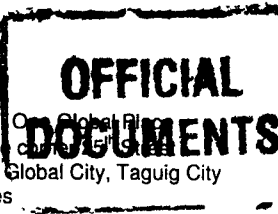


The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

26th Floor, One Global Plaza
5th Avenue corner 5th Street
Bonifacio Global City, Taguig City
Philippines



Telephone: (632) 4652500
Facsimile: (632) 4652505

July 28, 2014

Honorable Cesar Purisima
Secretary
Department of Finance
Bangko Sentral Complex
Roxas Blvd., Manila

Dear Secretary Purisima:

*PHILIPPINES: Implementation of the Extractive Industries Transparency
Initiative Project (EITI Grant No. TF017249)
Additional Instructions: Disbursement*

I refer to the Letter Agreement (“Agreement”) between the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of grant funds provided by Australia, Belgium, Canada, Denmark, the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States of America (“Donors”) under the Multi-Donor Trust Fund for the Extractive Industries Technical Advisory Facility, and the Republic of Philippines (“Recipient”) for the above-referenced project, dated July 28, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF017249 (“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:

- Reimbursement
- Direct Payment
- Advance

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Withdrawal Condition(s) in the Grant Agreement.

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 3.2 - 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 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 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 Recipient.

(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 SIDC”) 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 is USD 40,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Land Bank of the Philippines
- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the Interim Financial Report

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:**
 - Interim Financial Report in the form attached (Attachment 4); and
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5).
- **For reporting eligible expenditures paid from the Designated Account:**
 - Interim Financial Report in the form attached (Attachment 4);
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5); and
 - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement.

- ***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): the period set out in the Grant Agreement for provision of Interim Financial Reports

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

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 CTRLD-TF@worldbank.org using the above reference.

Sincerely,



Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

Enclosures: *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
Form for Authorized Signatures
Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated March 1, 2013
Form of Interim Financial Report
Form of Payments against Contracts Subject to the World Bank's Prior Review
Designated Account Reconciliation Statement

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)¹ will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

¹ "Bank" includes IBRD and IDA.

² "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.
3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:
 - 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
 - 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
 - 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
 - 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.
4. ***Security***

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

DEPARTMENT OF FINANCE
Implementation of the Extractive Industries Transparency Initiative Project
World Bank - TF No. 017249
Statement of Sources and Uses of Funds
For the period ending <reporting date>
(In US DOLLAR)

	This Period		Cumulative To Date		Forecast for next 2 reporting periods
Cash Receipt					
Grant					
Total Cash Available		0.00		0.00	
Less: Expenditures (Category 1)					
1 Goods					
2 Consultants' Services					
3 Training and Workshop					
4 Operational Cost					
Total Expenditures		0.00		0.00	
Net Receipt		0.00		0.00	
NET CASH AVAILABLE		0.00		0.00	
Cash Balance at the Beginning	0.00				
Net Change in Cash	0.00		0.00		
Add (Deduct) Adjustment					
Bank Charges					
Interest Earned					
TOTAL CASH AT THE END (b)		0.00		0.00	

(a) Cash at end should tally with cash balance in the balance sheet. Please provide explanation for any discrepancy.

DEPARTMENT OF FINANCE
Implementation of the Extractive Industries Transparency Initiative Project
World Bank - TF No. 017249
Statement of Sources and Uses of Funds
For the period ending <reporting date>
(In Philippine Peso)

	This Period		Cumulative To Date		Forecast for next 2 reporting periods
Cash Receipt					
Grant					
Total Cash Available		0.00		0.00	
Less: Expenditures (Category 1)					
1 Goods					
2 Consultants' Services					
3 Training and Workshop					
4 Operational Cost					
Total Expenditures		0.00		0.00	
Net Receipt before Foreign Exchange Difference		0.00		0.00	
Add (Deduct): Gain (Loss) on FOREX					
NET CASH AVAILABLE		0.00		0.00	
Cash Balance at the Beginning	0.00				
Net Change in Cash	0.00		0.00		
Add (Deduct) Adjustment					
Bank Charges					
Interest Earned					
TOTAL CASH AT THE END (b)		0.00		0.00	

(a) Cash at end should tally with cash balance in the balance sheet. Please provide explanation for any discrepancy.

