your letter of August 2, even if it was on such a prosaic subject as dredging in the Philippines. I had not heard of you for some time and hope all is well with you. I come up to New York from time to time and on the next occasion we should get together for lunch.

I cannot give a very precise answer to your question about the Philippine dredging program. The largest amount of work has to be done in the north and south harbours of Manila. In addition, substantial dredging will probably be done in Tacloban, Cebu and in the Pasig River. The whole program is, of course, to be carried out over a number of years and will probably be changed from time to time. For what it is worth, however, I attach a list of the ports with the proposed depths; this represents roughly the present thinking. If you want more detail, it would probably be best for your people in Manila to get in touch with the Ports and Harbours Division of the Department of Public Works. However, if there is anything more you think we can tell you, do not hesitate to write.

Yours sincerely,

I.P.M. Cargill
Director
Department of Operations, Far East

Mr. W. M. Kluss
Manager
Marine Planning Division
Socony Mobil Oil Company, Inc.
150 East 42nd Street
New York 17, N.Y.

IPMCargill:fs
Enclosure.

DEPTH OF PROPOSED DREDGING FOR MAJOR PHILIPPINE PORTS

	<u>Proposed Depth</u>
1. Manila South Harbor	40 ft.
2. Manila North Harbor	25 ft.
3. Tacloban	30 ft.
4. Cebu	35 ft.
5. Butuan	20 ft.
6. Pulupandan	35 ft.
7. Catbalogan	25 ft.
8. Iloilo	25 ft.
9. Zamboanga	35 ft.
10. Nasugbu	12 ft.
11. Davao	25 ft.
12. Calbayog	25 ft.
13. Capiz (Culasi)	25 ft.



Socony Mobil Oil Company, Inc.

150 EAST 42ND STREET, NEW YORK 17, N. Y.

MARINE TRANSPORTATION
DEPARTMENT

CABLE ADDRESS: MOBILTRANS NEW YORK

August 2, 1961

Director, Department of Far East Operations
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.

Mr. Bacter
Plan draft a uph
Lho

Dear Sir:

We have seen your recent press release of your loan of \$8.5 million to the Philip-
pines for dredging equipment. This release mentions dredging of the ports of entry
to 35 feet and the ports for inter-island shipping to depths varying from 15 to
25 feet. We would be most interested to have a specific list of the ports covered
in the dredging program, and the permissible drafts to which it is contemplated
they would be dredged.

Very truly yours,

W. M. Kluss

W. M. Kluss, Manager
Marine Planning Division

lg

Mr. Y. L. Chang

July 31, 1961

A. Gasem Kheradjou *AK*

Statement of Loans - Loan 290-PH

The description of the above loan to the Republic of the Philippines as the "Dredging Project" is correct.

W

Dajany/mv

Mr. I.P.M. Gargill

July 27, 1961

Y.L. Chang *Y.L.C.*

Statement of Loans
Description of Loan 290 PH

We propose describing the above-mentioned loan to the Republic of the Philippines as follows:

290 PH "Dredging Project"

Would you please advise us if this is not correct.

[Handwritten mark]

[Handwritten mark]

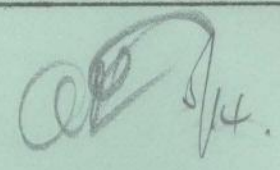
cc: Mr. Y.L. Chang
Mr. Rutland
Miss Cardash
Mr. Gray

FILE - Statement of loan worksheets

DGray:ylp

Basic
Data

PHILIPPINES- DREDGING PROJECT



<u>1. Borrower: - Republic of the Philippines</u>			
<u>2. Loan No.</u>	<u>3. Loan Amount</u>	<u>4. Date Loan Signed</u>	<u>5. Effective Date</u>
290-PH	\$8,500,000.	July 26, 1961	October 10, 1961
<u>6. Closing Date</u>	<u>7. Period of Grace</u>	<u>8. Term of Loan</u>	<u>9. Exchange Rate</u>
August 31, 1963	2 Years	17 Years	US\$1.00=Ps. 3.00
<u>10. TOD Report</u>	<u>11. TOD Report Date</u>	<u>12. Interest Rate</u>	<u>13. Commitment Charge</u>
TO 273 c	July 13, 1961	5-3/4%	3/4%

14. Amortization

Payments will be made semi-annually commencing September 15, 1963 at \$174,000 and increasing to \$406,000 for the final payment on September 15, 1978.

15. Objective

To assure ease of access to Philippine ports by overseas and inter-island shipping, by assisting the Ten-year Program of Port Dredging works.

16. Justification

New equipment is needed to replace the old dredgers and to increase the capacity, to make good the arrears of maintenance dredging resulting from the war; deeper channels are needed because of larger ships; and recurring natural siltation has to be offset.

Adequate depths of the Philippine ports will make possible large but indeterminate economic benefits. Easy access to the ports will safeguard the world market position of the Philippines as affected by ocean transport, trans-shipment and cargo handling costs, keep down the prices of essential imports and stimulate the inter-island trade.

17. Project Description

The Project is the dredging of the Borrower's public ports to provide depths of water adequate for the navigational needs of inter-island and ocean-going shipping, and dredging thereafter to maintain such depths. To this end, the Borrower will, inter alia:

1. Acquire, operate, maintain and repair
 - a. One hopper dredge of approximately 1,000 cu. yd. hopper capacity;
 - b. One 20-in. cutter-suction dredge with pipeline;
 - c. Three 14-in. cutter-suction dredges with pipelines;
 - d. One self propelled grab hopper dredge;
 - e. One work launch;
 - f. Two dredge tenders;
 - g. One floating crane of 40 tons capacity; and
 - h. Echo sounding equipment.
2. Procure spare parts for this equipment.
3. Design, construct and operate a slipway and workshop for repair of the dredging equipment of the Borrower's Department of Public Works, Communications and Transportation.

18. Phasing

- a) Delivery schedule for the loan financed goods: 12 - 14 months
- b) Financing: The local currency to assemble and commission the bank financed equipment, to operate, maintain and repair it, and to reimburse the government from the debt service, would come from a Port Works Fund set up by law as a separate account in the National Treasury. It is fed by various port user charges. Should not sufficient local currency be forthcoming from the Fund the Government will make the necessary funds available from other sources.

The estimated revenue and expenditure movements in the Port Works Fund for the period of the Dredging Program are summarized below:

- Ps. Millions -

	Revenue	Total Expenditures	Loan Interest and Amortization	Surveys, Studies, Maintenance and Dredging	New Construction
1960/61	35.5	20.1	2.2	11.4	6.5
1961/62	38.6	23.0	2.0	9.3	11.7
1962/63	39.9	24.2	4.2	9.2	10.8
1963/64	41.7	26.5	5.2	10.5	10.8
1964/65	42.4	32.9	9.6	10.5	12.8
1965/66	38.4	32.9	9.6	10.5	12.8
1966/67	35.6	32.9	9.6	10.5	12.8
1967/68	34.0	31.6	8.7	11.5	11.4
1968/69	35.9	31.6	8.7	11.5	11.4
1969/70	38.9	31.6	8.7	11.5	11.4

19. Dredging Program

The program is designed to reduce the maintenance backlog and achieve improvements (approximately 30 million M3 in situ at the beginning of 1960/61) and also to take care of the annual maintenance due to additional siltation (3 million M3 in situ every year).

