

27-Jan-2022

Hon. Carlos G. Dominguez
Secretary
Department of Finance (DOF)
DOF Building, BSP Complex
Roxas Boulevard
Manila

Re: IBRD Loan No. 9271-PH and EU Grant No. TF05756
Second Additional Financing for Philippine Rural Development Project
Additional Instructions: Disbursement and Financial Information Letter – First Amendment

Dear Secretary Dominguez:

I refer to: (i) the Loan Agreement between the Republic of the Philippines (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) and Grant Agreement between the Republic of the Philippines (“Recipient”) and the Bank, acting as an administrator of the European Union (EU) Philippine Rural Development Project Single-Donor Trust Fund, both dated July 16, 2021 for the above-referenced Project; (ii) the Disbursement and Financial Information Letter (DFIL) dated July 16, 2021 for IBRD Loan No. 9271-PH and EU Grant No. TF05756 (“Original DFIL”); and (iii) the letter from Undersecretary Mark Dennis Y.C. Joven received by the Bank on January 18, 2022 requesting certain revisions to the Original DFIL.

The General Conditions and Standard Conditions, as defined in the Loan Agreement and Grant Agreement, provide that the Borrower and the Recipient may, from time to time, request withdrawals of Loan and Grant Amounts from the Loan and Grant Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower and the Recipient. The General Conditions and the Standard Conditions also provide that the Disbursement and Financial Information Letter may set out Project-specific financial reporting requirements.

This letter constitutes such Disbursement and Financial Information Letter (“DFIL”) and replaces the Original DFIL to revise the financial institution of the designated accounts from the Bureau of Treasury Single Account at the Bangko Sentral ng Pilipinas to the Land Bank of the Philippines.

I. Disbursement Arrangements, Withdrawal of Loan and Grant Funds, and Reporting of Uses of Loan and Grant Funds

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”) are available in the Bank’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Loan and Grant is specified below.

(i) Disbursement Arrangements

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower and Recipient, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Electronic Delivery.

The Borrower and Recipient will deliver Withdrawal Applications (with supporting documents) electronically through the Bank's web-based portal "Client Connection" at <https://clientconnection.worldbank.org>. This option will be affected after the officials designated in writing by the Borrower who are authorized to sign and deliver Withdrawal Applications have registered as users of "Client Connection". The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through "Client Connection". By signing the Authorized Signatory Letter, the Borrower and the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. The Borrower and the Recipient may exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Borrower/Recipient encounters legal limitations), and which were previously agreed with the Bank. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower/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, available in the World Bank's public website at <https://www.worldbank.org> and "Client Connection" at <https://clientconnection.worldbank.org>; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Borrower and the Recipient must prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports ("IFR") for the Project covering the quarter.

(ii) Audits. Each audit of the Financial Statements must cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Bank not later than six (6) months after the end of such period.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank's website (<http://www.worldbank.org/>) and "Client Connection". The Bank recommends that you register as a user of "Client Connection". From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the World Bank by email at AskLoan@WorldBank.org using the above reference.

Yours sincerely,

Ndiame Diop

Ndiame Diop
Country Director
Brunei, Malaysia, Philippines and Thailand
East Asia and Pacific Region

Attachments

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)

With copies: Department of Finance
Department of Finance Building
Roxas Boulevard corner Pablo Ocampo Sr. Streets
Manila 1004 Philippines
secfin@dof.gov.ph

Schedule 1 : Disbursement Provisions

Basic Information					
Loan/Grant Number	IBRD 9271-PH TF05756	Country	Republic of the Philippines	Closing Date	Section III.B.2_of Schedule 2 to the Loan Agreement and Section III.B.2 of Schedule 2 to the Grant Agreement
		Borrower's Representative	Department of Finance		
		Name of the Project	Second Additional Financing for Philippine Rural Development Project	Disbursement Deadline Date <i>Subsection 3.7 **</i>	Four months after the Closing date
Disbursement Methods and Supporting Documentation					
Disbursement Methods <i>Section 2 (**)</i>	Methods	Supporting Documentation <i>Subsections 4.3 and 4.4 (**)</i>			
Direct Payment	Yes	Copy of records			
Reimbursement	Yes	Interim unaudited Financial Report (IFR in the format provided in Attachment 2 of the DFIL			
Advance (into a Designated Account)	Yes	Interim unaudited Financial Report (IFR in the format provided in Attachment 2 of the DFIL and copy of bank statement			
Special Commitments	Yes	Copy of Letter of Credit			
Designated Account (Sections 5 and 6 **)					
Type	Segregated DA-AF DA-EU Two designated accounts will be maintained by the NPCO		Ceiling	Variable	
Financial Institution - Name	Land Bank of the Philippines.		Currency	USD	
Frequency of Reporting <i>Subsection 6.3 (**)</i>	Quarterly		Amount	Forecast for two (2) quarters as provided in the quarterly Interim Financial Report	
Minimum Value of Applications (subsection 3.5)					
The minimum value of applications for [Reimbursement,] [Direct Payment] [and Special Commitment] is USD 1,000,000					
Authorized Signatures (Subsection 3.1 and 3.2 **) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter					
Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 **)					
<i>For Authorized Signatories Letter:</i> The World Bank, 26/F One Global Place, 5 th Avenue corner 25 th Street, Bonifacio Global City Taguig, Philippines Attn. Mara K. Warwick - Country Director		All Withdrawal Applications and its supporting documentation will be electronically sent via the Bank's system Client Connection. <i>For paper Withdrawal Applications:</i> The World Bank, 26/F One Global Place, 5 th Avenue corner 25 th Street, Bonifacio Global City Taguig, Philippines Attn. Loan Department			
Additional Instructions					
<ul style="list-style-type: none"> This Additional Financing will have separate interim financial reporting with IBRD 8816 (the first Additional Financing) 					