DEPARTMENT OF FINANCE
Implementation of the Extractive Industries Transparency Initiative Project
DESIGNATED ACCOUNT RECONCILIATION STATEMENT
AS OF <REPORTING DATE>
in US Dollars

Project Name: Implementation of the Extractive Industries Transparency Initiative Project
 Grant No. : TF 017249
 Deposit Bank: Land Bank of the Philippines
 Account No.: _____

PART I

1. Cumulative advances to end of current reporting period		XXXX
2. Less: Cumulative expenditures to end of last reporting period		XXX
		XXX
3. Outstanding Advance to be accounted (line 1 minus line 2)		XXXX

PART II

4. Opening DA Balance at Beginning of Reporting Period (as of _____)		XXXX
5. Add: Advances from World Bank during reporting period		XXXX
6. Total Advanceto be accounted for (Add line 4 and 5)		XXX
7. Closing DA Balance at end of current reporting period (As of _____)		XXXX
8. Add/subtract: Expenditures for current reporting period		XXXX
9. Total Advance Accounted for (Add line 7 and 8)		XXX
10. Difference (if any) (Line 6 minus 9)		XXX
Explanation of any discrepancy between total appearing in Lines 6 and line 9 above		
a. Interest earned credited to the account	XXX	
b. Bank balance of Peso checking account	XXX	
		XXX

Part III

11. Total forecasted amount to be paid by WorldBank		XXXX
12. Less: Closing DA balance (after adjustments)	XXX	
13. Direct Payments	XXX	
14. Add lines 12 and 13		XXX
15. Cash requirement for the next two reporting periods (line 11 minus 14)		XXXX

DEPARTMENT OF FINANCE
Implementation of the Extractive Industries Transparency Initiative Project
BANK RECONCILIATION STATEMENT
AS OF <REPORTING DATE>
(PESO CHECKING ACCOUNT # XXX-XXXXX-XX)

PARTICULARS	Per Books	Per Bank
Unadjusted Balance, <reporting date>		
Add: items requiring adjustments		
Total		
Deduct: items requiring adjustments		
Adjusted Balance, <reporting date>		

CERTIFIED CORRECT:

<Chief Accountant>

DEPARTMENT OF FINANCE
Implementation of the Extractive Industries Transparency Initiative Project
BANK RECONCILIATION STATEMENT
AS OF <REPORTING DATE>
(DOLLAR SAVINGS ACCOUNT # XXX-XXXXX-XX)

PARTICULARS	Per Books	Per Bank
Unadjusted Balance, <reporting date>		
Add: items requiring adjustments		
Total		
Deduct: items requiring adjustments		
Adjusted Balance, <reporting date>		

CERTIFIED CORRECT:

<Chief Accountant>

**Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review**

Contract Number	Supplier	Contract Date	Contract Amount	Date of WB's Non-Objection to Contract	Amount Paid to Supplier during Period	WB's Share of Amt Paid to Supplier during Period

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER _____
 ACCOUNT NUMBER _____ WITH (BANK) _____

- 1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) \$ _____
- 2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - \$ _____
- 3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2), = \$ _____

- 4. BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE _____ \$ _____
- 5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____ + \$ _____ *
- 6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____ + \$ _____ *
- 7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

<u>APPLICATION NO.</u>	<u>AMOUNT *</u>
_____	_____
_____	_____

- SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + \$ _____
- 8. MINUS: INTEREST EARNED - \$ _____ *
- 9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = \$ _____

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

11. DATE: _____ SIGNATURE: _____
 TITLE: _____