November 9, 2006

Honorable Margarito Teves  
Secretary  
Department of Finance  
Roxas Boulevard  
Manila  

PHILIPPINES: PHRD Grant for the Preparation of the  
National Sector Support for Social Welfare and Development Reform Project (TF056971)

Dear Secretary Teves:

I am writing on behalf of the International Bank for Reconstruction And Development (the Bank) to indicate the Bank’s agreement, as administrator of grant funds provided by Japan, to make a grant in an amount not exceeding five hundred thousand United States dollars (US$500,000) (the Grant) to Republic of the Philippines (the Recipient).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth or referred to in Annexes 1 and 2 to this letter agreement (the Letter Agreement). Annex 1 should be read together with Annex 2. Annex 2 to the Letter Agreement sets out the general terms and conditions of the Grant, and Annex 1 to the Letter Agreement specifies how certain of the general terms and conditions apply to the Grant. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

[Signature]
Joachim von Amsberg  
Country Director, Philippines  
East Asia and Pacific Region

AGREED:

REPUBLIC OF THE PHILIPPINES

By:  
Authorized Representative  
Name: Margarito B. Teves  
Title: Secretary, Department of Finance  
Date: November 9, 2006
ANNEX I

SPECIFIC TERMS AND CONDITIONS OF THE GRANT

A. Parties to the Letter Agreement

A.1 Grant Recipient: Republic of the Philippines

A.2 Administrator: International Bank For Reconstruction And Development

B. Objectives of the PHRD Grant

B.1 Project Name: National Sector Support for Social Welfare and Development Reform

B.2 Project Development Objectives: The development objectives of the project are to: (1) improve the outcomes of basic social welfare and development services in reducing vulnerability of the poorest and marginalized groups; (2) improve the governance of basic social assistance and social protection service delivery through integrated reforms at national and local level; and (3) build capacity of the DSWD and associated agencies in performance-oriented budgeting and management.

B.3 PHRD Grant Objective: The objective of the PHRD Grant is to prepare the above Project

C. Grant Expenditure Categories, Amounts and Percentages of Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.1 Consultants' Services:</td>
<td>US$ 450,000</td>
<td>100%</td>
</tr>
<tr>
<td>C.2 Goods, Training and Incremental Operating Costs</td>
<td>US$ 50,000</td>
<td>100%</td>
</tr>
<tr>
<td>C.3 Total Grant Amount:</td>
<td>US$ 500,000</td>
<td></td>
</tr>
</tbody>
</table>

D. Retroactive Financing

D.1 Is Retroactive Financing allowed? Yes

D.2 Retroactive Financing Amount, if allowed: US$ 50,000

E. Grant Implementation Arrangements

E.1 Are interim unaudited Financial Statements required? Yes

E.2 Periodicity of unaudited Financial Statements, if required: Semi-annual
E.3 Audit Requirements.  Annual Audit
E.4 Additional Obligations:

F. Grant Administrative Information

<table>
<thead>
<tr>
<th>F.1 Trust Fund Number:</th>
<th>TF056971</th>
</tr>
</thead>
<tbody>
<tr>
<td>F.2 Grant Approval Date:</td>
<td>06/16/2006</td>
</tr>
<tr>
<td>F.3 Anticipated Grant Closing Date:</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of Section C.2 of this Annex, the term: (i) "training" means training conducted in the territory of the Recipients, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence for trainees; and (ii) the term "incremental operating costs" means costs required for Project preparation including consumable materials and supplies, communications, mass media, and printing services, and vehicle rental, operation and maintenance, but excluding salaries of officials of the Recipient's civil service.
ANNEX 2

GENERAL TERMS AND CONDITIONS OF THE GRANT

1. Purpose and Activities

1.1 The purpose of the Grant is to assist in the preparation of the project specified in Section B of Annex 1 to this Letter Agreement (the Project).

1.2 The activities (the Activities) for which the Grant is given shall consist of such activities as may be required for the preparation of the Project and as shall have been approved by the Bank from time to time. These activities may include preparation of feasibility studies, detailed designs, environmental, social, economic and other assessments, development of Project implementation plans, carrying out of stakeholder consultations, in-country training, studies and workshops, surveys, and provision of technical services (including audits) and goods required for the carrying out of such activities.

2. Implementation Generally

2.1 The Recipient through the Department of Social Welfare and Development, shall: (a) carry out the Activities with due diligence and efficiency; (b) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; (d) from time to time exchange views with the Bank’s representatives on the progress and results of the Activities; (e) take all necessary measures required to enable the Bank to visit its territory for purposes related to the Grant; and (f) cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the purposes of the Grant. Without limitation on the foregoing, the Recipient shall, if the Bank shall so request, prepare and furnish to the Bank promptly upon completion of the Activities a report, in form and substance satisfactory to the Bank, on the results and impact of the Activities.

2.2 The Recipient shall comply with any additional obligations that may be set forth in Section E.4 of Annex 1 to this Letter Agreement.

3. Procurement

3.1 General

(a) All consultants’ services required for the Activities 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 Sections I (except provision set forth in paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank and dated May 2004 (the Consultant Guidelines), and the following provisions of this Section 3.

(b) All goods required for the Activities 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 Section I (except provision set forth in paragraph 1.16) of the “Guidelines: Procurement Under IBRD Loans and IDA Credits” published by the Bank and dated May 2004 (the Procurement Guidelines), and the following provisions of this Section 3.
The capitalized terms used below in this Section 3 to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

3.2 **Particular Methods of Procurement of Consultants' Services**

(a) **Quality and Cost-based Selection.** Except as otherwise provided in paragraph (b) below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection. The short list of consultants for each contract for services estimated to cost less than the amount referred to in footnote 21 of the Consultant Guidelines may comprise entirely national consultants.

