Mr. Steven Muncy  
Executive Director  
Community and Family Services International  
Pasay City, Manila  
Republic of the Philippines  

Dear Mr. Muncy:  

PHILIPPINES: Mindanao Trust Fund for Reconstruction and Development Project  
Grant No. TF093781  
Amendment to the Letter Agreement  

1. We refer to the letter agreement ("Agreement") signed on March 9, 2009 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 March 17, 2009 on behalf of Community and Family Services International ("Recipient"), as amended. We also refer to your letter dated October 1, 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 United States Dollars (US$3,000,000), bringing the aggregate amount of the Grant specified in the first paragraph of the Agreement to five million three hundred eighty thousand United States Dollars (US$5,380,000). As a result of such increase in the Grant amount, the table in Section 3.01 of the Annex to the Agreement and the associated definitions are amended as attached to this letter of amendment ("Letter of Amendment").
3. Section 1.03 of the Agreement is amended as follows:

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

(a) "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 a selected Block Grant Beneficiary for the purposes of carrying out a specific Sub-project under the Activities, and "Block Grants" means, collectively, the plural thereof.

(b) "Block Grant 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; and the "Block Grant Beneficiary" means any of the Block Grant Beneficiary.

(c) "Displaced Person" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter (B) loss of assets or access to assets or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and "Displaced Persons" means, collectively, the plural thereof.

(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.
(f) "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.

(g) "Local Government Unit" means the local government administrative unit in a provincial, municipal or barangay level.

(h) "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.

(i) "PMT" means the project management team of the Moro Islamic Liberation Front for the Sajahatra Bangsamoro Program, established March 7, 2013, by means of resolution of the central committee of the Moro Islamic Liberation Front and agreed between the Government of the Republic of Philippines and the Moro Islamic Liberation Front on April 11, 2013.

(j) "Sub-project" means a specific project (including rehabilitation of development of public goods and livelihood assistance to households) selected for financing under the Activities 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(c) of the Agreement is amended to read as follows:

"Implementation Support and Training Social mobilization of communities, municipalities, and stakeholders for the achievement of the Project objectives, and preparation of Sub-project proposals, including provision of operational support for the Program Management Office and the PMT, and strengthening the capacity of local government units and local communities in the planning, implementation, monitoring and maintenance of Sub-projects, and provision of training therefor."

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 Project consistent with the provisions of paragraph 2.6 of
this Annex; (v) implementation arrangements for carrying out the Project; 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, or 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, 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; and
(b) for payments under Categories 1, 2, 3, 4, 5 and 7 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

Motor Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:
Community and Family Services International

By: Steven Muncy
Name: Steven Muncy
Title: Executive Director

Date: 14 July 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 <em>(pro memoria)</em></td>
<td>664,038</td>
<td>100%</td>
</tr>
<tr>
<td>2 Consultants Services <em>(pro memoria)</em></td>
<td>131,289</td>
<td>100%</td>
</tr>
<tr>
<td>3 Training &amp; Workshops <em>(pro memoria)</em></td>
<td>34,006</td>
<td>100%</td>
</tr>
<tr>
<td>4 Incremental Operating Costs <em>(pro memoria)</em></td>
<td>274,420</td>
<td>100%</td>
</tr>
<tr>
<td>5 Goods <em>(pro memoria)</em></td>
<td>17,444</td>
<td>100%</td>
</tr>
<tr>
<td>6 Block Grants, Goods, Consultants’ Services, Training and Workshops, Incremental Operating Costs and Management Fee</td>
<td>4,209,803</td>
<td>100%</td>
</tr>
<tr>
<td>7 Management Fee <em>(pro memoria)</em></td>
<td>49,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,380,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purpose of this paragraph the term:

(a) "Training" means reasonable costs incurred by the Recipient for the Project-related training activities, including purchase and publication of materials, rental of facilities, course fees, workshop supplies, rental of equipment, reasonable honorarium of resource persons, and travel, accommodation and subsistence of participants.
(b) "Incremental Operating Costs" means reasonable expenditure incurred by the Recipient, including the PMT, on account of implementation and management of the Project (which expenditures would not have been incurred absent of the Project), including staff travel costs, allowances, costs of vehicle rental, fuel and maintenance, communication costs, office supplies and equipment, office rental fees, utilities, and consumables required for holding meetings related to the Project, but excluding salaries of civil servants of the Republic of the Philippines.

(c) The term "Management Fee" means the fee charged by the Recipient to cover its overhead expenses directly related to the implementation of the Project.