Million M3 in Situ
Outstanding at end of year

1960/61	30.6
1964/65	20.3
1967/68	10.1
1970/71	3.0

20. List of Goods

For formal list of goods, letter is attached. A breakdown of the list is given below with the foreign and local cost estimates.

	US \$ equivalent 000	Foreign Currency Cost	Total Cost
(a) 1 Sea-going hopper dredge, 1000 cu.yd. hopper capacity		2,433	2,433
(b) 1 20-in. cutter suction dredge with pipeline		1,200	1,476
(c) 3 14-in. cutter suction dredges with pipeline		1,414	1,414

	<u>US \$ equivalent 000</u>	<u>Foreign Currency Cost</u>	<u>Total Cost</u>
(d) 1 Grab hopper dredge		673	673
(e) Ancillary floating equipment and spare parts		942	942
(f) Slipway and workshop		981	1,772
(g) Consultants' charges, personnel training costs and misc. costs		180	280
(h) Contingencies		<u>677</u>	<u>860</u>
	TOTAL	<u>8,500</u>	<u>9,850</u>

21. Organization

The responsibility for dredging the national and municipal ports and harbors and for planning and design of port extensions is in the hands of the "Division of Ports and Harbors" (DPH), a division of the Bureau of Public Works, which is an agency of the Department of Public Works, Communications and Transportation. Actual construction of the civil works and their maintenance is carried out under supervision of the local engineers of the Bureau of Public Works itself. The DPH is not charged with the administration of the Philippine ports. DPH's funds are provided by the Port Works Fund. DPH personnel are technically competent. However, the general standards of operating and maintaining the Division's dredging equipment are not at present adequate.

22. Consultants

One or more qualified persons are to be engaged to advise on dredge maintenance and operation and on the operation of the repair facilities. Experienced dredge chief engineers and qualified masters to be supplied by the builders, will be employed to train dredge personnel.

23. Extracts from Loan Agreement

Section 5.02- The Borrower shall cause the goods purchased with the proceeds of the Loan to be efficiently operated and adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

Section 5.08(a) The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against damage or loss during their construction outside of, and importation

into, the territories of the Borrower; such insurance shall be consistent with sound commercial practice and shall be payable in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.08 (b) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall, in addition to the insurance provided for in subparagraph (a) of this section, take out or cause to be taken out, and maintain or cause to be maintained, insurance with a commercial insurer on the floating equipment financed out of the proceeds of the Loan against such risks and in such amount as shall be consistent with sound commercial practice; such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable.

24. Side Letters

Letter from the Embassy of the Philippines dated July 26, 1961, in reference to the employment of consultants and international competitive bidding is attached; letter from the Embassy of the Philippines of even date concerning list of goods is also attached.

Engineer: James W. Lowdon
Economist: Arthur Wbnig

End-Use: Joseph M. Heymans
Area: John A. Edelman

C
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P
Y

EMBASSY OF THE PHILIPPINES
Washington, D. C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

Dear Sirs:

Re: Loan 290 PH
(Dredging Project)

In the course of the loan negotiations and particularly in discussing Section 5.01 of the Loan Agreement of even date herewith between Republic of the Philippines and the Bank, we advised you that we attach great importance to the efficient use and proper upkeep of our dredging fleet operated by the Department of Public Works, Communications and Transportation, part of which is to be financed under the loan. We are now writing to confirm the following understanding:

1. In addition to the inspection provided by Lloyds Survey and the Department of Ports and Harbors' inspectors, arrangements will be made for a dredge design consultant to make periodic visits to the builders' yard during the construction of the equipment, for the purpose of verifying that the detailed layout is satisfactory from the operating point of view.
2. One or more qualified persons to advise on the operation and maintenance of the dredging equipment and on the operation of the slipway and workshop will be engaged. The qualifications, terms and period of employment of such person or persons will be such as are mutually acceptable to the Bank and to us.
3. Experienced dredge chief engineers and dredge masters, supplied by the builders, will be employed to train dredge personnel. Arrangements for their employment will be such that they will be available during at least the first three months of operation of the first dredge of each type for which they are to give instruction. Thereafter, their services will be continued as found necessary by mutual agreement between the Bank and us. Not less than two experienced dredge chief engineers and two experienced dredge masters will be so employed.

4. We agree that the alterations to the project equipment recommended by Mr. W. H. Roberts in his report of January 1961 are desirable. Accordingly, we have instructed the builders to make all alterations still practicable.
5. In connection with the construction of the slipway and workshop which are part of the Project, we agreed that consultant's opinion on the design and specifications for these items is advisable. Accordingly, we will retain the services of a consulting engineering firm acceptable to the Bank for this purpose.
6. Except as the Bank shall otherwise agree, the procedure followed in the procurement of equipment and in any contract arrangements made for the construction of the slipway and workshop will be such as is mutually acceptable to the Bank and to us, and will be on the basis of international competitive bidding.

Please indicate your agreement by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By Mauro Calingo
Authorized Representative

Confirmed:

July 26, 1961

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By A. Gasem Kheradjou

C
O
P
Y

EMBASSY OF THE PHILIPPINES
Washington, D. C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H St., N. W.
Washington 25, D. C.
United States of America

Dear Sirs:

Referring to Section 3.01 of the Loan Agreement (Dredging Project) of even date herewith between Republic of the Philippines and the Bank, we attach a list of goods to be purchased out of the proceeds of the loan, to which we request your agreement.

The list includes certain goods for which payment has been made after October 1, 1960, but prior to the effective date of the loan. Pursuant to Section 4.01 of the Loan Agreement, we further request your agreement that upon compliance with the provisions of the Loan Agreement we shall be entitled to withdraw from the loan account such amounts as shall be required to reimburse us for those payments.

Please indicate your agreement by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By Mauro Calingo
Authorized Representative

Confirmed:

July 26, 1961

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By A. Gasem Kheradjou

List of Goods and Services
(Amount Expressed in U. S. Dollars)

<u>Goods</u>	<u>Amount</u>
1. Dredging and ancillary floating equipment	6,297,000
2. Spare parts for above	365,000
3. Slipway, including mechanical and electrical equipment for same	696,000
4. Workshop, including machine tools for same	285,000
5. Consultants' charges and personnel training costs	180,000
6. Unallocated	<u>677,000</u>
Total	8,500,000

External Debt

PH-290
PH-Indeblt



EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Re: Loan No. 290 PH
(Dredging Project)

Dear Sirs:

In connection with the proposed loan in the amount of \$8,500,000 to Republic of the Philippines for the Dredging Project, I am writing on behalf of Republic of the Philippines to summarize and reaffirm certain facts relating to the external debt of Republic of the Philippines, as follows:

1. You have been furnished with the following:
 - (a) Form B: Lists of external public debt and debt payments during the six months' period ended December 31, 1960 and supplements for the period ended May 31, 1961.
 - (b) Form C: Description of individual debts or copies of contracts covering each of the items of debt as of May 31, 1961 with the exceptions noted on the Annex hereto.
2. Such Forms and supplements accurately set forth the amounts and principal terms and conditions of all outstanding public debts of Republic of the Philippines, its agencies and the political subdivisions thereof as of May 31, 1961 with the exceptions referred to under 1(b).
3. Since then there has been no substantial increase in such external public debt.