(b) **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (i) Quality-based Selection; (ii) Selection under a Fixed Budget; (iii) Least Cost Selection; (iv) Selection based on Consultants' Qualifications; (v) Single-source Selection; and (vi) Selection of Individual Consultants.

3.3 **Particular Methods of Procurement of Goods**

Except as the Bank may otherwise agree, goods shall be procured under contracts awarded on the basis of Shopping.

3.4 **Insurance of Goods**

The Recipient shall ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Recipient shall ensure that any facilities relevant to the Activities are at all times operated and maintained in accordance with appropriate practices and that any repairs or renewals of such facilities are promptly made as needed.

3.5 **Review by the Bank of Procurement Decisions**

The first contract to be awarded following a particular procurement method shall be subject to Prior Review by the Bank. Except as the Bank shall otherwise specify by notice to the Recipient, all other contracts shall be subject to Post Review by the Bank.

4. **Withdrawal of Grant Proceeds**

4.1 The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (the Grant Account). The Recipient may withdraw the amount of the Grant in accordance with the provisions of this Section 4 and with such additional instructions as the Bank shall specify by notice to the Recipient, to finance the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant.

4.2 The table in Section C of Annex 1 to this Letter Agreement sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items so to be financed in each Category.
4.3 Notwithstanding the provisions of Section 4.2 above, no withdrawals shall be made from the Grant Account:

(a) for payments made prior to the date of this Letter Agreement, except that withdrawals may be made for payments made on or after the Grant Approval Date specified in Section F.2 of Annex I to this Letter Agreement, up to an aggregate amount equal to the Retroactive Financing Amount, if any, specified in Section D of Annex I to this Letter Agreement;

(b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(c) after the Anticipated Closing Date specified in Section F.3 of Annex I to this Letter Agreement, or such later date as may be established by the Bank for the purpose by notice to the Recipient (the Closing Date). However, withdrawals may be made from the Grant Account after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Bank within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled.

4.4 If, in the Bank's opinion, an amount of the Grant allocated to any of the Categories set forth in Section C of Annex I to this Letter Agreement will be insufficient to finance the expenditures under such Category, the Bank may, by written notice to the Recipient, reallocate to such Category an amount of the Grant then allocated to another Category which, in the Bank's opinion, will not be necessary to meet other expenditures; provided that in no event may the aggregate amount of the Grant allocated to Category C.2 (Goods, Training and Incremental Operating Costs) exceed 10% of the amount of the Grant.

4.5 When the Recipient desires to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of the amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the person or persons that it shall have authorized in writing for the purpose; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Applications for withdrawal, and related evidence, shall be made promptly in relation to expenditures for the Activities. Authenticated specimen signatures of the person or persons authorized to sign withdrawal applications shall be provided prior to or with the first application bearing his or her (or their) signature (or signatures). Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw the amount from the Grant Account and that the amount is to be used to carry out the Activities. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.6 Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Letter Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

4.7 To facilitate the carrying out of the Activities, the Recipient may open and maintain a special deposit account (the Special Account) in a financial institution acceptable to the Bank, on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with such procedures as the Bank shall specify by notice to the Recipient.
4.8 The use of any proceeds of the Grant to pay for taxes levied by, or in the territory of, the Recipient on
the goods or services to be financed under the Grant, or on their importation, manufacture, procurement or
supply, is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of
grants such as this Grant. To that end, if the Bank shall at any time determine that the amount of any taxes
levied on or in respect of any goods or services to be financed out of the proceeds of the Grant is excessive or
otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage of financing of such
goods or services set forth or referred to in Section C of Annex 1 to this Letter Agreement, as required to be
consistent with such policy of the Bank.

5. Accounts and Audits

5.1 The Recipient shall maintain a financial management system, and prepare financial statements (the
Financial Statements) in accordance with consistently applied accounting standards acceptable to the Bank,
both in a manner adequate to reflect the operations, resources and expenditures related to the Activities.

5.2 If Section E.1 of Annex 1 to this Letter Agreement specifies that interim unaudited Financial
Statements are required, the Recipient shall prepare and furnish to the Bank not later than 30 days after the
end of the calendar period specified in Section E.2 of said Annex 1, interim unaudited Financial Statements
covering such period, in form and substance satisfactory to the Bank.

5.3 (a) If Section E.3 of Annex 1 to this Letter Agreement specifies an Annual Audit requirement,
the Recipient shall: (i) have the Financial Statements for each fiscal year audited by independent auditors
acceptable to the Bank (the Auditors) in accordance with consistently applied auditing standards acceptable to
the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end
of each such year (or such other date agreed to by the Bank), the audited Financial Statements for such year,
in scope and detail satisfactory to the Bank; and (iii) furnish to the Bank such other information concerning
the audited Financial Statements, and concerning the Auditors, as the Bank may from time to time reasonably
request.

(b) If Section E.3 of Annex 1 to this Letter Agreement specifies a One Time Audit requirement,
the Recipient shall: (i) have the Financial Statements for the entire period in which withdrawals from the
Grant Account were made, audited by the Auditors in accordance with auditing standards acceptable to the
Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the Closing
Date (or such other date agreed to by the Bank), the audited Financial Statements for such period, in scope
and detail satisfactory to the Bank; and (iii) furnish to the Bank such other information concerning the audited
Financial Statements, and concerning the Auditors, as the Bank may from time to time reasonably request.