- | |
|--|
| <ul style="list-style-type: none">• Joint co-financing: The Project will be co-financed by the IBRD and EU donor. The financing percentage is specified in the attachment 3 |
| Others |
| <ul style="list-style-type: none">• Disbursement for the first two years from the Board approval date: Borrower agrees that the accumulative disbursement for the first two years from the Board approval date will not be more than 60% of the total loan amount |

*** Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.*

[Letterhead]
Department of Finance
[Street address]

[DATE]

The World Bank
26th Floor, One Global Place
5th Avenue Corner 25th Street
Bonifacio Global City
Taguig City

Attention: Country Director

**Re: IBRD Loan Number 9271-PH
EU Grant Number TF05756
Authorized Signatory Letter
Second Additional Financing for Philippine Rural Development Project)**

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the Republic of the Philippines (the “Borrower”), and Grant Agreement between the Republic of the Philippines (the “Recipient”) and the Bank, acting as administrator of the European Union (EU) Philippines Rural Development Project Single-Donor Trust Fund dated _____, providing the above Loan and Grant. For the purposes of Section 2.03 of the General Conditions and Section 3.04(b) of the Standard Conditions as defined in the Loan Agreement and Grant Agreement respectively, any ¹[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower and Recipient to sign applications for withdrawal under these Loan and Grant.

For the purpose of delivering Applications to the Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower/Recipient, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower/Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of*

¹ Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Bank.*

² Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Bank.*

³ Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

⁴ Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Bank.*

Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”), the Borrower/Recipient represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to these Agreements.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

Attachment 2 - Interim unaudited Financial Statements

Department of Agriculture
 Rural Development Project - LN XXXX - AF
 Interim Financial Reports for the quarter ended mm-dd-yyyy
 STATEMENT OF SOURCES AND USES OF FUNDS

	For the Quarter (US\$)			Year to Date (US\$)			Inception to Date (US\$)		
	WorldBank	GOP-DA	Total	WorldBank	GOP-DA	Total	WorldBank	GOP-DA	Total
SOURCES OF FUNDS									
Receipts	XX	XX	XXX	XXX	XXX	XXXX	XXXX	XXXX	XXXXX
Total Receipts	XX	XX	XXX	XXX	XXX	XXXX	XXXX	XXXX	XXXXX
USES OF FUNDS									
<i>Component 1 : Local and National Level Planning</i>	X	X	XXX	XX	XX	XXX	XXXX	XXX	XXXX
<i>Component 2 : Infrastructure Development</i>	X	X	XX	XX	XX	XXX	XXXX	XXX	XXXX
<i>Component 3 : Enterprise Development</i>	X	X	XX	XX	XX	XXX	XX	XXX	XXXX
<i>Component 4 : Project Implementation Support</i>	X	X	XX	XX	XX	XXX	XXX	XXX	XXXX
Total Expenditures	XX	XX	XX	XXX	XXX	XXX	XXXX	XXXX	XXXX
SURPLUS / (DEFICIT)	X	X	X	XX	XX	XX	XXX	XXX	XXX
OPENING BALANCE									
US Dollar Account	X	X	X	X	X	X			
Peso Account	X	X	X	X	X	X			
Total	X	X	X	X	X	X			
CLOSING BALANCE									
US Dollar Account	X	X	XX	X	X	XX	X		XX
Peso Account	X	X	XX	X	X	XX	X	X	XX
Total	XX	XX	XX	XX	XX	XX	XX	XX	XX
RECAP BY CATEGORIES									
Category 1	XXX			XXX			XXX		
Category 2	XXX			XXX			XXX		
Category 3									
Total	XXX			XXX			XXX		

