Mr. Alex Rendon  
President  
Mindanao Land Foundation, Inc  
62 Tatad St., Dumanlas  
Buhangin, Davao City  
Republic of the Philippines  

Dear Mr. Rendon:

PHILIPPINES: Mindanao Trust Fund for Reconstruction and Development  
Project  
Grant No. TF095941  
Amendment to the Letter Agreement  

1. We refer to the letter agreement ("Agreement") signed on January 8, 2010 on behalf of the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund: Mindanao Reconstruction and Development Program ("Trust Fund") and countersigned on January 13, 2010 on behalf of the Mindanao Land Foundation ("Recipient"), as amended. We also refer to your letter dated November 22, 2013 requesting the World Bank to provide additional financing to scale up the above-mentioned Project. Accordingly, the World Bank agrees with your request and proposes to amend the Agreement as set out below.

2. The World Bank proposes to make available to the Recipient an additional financing ("Additional Financing") in the amount of three million and six hundred thousand United States Dollars (US$3,600,000), bringing the aggregate amount of the Grant specified in the first paragraph of the Agreement to eight million and three hundred thousand United States Dollars (US$8,300,000). As a result of such increase in the Grant amount, the table in Section 3.01 of the Annex to the Agreement is amended as attached to this letter of amendment ("Letter of Amendment").
3. Section 1.03 of the Agreement is amended to read as follows:

"1.03 For purposes of this Agreement, the following terms have the following meanings:

(a) "Beneficiaries" means the beneficiaries to be selected in accordance with the selection criteria set forth in the Operational Manual to receive Block Grants for undertaking Sub-projects;

(b) "Block Grant" means a grant made, by the Recipient, out of the proceeds of the Grant in accordance with the provisions of this Letter Agreement and the provisions of the Operational Manual, to selected Beneficiaries, and/or People's Organizations representing a group of Beneficiaries and Local Government Units for the purposes of carrying out a specific Sub-project, and "Block Grants" means, collectively, the plural thereof.

(c) "Displaced Persons" means persons who suffer direct economic and social impacts as a result of an involuntary taking of land under the Project which results in: (i) relocation of loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (iv) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

(d) "ESMP" means a site-specific environmental and social management plan, as provided for under the ESSF, to be prepared by the Recipient pursuant to Section 2.03(c) of the Annex to this Agreement, and satisfactory to the World Bank, defining details of measures to manage potential environmental and social risks and mitigate, reduce and/or offset adverse environmental and social impacts associated with the implementation of activities under the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the prior agreement of the World Bank; and "ESMPs" refers to more than one such ESMP.

(e) "ESSF" means the environmental and social safeguards framework, for the Project, disclosed in Infoshop on April 3, 2014, which: (i) sets forth policies and procedures for the preparation of site-specific ESMPs (as hereinafter defined); and (ii) sets forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce potential adverse environmental and social impacts to levels acceptable to the World Bank, including for indigenous peoples, as defined in the ESSF, and for Displaced Persons."
(g) "Joint Needs Assessment" means the needs assessment conducted between 2004 and 2005 in preparation for the establishment of the multi-donor trust fund for Mindanao.

(hg) "Local Government Units" means the local government administrative units in provincial, municipal or barangay level of conflict-affected areas.

(i) "Operational Manual" means the manual, satisfactory to the World Bank, developed under the Post Conflict Grant Agreement for Mindanao Reconstruction and Development Program (Grant Number TF056041), dated December 15, 2005, as such manual may be amended from time to time with the agreement of the World Bank.

(j) “People’s Organization” means a community organization, with office holders such as a President, a Secretary and a Treasurer, representing a group of Beneficiaries for the purpose of implementing Sub-projects;

(k) "Sub-project" means a specific project (including rehabilitation of development of public goods and livelihood assistance to households) selected for financing under the Project in accordance with the provisions of this Letter Agreement, the provisions of the Operations Manual and the Joint Needs Assessment, and "Sub-projects" means collectively, the plural thereof.”