(c) If Section E.3 of Annex 1 to this Letter Agreement specifies an Audit on Request
requirement, the Recipient shall, upon the Bank’s request: (i) have the Financial Statements audited for the
period indicated in the Bank’s request by the Auditors in accordance with auditing standards acceptable to
the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the date
of the Bank’s request for such audit, the audited Financial Statements for such period, in scope and detail
satisfactory to the Bank; and (iii) furnish to the Bank such other information concerning the audited Financial
Statements, and concerning the Auditors, as the Bank may from time to time reasonably request.

5.4 The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents)
evidencing expenditures incurred for the Activities until at least one year after the Bank has received the
audited Financial Statements covering the fiscal year in which the last withdrawal from the Grant Account
was made. The Recipient shall enable the Bank’s representatives to examine such records.
6. **Suspension and Cancellation**

6.1 The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations specified or referred to in this Letter Agreement; or (b) the right of the Recipient to make withdrawals under any agreement with the Bank has been suspended.

6.2 The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of Section 6.1 above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after this Letter Agreement becomes effective, to carry out the Activities; or (c) if the Bank has decided, at any time after consultation with the Recipient, to withdraw its support to the Project; or (d) if the Recipient has withdrawn its request for the Bank’s assistance in financing the Project.

7. **Refund**

   If at any time the Bank determines: (a) that any amount of the Grant withdrawn from the Grant Account was used to make a payment for an expenditure that (i) is not eligible for financing pursuant to this Letter Agreement or (ii) is not justified by the evidence furnished to the Bank; or (b) with respect to any contract financed out of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or the execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Bank to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Grant; or (c) that the procurement of any contract financed out of the proceeds of the Grant was inconsistent with the procedures set forth or referred to in this Letter Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Grant; or (d) after consultation with the Recipient, that an amount of the Grant withdrawn from the Grant Account will not be required to finance the Activities’ costs to be financed out of the proceeds of the Grant: the Recipient shall, upon notice by the Bank, promptly refund to the Bank an amount equal to such amount. Except as the Bank may otherwise agree, all amounts so refunded to the Bank shall be cancelled by the Bank and the amount of the Grant shall be reduced accordingly.

8. **Disclosure**

   The Bank may make this Letter Agreement and any information related thereto publicly available in accordance with its policy on disclosure of information.
November 9, 2006

Honorable Margarito B. Teves
Secretary
Department of Finance
Roxas Blvd, Manila
Republic of Philippines

PHILIPPINES: PHRD Grant for the Preparation of the
National Sector Support for Social Welfare and Development Reform Project (TF056971)

Dear Secretary Teves:

Pursuant to Section 4.1 of Annex 2 to the Letter Agreement sent to you on November 9, 2006, this letter gives instructions on withdrawal of proceeds from the Japanese Grant made by IBRD (the Bank) to Republic of the Philippines (the Recipient) for the preparation of the National Sector Support for Social Welfare and Development Reform Project (JPN 56971-PH). This letter, should be copied to all staff involved in the process of preparing withdrawal applications. Sample withdrawal application forms are attached, and additional supplies of these withdrawal application forms have been sent to you separately. They may also be obtained online through our Client Connection Web site (see paragraph below).

The Disbursement Handbook provides background information, as well as examples of withdrawal application forms and detailed instructions for their completion. I would like to draw your attention to the following provisions and outline the specific limits that apply to this Grant:

(a) Specimen Signatures of the official(s) authorized to submit withdrawal applications are needed before disbursements may begin and should be updated promptly whenever changes are necessary.

(b) Minimum Application Size. The minimum application size for payments directly from the Grant Account or for issuance of Special Commitments is US$ 20,000 equivalent.

(c) Special Account. To facilitate the carrying out of the Activities, you may open and maintain in US Dollars a special deposit account (the Special Account) in a financial institution acceptable to the Bank. Pursuant to Section 4.7 of Annex 2 to the Letter Agreement, deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of the Annex to this letter.

(d) Statements of Expenditure (SOEs). Withdrawals from the Grant Account will be made on the basis of statements of expenditure for expenditures under contracts for: (a) Services of Consultants - costing less than USD 100,000 equivalent per contract for firms and contracts costing less than $50,000 for individual consultants; and (b) Goods, Training, Workshops and Incremental Operating Costs. The SOE format is attached. If the right to withdraw Grant proceeds on the basis of SOEs is withdrawn because of continued noncompliance with audit covenants, the Bank reserves the right to reject withdrawal applications for reimbursement of expenditures falling within defined SOE limits, even if supported by full documentation.
(e) Payment Advices and Monthly Disbursement Summaries. These documents will be distributed to the addresses shown in this letter unless we are advised of changes in your requirements.

The withdrawal categories and the percentage of expenditures eligible for financing against these categories are set out in Section C of Annex 1 to the Letter Agreement.

You will be able to prepare withdrawal application forms; monitor the near real-time status of this Grant; and retrieve related policy, financial, and procurement information by accessing the Client Connection Web site. For more information about the Client Connection Web site and registration arrangements, please see the Client Connection kit enclosed with this letter. For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank’s public Web site at http://www.worldbank.org and Client Connection at http://clientconnection.worldbank.org.

Any noncompliance with the provisions in this letter may result in the Bank's application of the remedies provided for in Sections 6 and 7 of Annex 2 to the Letter Agreement.

Please contact us if you have any questions about withdrawal procedures, quoting Grant JPN 56971-PH as your reference.