4. We will furnish you with the additional information regarding the principal terms and conditions of the individual debts listed in the Annex as soon as possible, but not later than September 30, 1961.
5. Except as stated in such Forms and supplements and in this letter, no mortgages, pledges, charges, liens or other priorities exist in favor of any such debt, and none of such debt is in default.

It is our mutual understanding that, in making the proposed loan, the Bank may rely on the statements and facts set forth herein and in the Forms and supplements mentioned above.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By 
Authorized Representative

Attachment

A N N E X

LIST OF DEBTS ON WHICH STATEMENTS OF PRINCIPAL TERMS
AND CONDITIONS ARE PRESENTLY UNAVAILABLE

1. Debt of the Philippine Government	\$5.4 million
2. Debt of Government corporations	.6 million
	<hr/>
T O T A L	\$6.0 million



EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Re: Loan 290 PH
(Dredging Project)

Dear Sirs:

In the course of the loan negotiations and particularly in discussing Section 5.01 of the Loan Agreement of even date herewith between Republic of the Philippines and the Bank, we advised you that we attach great importance to the efficient use and proper upkeep of our dredging fleet operated by the Department of Public Works, Communications and Transportation, part of which is to be financed under the loan. We are now writing to confirm the following understanding:

1. In addition to the inspection provided by Lloyds Survey and the Department of Ports and Harbors' inspectors, arrangements will be made for a dredge design consultant to make periodic visits to the builders' yard during the construction of the equipment, for the purpose of verifying that the detailed layout is satisfactory from the operating point of view.
2. One or more qualified persons to advise on the operation and maintenance of the dredging equipment and on the operation of the slipway and workshop will be engaged. The qualifications, terms and period of employment of such person or persons will be such as are mutually acceptable to the Bank and to us.
3. Experienced dredge chief engineers and dredge masters, supplied by the builders, will be employed to train dredge personnel. Arrangements for their employment will be such that they will be available during at least the first three months of operation of the first dredge of each type for

which they are to give instruction. Thereafter, their services will be continued as found necessary by mutual agreement between the Bank and us. Not less than two experienced dredge chief engineers and two experienced dredge masters will be so employed.

4. We agree that the alterations to the project equipment recommended by Mr. W. H. Roberts in his report of January 1961 are desirable. Accordingly, we have instructed the builders to make all alterations still practicable.
5. In connection with the construction of the slipway and workshop which are part of the Project, we agreed that consultants' opinion on the design and specifications for these items is advisable. Accordingly, we will retain the services of a consulting engineering firm acceptable to the Bank for this purpose.
6. Except as the Bank shall otherwise agree, the procedure followed in the procurement of equipment and in any contract arrangements made for the construction of the slipway and workshop will be such as is mutually acceptable to the Bank and to us, and will be on the basis of international competitive bidding.

Please indicate your agreement by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By

Francis M. ...
Authorized Representative

Confirmed:

July 26, 1961

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

A. ...



EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.

July 26, 1961

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Dear Sirs:

Referring to Section 3.01 of the Loan Agreement (Dredging Project) of even date herewith between Republic of the Philippines and the Bank, we attach a list of goods to be purchased out of the proceeds of the loan, to which we request your agreement.

The list includes certain goods for which payment has been made after October 1, 1960, but prior to the effective date of the loan. Pursuant to Section 4.01 of the Loan Agreement, we further request your agreement that upon compliance with the provisions of the Loan Agreement we shall be entitled to withdraw from the loan account such amounts as shall be required to reimburse us for those payments.

Please indicate your agreement by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

REPUBLIC OF THE PHILIPPINES

By *[Signature]*
Authorized Representative

Confirmed:

July 26, 1961

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By *A. Gasim Khudayev*

List of Goods and Services
(Amount expressed in U.S. Dollars)

<u>Goods</u>	<u>Amount</u>
1. Dredging and ancillary floating equipment	6,297,000
2. Spare parts for above	365,000
3. Slipway, including mechanical and electrical equipment for same	696,000
4. Workshop, including machine tools for same	285,000
5. Consultants' charges and personnel training costs	180,000
6. Unallocated	<u>677,000</u>
Total	<u>8,500,000</u>



MONETARY BOARD
OF THE
CENTRAL BANK OF THE PHILIPPINES
MANILA

July 6, 1961

Mr. M. M. Mendels
Secretary
International Bank for
Reconstruction and Development
1818 H St., N.W.
Washington 25, D. C.

S i r :

I hereby appoint Philippine Ambassador Carlos P. Romulo as Representative and Mr. Mauro Calingo, Philippine Minister in Washington as Alternate, to serve on the Committee constituted under Section seven of Article five of the Articles of Agreement of International Bank for Reconstruction and Development, to report on the proposed loan to Republic of the Philippines to assist in the procurement of dredges and the construction of a slipway and workshop.

Very truly yours,

EDUARDO Z. ROMUALDEZ
Alternate Governor
International Bank for Reconstruction and
Development for the Philippines

1961 JUL 13 10:30

**Office of the President
of the Philippines**

DELEGATION OF AUTHORITY

Pursuant to the authority vested in me under the existing laws and constitution of the Philippines, I CARLOS P. GARCIA, President of the Philippines, do hereby appoint, empower, and constitute Honorable FLORENCIO MORENO, Secretary of Public Works and Communications, and Mr. JULIAN A. BUENDIA, Director of Public Works, or either of them with full power to act without the other, on behalf and in the name of the Government of the Republic of the Philippines to negotiate, execute and deliver a loan agreement and related documents with the International Bank for Reconstruction and Development (World Bank), Washington, D.C., for an aggregate principal amount not exceeding the equivalent of nine million dollars. This Loan Agreement is for the purpose of obtaining funds to be used in the procurement of dredges and auxiliary equipment and the construction of a slipway and workshop in Manila.



CARLOS P. GARCIA
President of the Republic of the Philippines

Manila, June 22, 1961.

I, FELIXBERTO SERRANO, certify that I am the Secretary of Foreign Affairs of the Republic of the Philippines, and that I am personally acquainted with President Carlos P. Garcia, and his signature, and that he is authorized to sign such document for and in behalf of the Government of the Republic of the Philippines.



Secretary of Foreign Affairs

Dredging Prog.
Re-examination



290 PH
EMBASSY OF THE PHILIPPINES
WASHINGTON, D. C.

July 20, 1961

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Re: Loan 290 PH
(Dredging Project - Dredging Program)

Dear Sirs:

During our negotiations with you in connection with the above Loan, we discussed the over-all dredging program, a copy of which was sent to Mr. W. H. Roberts with our letter of January 30, 1961, and the 1960/61-1964/65 program handed to you in the course of our visit.

We have noted the Bank's comment on the over-all program. We will re-examine the program in the light of this comment and will as soon as possible send you a final version with explanatory notes where required.