Department of Agriculture
Rural Development Project - LN XXXX - AF
Interim Financial Reports for the quarter ended mm-dd-yyyy
STATEMENT OF SOURCES AND USES OF FUNDS

	For the Quarter (PhP)			Year to Date (PhP)			Inception to Date (PhP)		
	WorldBank	GOP-DA	Total	WorldBank	GOP-DA	Total	WorldBank	GOP-DA	Total
SOURCES OF FUNDS									
Receipts	XX	XX	XXX	XXX	XXX	XXXX	XXXX	XXXX	XXXXX
Total Receipts	<u>XX</u>	<u>XX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXXX</u>
USES OF FUNDS									
<i>Component 1 : Local and National Level Planning</i>	X	X	XXX	XX	XX	XXX	XXXX	XXX	XXXXX
<i>Component 2 : Infrastructure Development</i>	X	X	XX	XX	XX	XXX	XXXX	XXX	XXXXX
<i>Component 3 : Enterprise Development</i>	X	X	XX	XX	XX	XXX	XX	XXX	XXXXX
<i>Component 4 : Project implementation Support</i>	X	X	XX	XX	XX	XXX	XXX	XXX	XXXXX
Total Expenditures	XX	XX	XX	XXX	XXX	XXX	XXXX	XXXX	XXXX
SURPLUS / (DEFICIT)	X	X	X	XX	XX	XX	XXX	XXX	XXX
OPENING BALANCE									
US Dollar Account	X	X	X	X	X	X			
Peso Account	X	X	X	X	X	X			
Total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>			
CLOSING BALANCE									
US Dollar Account	X	X	XX	X	X	XX	X	X	XX
Peso Account	X	X	XX	X	X	XX	X	X	XX
Total	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>
RECAP BY CATEGORIES									
Category 1	XXX			XXX			XXX		
Category 2	XXX			XXX			XXX		
Category 3	XXX			XXX			XXX		
Total	<u>XXX</u>			<u>XXX</u>			<u>XXX</u>		

Department of Agriculture
Rural Development Project - LN XXXX - AF
Interim Financial Reports for the quarter ended mm-dd-yyyy
VARIANCE ANALYSIS OF USE OF FUNDS - CONSOLIDATED FROM ALL SOURCES

	Quarter			Cumulative for the Year			Cumulative - Inception to Date		
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
Component 1 : Local and National Level Planning									
1.1 Enhancing AFMP Process	X	X	X	XX	XX	XX	XXX	XXX	XXX
1.2 Supporting AFMP Implementation	X	X	X	XX	XX	XX	XXX	XXX	XXX
	XX	XX	XX	XX	XX	XX	XXX	XXX	XXX
Component 2 : Infrastructure Development									
2.1 Value Chain Infrastructure Support	XX	XX	X	XX	XX	X	XX	XX	X
2.2 Approached for Improving Infra Investments	XX	XX	X	XX	XX	X	XX	XX	X
Component 3 : Enterprise Development									
3.1 Rural Agrifishery Enterprise and productivity enhancement	XX	XX	X	XX	XX	X	XX	XX	X
3.2 Technology and Information for Ent Market Devt	XX	XX	X	XX	XX	X	XX	XX	X
Component 4 : Project Implementation Support									
	XX	XX	XX	XX	XX	XX	XX	XX	XX

Note: Reasons for variance in excess of 10% should be explained as notes

Department of Agriculture
Rural Development Project - LN XXXX - AF
Interim Financial Reports for the quarter ended mm-dd-yyyy
VARIANCE ANALYSIS OF USE OF FUNDS - CONSOLIDATED FROM ALL SOURCES

	Quarter			Cumulative for the Year			Cumulative - Inception to Date		
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
Component 1 : Local and National Level Planning									
1.1 Enhancing AFMP Process	X	X	X	XX	XX	XX	XXX	XXX	XXX
1.2 Supporting AFMP Implementation	X	X	X	XX	XX	XX	XXX	XXX	XXX
	XX	XX	XX	XX	XX	XX	XXX	XXX	XXX
Component 2 : Infrastructure Development									
2.1 Value Chaing Infrastructure Support	XX	XX	X	XX	XX	X	XX	XX	X
2.2 Approached for Improving Infra Investments	XX	XX	X	XX	XX	X	XX	XX	X
Component 3 : Enterprise Development									
3.1 Rural Agrifishery Enterprise and productivity enhancement	XX	XX	X	XX	XX	X	XX	XX	X
3.2 Technology and Information for Ent Market Devt	XX	XX	X	XX	XX	X	XX	XX	X
Component 4 : Project Implementation Support	XX	XX	XX	XX	XX	XX	XX	XX	XX

Note: Reasons for variance in excess of 10% should be explained as notes

Department of Agriculture
Rural Development Project - LN XXXX - AF
Interim Financial Reports for the quarter ended mm-dd-yyyy
CASH FORECAST FOR THE 6 MONTHS ENDING MMM-DD-YYYY -