Yours sincerely,

Edward Daoud
Senior Finance Officer
Disbursement Management Group-I
Loan Department

Annex: Special Account

Attachments: Withdrawal Application Forms
Statement of Expenditure Form
Client Connection Kit

Cleared with and cc: Loraine Hawkins (EASHD)
Mazhar Farid (LEGEA)

cc: LOAG1 Manila
Hon. Esperanza Cabral, Secretary, DSWD
Mr. Roberto B. Tan, Undersecretary, DOF
Ms. Laura Pascua, Undersecretary, DBM
Mr. Jeremias N. Paul, Jr. Alternate Executive Director for the Philippines
Ms. Alicia Bala, Undersecretary, DSWD
Ms. Luwalhati Pablo, Undersecretary, DSWD
Mr. Rolando G. Tungpalan, Assistant Director General, NEDA
Ms. Edita Tan, Director, IFG, DOF
Ms. Erlinda Capones, Director, Social Development Staff, NEDA
Special Account

1. For the purposes of this Annex:

(a) the term "eligible Categories" means the categories set forth in Section C of Annex 1 to the Letter Agreement

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Activities to be financed out of the proceeds of the Grant; and

(c) the term "Authorized Allocation" means the amount of US Dollars $100,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3(a) of this Annex.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Annex.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) The Recipient shall furnish to the Bank a request or requests for a deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account on a quarterly basis.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Annex for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Grant Account under the eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Annex, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account;
(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 5.3 of Annex 2 to the Letter Agreement, any of the audit reports required to be furnished to the Bank;

c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of paragraph 6.1 of Annex 2 to the Letter Agreement;

d) once the total unwithdrawn amount of the Grant shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawals from the Grant Account of the remaining unwithdrawn amount of the Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Annex; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Letter Agreement.
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Name and Address of Contractors/Suppliers</th>
<th>Contract or Purchase Order No. &amp; Date (or other ref.)</th>
<th>Brief Description of Goods, Works, or Services</th>
<th>Currency and Total Amount of Contract</th>
<th>Total Amount of Invoices Covered by Application (net of retention)</th>
<th>Elig. %</th>
<th>Invoice Amount Eligible for Financing</th>
<th>Amount Paid from Special Account (if any)</th>
<th>Remarks</th>
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**TOTALS**

Supporting documents for the SOE returned at ____________________________ (insert location)

FORM 1903 3E (1-87)
Setting Up Client Connection Accounts

We've enclosed the following materials to help you understand the account registration process for Client Connection users. It's important to note that before individual users can be registered, their organization (for example a ministry or project implementing agency) must be registered with Client Connection. An organization needs to appoint a “liaison” who will register the organization and submit requests for individual user accounts. Please contact your World Bank country office or our team in Washington (clientconnection@worldbank.org) if you have any questions on the procedures outlined in these documents and forms. Your package includes:

1. Client Account Information
2. Organization Account Request Form
3. Organization Web Access Agreement
4. User Account Request Form
5. Information for Liaisons
# Organization Account Request

**Client Connection**

**Instructions:**

Each client organization participating in Client Connection must complete this form, execute the Client Connection Organization Web Access Agreement and submit both to the World Bank. This form may be faxed, but an original Web Access Agreement signed by an authorized member of the organization must be received by the World Bank within thirty days of the account request. The two liaison users and the authorized legal representative must also submit Client Connection User Account Request Forms.

All fields marked with an asterisk (*) are required.

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
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<tr>
<td>Organization Name</td>
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<td>Country Affiliation</td>
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<tr>
<td>Business Category</td>
<td>☐ Central government ministry ☐ State or provincial ministry ☐ Other Project Implementing Agency ☐ Other (please specify)</td>
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<td>Main Voice Phone</td>
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<tr>
<td>Postal Country</td>
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<tr>
<td>Organization Internet Domain</td>
<td></td>
</tr>
<tr>
<td>Primary Liaison Full Name</td>
<td></td>
</tr>
<tr>
<td>Primary Liaison Email</td>
<td>(Each liaison must submit a User Account Request form with a matching email address.)</td>
</tr>
<tr>
<td>Secondary Liaison Full Name</td>
<td></td>
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<tr>
<td>Secondary Liaison Email</td>
<td></td>
</tr>
<tr>
<td>Legally Empowered Representative Full Name</td>
<td>(may be the same as a liaison)</td>
</tr>
<tr>
<td>Legally Empowered Representative Email</td>
<td></td>
</tr>
</tbody>
</table>

CCOA/R/1000033/1
WEB ACCESS AGREEMENT
for
ORGANIZATIONS
using
The World Bank Group
Client Connections Website

The Organization identified below ("Organization") is being provided access to the World Bank Client Connections Website ("Website") in its capacity as a World Bank Group member government. The World Bank will grant access to the Website to those employees or representatives of the Organization who have been identified by the Organization as having a need to access the Website in connection with the official duties of the Organization, and who have signed a Web Access Agreement for Users ("Users"). It is understood that access to this website is provided to Users as a revocable privilege on the condition of their compliance with the terms and conditions of the Web Access Agreement for Users, and that such access may be revoked if such terms and conditions are violated.

The Website is intended to serve as the World Bank's main self-serve delivery channel for loan, procurement and related information. Near real-time financial data and some documents published on this website have a security classification of "Official Use Only" and have not been publicly disclosed. While the data presented on this website is intended to be an accurate presentation of the Bank's official records, the Bank does not guarantee that the data will be free from errors. Users agree that they will not republish, print, download, copy, retransmit (including fax and email) or display (by use of an html "frame" or otherwise) any portion of this website or the content of any document without the prior written consent of the World Bank Group, except for reasonable copying, printing or distribution in the course of their official duties for the Organization. Users of this website agree that their use may be monitored, tracked and recorded.

No Liability for Computer Viruses. The World Bank Group shall not be liable for any harm caused by the transmission, through the Website of a computer virus or other computer code or programming device that might be used to access, modify, delete, damage, corrupt disable, disrupt or otherwise impede in any manner the operation of the services or any of Organization's software, hardware data or property.