4. Section 2.01(b) of the Agreement is amended to read as follows:

“Strengthening the capacity of the Republic of the Philippines’ Bangsamoro Development Agency, Local Government Units and local organizations in the management, planning, and implementation of Project activities, including, but not limited to, the preparation of a development plan for the Bangsamoro.”

5. Section 2.03 (a) is amended to read as follows:

“(a) The Recipient shall adopt and thereafter carry out the Project in accordance with the Joint Needs Assessment, the Operational Manual, and the ESSF, all acceptable to the World Bank, which shall include: (i) criteria and procedures satisfactory to the World Bank, for the selection, approval, and supervision of Sub-projects and for selection of the Block Grant Beneficiaries; (ii) terms and conditions for using the proceeds of the Block Grants; (iii) financial management procedures, satisfactory to the World Bank, including therein reporting requirements, financial management and audit procedures, in accordance with the provisions of paragraph 2.05 of this Annex; (iv) the procurement arrangements to be followed under the Activities consistent with the provisions of paragraph 2.6 of this Annex; (v) implementation arrangements for carrying out the Activities; and (vi) the monitoring and evaluation procedures to ensure that the proceeds of the Block Grants are used for the intended purposes. The Recipient shall not amend, suspend, or waive the said Joint Needs
Assessment, the Operational Manual, the ESSF or any provision thereof, without the prior concurrence of the World Bank. If there are conflicts between this Agreement and said Joint Needs Assessment and the Operational Manual, the terms of this Agreement shall prevail.”

6. A new Section 2.03 (c) is added to the Agreement as follows:

“(c) For the purpose of carrying out the Project, the Recipient shall: (i) prepare and disclose site-specific ESMPs, satisfactory to the World Bank in accordance with the ESSF; (ii) carry out the site-specific ESMPs in accordance with the ESSF; and (iii) not amend, suspend or abrogate any of the provisions of the site-specific ESMPs without the prior approval of the World Bank.”

7. A new Section 3.02 is added to the Agreement as follows:

“Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed US$100,000 equivalent may be made for payments prior to this date but on or after January 11, 2010, for Eligible Expenditures; and
(b) for payments under Categories 1, 2, 3, 4, and 5 made after the date of this Agreement.”

All other terms of the Agreement shall remain the same.
Please confirm your agreement to the amendment set out above by having an authorized representative of the Recipient sign and date the form of confirmation on the enclosed duplicate original of this letter and returning it to us for our files. Upon receipt of the copy of this letter countersigned on behalf of Recipient, this amendment will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:
Mindanao Land Foundation

By: Alex M. Rendon
Name: Alex M. Rendon
Title: President

Date: July 18, 2014
Attachment

The table below specifies the Category of Eligible Expenditures that may be financed out of the Grant ("Category"), the allocation of the Grant to the Category, and the percentage of expenditures for items so to be financed for Eligible Expenditures in the Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in U.S. Dollar)</th>
<th>% of Expenditure to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Block Grants (pro memoria)</td>
<td>832,815</td>
<td>100%</td>
</tr>
<tr>
<td>2 Consultants' Services (pro memoria)</td>
<td>662,240</td>
<td>100%</td>
</tr>
<tr>
<td>3 Training &amp; Workshops (pro memoria)</td>
<td>172,224</td>
<td>100%</td>
</tr>
<tr>
<td>4 Goods (pro memoria)</td>
<td>42,125</td>
<td>100%</td>
</tr>
<tr>
<td>5 Incremental Operating Costs (pro memoria)</td>
<td>701,998</td>
<td>100%</td>
</tr>
<tr>
<td>6 Block Grants, Consultants' Services, Goods, Training and Workshops and Incremental Operating Costs</td>
<td>5,888,598</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,300,000</td>
<td></td>
</tr>
</tbody>
</table>