Yours sincerely,

Julia St. Louis
Director of Public Works

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
MANILA

Authorization for Loan
OPINION NO. 89
SERIES OF 1961

June 23, 1961

The Secretary of Public Works
and Communications
Manila


Sir:

In reply to your letter of the 9th instant, I have the honor to state that the Republic of the Philippines, acting through the President or any representative designated by him, is legally authorized to enter into a loan agreement with the International Bank for Reconstruction and Development, Washington, or any foreign lending institution for that matter, for the purpose of financing the acquisition of dredges and other equipment to be used in the development and improvement of the international port facilities of Manila and other national ports. Accordingly, a loan agreement of the above tenor, if and when entered into, will be valid and binding upon the Republic of the Philippines.

This conclusion is, in the main, based upon the same considerations which impelled this Department to hold in Opinion No. 27, current series (copy enclosed), that the loan agreement concluded by the Republic of the Philippines with the Export-Import Bank of Washington is legally authorized.

I may add that there is more reason to uphold the authority of the Philippine Government to enter into the proposed loan agreement with the International Bank for Reconstruction and Development. For under the recently enacted Public Works Act of 1961, the acquisition of foreign loans by the Republic of the Philippines for the construction and/or improvement of portworks projects is expressly authorized. [See Section 5, Title J(e).]

Very truly yours,


ENRIQUE A. FERNANDEZ
Undersecretary

OPINION NO. 89
SERIES OF 1961

OPINION NO 27, 19 61

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
MANILA

February 20, 1961

The Secretary of Public Works
and Communications
Manila

Sir:

This is in reply to your letter of December 5, 1960 requesting opinion on whether the agreement recently concluded by the Republic of the Philippines and the Export-Import Bank of Washington, whereby the latter extends a loan to the former in the amount of \$14,650,000.00 for the purpose of financing the development and improvement of the international port facilities of the Manila harbor, is legally authorized and binding upon the Philippine Government. This opinion, it is said, is required under the agreement and constitutes a condition precedent to the first utilization of the loan thereunder.

Section 4 of Republic Act No. 2701, insofar as pertinent, reads as follows:

"Sec. 4. Apportionment of Portworks Special Fund.- The following sums or so much thereof as may be necessary are hereby apportioned out of the Portworks Special Fund that have accrued under Act No. 3592 as amended by Commonwealth Act No. 130 and by Republic Act No. 1216 (and Republic Act No. 2695) not otherwise apportioned, to be released by the Secretary of Public Works and Communications pursuant to the provisions hereinafter set forth and for the purposes mentioned hereunder:

"Title J. - PORTWORKS

"a. For the construction and/or improvement of projects which are to be financed partly from the proceeds of loans from foreign lending institutions:

"1. Port of Manila
Port Improvement ----- P6,000,000.00"
(Emphasis supplied.)

The underscored portion of the quoted legal provision is indubitably indicative of the desire of the Congress to finance the improvement of the Port of Manila partly from the proceeds of

OPINION NO 27, 19 61

OPINION NO 27, 1961


foreign loans and constitutes, in my opinion, sufficient legislative authority for the loan agreement here in question. Indeed, it has to be so. Otherwise, the contemplated improvement of the Manila harbor will fail of realization for lack of indispensable dollar funds. In this connection, it is relevant to cite the familiar maxim of statutory construction to the effect that an interpretation subversive of a clear legislative objective should, if possible, be shunned. For it is a settled and universally accepted legal principle that a statute should be so interpreted, liberally if necessary, as to effectuate, not frustrate, its purposes and objectives.

This view finds confirmation in Act No. 3592, as amended by Commonwealth Act No. 130 and Republic Acts Nos. 1216 and 2695, which provides that out of the total collection of port fees and charges accruing to the Portworks Fund, which is approximately P20 million annually, "there is hereby set aside first, such sums as may be necessary to reimburse the General Fund for the x x x payment of x x x loans acquired by the National Government for the development, construction and improvement of ports". (Section 1)

Having reached the conclusion that there is adequate legislative authority for the Philippine Government to secure foreign loans wherewith to develop the Manila harbor, the question arises: who shall exercise the power? Since the applicable laws do not stipulate any official, I am led to believe that the authority to procure foreign loans, which is clearly executive in character, necessarily devolves upon the President, being himself the Executive. (See *Springer v. Philippine Government*, 277 US 189, 72 L.Ed. 845.) But there is no legal necessity for the President personally to negotiate and execute or sign the loan contracts. He may delegate the power to whomsoever may merit his trust. (See Opinions of the Secretary of Justice, No. 280, series of 1958; No. 230, series of 1959.)

In view of the foregoing and after having carefully examined the provisions of the instant loan agreement, I have the honor to state that the same has been validly entered into and consequently binding upon the Republic of the Philippines in accordance with its terms; and that the promissory notes therein stipulated, if and when signed and issued in pursuance thereof, will constitute valid and binding obligations of the Philippine Government in accordance with their terms.

Very truly yours,


ALEJO MABANAG
Secretary of Justice

OPINION NO 27, 1961

SEC. 5. Capital Improvements Financed from Portworks Special Fund.—The following sums, or so much thereof, as may be necessary, are hereby apportioned out of the

H. No. 6153
 CERTIFIED CORRECT
M. D. Bautista
 M. D. BAUTISTA
 Acting Secretary

Portworks Special Fund, as provided in Act No. 3092, as amended, not otherwise apportioned, subject to the provisions hereinafter set forth and for purposes mentioned hereunder, to implement the portworks sector of the long-range program of capital improvements:

TITLE J.—PORTWORKS

a. For the survey, investigation, construction, extension, dredging, improvement and/or completion of national ports, including the purchase of necessary construction materials and supplies:

1. Port of Batangas, Batangas.....	P50,000.00
2. Port of Nasipit, Agusan.....	250,000.00
3. Port of Zamboanga, Zamboanga.....	125,000.00
4. Port of Iligan, Lanao del Norte.....	200,000.00
5. Port of Makar, Cotabato	100,000.00
6. Port of Davao, Davao.....	600,000.00
7. Port of Legaspi, Albay.....	300,000.00
8. Port of Tabaco, Albay.....	300,000.00
9. Port of Iloilo, Iloilo	500,000.00
10. Port of Tacloban, Leyte.....	300,000.00
11. Port of Maasin, Leyte del Sur.....	200,000.00
12. Port of Pagadian, Zamboanga del Sur	100,000.00
13. Port of Basilan, (Isabela), Zamboanga del Sur	75,000.00
Total for paragraph a	<u>P3,100,000.00</u>

b. For the survey, investigation, construction, reconstruction of other national ports, including the purchase of necessary construction materials and supplies, as may be allotted by the Secretary of Public Works and Communications upon the recommendation of the Director of Public Works

P800,000.00

c. For the survey, investigation, construction, reconstruction and/or improvement of municipal ports, including the purchase of

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 DEPARTMENT OF PUBLIC WORKS AND COMMUNICATIONS
 Records Officer IV
 Department of Public Works and Communications

necessary construction materials and supplies:

1. Port of Talibon, Bohol	P71,000.00
2. Port of Argao, Cebu.....	10,000.00
3. Port of Pilar, Cebu.....	15,000.00
4. Port of Mainit, Oslob, Cebu.....	40,000.00
5. Port of Kiamba, Cotabato	35,000.00
6. Port of Lebak, Cotabato	30,000.00
7. Port of Sta. Cruz, Ceboley Beach, Davao	10,000.00
8. Port of Mati, Davao.....	10,000.00
9. Port of Damortis, La Union.....	20,000.00
10. Port of Calubian, Leyte.....	60,000.00
11. Port of Palompon, Leyte.....	60,000.00
12. Port of Kawayan, Leyte.....	15,000.00
13. Port of Culaba, Leyte.....	15,000.00
14. Port of Pintuyan, Leyte del Sur	15,000.00
15. Port of Bontoc, Leyte del Sur	15,000.00
16. Port of Libagon, Leyte del Sur	25,000.00
17. Port of Naval, Leyte	25,000.00
18. Port of Binalayan, Leyte.....	15,000.00
19. Port of Carigara, Leyte.....	15,000.00
20. Port of Canipaán, Hinunangan, Leyte del Sur	10,000.00
21. Port of St. Bernard, Leyte del Sur....	15,000.00
22. Port of Tayaman, Mindoro Occidental	15,000.00
23. Port of Baliangao, Misamis Occi- dental	10,000.00
24. Port of Gingoog, Misamis Oriental....	15,000.00
25. Port of Jasaan, Misamis Oriental.....	10,000.00
26. Port of Silad, Quinoguitan, Misamis Oriental	10,000.00
27. Port of Mambajao, Misamis Oriental..	15,000.00
28. Port of Talisayan, Misamis Oriental..	15,000.00
29. Port of Maricalum, Negros Occidental	20,000.00
30. Port of Lipao, Canayan, Negros Occi- dental	20,000.00
31. Port of Brooke's Point, Palawan.....	40,000.00


CERTIFIED TRUE COPY

CERTIFIED CORRECT

M.D. BAUTISTA
Acting Secretary

J. CLAVECHINAS
Records Officer I
Department of Public Works and Communications

CERTIFIED TRUE COPY:


M.D. BAUTISTA
 Acting Secretary

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"> J. CLAVECILLAS Records Officer </p>	<p>32. Port of Araceli, Palawan 15,000.00</p> <p>33. Port of Guisguis, Sariaya, Quezon 50,000.00</p> <p>34. Port of Pagbilao, Quezon 15,000.00</p> <p>35. Port of Padre Burgos, Quezon 70,000.00</p> <p>36. Port of Patnanungan, Polillo, Burdeos, Quezon 10,000.00</p> <p>37. Port of Tanay, Rizal 15,000.00</p> <p>38. Port of San Agustin, Romblon 25,000.00</p> <p>39. Port of Basilan City, Basilan 15,000.00</p> <p>40. Port of Ambulong, Romblon 5,000.00</p> <p>41. Port of Malbog (Looc), Romblon 10,000.00</p> <p>42. Port of Cajidiocan, Romblon 25,000.00</p> <p>43. Port of Giporlos, Samar 15,000.00</p> <p>44. Port of Lapinig, Samar 15,000.00</p> <p>45. Port of San Antonio, San Antonio, Samar 15,000.00</p> <p>46. Port of Casiguran, Sorsogon 10,000.00</p> <p>47. Port of Matnog, Sorsogon 10,000.00</p> <p>48. Port of Cantilan, Surigao del Sur 15,000.00</p> <p>49. Port of Cagwait, Surigao del Sur 20,000.00</p> <p>50. Port of Lianga, Surigao 10,000.00</p> <p>51. Port of Dipolog, Zamboanga del Norte 30,000.00</p> <p>52. Port of Liloy, Zamboanga del Norte 10,000.00</p> <p>53. Port of Naga, Kabasalan, Zamboanga del Sur 20,000.00</p> <p>54. Port of Alicia, Zamboanga del Sur 12,000.00</p> <p>55. Port of Dimataling, Zamboanga del Sur 23,000.00</p> <p>56. Port of Dina, Tarakan, Zamboanga del Sur 15,000.00</p> <p>57. Port of Margosatubig, Zamboanga del Sur 15,000.00</p> <p>58. Port of Bato, Leyte 100,000.00</p> <p>59. Port of Hilongos, Leyte 50,000.00</p> <p>60. Port of Baybay, Leyte 50,000.00</p> <p>61. Port of Ormoc City 25,000.00</p> <p>62. Ganassi Wharf, Ganassi, Lanao del Sur 42,000.00</p>
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63. Lumbatan Wharf, Lumbatan, Lanao del Sur	12,500.00
64. Bayang Wharf, Bayang, Lanao del Sur	10,000.00
65. Madalum Wharf, Madalum, Lanao del Sur	15,000.00
66. Tugaya Wharf, Tugaya, Lanao del Sur	10,000.00
67. Balindong Wharf, Balindong, Lanao del Sur	10,000.00
68. Marantao Wharf, Marantao, Lanao del Sur	10,000.00
69. Marawi Wharf, Marawi, Lanao del Sur	10,000.00
70. Ramin Wharf, Ramin, Lanao del Sur	10,000.00
71. Tamparan Wharf, Tamparan, Lanao del Sur	65,000.00
72. Masiu Wharf, Masiu, Lanao del Sur	10,000.00
73. Bacolod Grande Wharf, Orong, Bacolod Grande, Lanao del Sur	10,000.00
74. Port of Real, Quezon	10,000.00
75. San Agustin Port Breakwater, Romblon	19,000.00
76. Balangiga Wharf, Samar	20,000.00
77. Querape Causeway (Pier), Castilla, Sorsogon	10,000.00
78. Port of Pandan, Antique	40,000.00
79. Talisay Wharf, San Fernando, Masbate	50,000.00
80. Port of Padre Burgos, Leyte del Sur....	10,000.00
81. Port of San Narciso, Quezon	10,000.00
82. Pata Causeway, Pata, Sulu	70,000.00
83. Rugasan Causeway, Tapul, Sulu	50,000.00
84. Maimbung Causeway, Maimbung, Sulu Construction of overhead landing and shed	10,000.00
85. Calolbon Pier, Catanduanes	20,000.00
86. Baras Breakwater, Catanduanes	25,000.00