Privacy Policy. As part of the account request and approval process for this site, the World Bank will collect information about Users, including name, employer, e-mail address and phone number. The World Bank will also set and access session cookies on User's computers and may use Users' information (a) to identify User as an authorized user (b) to monitor use of the Website for Internal administration and analysis and (c) to send you additional information and notifications regarding the Website.

Clarifications on Content
1. Currency Calculations: Note that all currency calculations, except for contract amounts, are computed using the latest exchange rate. Contract amount calculations are only available in USD where the date of the no-objection is used as the exchange rate date (in keeping with current practice).

2. Currency Pool Estimates: In order to compute the principal amounts outstanding of all currency pool loans (CPLs), the Bank calculates the pool unit value (PUV) twice a month retroactively as of the middle and the end of each month (the "pool closing dates"). The final determination of the PUV is normally completed within 3-4 days after the pool closing date. As this does not allow the Bank's borrowers on a daily basis to monitor the principal amounts outstanding under their currency pool loans, the Bank, at the request of numerous borrowers, has decided to post daily an estimated PUV.

The estimated daily PUV will be calculated each day based on the currency composition of the pool as of the previous pool closing date 1/ but will use the actual foreign exchange rates for that day. Except for anticipated principal recalls falling due on the day immediately following the pool closing date, no additional
transactions such as disbursements, prepayments, refunds and adjustments, occurring after the previous account closing date are included in the estimated daily PUV. Borrowers should therefore expect that for any given day the actual PUV will differ from the estimated daily PUV.

Please note that the estimated daily PUV is being provided for borrowers' convenience but should not be relied upon by borrowers in making financial decisions. It does not replace the actual PUV used in IBRD billing statements and reports. Accordingly, the Bank is not responsible for any decisions that a borrower may make based in any way upon the estimated daily PUV.

3. Single Currency Pool Estimates: As long as the single currency pool consists only of the currency of denomination of the pool, the borrower’s principal repayment obligation in the currency of the pool can be easily determined and the estimated PUV is expected to be very close to the actual PUV calculated as of any relevant pool closing date.

4. Forms: Usage of the site's Forms represents your agreement that you have not tampered with these forms in any way. The Bank reserves the right to reject any forms which it deems that violate this agreement.

Name

Title

Organization

Authorized Signature       Date

1/ The estimated daily PUVs for the 3-4 days falling between the most recent pool closing date and the final determination of the PUV are based on the currency composition of the pool as of the pool closing date immediately prior to the previous pool closing date.
Instructions:
Each user participating in Client Connection must complete this form, execute the Client Connection User Web Access Agreement and submit both to the World Bank. This form may be faxed, but an original Web Access Agreement signed by an authorized member of the organization must be received by the World Bank within thirty days of the account request. The two liaison users and the authorized legal representative must also submit Client Connection User Account Request Forms.

All fields marked with an asterisk (*) are required. Please complete both pages of this form.

<table>
<thead>
<tr>
<th>Field</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Name *</td>
<td>(your complete name with any desired salutation or credentials as you prefer it to appear on official correspondence)</td>
</tr>
<tr>
<td>Given Name *</td>
<td>(first name or names)</td>
</tr>
<tr>
<td>Surname *</td>
<td>(last name or family name)</td>
</tr>
<tr>
<td>Email Address *</td>
<td>(Your individual email address is used as your login.)</td>
</tr>
<tr>
<td>Organization *</td>
<td></td>
</tr>
<tr>
<td>Job Title</td>
<td></td>
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<tr>
<td>Postal Address</td>
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</tr>
<tr>
<td>Postal City</td>
<td>(e.g. Washington)</td>
</tr>
<tr>
<td>State/Province</td>
<td>(e.g. Kerala)</td>
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<tr>
<td>ZIP/Postal Code</td>
<td>(e.g. 20360)</td>
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<td>Fax Phone</td>
<td>(with country code)</td>
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<td>Preferred Language</td>
<td>(check one)</td>
</tr>
<tr>
<td>Other Languages</td>
<td>(check all that apply)</td>
</tr>
</tbody>
</table>

Page 1

CCUAR910100323
User Account Request

All fields marked with an asterisk (*) are required. Please complete both pages of this form.

Authorization Requests
You may request access to view data in Client Connection for an entire country, a borrower within a country, and/or for specific projects and/or loans. You may also request permission to submit procurement documents for specific projects. All authorization requests will be reviewed by the World Bank and your organization's liaisons. Please fill in all sections that apply.

If your responsibility and authority are at the country level, please check country authorization and fill in your country name. Country authorization provides access to all loans and projects for a country, but not specific procurement function access.

Country Authorization
☐ View all available information for all projects and loans for country: __________________________

If your responsibility and authority are at the borrower level, please check borrower authorization and fill in your borrower name. Borrower authorization provides access to all loans and projects for a borrower, but not specific procurement function access.

Borrower Authorization
☐ View all available information for all projects and loans for borrower: __________________________

If your responsibility and authority are at the project level, please check project authorization and fill in the relevant projects numbers. Project authorization provides access to all loans related to specified projects, but not specific procurement function access.

Project Authorization
☐ View all available information for the following project(s) and any related loans:

(please use World Bank project numbers, e.g. P0000001)

<table>
<thead>
<tr>
<th>Project Numbers</th>
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If your responsibility and authority are at the loan level, please check loan authorization and fill in the relevant loan (loan, credit, trust fund, grant, etc.) numbers. Loan authorization provides access only to information about specified loans, and not procurement function access.

