March 25, 2013

Honorable Cesar V. Purisima
Secretary
Department of Finance
Department of Finance Building
Bangko Sentral Complex
Roxas Blvd.
Manila

Dear Secretary Purisima:

PHILIPPINES: Social Welfare and Development Reform Project (Loan No. 7805-PH)
Amendment to the Loan Agreement

We refer to the Loan Agreement dated January 7, 2010, between the International Bank for Reconstruction and Development (the Bank) and the Republic of the Philippines (the Borrower) for the above-referenced Project. We also refer to the letter from your Department dated May 8, 2012, requesting an extension of the Closing Date and reallocation of the Loan proceeds, as well as to the Minutes of Negotiation for the proposed additional financing of the Project dated October 24, 2012, which refer to the following proposed additional changes: (i) a removal of the disbursement condition for CCT Grants; and (ii) addition of two standard provisions which have been inadvertently omitted from the Loan Agreement, namely the inclusion of a withdrawal category (provisionally set at ‘0’) for any requested interest rate cap or collar premium and the standard paragraph 5 of Schedule 3 to the Loan Agreement.

We are pleased to inform you that the Bank agrees to your request, and hereby proposes to amend the Loan Agreement as follows:

1. The table set out in Section IV.A.2 of Schedule 2 to the Loan Agreement is hereby revised as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, training, workshops, consultants’ services and incremental operating costs for the Project</td>
<td>83,101,500</td>
<td>100%</td>
</tr>
</tbody>
</table>
(2) Conditional Cash Transfer Grants 320,886,000 75% of amounts disbursed under each Grant

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(3)</td>
<td>Front-end Fee</td>
<td>1,012,500</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>(4)</td>
<td>Unallocated</td>
<td>0</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>(5)</td>
<td>Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT** 405,000,000

2. The withdrawal condition specified in Section IV.B.2 of Schedule 2 to the Loan Agreement is hereby deleted.

3. The Closing Date specified in Section IV.B.3 of Schedule 2 to the Loan Agreement is hereby revised to December 31, 2015.

4. A new paragraph 5 is added to Schedule 3 of the Loan Agreement to read as follows:

   "5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.”

All other provisions of the Loan Agreement shall remain in full force and effect.
March 25, 2013

Please confirm your agreement to the foregoing by countersigning, dating, and returning to us the enclosed copy of this letter. Upon receipt by the Bank of the copy of this letter countersigned by you, this amendment will become effective as of the date of the countersignature or the Effective Date of the Loan Agreement for the proposed additional financing for the Project, whichever is later.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:
REPUBLIC OF THE PHILIPPINES

Authorized Representative
Name: Cesar V. Purisima
Title: Secretary of Finance
Date: 11 April 2013

cc: Hon. Arsenio Balisacan, Director-General, National Economic and Development Authority
Hon. Florencio Abad, Secretary, Department of Budget and Management
Hon. Corazon Juliano-Soliman, Secretary, Department of Social Welfare and Development
Mr. Rolando Tungpalan, Deputy Director-General, National Economic and Development Authority
Ms. Margarita Songco, Deputy Director-General, National Economic and Development Authority
Ms. Laura Pascua, Undersecretary, Department of Budget and Management
Mr. Mateo Montaño, Undersecretary, Department of Social Welfare and Development
Ms. Ma. Edita Tan, Assistant Secretary and Officer-in-Charge, International Finance Group, Department of Finance
Ms. Parisya Taradji, Assistant Secretary, Department of Social Welfare and Development
Ms. Stella Laureano, Director, Department of Finance
Mr. Roderick Planta, Director, National Economic and Development Authority
Ms. Deseree Fajardo, Director, Department of Social Welfare and Development
Ms. Rodora Babaran, National Program Manager, Department of Social Welfare and Development
Mr. Roberto Tan, Executive Director for the Philippines, World Bank
Ms. Enid Agatha Zephyrine, Senior Advisor to the Executive Director for the Philippines, World Bank