

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Pasig City, Philippines

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CONFORMED COPY

November 18, 2010

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

Dear Mr. Rosario:

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

I refer to the Letter Agreement (“Agreement”) between the International Bank for Reconstruction and Development and the International Development Association (collectively, “World Bank”), acting as administrator of grant funds provided under the Global Environmental Facility (“GEF”) Trust Fund (TF050551) which supports the “2009 Global Development Marketplace on Climate Change Adaptation” Development Marketplace, and Trowel Development Foundation, Inc. (“Recipient”) for the above-referenced project, dated November 16, 2010. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. **TF097028** (“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 I), 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
- Reimbursement

**(ii) Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 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 II) 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  
1818 H Street, N.W., MSN 6-615  
Washington, D.C. 20433  
United States of America  
Attention: Ms. Karen Majli Vega-Coronel

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

**(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 signatory 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 III; 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) 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):** Rizal Commercial Banking Corporation
- **Ceiling (subsection 6.1):** US\$91,000
- **Applications (subsection 3.3):** Applications for advances should be accompanied by the documents specified in the Appendix I to this letter. The final application for an advance must be submitted no later than three (3) months before the Closing Date in the legal agreement.

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

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

- ***For requests for Reimbursement***
  - Interim Financial Report in the form attached (Attachment IV)
  - Unaudited Final Financial Report in the form attached (Attachment V)
- ***For reporting eligible expenditures paid from the Designated Account:***
  - Interim Financial Report in the form attached (Attachment IV)
  - Unaudited Final Financial Report in the form attached (Attachment V)
  - Designated Account Bank Statement
  - Designated Account Reconciliation Statement

***(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):*** the periodicity specified in the Agreement for furnishing interim unaudited 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 <http://www.worldbank.org> and its secure website "Client Connection" at <http://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 (<http://clientconnection.worldbank.org>). From this website you will be able to prepare Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank by email at <[clientconnection@worldbank.org](mailto:clientconnection@worldbank.org)>.

If you have any queries in relation to the above, please contact Ms. Karen Majli Vega-Coronel at [kvegacoronel@worldbank.org](mailto:kvegacoronel@worldbank.org) using the above reference.

Yours sincerely,

/s/ Bert Hofman  
Country Director, Philippines  
East Asia and Pacific Region

#### **Attachments:**

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010
4. Form of Interim Financial Report
5. Form of Unaudited Final Financial Report

Appendix I: Indicative Withdrawal Schedule

### Indicative Withdrawal Schedule

Withdrawal of the proceeds of the Grant shall be made by the Recipient in accordance with the schedule set forth below, subject to receipt by the World Bank of the Application and Supporting Evidence (as defined in Section 3.04 (b) of the Standard Conditions) satisfactory to the World Bank. The Supporting Documentation shall include the Project Report or, in the case of the last period specified in the schedule below, the Completion Report and Unaudited Final Financial Report, indicating the achievement of the items specified below for the respective period so indicated.

Period	End of Reporting Period	Expected Activities/Output
0	Effectiveness of the Agreement	<ol style="list-style-type: none"> <li>1. Milestones and withdrawal schedule discussed and agreed with the DM2009 Development Marketplace Portfolio Manager (PM) and the Project Supervisor (PS).</li> <li>2. Outcome Indicators agreed upon with PS and PM: <ol style="list-style-type: none"> <li>a. Formulate and ratify project operational and investment plans and mobilize resources from project partners and cooperators.</li> <li>b. Complete asset profile of 10 coastal barangays and 1000 individual fishing households covering human, social, physical, natural, and financial aspects including subsector study and value chain analysis of local mudcrab industry</li> <li>c. Upgrade knowledge, skills and values of officers of local organizations and local officials of 10 barangays on ecological mangrove restoration and 1000 beneficiaries on tie-crab fattening technology</li> <li>d. Complete ecological mangrove restoration of 40 hectares of idle and abandoned fishponds</li> <li>e. Establish and maintained tie-crab farms in 10 barangays and involving 1000 beneficiaries and held annual mudcrab festival</li> <li>f. Complete assessment and evaluation studies of project accomplishments and performance of barangays and beneficiaries.</li> </ol> </li> <li>3. Completed budget template for Period 1 activities.</li> <li>4. All legal documents signed by the Project Team and the World Bank Country Director/Manager</li> </ol>
<b>Forecast for advance payment to carry out activities for Periods 1 and 2: \$90,992 (50% of Total)</b>		
1&2		<ol style="list-style-type: none"> <li>1. Project-Specific Output Indicators (3-5) <ol style="list-style-type: none"> <li>a. Completed asset profiling of 5 coastal barangays and 500 individual fishing households covering human, social, physical, natural, and financial aspects;</li> <li>b. Completed subsector study and value chain analysis of local mudcrab industry</li> <li>c. Upgraded knowledge, skills and values of officers of local</li> </ol> </li> </ol>