Loan Authorization
☐ View all available information for the following loan(s) and any related projects:

(please specify loans, credits, trust funds, etc. in the form "IBRD 12345")

<table>
<thead>
<tr>
<th>Loan Numbers</th>
<th>Information</th>
<th>Loan Numbers</th>
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If you are responsible for submitting procurement documents and/or plans, please check procurement authorization and fill in the relevant project numbers. Procurement authorization only provides the permission to submit procurement and documents and plans for specified projects. For access to project information and related loan information, please also request project access to relevant projects.

Procurement Authorization
☐ Submit procurement documents for project(s):

(please use World Bank project numbers, e.g. P0000001)

<table>
<thead>
<tr>
<th>Project Numbers</th>
<th>Information</th>
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</table>
Instructions for Organization Liaisons

The confidentiality of the data offered in the World Bank Client Connection secure web site depends on liaison users in registered organizations maintaining the account information for all users in their organizations. Each organization must appoint two liaisons to help ensure that one is always available to handle account and authorization requests and to advise the World Bank of any needed changes to users' accounts.

Note that liaison users should not request accounts on behalf of other users. Please provide forms and access agreements as necessary to prospective users and have those users submit them to World Bank staff.

All organization liaisons are expected to perform the following.

1. Maintain a current account with Client Connection. This requires resetting the password (PassKey) every few months as required and monitoring the email address registered with the account.

2. Respond to emailed requests from the World Bank concerning account requests and authorization requests. Every time a new user requests an account affiliated with an organization, the World Bank emails the liaisons and will not grant the account until the liaison approves the request. This ensures that each organization maintains strict control over affiliated accounts.

3. Notify the World Bank whenever a registered user leaves the organization or changes roles such that an authorization change is required. For instance, when a user assigned to a particular project is moved to a new project, the liaison should notify the World Bank to change the user's authorization from the old project to the new one.

4. Liaisons should notify the World Bank when unable to fulfill these responsibilities for any reason, such as leaving the organization or changing roles. Since all organizations must have two liaisons at all times, the organization must appoint a new liaison to replace any departing liaison.

5. Liaisons will be asked to review and respond to periodic auditing requests from the Bank to validate users registered by the organization.
September 27, 2006

Hon. Margarito Teves
Secretary
Department of Finance
6/F DOF Building, BSP Complex,
Roxas Boulevard, Manila

Dear Secretary Teves,

Subject: Philippines: Approval of PHRD Grants

I am pleased to inform you that we have now secured the approval of two (2) Japan Policy and Human Resource Development (PHRD) grants for preparation of the National Sector Support for Social Welfare and Development Reform Project (NSSSWDRP) in the amount of US$ 500,000 and to support the Implementation of the KALAHI-CIDSS Project in the amount of US$199,180. The NSSSWDRP was confirmed in the Philippines Country Assistance Strategy and in the pipeline lending during the country programming discussion that was held in April 2006.

The project preparation grant will support the formulation of the NSSSWDRP which is envisioned to build the capacity of the Department of Social Welfare and Development (DSWD) in performing its leadership role in improving the outcomes of basic social welfare and development services in reducing vulnerability of the poorest and marginalized groups. In the process, the reform will ensure the sustainability and more focused implementation of poverty-reduction programs such as the KALAHI-CIDSS. Specifically, the preparation grant for the NSSSWDRP will support the following broad activities:

1. Assist the DSWD in designing its policy and institutional reform agenda which are envisaged to focus on: a) evidence-based policy advocacy and standard-setting on social welfare, assistance and protection; b) medium-term fiscal planning and projections for costing social welfare, assistance and protection; c) alternative/innovative resource mobilization strategies to address unfunded and under-funded mandates; d) supporting results-based local social welfare and development strategies; e) enhancing management of retained DSWD services; e) sector performance tracking and dissemination and f) developing a baseline of a result-based monitoring and evaluation system.

2. Identify and undertake key capacity building activities that will prepare the DSWD (and relevant attached agencies and partners in cross-sectoral programs) for implementation of the reform.
3. Assist in the preparation of environment and social safeguards; social impact assessment and social marketing strategies that draw inputs from major stakeholders about the reform package and ensure their participation in pursuing the reform agenda.

The implementation grant for the KALAHI-CIDSS Project will assist DSWD in addressing constraints to project implementation by providing technical assistance that will strengthen overall sustainability of project investments in the following three key areas: (a) technical design and planning for sub-projects; (b) economic analysis of sub-projects; and, (c) organizational development for managing, operating and maintaining completed sub-projects. Specifically, the following broad activities will be supported:

1. Building capacity for technical preparation and supervision of sub-projects with a focus on sub-project planning and design; economic analysis, including simple cost-benefit analysis where relevant; organizational development for the various community organizations that have responsibility for operating and maintaining sub-projects, including work planning, problem solving, team building, consensus building, activity monitoring, negotiation, and monitoring and reporting.

2. Establishment of community-based learning networks in selected municipalities which will serve as important vehicle to promote learning across communities, enhance the availability of information and knowledge concerning community development approaches, and increase community awareness and skills on different aspects of project implementation.

For your reference, please find attached the FY07 Annual Policy Guidelines and Program Allocation under the Japan PHRD Technical Assistance Grants Program. We shall be arranging a grant signing ceremony with your office and with the representatives of the Japanese Embassy in Manila.

