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OFFICIAL DOCUMENTS

MARA K. WARWICK
Country Director
Brunei, Malaysia, Philippines and Thailand

April 10, 2018

Dr. Steven Muncy
Executive Director
Community and Family Services International
2/F Torres Building
2442 Park Avenue, Pasay City
Metro Manila
Philippines

Re: Grant Numbers TF0A7281 and TF0A7280
Mindanao Trust Fund-Reconstruction and Development Project Phase II
Letter Agreement

Dear Dr. Muncy:

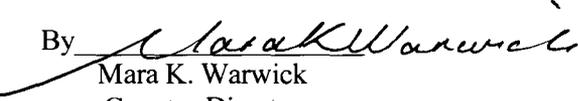
In response to the request for financial assistance made on behalf of Community and Family Services International ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors" under the Philippines' Mindanao Reconstruction and Development Program Multi-Donor Trust Fund, proposes to extend to the Recipient for the benefit of the Republic of the Philippines ("Member Country"), a grant in an amount not to exceed three million two hundred thousand United States Dollars (USD 3,200,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

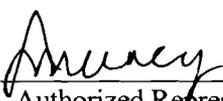
The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 
Mara K. Warwick
Country Director
Brunei, Malaysia, Philippines and Thailand

AGREED:
COMMUNITY AND FAMILY SERVICES INTERNATIONAL

By: 
Authorized Representative
Name: Steven Muncy
Title: Executive Director
Date: 10 April 2018

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

Grant Numbers TF0A7281 and TF0A7280
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve access of targeted communities in conflict-affected areas in Mindanao to basic socio-economic infrastructure and alternative learning system. The Project consists of the following parts:

Part 1: Community Development Assistance

Carrying out a program of activities designed to assist the selected Beneficiary with: (a) small scale socio-economic infrastructure development, such as water systems, access roads, post-harvest facilities; and (b) alternative learning system courses to obtain practical knowledge and skills including income-generating skills, such as an accreditation and equivalency for youth/out of school youth, adults and school drop-outs, and a basic literacy and numeracy program.

Part 2: Capacity and Institution-Building

Provision of capacity building support to key institutions for implementation of the Project, including, *inter alia*: project development and management, community organizing and management, and monitoring and evaluation of activities under Part 1 of the Project.

Part 3: Project Administration, Monitoring and Evaluation

Carrying out a program of activities designed to support the management and oversight of the Project, including the provision of operational support; policy and operational planning; operations manual development; capacity building; monitoring and evaluation system; reporting systems; grievance redress mechanisms; communications and dissemination of Project information; quality assurance on financial management; procurement and safeguards support.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** (a) The Recipient shall maintain throughout the implementation of the Project, the Project Management Unit (PMU) with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, an overall project coordinator, senior engineers, a procurement and contract management specialist, community development specialists, a social development specialist (with strong experience on indigenous peoples matters), a monitoring and evaluation specialist, finance officer, program officer, a project support team, and an administrative officer; in each case with qualifications, experience and under terms of reference acceptable to the World Bank. The PMU shall be responsible for overall planning, management, implementation and coordination of the Project.

(b) Operations Manual

(i) The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Operations Manual provided, however, that in the case of any conflict between the arrangements and procedures set out in the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail). Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Operations Manual or any provisions thereof.

(c) Safeguards

(i) The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments.

(ii) Without limitation upon the foregoing, the Recipient shall:

(A) (I) screen and assess any potential negative environmental impacts of Project activities, and take all necessary actions to avoid, minimize, mitigate and/or compensate such impacts in accordance with the Environmental and Social Safeguards Framework (ESSF) and in a manner satisfactory to the World Bank; and (II) whenever required pursuant to the ESSF, proceed to have Environmental and Social Management Plans (ESMPs): (a) prepared in form and substance satisfactory to the World Bank; (b) except as otherwise agreed with the World Bank, submitted to the World Bank for review and approval; (c) adopted and publicly disclosed in a manner satisfactory to the World Bank; and (d) thereafter, implemented in accordance with their terms and in a manner satisfactory to the World Bank;

(B) take all necessary actions to: (I) ensure that activities under the Project do not involve land acquisition or involuntary resettlement of persons and/or businesses. In the event that any land is required for the Project, the Recipient, in consultation with the World Bank, shall ensure that such land be obtained on a voluntary donation basis in accordance with the Voluntary Land Donation Protocol (VLDP); (II) avoid adverse effects or when avoidance is not feasible, minimize, mitigate and/or compensate such effects on Indigenous Peoples caused or likely to be caused by the Project; (III) apply the Indigenous Peoples Planning Framework (IPPF) in a manner and substance satisfactory to the World Bank; (IV) through a process of informed participation, involve concerned Indigenous Peoples in the implementation of the Project so as to ensure that the benefits under the Project are socially and culturally acceptable to such people and that Project activities are in harmony with their economic, social and cultural preferences and protect their

customary user rights; and (V) whenever required pursuant to the IPPF, proceed to have Indigenous Peoples Development Plans (IPDPs): (a) prepared in form and substance satisfactory to the World Bank; (b) except as otherwise agreed with the World Bank, submitted to the World Bank for review and approval; (c) adopted and publicly disclosed in a manner satisfactory to the World Bank; and (d) thereafter, implemented in accordance with their terms and in a manner satisfactory to the World Bank.

