Honorable Cesar V. Purisima  
Secretary  
Department of Finance  
DOF Building, BSP Complex  
Manila  

Dear Secretary Purisima:

Philippines: GFDRR Grant for Reducing Vulnerability to Flooding in Metro Manila Project  
GFDRR Grant No. TF098018  
Amendment to the World Bank-executed Grant Agreement

We refer to the Grant Agreement (the "Grant Agreement") dated December 13, 2010 between the International Bank for Reconstruction and Development ("IBRD") and International Development Association ("IDA") (collectively, the World Bank), acting as administrator of grant funds provided by the Government of Australia through the Australian Agency for International Development ("AusAID") under the Global Facility for Disaster Reduction and Recovery Trust Fund and the Republic of the Philippines (the "Recipient").

Pursuant to your letters dated August 9, 2011 and October 14, 2011, requesting us to expand the project area, include additional activities, and extend the Closing Date of the Grant in light of Typhoon Pedring (2011) and the need to expand on certain proposals identified in the Master Plan, I am pleased to inform you that the World Bank concurs with your requests and accordingly proposes the following amendments to the Grant Agreement:

1. The objective of the Grant in the Annex to the Grant Agreement is revised to read as follows:

   "The purpose of the Grant is to reduce the vulnerability of Metro Manila and surrounding areas, including parts of Bulacan and Pampanga, to future flood events, following the typhoons that occurred in the recent years, including Ondoy in September 2009, Pepeng in October 2009, and Pedring in August 2011."

2. New Activities are added under paragraph 1 in the Annex to the Grant Agreement as follows:

   "(c) Carrying out an assessment of the flood damages in the Pampanga Delta Area.  
   (d) Conducting studies on the constraints and barriers for flood risk management in the Pampanga Delta Area.  
   (e) Preparing a comprehensive flood management master plan framework for Bulacan and Pampanga Provinces, with special emphasis on the Pampanga Delta Area.  
   (f) Selecting priority flood control projects for flood risk management in the Pampanga Delta Area  
   (g) Conducting investigation and analysis of the flooding condition along the Angat River including condition of Angat Dam operation."
(h) Assessing water supply potential of possible flood management infrastructure.

(i) Carrying out additional studies, such as on resettlement and on-site developments on institutional capacities to improve flood management, and to link the mathematical model developed under the Grant to the AusAID-funded Light Detection and Ranging (LiDAR) survey”.

3. In the Annex to the Grant Agreement, paragraph 6 is amended to extend the Closing Date as follows:

“6. The Activities shall be completed by not later than February 28, 2013 or as such later date the World Bank may establish by notice to the Recipient (the “Closing Date”). After the Closing Date, the World Bank may at any time cancel the remaining balance of the Grant.”

Unless the context otherwise requires and except where otherwise defined in this amendment letter, all the capitalized terms contained herein shall have the meanings given to them in the Grant Agreement.

All the terms and conditions of the Grant Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement to the amendments set out above by signing or arranging for an authorized representative of the Recipient to sign the form of confirmation set out below. Kindly return one fully executed original of this amendment letter to us at your earliest convenience and retain one original for your records.

This amendment to the Grant Agreement shall become effective once it is fully executed by both parties.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:
REPUBLIC OF THE PHILIPPINES

By

Authorized Representative

Name ROSALIA V. OLEAN

Title UNDERSECRETARY

Date: FEBRUARY 29, 2012
cc: Hon. Rogelio L. Singson, Secretary, Department of Public Work and Highway
Ms. Rosalia V. de Leon, Undersecretary, Department of Finance
Ms. Stella Laureano, Director, Department of Finance
Mr. Rogerio Studart, Executive Director for the Philippines, World Bank
Ms. Maria Lourdes B. Recente, Senior Advisor to the Executive Director for the Philippines, World Bank