		<p>organizations and local officials of 5 barangays on ecological mangrove restoration and 500 beneficiaries on tie-crab fattening technology</p> <p>d. Completed ecological mangrove restoration activities in 5 barangays and 20 hectares of idle and abandoned fishponds</p> <p>e. Established tie-crab farms in 5 barangays and involving 500 beneficiaries</p> <p>f. Held annual mudcrab industry forum and mudcrab festival</p>
	<b>12 months after effectiveness</b>	<b>End of activities covering the first and second reporting periods</b>
<b>Forecast for advance payment to carry out activities for Period 2: \$54,595 (30% of Total)</b>		
3	<b>18 months after effectiveness</b>	<p>1. Project-Specific Output Indicators (3-5)</p> <p>a. Upgraded knowledge, skills and values of additional 500 beneficiaries on tie-crab fattening technology and officials of barangay and local organizations on ecological mangrove restoration</p> <p>b. Completed ecological mangrove restoration activities in 5 additional barangays and additional 20 hectares of idle and abandoned fishponds</p> <p>c. Maintained 5 tie-crab farms for the first 500 project beneficiaries and expanded area of tie-crab farms in another 5 barangays involving additional 500 project beneficiaries</p> <p>d. Held annual local mudcrab industry forum</p> <p>2. Project Supervisor's or Project Manager's site visit to review progress on all outputs outlined above</p> <p><b>End of activities covering this reporting period</b></p>
<b>Forecast for advance payment to carry out activities for Period 3: \$36,397 (20% of Total)</b>		
4		<p>1. Project-Specific Output Indicators (3-5)</p> <p>a. Maintained 40 hectares of idle and abandoned fishponds planted with native mangrove species</p> <p>b. Maintained 10 tie-crab farms for the total 1000 project beneficiaries</p> <p>c. Held annual crab festival</p> <p>d. Completed project accomplishments' evaluation study</p> <p>e. Held final project evaluation and sustainability planning conference</p> <p>2. Submit sustainability plan for after completion of Grant activities, and</p> <p>3. Submit Project evaluation plan</p>
	<b>24 months after effectiveness</b>	<b>End of activities covering this reporting period</b>

	<b>December 31, 2012</b>	Completion of all Project activities.
	<b>January 31, 2013</b>	Submit Completion Report with Unaudited Final Financial Report to Project Manager and Project Supervisor.
<b>Total Grant Amount: \$181,984</b>		

## ATTACHMENT III

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

January 20, 2010

The World Bank (Bank)<sup>6</sup> will provide secure identification devices (Tokens) to permit the Borrower<sup>7</sup> 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.

#### **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 Tokens 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 delivery of Tokens. 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. Distribution, Initialization and Return of Tokens.**

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.
4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which

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<sup>6</sup> "Bank" includes IBRD and IDA.

<sup>7</sup> "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a "Token User". The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

**C. Management of Tokens.**

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

***Security***

- 4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.
- 4.3. The Token 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 Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org).
- 4.5. The Borrower shall immediately notify the Bank at [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org) of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

***Care of Tokens***

4.6. 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, 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. 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 Token.

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

## 5. ***Replacement***

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

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

## 6. ***Reservation of Right to disable Token***

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

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

## ATTACHMENT IV: FORM OF INTERIM FINANCIAL REPORT

### Project Expenses for Grant-funded Activities in this Reporting Period

<u>Current Reporting Period</u>					<u>Expected to Receive for next Reporting Period</u>
	<u>Received</u>	<u>Planned (as recorded in previous progress report)</u>	<u>Difference (Received - Planned)</u>		
<b>Sources of Funds</b>					
<b>1. Grant</b>			0.00		
<b>2. Other Funds:</b>					
(a) Revenue generated from project			0.00		
(b) Other Donors			0.00		
<b>Total Project Funds</b>	0.00	0.00	0.00		0.00

