February 5, 2013

Honorable Cesar V. Purisima
Secretary
Department of Finance
Manila
Republic of the Philippines

Re: Grant No: TF011939 (Philippines - Co-financing for Kapitbisig Laban sa Kahirapan- Comprehensive and Integrated Delivery of Social Services Project)

Additional Instructions: Revised Disbursement Letter

Dear Secretary Purisima:

I refer to the Grant Agreement between the International Bank for Reconstruction and Development (“World Bank”) acting as administrator of grant funds provided by the Government of Australia, represented by Australian Agency for International Development (“Donor”) under the Australia-World Bank Philippines Development Trust Fund and the Philippines (“Recipient”) for the above-referenced project, dated May 30, 2012. The Grant Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF011939 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces the previous version dated May 30, 2012.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Grant will be signed by the official(s) authorized to sign Applications as indicated in the letter dated June 19, 2012 signed by Rosalia V. de Leon, Undersecretary, Ministry of Finance-Department of Finance (Attachment 2).

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
26th Floor, One Global Place
5th Avenue Corner 25th Street
Bonifacio Global City
Taguig City, Philippines 1634
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4). The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the World Bank for the purpose of delivering such applications by electronic means; and (b) all such officials designated by the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (http://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment and Reimbursement is United States Dollars 400,000.00 equivalent.

(vi) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3): Segregated
- Currency of Designated Account (subsection 5.4): United States Dollars
- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): Land Bank of the Philippines.
• Ceiling (subsection 6.1): US Dollars 3,200,000 until June 30, 2013
  US Dollars 2,000,000 after June 30, 2013

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each Application for withdrawal as set out below:

• For requests for Reimbursement AND for reporting eligible expenditures paid from the Designated Account:
  o Summary Sheet in the form attached (Attachment 4) and Records evidencing eligible expenditures (e.g. copies of receipts, supplier invoices) for payments made under contracts subject to the World Bank’s prior review;
  o Statement of Expenditure in the form attached (Attachment 5) for payments made under contracts not subject to the World Bank’s prior review; and
  o Designated Account Bank Statement (s) and Reconciliation when reporting eligible expenditures paid from the Designated Account

• For requests for Direct Payment:
  o Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly

IV. Other Important Information


If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (http://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact the Loan Department Team in Manila, the Philippines at CTRLN Manila@worldbank.org using the above reference.
Yours sincerely,

Miguel-Santiago Oliveira
Senior Finance Officer
(CTRLN)

Attachments

2. Authorized Signatures Letter Received
4. Form of Summary Sheet.
5. Form of Statement of Expenditures.

Drafted by: Caroline S. Cheng, Miguel Santiago Oliveira, CTRLN

Cleared with and bcc: Maria Loreto Padua (EASPS)
Manush A. Hristov (LEGES)
The World Bank
1818 H. Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Country Director

Subject: Australia-WB Philippines Development Trust Fund Grant Agreement (Co-
financing for Kapitbisig sa Kahirapan-Comprehensive and Integrated
Delivery of Social Services Project - Grant No. TF011939)

I refer to the Grant Agreement ("Agreement") between the International
Bank for Reconstruction and Development ("the World Bank") and the
Republic of the Philippines ("Recipient") dated 30 May 2012 providing
the above Grant. For the purposes of Section 3.04 of the Standard
Conditions for Grants as defined in the Agreement, any one of the
persons whose authenticated specimen signatures appears on the
attached page is authorized on behalf of the Recipient to sign
applications for withdrawal [and applications for a special commitment]
under this Grant.

For the purpose of delivering Applications to the World Bank, each of
the persons whose authenticated specimen signatures appears on the
attached page is authorized on behalf of the Recipient, acting
individually, to deliver applications for withdrawal, and evidence in
support thereof, including by electronic means, on the terms and
conditions specified by the Bank (including the Terms and Conditions of
Use of Secure Identification Devices in connection with Use of
Electronic Means to Process Applications for Withdrawal and
Supporting Documentation which have been provided by the Recipient
to such persons).

This Authorization replaces and supersedes any Authorization currently
in the World Bank records with respect to this Agreement.

Very truly yours,

ROSA V. DE LEON
Undersecretary
June 06, 2012

HON. CESAR PURISIMA
Secretary
Department of Finance
Manila

Dear Secretary Purisima:

Re. Grant for Co-Financing Certain Activities under the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) - Grant No. TF011939.

For purposes of paragraph [i] Section II of the “Additional Instructions: Disbursement Letter” of the Grant for Co-Financing Certain Activities under the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) - Grant No. TF011939, any one of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Grantee to sign applications for withdrawal under this Grant:

MATEO G. MONTANO
Undersecretary and
Chief Finance Officer

CAMILO G. GUDMALIN
Assistant Secretary and
Deputy National Project Director

Thank you.

Very truly yours.

MATEO G. MONTANO
Undersecretary
Terms and Conditions of Use of Secure Identification Devices  
in connection with Use of Electronic Means  
to Process Applications  
and Supporting Documentation  

January 20, 2010

The World Bank (Bank)\(^1\) will provide secure identification devices (Tokens) to permit the Borrower\(^2\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her

\(^{1}\) “Bank” includes IBRD and IDA.
\(^{2}\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

Care of Tokens
4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. **Replacement**

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account.

6. **Reservation of Right to disable Token**

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
Payments made during the period from ______________________ To ______________________

For: Expenditures under Contracts subject to the Bank's Prior Review

<table>
<thead>
<tr>
<th>Item No</th>
<th>Name of Supplier, Contractor or Consultant</th>
<th>Client Contract Reference</th>
<th>Total Amount of Contract</th>
<th>Date of IBRD's &quot;No Objection&quot;</th>
<th>Invoice No</th>
<th>Total invoice amount</th>
<th>Eligible % of financing</th>
<th>Eligible amount of financing from IBRD (6x7)</th>
<th>Date of Payment</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Exchange Rate</th>
<th>Date Paid from Designated Account</th>
<th>Amount debited from Designated Account</th>
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Note: (*) Items should be grouped by category, or alternatively, a separate SS Form may be used for each category.
A separate SS Form should be used for reductive financing and be clearly marked as reductive financing.

(**) If the application is not related to the Designated Account, leave columns 12 and 13 blank.

(*** Include records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for all items claimed on this sheet.)
Payments made during the period from ___________ to ___________

Date: __________________ Application No.: __________________
Grant No.: __________________

For: Expenditures under Contracts NOT subject to the Bank’s Prior Review

<table>
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<tr>
<th>Item No</th>
<th>Name of Supplier, Contractor or Consultant</th>
<th>Contract Reference</th>
<th>Total Amount of Contract</th>
<th>Invoice No</th>
<th>Total invoice amount covered by this SOE</th>
<th>Eligible % of financing from IBRD (5x7)</th>
<th>Date of Payment</th>
<th>Brief Description of Goods, Works or Services</th>
<th>Exchange Rate</th>
<th>Date Paid from Designated Account</th>
<th>Amount debited from Designated Account</th>
<th>Total</th>
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Total

Supporting documents for this SOE are retained at ____________________________

Note: (*) Items should be grouped by category, or alternatively, a separate SOE form may be used for each category.
A separate SOE form should be used for retroactive financing and be clearly marked as retroactive financing.

(**) If this application is not for related to the Designated Account, leave columns 12 and 13 blank.

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