Sincerely,

Joachim von Amsberg
Country Director, Philippines
East Asia and Pacific Region
Enclosure: As stated.

cc: Hon. Esperanza I. Cabral, Secretary, Department of Social Welfare and Development
    Mr. Roberto Tan, Undersecretary, Department of Finance
    Ms. Laura Pascua, Undersecretary, Department of Budget and Management
    Ms. Alicia Bala, Undersecretary, Department of Social Welfare and Development
    Ms. Luwalhati F. Pablo, Undersecretary, Department of Social Welfare and Development
    Ms. Margarita R. Songco, Deputy Director General, National Economic and Development Authority
    Mr. Rolando Tungpalan, Assistant Director General, National Economic and Development Authority
    Mr. Arturo Bumatay, Director, Department of Budget and Management
    Ms. Joji Cruz, Director, Corporate Finance, Department of Finance
    Mr. Jonathan Uy, Director, PIS, National Economic and Development Authority
    Ms. Eniela Capones, Director, SDS, National Economic and Development Authority
1. **Objective.** To provide technical assistance grants to recipient countries, or their agencies, to help prepare or implement Bank-financed operations (hereinafter referred to as “Operations”).\(^1\) Grants approved under the program are subject to the criteria set forth in these Guidelines.

2. **Priority Areas and Activities.** Technical Assistance grants would maintain a poverty focus. The following should be aimed at: at least 35% of the annual submissions, by amount, are for IDA and blend countries and at least 35% are for East, South and Central Asia. Grant funding proposals should be submitted under the following programs:

(i) **Project Preparation:** For lower and lower-middle income countries\(^2\) all sectors are eligible. For upper-middle income countries, proposals would be eligible only to support one or more of the following priority areas: (a) Bank operations in the following sectors: education, health, nutrition, water supply and sanitation, social protection, social development and environment; (b) participatory community development activities, and those that involve NGOs and civil society; (c) gender; and (d) projects targeted at groups or areas that are clearly disadvantaged in terms of poverty indicators which are in line with the MDGs.

In the case of all project preparation proposals, the follow-on Operations must be listed in the IBRD/IDA Lending Program Summary in the CAS, or the CAS Update, or equivalent document, such as the Transitional Support Strategy in the case of post-conflict countries, which is endorsed by the Bank’s Board of Directors\(^3\).

(ii) **Project Implementation:** For IDA, IDA/IBRD-blend and lower-middle income countries, Implementation proposals in support of ongoing Bank-funded Operations, approximately one year under implementation, to address weaknesses in the capacity of implementing agencies. Proposals must clearly identify the implementation capacity problems that will be rectified by the technical assistance grant.

(iii) **Climate Change Initiatives:** To: (a) support the inclusion of climate-change concerns in the country’s development planning process and the acquisition of knowledge in the assessment of the impact of local greenhouse gases (GHG) emissions in the recipient country; and (b) support initiatives -- including pilot activities -- for the reduction of GHG emissions as developing countries increase energy production to improve standards of living and promote industrial growth as they move towards eradication of poverty. Proposals must be linked to Bank-financed operations or activities supported by the Prototype Carbon Fund, the BioCarbon Fund, and the Global Environment Facility, or other environmental funds managed by the World Bank. (Separate operating guidelines have been agreed for this program).

(iv) **Project Cofinancing:** To co-finance institutional capacity building components of operations supported by the World Bank. The technical assistance should strengthen institutional capacity to facilitate the implementation of the project’s key policy reforms and good governance initiatives. The grants would meet the funding needs of IDA and IDA/IBRD blend countries where borrowing for such assistance may

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\(^1\) Bank financed operations are those funded by IBRD loans, IDA credits, and IDA grants.

\(^2\) As defined in the World Development Report 2006.

\(^3\) Conditional approval may be granted if the following requirements are satisfied: (i) the follow-on Operation, which will be prepared with the PHRD Project Preparation Grant, will be listed in the next CAS or CAS update (or equivalent document); and (ii) the next CAS or CAS update (or equivalent document) discussion date at the Board can be found in the Board meeting schedule available with the World Bank Executive Directors. Final approval will be granted by CFP at the time the CAS or CAS update (or equivalent document), in which the said project is listed, is discussed by the Board of Directors of the World Bank.
be unaffordable given budgetary and borrowing limitations. (Separate operating guidelines have been agreed for this program.)

3. **Funding Proposal and Amount.** Grants are approved by GoJ on the basis of a one-page Funding Proposal. The Proposal will include the Project Development Objectives, the Grant Objectives, and Expenditure Categories. In addition to the one-page Funding Proposal, supplementary background information is also required. This will include any risks (for example political, environmental, problems with the implementing agency, civil war or post-conflict situation) that may affect implementation of the grant. Project Preparation, Project Implementation and Climate Change Proposals may normally not exceed US$1 million. The maximum amount for a Project Cofinancing Proposal would be limited to US$5 million. Only a single grant per operation may be requested. Supplemental requests are not eligible under PHRD.

4. **Call for Proposals.** CFP will invite proposals not more than three times a year from the Bank’s Regional Vice Presidential Units informing them of the total amount available and notional allocations for each grant type.

5. **Eligible Expenditures.** In the cases of Project Preparation and Implementation grant proposals, eligible expenditures include: (i) consultant services and; (ii) non-consultant costs, up to 10% of the total grant amount, for local training, and minimal equipment and operating costs essential to carry out the technical assistance. Workshops, local consultations, and training may be included if the requests clearly demonstrate these activities will enhance the quality of the technical assistance. Civil works are not eligible. All expenditures would be eligible for 100% financing under PHRD. See separate operating guidelines for Project Cofinancing and Climate Change Initiatives grants.

6. **Ineligible Expenditures.** Expenditures on the following activities are ineligible: study tours, foreign training, implementation of pilot programs, purchase of vehicles, salaries for civil servants in recipient countries, Extended Term Consultants, and Bank staff (open-ended, term, and seconded staff) salaries or travel expenses. See separate operating guidelines for Project Cofinancing and Climate Change Initiatives grants.