  

	<u>Expensed</u>	<u>Committed as of X/X/200X date</u>	<u>Budgeted (as recorded in previous progress report)</u>	<u>Difference = (Expensed + Commitment - Budgeted)</u>	<u>Budget for next Reporting Period (*)</u>
<b>Budget and Expenses</b>					
<b>I. Use of Grant Funds</b>					
<b>A. Works</b>				0.00	
<b>B. Goods (Materials and Equipment)</b>				0.00	
<b>C. Services:</b>					
(1) Staff salaries				0.00	
(2) Consultant fees				0.00	
(3) Travel				0.00	
<b>D. Operating Costs</b>				0.00	
<b>E. Other (please specify)</b>				0.00	
<b>Subtotal: Use of Grant Funds</b>	0.00	0.00	0.00	0.00	0.00
<b>II. Use of Other Funds (revenue generated + other donors)</b>					
<b>Total Use of Funds</b>	0.00	0.00	0.00	0.00	0.00
<b>Account Balance: Project Funds Received (total from all sources) minus Total Use of Funds (expensed and committed)</b>					
	0.00				

(\*) Note: Total budget for the next reporting period should be equal to the sum of the account balance from the current reporting period plus the expected receipt of funds

## ATTACHMENT V: FORM OF UNAUDITED FINAL FINANCIAL REPORT

### *Project Expenses for DM2009-funded Activities for Project Implementation Period*

<b>Project Budget Summary</b>			
	<b>First Grant Disbursement</b>	<b>Second Grant Disbursement</b>	<b>Third Grant Disbursement</b>
<b>Sources of Funds</b>			
<b>1. Grant</b>			
<b>2. Other Funds:</b>			
(a) Revenue generated from project			
(b) Other Donors			
<b>Total Project Funds</b>	0.00	0.00	0.00
<b>Budget for Grant Funds</b>			
<b>I. Use of Grant Funds</b>			
<b>A. Works</b>			
Project orientation assembly (per municipality)	\$1,000		
Household survey (per household)	\$1,000		
Community Asset Profiling (per barangay)	\$1,000		
Crab subsector study and value chain analysis (conducted once)	\$2,000		
Project cooperators workshop (per barangay)	\$1,500		
Mudcrab industry forum	\$500		
Training on tie-crab fattening (per beneficiary)	\$1,500		
Training on ecological mangrove restoration (per barangay)	\$2,000		
Autecology of mangrove species (per barangay)	\$1,700		
Hydrology and disturbance study of mangrove area (per barangay)	\$1,000		
Hydrology design and re-construction (per hectare)	\$3,000		
Mangrove forest establishment and maintenance (per hectare)	\$2,250		
Mudcrab parade and mangrove festival (per year)	\$500		
Mangrove nursery establishment and maintenance (per hectare)	\$1,000		
Project assessment/planning meetings (per semester)	\$800		
<b>B. Goods (Materials and Equipment)</b>			
Materials for tie-crab farm establishment by batch (per beneficiary)	\$14,375		
Crab marketing fund by batch (per barangay)	\$3,000		

Installation of billboards (per barangay)	\$500		
Publication of teaching materials (per beneficiary)	\$750		
LCD Projector (per piece)	\$3,000		
Publication and dissemination of project brochures (per beneficiary)	\$750		
Global Positioning System (per piece)	\$600		
Portable automatic level (per piece)	\$1,000		
Surveying Tape (per piece)	\$200		
Digital Camera (per piece)	\$300		
Desktop Computer (per piece)	\$858		
Laptop (per piece)	\$1,000		
<b>C. Services:</b>			
(1) Staff salaries	\$28,534		
(2) Consultant fees	\$6,584		
(3) Travel	\$3,024		
<b>D. Operating Costs</b>			
Office rental (per month)	\$1,200		
Utilities (per month)	\$960		
Communication expenses (per month)	\$600		
Taxes and Bank Charges (per year)	\$300		
External Auditing (per year)	\$1,250		
Internet subscription	\$274		
Reproduction Expenses (per month)	\$400		
Office supplies (per month)	\$624		
<b>E. Other (please specify)</b>			
<b>Subtotal: Use of Grant Funds</b>	<b>\$90,833</b>	<b>0.00</b>	<b>0.00</b>
<b>II. Use of Other Funds (revenue generated + other donors)</b>			
<b>Total Use of Funds</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>