- (C) Without limitation upon the foregoing, the Recipient shall ensure that each contract for civil works to be financed under the Project shall include the obligation of the relevant contractor to carry out such works in accordance with the Safeguard Instruments.
- (D) The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any Safeguard Instrument, or any provision thereof, unless the World Bank has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.
- (E) The Recipient shall ensure that the terms of reference for any consultancies related to studies, assessments, regulations, technical guidelines, training and technical assistance activities under the Project shall be satisfactory to the World Bank and, to that end, such terms of reference shall, *inter alia*, duly incorporate the requirements of the World Bank's safeguard policies then in force, as applied to the advice conveyed through such studies, assessments, regulations, technical guidelines, training and technical assistance activities.
- (F) In the event of any conflict between the provisions of any of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Member Country's territory for purposes related to the Project.

2.05. **Documents; Records.**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and

(v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than three months after the Closing Date.

2.07. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.08. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations"), and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") dated March 15, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III
Withdrawal of Grant Proceeds**

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing", dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such

instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant TF0A7281 Allocated (expressed in USD)	Amount of the Grant TF0A7280 Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	550,000	2,650,000	100%
TOTAL AMOUNT	550,000	2,650,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is February 28, 2019.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Community and Family Services International
2/F Torres Building
2442 Park Avenue, Pasay City
Metro Manila, Philippines

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile: 1-202-477-6391

APPENDIX

Definitions

1. “Beneficiary” means a community, village, or group of Indigenous Peoples selected for the purposes of Part 1 of the Project, in accordance with the eligibility criteria and procedures set forth in the Operations Manual.
2. “ESMPs” mean any environmental and social management plans to be prepared in accordance with the ESSF pursuant to Section 2.03(c) of this Agreement, each such plan in form and substance satisfactory to the World Bank, setting out, *inter alia*, details of measures to manage potential environmental risks and avoid, minimize and/or mitigate any adverse environmental impacts and enhancing positive impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as said plan may be modified from time to time with the prior written approval of the World Bank, and such term includes any annexes and schedules to such plan.
3. “ESSF” means the Recipient’s Environmental and Social Safeguards Framework dated March 16, 2018 setting out, *inter alia*, the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure and reporting, including, *inter alia*, the IPPF, the guidelines, procedures and forms for preparing and implementing ESMPs, and the VLDP (as hereinafter defined), as said framework may be modified from time to time with the prior written approval of the World Bank, and such term includes any schedules or annexes to such framework.
4. “Indigenous Peoples” means those social groups in the Member Country’s territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.
5. “IPDPs” means any indigenous peoples development plans to be prepared by the Recipient in accordance with the IPPF, pursuant to Section 2.03(c) of this Agreement, each such plan in form and substance satisfactory to the World Bank, setting out the measures to be undertaken in accordance with the IPPF to ensure culturally appropriate social and economic benefits for the Indigenous Peoples affected by Project activities, and to avoid, minimize, mitigate and/or compensate for any potential adverse effects on the Indigenous Peoples associated with such activities; as said plan may be modified from time to time with the prior written approval of the World Bank, and such term includes any schedules or annexes to such plan.
6. “IPPF” means the Recipient’s Indigenous Peoples Planning Framework, dated March 16, 2018, included in the ESSF, setting out, *inter alia*, the principles, standards, processes and tools to be applied to ensure the free, prior and informed consultation of Indigenous Peoples

affected by any proposed Project activity, resulting in their broad community support for such activity, including the preparation of IPDPs, as said framework may be modified from time to time with the prior written approval of the World Bank, and such term includes any annexes and schedules to such framework.

7. "Operating Costs" means reasonable Project related incremental expenses incurred on account of Project implementation, including office rental fees, equipment maintenance, office maintenance, administration costs, utilities, insurance costs, communication, translation and interpretation, printing, procurement-related advertising, office supplies, banking charges, Project related travel including per diem accommodation and transportation, vehicle rental and fuel, postal fee, but excluding salaries of civil servants of the Member Country.
8. "Operations Manual" means the Recipient's manual referred to in Section 2.03(b) of this Agreement, in form and substance satisfactory to the World Bank, containing detailed arrangements and procedures for: (A) institutional coordination and day-to-day execution of the Project; (B) the eligibility criteria, appraisal, approval and administration arrangements and procedures for the selection of Beneficiaries, and for the activities under Part 1 of the Project; (C) disbursement and financial management; (D) procurement; (E) environmental and social safeguards management; (F) grievance redress procedures; (G) monitoring and evaluation, including indicators for monitoring and evaluating progress towards the attainment of Project objectives, reporting and communication; and (H) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written approval of the World Bank, and such term includes any schedules to such manual.
9. "PMU" means the Project management unit to be maintained by the Recipient in accordance with the provisions of Section 2.03(a) of this Agreement, for purposes of overall planning, management, implementation and coordination of the Project.
10. "Safeguard Instruments" means, collectively, the ESSF, the ESMPs, the IPPF, the IPDPs, and the VLDP.
11. "Training" means the reasonable costs of goods and non-consulting services incurred for training and educational courses, and workshops carried out under the Project, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.
12. "VLDP" means the Voluntary Land Donation Protocol included in the ESSF setting out principles, standards, processes and tools to be applied to any voluntary land donations to be made for the purposes of the Project.