June 4, 2015

Honorable Cesar V. Purisima
Secretary
Department of Finance
DOF Building, BSP Complex
Roxas Boulevard, Manila
Republic of the Philippines

Re: Grant No TF018611-PH (Philippines - Preparation of a Program Towards Sustainable Flood Management in the Greater Metro Manila Area Project) Additional Instructions: Disbursement Letter

Honorable Secretary Purisima:

I refer to the Grant Agreement between the International Bank for Reconstruction and Development ("World Bank") acting as administrator of grant funds provided by Japan ("Donor") under the Japan Policy and Human Resources Development Technical Assistance Grants Program Pillar IV, and the Republic of the Philippines ("Recipient") for the above-referenced project, dated, June 4, 2015. The Grant Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF018611-PH ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

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:

- Advance
- Direct Payment
(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is four months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

II. **Withdrawal of Grant Proceeds**

(i) **Authorized Signatures (subsection 3.1).** An authorized signatory 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, Philippines 1634  
Attention: Mr. Motoo Konishi, Country Director

(ii) **Applications (subsections 3.2 - 3.3).** Please provide completed and signed Applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank  
26th Floor, One Global Place  
5th Avenue Corner 25th Street  
Bonifacio Global City  
Taguig City, Philippines 1634  
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 credentials ("SIDC") 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 SIDC 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 Borrower.
(iv) **Terms and Conditions of Use of SIDC to Process Applications.** By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the **Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation** ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) 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 Direct Payment is United States Dollar (US$) 60,000 equivalent.

(vi) **Advances (sections 5 and 6).**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Land Bank of the Philippines
- **Ceiling (subsection 6.1):** US$ 300,000

### 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 reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditures for payments against contracts that are NOT subject to the World Bank's prior review in the form attached (Attachment 4).
  - List of payments against contracts that are subject to the World Bank's prior review in the form attached (Attachment 5) including Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).
  - DA Reconciliation Statement in the form attached (Attachment 6) and bank statements.

- **For requests for Direct Payment:**
  - Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.
(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account  
(subsection 6.3): Quarterly

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 (http://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 us at loaeap@worldbank.org using the above Project name and Grant number as a reference in the subject line.

Sincerely,

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

Attachments

2. Form of Authorized Signatures Letter.
4. Form of Statements of Expenditures.
5. Form of Summary Sheet.
6. DA Reconciliation Statement