

CONFORMED COP

November 18, 2010

Mr. Leonardo B. Rosario
Executive Director
Trowel Development Foundation, Inc.
Block 9 Lot 23 University Homes
Barangay Cawayan, Catarman
Northern Samar, Philippines 6400

Dear Mr. Rosario:

*Re: "2009 Global Development Marketplace on Climate Change Adaptation"
Development Marketplace
Global Environmental Facility (GEF) TF097028
"Fishing Communities Seek Security in Aquaculture and Mangrove Restoration" Project*

In response to the request for financial assistance made on behalf of Trowel Development Foundation, Inc. ("Recipient"), I am pleased to inform you that the "2009 Global Development Marketplace on Climate Change Adaptation" ("DM2009") jury on November 13, 2009 selected your proposal for support from DM2009.

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank") to indicate its agreement as administrator of grant funds provided under the Global Environmental Facility ("GEF") Trust Fund (TF050551) which supports DM2009, to extend to the Recipient, for the benefit of the Republic of the Philippines ("Member Country") a grant in an amount not to exceed One Hundred Eighty-One Thousand Nine Hundred Eighty-Four United States Dollars (U.S.\$181,984) ("Grant") on the terms and conditions set forth or referred to in this letter agreement, which includes the attached Annex ("Agreement"), to assist in the financing of the "Fishing Communities Seek Security in Aquaculture and Mangrove Restoration" project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
International Bank for Reconstruction and Development
International Development Association

/s/ Bert Hofman

Country Director, Philippines
East Asia and Pacific Region

AGREED:

Trowel Development Foundation, Inc.

By /s/ Leonardo B. Rosario
Authorized Representative

Name: Leonardo B. Rosario

Title: Executive Director

Date: December 3, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.

(2) Disbursement Letter dated November 18, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement as follows:

“Barangay” means the smallest administrative division in the Philippines and is the native Filipino term for a village, district or ward.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are: (a) to secure the livelihoods of subsistence fishing households in the coastal villages of Lavezares and Rosario in northern Samar, Philippines; (b) to restore biodiversity of aquatic resources; and (c) to contribute to the long term protection of coastal areas from strong storms and sea-level rise through building and strengthening the adaptive capacities of villagers to impacts of climate change. The Project consists of the following activities:

- Consult and orient project stakeholders about the project concept, objectives, target outputs, and methodology, roles and responsibilities of project partners and cooperators among others.
- Establish project management council that will be in-charge of the overall project policies and directions including budget allocation and approval.
- Formulate operational and investment plans and sign memorandum of agreements with project partners and cooperators composed of officers of community-based organizations, officials of municipal and barangay local government units, officer of the Bureau of Fisheries and Aquatic Resources, and professors of the University of Eastern Philippines among others.
- Collect baseline data on community assets of target barangays and beneficiaries and conduct community subsector study and value-chain analysis of local mud-crab industry.
- Train community-based organizations on ecological mangrove restoration and project beneficiaries on tie-crab fattening technology.
- Conduct ecological mangrove restoration activities in idle and abandoned fishponds.
- Establish tie-crab farms in target barangays and hold annual mud-crab festival.
- Monitor project performance in terms of delivery of project assistance, accomplishment of project targets, and utilization of allocated resources as well as conduct regular assessment and planning meeting including carrying out project evaluation conference to discuss and compare quantitative and qualitative project accomplishments, problems encountered in project undertaking, and lessons learned from project implementation experience.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”) with the modifications set forth in the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

In carrying out the Project activities, the Recipient shall ensure:

- (a) that the beneficiaries of the Grant are selected through an open and transparent process following the criteria that the beneficiaries are (i) subsistence fishers from the coastal villages of Lavezares and Rosario in northern Samar; and (ii) active members of fishers’ associations organized by the Recipient.
- (b) that a project management council comprised of representatives of community-based organizations, local offices of national government agencies, local government units, academia, and non-government organizations is established, and thereafter maintained throughout the implementation period of the Project for the overall implementation of the Project and for the selection of beneficiaries from the list of priority beneficiaries identified by the members of the fishers’ associations.
- (c) full compliance with the Recipient’s Environmental Management Plan dated April 14, 2010 agreed between the Recipient and the World Bank, governing implementation of activities financed from the proceeds of the Grant. This Environmental Management Plan sets out, among other things, (i) key policy principles for social and environmental management; (ii) measures to guide the screening of activities for significant social and environmental impacts, and to assist in the mitigation of such impacts; (iii) procedures to ensure that these principles and measures are appropriately applied; and (iv) guidelines for capacity building and monitoring, as the same may be amended from time to time with the agreement of the World Bank and Recipient.

2.04. ***Project Monitoring, Reporting and Evaluation.***

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester of Project implementation and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than one month after the Closing Date.

(c) Thereafter, but in any event not later than eighteen months after the Closing Date, the Recipient shall exchange views with the World Bank in order to assess the results

achieved under the Project, lessons learnt, and factors contributing to the eventual success or failure of the Project.

2.05. *Financial Management.*

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each Project Report period, covering that same period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank's request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period indicated in the World Bank's request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank's request.

2.06. *Procurement*

(a) General. All goods, works and services required for the Project 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:

(i) Section I (excluding paragraph 1.16) of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and works;

(ii) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

The following methods shall be used for procurement of goods and works for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; or (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

The following methods shall be used for the procurement of consultants' services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants' Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants; or (D) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. All contracts shall be subject to Post Review by the World Bank.

2.07. **Use of Name and Logo.** The Recipient may not use the name and/or logo of the World Bank and the Development Marketplace or DM2009 program in any manner without first obtaining written permission from the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (i) Article III of the Standard Conditions, (ii) this Section, and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, and consultants' services, and travel and salaries for Project staff	\$170,532	100%
(2) Operating Costs	\$11,452	100%
TOTAL AMOUNT	\$181,984	

(b) For the purposes of this Section, the term (a) "travel and salaries of Project staff" means travel and salaries for incumbent personnel of the Recipient working exclusively for the Project, but excluding salaries of consultants and civil servants and (b) "operating costs" means incremental expenditures directly related to the management and monitoring of the Project (which expenditures would not have been incurred absent the Project), including expenditures for office

rent, office supplies, utilities, communication charges, photocopying and printing, external audit, taxes and bank charges.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Trowel Development Foundation, Inc.
Block 9 Lot 23 University Homes, Barangay Cawayan
Cataraman, Northern Samar
Philippines
6400
Telephone: +63 9194101952; +63 9164119510

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

World Bank
c/o "2009 Global Development Marketplace on Climate Change Adaptation"
Development Marketplace Portfolio Manager (PM)
1818 H Street, N.W.
Washington, D.C. 20433

United States of America

Telephone: +1 202 458 8393
Facsimile: +1 202 522 2593

With a copy to:

"2009 Global Development Marketplace on Climate Change Adaptation" Development Marketplace Project Supervisor (PS):

Josefo Tuyor
jtuyor@worldbank.org
Telephone: + (632) 9173086
Facsimile: + (632) 6375870

APPENDIX
Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and

agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”