	Cash Requirements		Cash Requirements for Next Six Months	
	Quarter ended mmm-dd-yyyy	Quarter ended mmm-dd-yyyy	PhP	USD
	PhP	PhP		
Component 1 : Local and National Level Planning				
<i>Consulting Services</i>	xx	xx	xx	xx
<i>Training</i>	xx	xx	xx	xx
<i>Sub-total</i>	xx	xx	xx	xx
Component 2 : Infrastructure Development				
<i>Trainings</i>	xxx	xxx	xxx	xxx
<i>Consulting Services</i>	xxx	xxx	xxx	xxx
<i>Sub-projects</i>	xxx	xxx	xxx	xxx
<i>Sub-total</i>	xxx	xxx	xxx	xxx
Component 3 : Enterprise Development				
<i>Trainings</i>	xxx	xxx	xxx	xxx
<i>Consulting Services</i>	xxx	xxx	xxx	xxx
<i>Sub-projects</i>	xxx	xxx	xxx	xxx
<i>Sub-total</i>	xxx	xxx	xxx	xxx
Component 4 : Project Implementation Support				
<i>Goods</i>	xx	xx	xx	xx
<i>Consulting Services</i>	xx	xx	xx	xx
<i>Training</i>	xx	xx	xx	xx
<i>Operating Costs</i>	xx	xx	xx	xx
<i>Sub-total</i>	xx	xx	xx	xx
	xx	xx	xx	xx

Rural Development Project
Interim Financial Reports for the quarter ended mmm-dd-yyyy
DESIGNATED ACCOUNT ACTIVITY STATEMENT

	Note	IBRD 8816 (US\$)	IBRD xxx (US\$)
PART I			
1. Cumulative Advances to the end of current quarter		x	x
2. Cumulative Expenditure to the end of last quarter		x	x
3. Outstanding Advances to be accounted for (Line 1 minus Line 2)		x	x
PART II			
4. DA balance at beginning of quarter per bank statement			xxx
Outstanding balance split by each financier		xxx	xxx
5. Add/Subtract: Cumulative Adjustments (if any)		x	x
6. Advances from Loan proceeds during the quarter		x	x
7. Sub total of Advances and Adjustments		x	x
8. Outstanding Advances to be accounted for (Line 4 plus Line 7)		x	x
9. DA balance at end of quarter		x	x
10. Add/Subtract: Cumulative Adjustments (if any)		x	x
11. Expenditure for current reporting period		x	x
12. Sub total of Adjustments and Expenditure		x	x
13. Advances accounted for (Add Line 9 and Line 12)		x	x
14. Difference if any (Line 8 minus Line 13)		x	x
PART III			
15. Total forecasted amount to be paid by WB		x	x
16. Less: Closing DA balance		x	x
17. Forecasted Direct Payments		x	x
18. Sub total of closing DA balance and forecasted payments (Line 16 plus Line 17)		x	x
19. Cash to be disbursed for the next reporting period (Line 15 minus Line 18)		x	x

Note: Bank reconciliation statement and copy of the bank statement for the period should be attached

Disbursement percentage table

Project parts	EU Grant TF 0xxx	IBRD xxx
(1) Goods, non-consulting services, consulting services, Infrastructure Development Grants, Enterprise Development Grants, Training and Operating Costs for Parts 2.1(b) of the Project (EU Priority Areas)	25% (*)	75% (*)
(2) Goods, non-consulting services, consulting services, Infrastructure Development Grants, Enterprise Development Grants, Training and Operating Costs for part 3.1(a)(ii), of the Project (EU Priority Areas)	63% (*)	37% (*)
(3) Goods, non-consulting services, consulting services, Infrastructure Development Grants, Enterprise Development Grants, Training and Operating Costs for Parts 1.1(a)(ii), 1.2(b), 2.2(b), 3.2(b) and 4(b) of the Project (EU Priority Areas)	100% (**)	100% (**)
(4) Goods, non-consulting services, consulting services, Infrastructure Development Grants, Enterprise Development Grants, Training and Operating Costs for Parts 1.1(a)(i), 1.2(a), 2.1(a), 2.2(a), 3.1(a)(i), 3.2(a) and 4(a) of the Project	0%	100%

Notes:

(*) In case one financier is fully disbursed ahead of the other financier, the remaining financier will finance 100%.

(**): Disbursement rules: EU grant will be disbursed first. The IBRD loan will only be disbursed when the EU grant has fully disbursed

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Prepared by : Thao Thi Do

Cleared with and cc: Thu Ha Le, LEGAS
Eli Weiss/Maria Theresa G. Quinones, SEAAG

Cc: Tomas Sta. Maria, EEAG1