7. **Schedule.** PHRD grant proposals would be submitted to GoJ up to three times in a year. GoJ would confirm its decisions on proposals within four weeks from submission where GoJ is satisfied with the contents of the application. In case GoJ seeks clarifications, the final decision on the funding proposal may take longer.

8. **Grant Execution Arrangements.** Project Implementation, Climate Change Initiatives, and Cofinancing grants must be recipient-executed. Project Preparation Grants would normally be executed by the recipient’s project implementing agency. However, the Bank may consider waiving the requirement for recipient execution in accordance with Bank policy (see OP 14.40) in the following cases: emergency operations, (HIV/AIDS projects in LICUS countries, and post conflict countries. Grant closing date for project preparation grants would be the same as the expected effectiveness date of the ensuing Bank Loan or IDA Credit, or six months from the Board Approval Date, whichever comes first. In any case, the total term of the grant should not exceed four years after signature of the grant agreement. Any exceptions would need to be fully justified and would require CFP’s clearance. The Bank, through the designated Task Team Leader of the project, would carry out its fiduciary responsibilities for grant supervision, with due attention to economy and efficiency, and generally in accordance with the standards applicable to Bank Loans or IDA Credits.

*Pilots may be funded under Climate Change Initiatives Grants.*
9. **Progress Reporting.** For the purposes of monitoring the development outcomes, the grant agreement – based on the one-page Funding Proposal – will be the binding document. The Task Team Leader will be responsible for preparing annual Grant Status Reports, rating the status of grant implementation, and documenting deliverables and outputs. For grants over US$1 million, an *Implementation Completion Memorandum* (ICM) will be prepared at completion documenting actual cumulative inputs, outputs and outcomes through the grant implementation period, and the results will be shared with the donor. For grants under US$1 million, the final Grant Status Report will include additional information regarding grant activity outcomes.

10. **Reallocations of Funds and Changes in Scope.** Reallocations of grant expenditure categories and activities, including dropping or adding new eligible categories or activities (see paragraphs 5 and 6 above), may be approved by the Sector or Country Director, as appropriate. Advice may be sought from Legal and CFP. For Project Preparation and Implementation grants, under no circumstances will the total amount for non-consultant expenditure categories exceed 10 percent of the grant amount. Legal Department should be consulted if any amendments to the Grant Agreement are required. All amendments to the Grant Agreement must be signed by the Country Director. For changes in the Development Objectives of the Bank-funded Operation, a request must be submitted to CFP which will determine if approval is required from GoJ. If the request is submitted to GoJ, it would provide its decision within four weeks from the receipt of the request from CFP.

11. **Grant Cancellation Policy.** The balance of grants are subject to cancellation under the following circumstances: (i) the Project has been dropped (signed contracts may be paid with CFP’s approval); (ii) the Project is presented to the Board or Approved; (iii) the grant agreement has not been signed 6 months after approval of the grant; (iv) no implementation progress including zero disbursements for six months after signature of the grant agreement, or (v) there is lack of progress as determined by CFP. CFP may clear exceptions on the basis of a satisfactory explanation.

12. **Consultation with Local Japan Officials and Japanese Visibility.** In order to ensure harmonization and coordination, the Bank task teams are required to consult with the Embassy of Japan accredited to the recipient country about the PHRD Technical Assistance grant application before submission of the proposal to CFP for review. Such consultation and information sharing by task teams will help expedite the decision making process. Staff in operational units should also encourage grant signing ceremonies in the field, with the inclusion of officials of the Embassy of Japan, inviting local and international press to these ceremonies. Task teams should aim to inform the Embassy of Japan as well as CFP – which will alert the Japanese authorities in Tokyo – at least 10 days in advance of the signing ceremony. Decisions on any future PHRD grant proposals for a country would take into consideration the Bank and Recipient’s efforts to comply with the above. In addition, CFP may promote visibility of PHRD by: (i) informing Country Directors of the importance of signing ceremonies to Japanese officials and the public to ensure recognition and support for PHRD funding; and (ii) continuing widespread distribution of the PHRD Annual Report, inclusion of PHRD information in relevant Bank documents, and occasional information sessions for Japanese organizations.

13. **Maintenance of Documentation.** Operational departments will keep copies of key documentation related to PHRD grants, including Terms of Reference and contracts for consultants subject to the Bank’s prior review, reports and other outputs prepared by consultants, in accordance with the Bank’s document retention policy. Task teams should also send the original grant agreement to the Legal department.

**FY07 PHRD TECHNICAL ASSISTANCE PROGRAM ALLOCATION**

The total FY07 allocation, to be approved through the rounds during the fiscal year, is US$120 million. The allocations among the four grant types are provided in Table 1 below. Depending on the demand for
grants, the fund may be reallocated among the grant types in consultation with GoJ. The decision on the reallocation will be taken by CFP at the end of the rounds in consultation with GoJ.

Table 1

<table>
<thead>
<tr>
<th>Allocations by Area</th>
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<tr>
<td>Project Preparation</td>
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<tr>
<td>Project Implementation</td>
<td>5</td>
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<tr>
<td>Climate Change Initiatives</td>
<td>10</td>
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<tr>
<td>Cofinancing</td>
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<tr>
<td>Total Amount</td>
<td>120</td>
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Table 2

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<tr>
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<tbody>
<tr>
<td>Round Announcement:</td>
</tr>
<tr>
<td>September 2006</td>
</tr>
<tr>
<td>January 2007</td>
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<tr>
<td>April 2007</td>
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