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M.D. BAUTISTA

Acting Secretary

J. CLAVESILLAS

Records Officer IV

Department of Public Works and Highways

87. Bagamanoc Breakwater, Catanduanes	25,000.00
88. Ibajay Wharf, Aklan	100,000.00
89. Buenavista Wharf, Bohol	15,000.00
90. Bien Unido Wharf, Talibon, Bohol.....	15,000.00
91. Port of Boac, Marinduque	
Construction of Pier Cargo Shed....	10,000.00
92. Port of Alobo, Sta. Cruz, Marinduque	5,000.00
93. Port of Tolosa, Leyte	100,000.00
94. Talalora Wharf, Samar	10,000.00
95. Port of Arteche, Samar	10,000.00
96. Port of San Policarpo, Samar	10,000.00
97. Port of Lawa-an, Samar	20,000.00
98. Port of San Vicente, Sulat, Samar	10,000.00
99. Dolores River Landings, Samar	5,000.00
100. Port of San Sebastian, Samboan, Cebu	25,000.00
101. Port of Catagbacan, Loon, Bohol	75,000.00
102. Danao Municipal Port, Cebu	75,000.00
103. Dungo-an Pier, Carmen, Cebu	200,000.00
104. Port of Cotta, Lucena, Quezon	45,000.00
105. Port of Balingasag, Misamis Oriental	100,000.00
106. Port of Batalay, Catanduanes	100,000.00
107. Port of Milbuk, Palimbang, Cotabato	30,000.00
108. Gubat Wooden Wharf, Sorsogon	50,000.00
109. Port of Estancia, Iloilo	150,000.00
110. Port of Barancalan, Carles, Iloilo	50,000.00
111. Port of San Agustin, Romblon	75,000.00
112. Port of Ronda, Cebu	30,000.00
113. Port of Barili, Cebu	30,000.00
114. Port of Aloguinsan, Cebu	60,000.00
115. Port of Toledo City	30,000.00
116. Port of Dumanjug, Cebu	28,000.00
117. Port of Masao, Agusan	50,000.00
118. Port of Uson, Caibiran, Leyte	10,000.00
119. Port of Bool, Culaba, Leyte	10,000.00
120. Port of Bunga, Cabugayan, Leyte	10,000.00
121. Port of Villalon, Calubian, Leyte	10,000.00
122. Port of Tuedao, Culaba, Leyte	10,000.00
123. Port of Matlang, Isabel, Leyte	10,000.00
124. Port of Tabing, Tabañgon, Leyte	10,000.00

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M.D. BAUTISTA

Acting Secretary

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J. CLAVELL

Records Officer IV

125. Port of Caibiran, Leyte	20,000.00
126. Port of Cabugayan, Leyte	15,000.00
127. Port of Leyte, Leyte	10,000.00
128. Port of Biliran, Leyte	10,000.00
129. Port of Culasi, Roxas City	100,000.00
130. Port of Cadiz, Negros Occidental	100,000.00
131. Villahermosa Wharf, Rapu-Rapu, Albay	5,000.00
132. Rapu-Rapu Wharf, Albay	13,000.00
133. Batan Island Wharf, Rapu-Rapu, Albay	4,000.00
134. Bauan Wharf, Batangas	300,000.00
135. Baclayon Causeway, Bohol	5,000.00
136. Milbuk Wharf, Talibon, Bohol	2,000.00
137. Madridejos Wharf, Cebu	38,000.00
138. Tudela Wharf (Causeway and Landscaping), Cebu	5,000.00
139. Bantayan Wharf, Cebu	4,000.00
140. Mainit Causeway, Oslob, Cebu	5,000.00
141. Hagnaya Wharf, Cebu	2,000.00
142. Dadiangas Wharf, Cotabato	50,000.00
143. Mabini Municipal Wharf, Davao	5,000.00
144. Panabo Wharf, Davao	30,000.00
145. Gaang Port, Currimaos, Ilocos Norte	150,000.00
146. Lamitan Wharf, Isabela, Basilan City	5,000.00
147. Pantalan at Bo. Aplaya, Pila, Laguna	4,000.00
148. Kolambugan Wharf, Lanao del Norte	5,000.00
149. Laurel Wharf, Sto. Tomas, La Union	10,000.00
150. Merida Causeway, Leyte del Norte	2,000.00
151. Rinahor Wharf, Bayan, Lanao del Sur	50,000.00
152. Maul Wharf, Marantao, Lanao del Sur	50,000.00
153. Da-arainged Marantao Wharf, Marantao, Lanao del Sur	25,000.00
154. Poona-Bayabao Wharf, Lanao del Sur	10,000.00
155. Bacolod Grande Wharf, Lanao del Sur	50,000.00
156. Kitambungan Wharf, Malondo, Lanao del Sur	10,000.00

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M. D. Bautista
 M.D. BAUTISTA
 Acting Secretary

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Records
 J. CLAVECILLAS

157. Linuk-Madalum, Lanao del Sur	2,000.00
158. Ditsa-an Wharf, and Breakwater, Lanao del Sur	80,000.00
159. Kolambugan Causeway and Timber Landing, Lanao del Sur	500,000.00
160. Bayog Wharf, Los Baños, Laguna	15,000.00
161. Caingin Wharf, Sta. Rosa, Laguna....	15,000.00
162. Sampiruhan Wharf, Calamba, Laguna	10,000.00
163. San Antonio Wharf, Bay, Laguna	15,000.00
164. Gulod Wharf, Cabuyao, Laguna	15,000.00
165. San Roque Wharf, Victoria, Laguna..	10,000.00
166. Aplaya Wharf, Pila, Laguna	10,000.00
167. Hilongos Wharf, Leyte del Norte	2,000.00
168. Tangub Wharf, Misamis Occidental ..	49,000.00
169. Catarman Wharf, Misamis Oriental..	12,000.00
170. Mambajao Wharf, Misamis Oriental..	5,000.00
171. San Jose Municipal Wharf, Negros Oriental	3,000.00
172. Coron Causeway, Palawan	3,000.00
173. Concepcion Wharf, Busuanga, Palawan	3,000.00
174. Magsaysay Wharf, Sual, Pangasinan	5,000.00
175. Mulanay Municipal Wharf, Quezon	3,000.00
176. Calauag Municipal Wharf, Quezon....	5,000.00
177. Punta Jalajala Wharf, Rizal	2,000.00
178. Pilapila Wharf, Rizal	5,000.00
179. Sto. Niño Wharf, Gandara, Samar	2,000.00
180. Pizarro Wharf, Gandara, Samar	2,000.00
181. San Jorge Wharf, Gandara, Samar....	2,000.00
182. Gen. MacArthur Wharf, Samar	10,000.00
183. San Isidro Wharf, Samar	47,000.00
184. Pinamitiran Wharf, Marabut, Samar	1,000.00
185. Ferreras Wharf, Marabut, Samar	1,000.00
186. Joaquin Wharf, Calbayog City, Samar	5,000.00
187. Sugod Wharf, Almagro, Samar	15,000.00
188. Almagro Wharf, Samar	10,000.00
189. Costa Rica Wharf, Samar	15,000.00
190. San Juan Causeway, Sta. Rita, Samar	4,000.00
191. Villareal Wharf, Samar	10,000.00

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M.D. BAUTISTA
Acting Secretary

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 M.D. BAUTISTA
 Acting Secretary

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 4. CLAVILLAS
 Records Officer IV

