Mr. Virgilio Pernito  
Chief Executive Officer  
Population Services Pilipinas Incorporated  
2015 Gil Puyat Avenue, Pasay City  
Philippines 1300  

Dear Mr. Pernito:

Philippines Public Health Project (GPOBA Grant No. TF010757)  
Additional Instructions: Disbursement  
First Revision

I refer to the Grant Agreement ("Agreement") between Population Services Pilipinas Incorporated ("Recipient") and International Bank for Reconstruction and Development and International Development Association ("World Bank"), acting as administrator of the Global Partnership on Output-based Aid ("GPOBA"), dated April 10, 2012. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant no. TF010757 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is first revision to the Disbursement Letter dated April 10, 2012 for the above referenced project revising Section III and Attachment 7. All other provisions of the original Disbursement Letter shall remain in force and effect.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance for Category 4 and 7 only
- Direct Payment for Category 4 and 7 only
• Special Commitment for Category 4 and 7 only

(ii) Disbursement Deadline Date (subsection 3.6). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
26th Floor, One Global Place
5th Avenue corner 25th Street
Bonifacio Global City
Taguig City 1634, Philippines
Attention: Country Director

(ii) Applications (subsections 3.3). Please provide completed and signed (a) applications for withdrawal together with supporting documents, and (b) applications for special commitments together with a copy of the commercial bank letter of credit to the address indicated below:

The World Bank
26th Floor, One Global Place
5th Avenue corner 25th Street
Bonifacio Global City
Taguig City 1634, Philippines
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signature letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens")
provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for Reimbursement, Direct Payment, and Special Commitment is 20% of the outstanding balance of the Designated Account.

(vi) **Advance (sections 5 and 6)**

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** United States Dollars (USD).
- **Financial Institution at which the Designated Account is opened (subsection 5.5):** A financial institution that is acceptable to the World Bank.
- **Ceiling (subsection 6.1):** USD 200,000.

**III. Reporting on Use of Grant Proceeds**

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each Application for Withdrawal as set out below:

- **For requests for reimbursement under Categories 1, 2, 3, 5 and 6 of the Project:**
  - Statement of Expenditure in the form attached (Attachment 4 or Attachment 7) for all expenditures/contracts not subject to the World Bank's prior review.
  - Reports from Independent Verification Agent as detailed in the Project Operations Manual.

- **For requests for reimbursement under Category 4 and 7:**
  - Statement of Expenditure in the form attached (Attachment 4 or Attachment 7) for all expenditures/contracts not subject to the World Bank's prior review.
  - List of payments against contracts that are subject to the World Bank's prior review in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).

- **For reporting eligible expenditures paid from the Designated Account under Category 4 and 7:**
  - Statement of Expenditure in the form attached (Attachment 4 or Attachment 7) for all expenditures/contracts not subject to the World Bank's prior review.
  - List of payments against contracts that are subject to the World Bank's prior review in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).
  - Designated Account reconciliation statement (Attachment 6) with bank statement.

- **For requests for Direct Payment under Category 4 and 7:** Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)

IV. Other Important Information


If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact a finance officer at loa-tfi@worldbank.org using the above reference.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as administrator of the Global Partnership on Output-based Aid)

[Signature]

Ousmane Dione
Acting Country Director, Philippines
East Asia Pacific Region

Enclosure:
- Form of SOE (for subsidy financing)
- Other Attachments are with the original Disbursement Letter
# Statement of Expenditures (SOE)

Payments made during the period from ______________ to ______________

For requests for reimbursements under Category 1, 2, 3 and 5 of the Project

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No. (**)</th>
<th>Output during the period (Quantity)</th>
<th>Financing cost per Output</th>
<th>Amount of Subsidy per quantity of output</th>
<th>Percentage of Subsidy</th>
<th>Total Subsidy</th>
<th>Percentage being claimed</th>
<th>Amount being claimed</th>
<th>Trigger (Remarks)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>15*</td>
<td>USD 14,325</td>
<td>USD 12,680</td>
<td>88.5</td>
<td>USD 190,200</td>
<td>50</td>
<td>USD 95,100</td>
<td>Confirmation by IVA that accreditation criteria were met</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td>USD 14,325</td>
<td>USD 12,680</td>
<td>88.5</td>
<td>USD 190,200</td>
<td>50</td>
<td>USD 95,100</td>
<td>Confirmation by IVA that services were provided for 3 months and billed Phil health</td>
</tr>
<tr>
<td>21**</td>
<td></td>
<td></td>
<td>USD 14,270</td>
<td>USD 12,140</td>
<td>85.1</td>
<td>USD 254,940</td>
<td>50</td>
<td>USD 127,470</td>
<td>Confirmation by IVA that accreditation criteria were met</td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
<td>USD 14,270</td>
<td>USD 12,140</td>
<td>85.1</td>
<td>USD 254,940</td>
<td>50</td>
<td>USD 127,470</td>
<td>Confirmation by IVA that services were provided for 3 months and billed Phil health</td>
</tr>
<tr>
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<td>USD 14,600</td>
<td>83.3</td>
<td>USD 262,800</td>
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<td>USD 14,600</td>
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<td>USD 131,400</td>
<td>Confirmation by IVA that services were provided for 3 months and billed Phil health</td>
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<td>USD 4.6 + USD 1</td>
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<td>USD 293,507</td>
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<td>USD 720,000</td>
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<td>USD 150</td>
<td>100</td>
<td>USD 150,000</td>
<td>100</td>
<td>USD 150,000</td>
<td>Confirmation by IVA that the activities have been completed.</td>
</tr>
</tbody>
</table>

**TOTALS**

Supporting documents for this SOE retained at ____________________________ (insert location)

(*) Number Mid Wives enrolled before restructuring
(**) Number new Mid Wives enrolled after restructuring
(***) Number BHs enrolled after restructuring
(****) Number of Facilities eligible for reconstruction.