192. Tubigan Wharf, Zumarraga, Samar ..	10,000.00
193. Pilar Municipal Wharf, Sorsogon	10,000.00
194. Nigad Causeway, Maimbung, Sulu	30,000.00
195. Bonngaro Wharf, Jolo, Sulu	30,000.00
196. Tuhtuh Causeway, Panamau, Sulu	16,000.00
197. Kapual Wharf, Luuk, Sulu	10,000.00
198. Gomez Wharf, Dinagat, Surigao del Norte	1,000.00
199. Tagabaca Wharf, Dinagat, Surigao del Norte	12,000.00
200. Zaragosa Causeway, Surigao del Norte	15,000.00
201. Bisogbay Causeway, Surigao del Norte	2,000.00
202. Aurora Causeway, Surigao del Norte	2,000.00
203. Alegria Causeway, Surigao del Norte	13,000.00
204. Puerto Princesa Wharf, Dinagat, Surigao del Norte	10,000.00
205. Matingbe Wharf, Dinagat, Surigao del Norte	10,000.00
206. Roxas Wharf, Dinagat, Surigao del Norte	10,000.00
207. San Benito Wharf, Numancia, Surigao del Norte	20,000.00
208. Consolacion Wharf, Dapa, Surigao del Norte	10,000.00
209. Talavera Wharf, Tagana-an, Surigao del Norte	10,000.00
210. Quezon Wharf, Albar, Surigao del Norte	10,000.00
211. Magsaysay Wharf, Albar, Surigao del Norte	10,000.00
212. Arellano Wharf, Albar, Surigao del Norte	10,000.00
213. Socorro Wharf, Socorro, Surigao del Norte	10,000.00
214. Sapao Wharf, Surigao del Norte	30,000.00
215. Melgar Wharf, Dinagat, Surigao del Norte	11,000.00
216. Wilson Wharf, Dinagat, Surigao del Norte	11,000.00

217. Cagutsan Causeway, Surigao del Norte	3,000.00
218. Cawilan Wharf, Tagana-an, Surigao del Norte	10,000.00
219. Aarasaan Wharf, Cagrwit, Surigao del Sur	10,000.00
220. Sindangan Municipal Wharf, Zamboanga del Norte	100,000.00
221. Isabela Wharf, Basilan City	5,000.00
222. San Pablo Wharf, Zamboanga del Sur	10,000.00
223. Paliwas Wharf, Obando, Bulacan	3,000.00
224. Patunhay Wharf, Cardona, Rizal	10,000.00
225. Tanay Port, Rizal	20,000.00
226. Dauis Causeway, Tagbilaran, Bohol	40,000.00
227. Dinahican Wharf, Quezon	50,000.00
228. Sapa-Sapa Causeway, Tandubas, Sulu	7,000.00
229. Caingin Wharf, Masantol, Pampanga	15,000.00
230. Masantol Wharf, Pampanga	100,000.00
231. Sibay Island Wharf, Caluya, Antique	10,000.00
232. Talim Island Wharf, Binangonan, Rizal	5,000.00
233. Binangonan Wharf, (New) Rizal	40,000.00
234. Karungdung Causeway, Indanan, Sulu	20,000.00
235. Sionogan Causeway, Indanan, Sulu	30,000.00
236. Pangdan Causeway, Luuk, Sulu	100,000.00
237. Plaridel Wharf, Misamis Occidental	50,000.00
238. Buadsacayo Wharf, Marawi City	25,000.00
239. Port of Sta. Ana, Cagayan	1,000,000.00
240. Port of Himamaylan, Negros Occidental	500,000.00
Total for paragraph c	<u>₱8,035,500.00</u>

d. For the survey, investigation, construction, reconstruction and/or improvement of other municipal ports, including the purchase of necessary construction materials and supplies, to be allotted by the Secretary of Public Works and Communications upon the recommendation of the Director of Public Works

₱300,000.00

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CARRIED OVER CO.:

M. D. Bautista
M. D. BAUTISTA
Acting Secretary

J. SILVERIAS

Records Officer

Department of Public Works and Communications

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J. CLAVECILLAS
Records Officer IV
Department of Public Works and Communications

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e. For the construction and/or improvement of portworks projects which are to be financed partly from the proceeds of loans which are hereby authorized from foreign lending institutions:

Port of Manila	P14,500,000.00
Total for PORTWORKS	<u>P26,735,500.00</u>

TITLE K.—LIGHTHOUSES

a. For the construction, reconstruction, repair and/or improvement of structures in lighthouse stations and other aids to navigation, including the survey and investigation of sites, and the purchase of necessary materials and supplies, to be allotted by the Secretary of Public Works and Communications upon recommendation of the Director of Public Works

P300,000.00

Total Appropriations from Port- works Special Fund	<u>P27,485,500.00</u>
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Sec. 6. Program of Work Required Before Prosecuting

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M.D. BAUTISTA
Acting Secretary

FOURTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Third Session

H. No. 4560

[REPUBLIC ACT No. 2694]

AN ACT TO AMEND CERTAIN PROVISIONS OF SECTIONS THIRTY-SEVEN AND SIXTY-FOUR OF COMMONWEALTH ACT NUMBERED ONE HUNDRED FORTY-ONE.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The first paragraph of Section thirty-seven and subparagraph (a) of Section sixty-four of Commonwealth Act Numbered One hundred forty-one are hereby amended to read as follows:

"SEC. 37. The annual rental of the land leased shall not be less than three *per centum* of the value of the land, according to the appraisal and reappraisal made in accordance with section one hundred sixteen of this Act; except for lands reclaimed by the Government, which shall not be less than four *per centum* of the appraised and reappraised value of the land: *Provided*, That one-fourth of the annual rental of these lands reclaimed prior to the approval of this Act shall accrue to the construction and improvement portion of the Portworks Fund: *And provided*, further, That the annual rental of not less than four *per centum* of the appraised and reappraised value of the lands reclaimed using the Portworks Fund after the approval of this Act shall all accrue to the construction and improvement portion of the Portworks Fund. But if the land leased is adapted to and be devoted for grazing purposes, the annual rental shall be not less than two *per centum* of the appraised and reappraised value thereof. Every contract of lease under the provisions of this chapter shall contain a clause to the effect that a reappraisal of the land leased shall be made every ten years from the date

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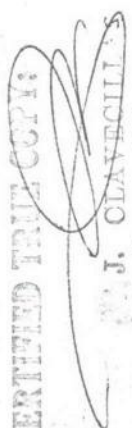
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A. D. BAUTISTA

Actg. Secretary, DPWC

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J. OLAVECILLO

Records Officer

Department of Public Works and Highways

of the approval of the lease, if the term of the same shall be in excess of ten years. In case the lessee is not agreeable to the reappraisal and prefers to give up his contract of lease, he shall notify the Director of Lands of his desire within the six months next preceding the date on which the reappraisal takes effect, and in case his request is approved, the Director of Lands may, if the lessee should so desire, proceed in accordance with section one hundred of this Act."

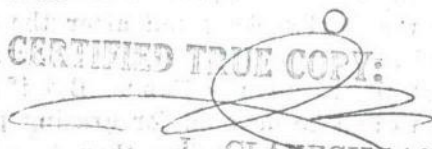
"SEC. 64. (a) The rental shall not be less than three per centum of the appraised or reappraised value of the land plus one per centum of the appraised or reappraised value of the improvements, except for lands reclaimed by the Government which shall not be less than four per centum of the appraised or reappraised value of the land plus two per centum of the appraised or reappraised value of the improvements thereon: *Provided*, That twenty-five per centum of the total annual rental on all lands reclaimed prior to the approval of this Act and one per centum of the appraised or reappraised value of improvements shall accrue to the construction and improvement portion of the Portworks Fund: *And provided, further*, That the annual rental on lands reclaimed using the Portworks Fund together with the fee due on account of the improvement thereon after the effectivity of this Act shall all accrue to the construction and improvement portion of the Portworks Fund."

SEC. 2. This Act shall take effect on July first, nineteen hundred and sixty.

Approved, June 18, 1960.

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J. CLAVECILLAS

Records Officer IV

Department of Public Works and Communications

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M. D. BAUTISTA

Actg. Secretary, DPWC

[REPUBLIC ACT No. 2695]

AN ACT TO FURTHER AMEND ACT NUMBERED THIRTY-FIVE HUNDRED AND NINETY-TWO, KNOWN AS THE "PORTWORKS FUND ACT," AS AMENDED BY COMMONWEALTH ACT NUMBERED ONE HUNDRED AND THIRTY AND REPUBLIC ACT NUMBERED TWELVE HUNDRED AND SIXTEEN, AND TO PROVIDE FOR THE DISBURSEMENT OF SAID FUND.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section one of Act Numbered Thirty-five hundred and ninety-two, as amended by Commonwealth Act Numbered One hundred and thirty and Republic Act Numbered Twelve hundred and sixteen, is hereby further amended to read as follows:

"SECTION 1. All wharfage fees, harbor fees, berthing charges, storage charges, and net income from the share of arrastre charges as defined under Republic Act Numbered Thirteen hundred seventy-one, as incorporated under Republic Act Numbered Nineteen hundred thirty-seven, and all tonnage dues defined under sections fourteen hundred seventeen and fourteen hundred eighteen of the Revised Administrative Code, collected in our ports from the date on which this Act takes effect, shall be deposited in the National Treasury and shall form a special fund to be known as 'Portworks Fund,' which shall be disbursed in accordance with Acts of Congress, for the study, investigation and field surveys, research, planning, development, construction, improvement, maintenance and repair of ports, port facilities and port areas, warehouses, sheds and offices, buoys, lighthouses, and other aids to navigation,

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M.D. BAUTISTA
Acting Secretary

J. CLAVECILLAS
Records Officer IV


Department of Public Works and Communications

including the purchase, maintenance, rental charges, and replacement of necessary equipment: *Provided, however,* That out of the total annual collection, there is hereby set aside first, such sums as may be necessary to reimburse the General Fund for the redemption or payment of bonds issued or loans acquired by the National Government for the development, construction and improvement of ports: *Provided, further,* That fifty *per centum* of the remainder of the fund so formed is hereby set aside for the necessary expenses for the study, investigation and field surveys, research, maintenance and repair of ports, port facilities and port areas including warehouses, sheds and offices, buoys, lighthouses and other aids to navigation belonging to the National Government, dredging, quarrying, and improvements incidental to such maintenance and repair, including the purchase, repair and rental charges and replacement of necessary equipment, to be allotted by the Secretary of Public Works and Communications, with the approval of the President, upon certification by the Secretary of Finance that the necessary funds are available: *And provided, further,* That the remaining fifty *per centum* of the remainder of the fund so formed shall be appropriated by Acts of Congress for development, planning, construction, and improvement of ports, port facilities and port areas, including warehouses, sheds and offices, buoys, lighthouses and other aids to navigation, including the acquisition and operation of construction equipment."


SEC. 2. This Act shall take effect on July first, nineteen hundred and sixty.

Approved, June 18, 1961.

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 J. CLAVECIDAS
 Records Officer IV
 Department of Public Works and Communications

○ CERTIFIED CORRECT:


 M.D. BAUTISTA
 Acting Secretary

FOR IMMEDIATE RELEASE

WORLD BANK



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

Press Release No. 703
July 26, 1961

SUBJECT: \$8.5 million loan to Philippines
for dredging equipment

The World Bank today made a loan equivalent to \$8.5 million to the Republic of the Philippines to finance equipment needed for a program of dredging and maintaining harbors and ports at depths satisfactory for ocean-going and inter-island shipping. The island-economy of the Philippines is heavily dependent on efficient sea communications in its foreign and domestic trade. The new equipment will make possible the additional dredging needed for the safe navigation and ready maneuvering of ships using the country's public ports.

Seven private banks are participating in the loan, without the World Bank's guarantee, for a total amount of \$920,000 representing the first five maturities which fall due between September 15, 1963 and September 15, 1965. The participating banks are the New York Agency of The Chartered Bank, the New York Agency of The Hongkong and Shanghai Banking Corporation, Bank of America National Trust and Savings Association, The Chase Manhattan Bank, The First National City Bank of New York, Manufacturers Trust Company and National Bank of Commerce of Seattle.

The Philippine archipelago consists of 7,100 islands, extending 700 miles east-west and 1,200 miles north-south. All towns of any size are located on or near a coast. The coastal towns are not only the trade centers of their local areas but are also clearing points for the foreign and inter-island trade of the agricultural, forestry and mineral areas of the interior. Of the 351 public ports, 25 are ports of entry for vessels engaged in foreign trade.

Manila is the most important port, especially for imports and trans-shipment, but many other ports handle a substantial amount of cargo.

About 5,700 ships a year call at Philippine ports to load exports and discharge imports. The main exports are copra products, sugar, hardwood, abaca and minerals, including chrome, iron and copper. Imports include such essential items as petroleum, machinery, vehicles, wheat, chemicals, paper, yarn and fabrics. Upwards of 8.2 million tons of export-import cargo moved through the ports of entry in the year 1958-59. In the same year coastal and inter-island traffic amounted to about 4 million tons at the country's largest ports.

The dependence of the Philippine economy on ocean transport emphasizes the importance of dredging harbors to accommodate ships carrying its exports and imports. Freight charges must be kept at reasonable rates since Philippine exports are sold in highly competitive world markets and also to avoid raising the cost of imported goods which would have an adverse effect on foreign exchange holdings.

There is now a serious need for additional dredging in Philippine ports for regular maintenance, for port improvements and for greater depths to accommodate the larger ships now in use. Arrears in maintenance dredging trace back to the complete cessation of dredging during World War II. The arrears have continued to grow in the past 15 years because of the age and inadequate capacity of the dredging equipment at the disposal of the Philippine authorities. In addition, port extensions have enlarged the navigational and turning areas which require regular dredging.

Navigational dredging at Philippine ports is the responsibility of the Division of Ports and Harbors (DPH) of the Bureau of Public Works. DPH has worked out a dredging program to be carried out over the next ten years to reduce maintenance arrears, effect improvements and ensure normal maintenance.

Channels and turning areas of Manila Harbor will be dredged to 40 feet below the low water mark, most of the ports of entry to 35 feet and the ports for inter-island shipping to depths varying from 15 to 25 feet.

The equipment being financed by the Bank loan will provide some of the equipment needed for this program. It consists of one hopper dredge, one cutter suction dredge, four small dredges and auxiliary equipment, one 40-ton floating crane and equipment for the construction of a slipway and a workshop for the repair of the dredging fleet. Most of the equipment has already been ordered on the basis of international bidding and the remainder will be procured on the same basis.

The loan is for a term of 17 years and bears interest at the rate of 5-3/4% per annum including the 1% commission which is allocated to the Bank's Special Reserve. Amortization will begin September 15, 1963.