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**LOAN NUMBER 9168-PH**

# **Loan Agreement**

**(Philippines Beneficiary FIRST Social Protection Project)**

**between**

**REPUBLIC OF THE PHILIPPINES**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE PHILIPPINES ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I—GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II—LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of six hundred million Dollars (\$600,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III—PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through its Department of Social Welfare and Development ("DSWD"), shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.



#### ARTICLE IV—REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension is that the Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out the Project or to perform any of its obligations under this Agreement.

#### ARTICLE V—EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

#### ARTICLE VI— REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Secretary of Finance.  
6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Department of Finance  
Department of Finance Building  
Roxas Blvd. cor. Pablo Ocampo Sr. St.  
Manila 1004  
Philippines; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
(63-2) 8523-9216	<a href="mailto:secfin@dof.gov.ph">secfin@dof.gov.ph</a>

- 6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C.20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-639	<a href="mailto:PhilippinesCMU@worldbank.org">PhilippinesCMU@worldbank.org</a>

AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By

  
Authorized Representative



Name: Carlos G. Dominguez

Title: Secretary of Finance

Date: SEP 30 2020

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By

  
Authorized Representative

Name: NDAME DIOP

Title: COUNTRY DIRECTOR

Date: NOV 10 2020

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to mitigate the impacts of COVID-19 on the welfare of low-income households and strengthen DSWD's social protection delivery systems to be adaptive and efficient.

The Project consists of the following parts:

#### **Part 1: Support for Cash Grants of the Pantawid Program**

- 1.1 Providing Pantawid Cash Grants to Beneficiaries for access to health and education services and the building of resilience during the COVID-19 pandemic; and
- 1.2 Carrying out a program of activities to support the implementation of the Pantawid Program, including: (i) expanding the use of digital payments instruments by Beneficiaries in receiving Pantawid Cash Grants; (ii) facilitating the assessment of socio-economic status of Beneficiaries using a Standardized Targeting System; (iii) developing and operationalizing a grievance policy and information system for the Pantawid Program and other programs managed by DSWD; (iv) establishing a Unified Beneficiary Database with verified records of the Beneficiaries; (v) adopting and implementing a strategy for a Standardized Targeting System by DSWD; (vi) developing and implementing a medium-term digital transformation strategy with a data governance mechanism; and (vii) targeting the support under the Pantawid Program to the Beneficiaries with children in the age group of 0 to 5 years old.

#### **Part 2: Social Protection Delivery System and Project Management**

##### **2.1. Social Protection Delivery Systems for Enhanced Beneficiary Experience**

###### **(a) *Digital Payment***

Providing technical support for: (i) the payments of Pantawid Cash Grants to Transaction Accounts and Beneficiaries' use thereof; (ii) data management of the Beneficiaries' payment account information; (iii) enhancing the DSWD's capacity in digital budgeting, accounting, internal auditing, and cash disbursement; (iv) raising awareness and training Beneficiaries in basic financial literacy; and (v) the delivery of payments under the Pantawid Program in BARMM.

###### **(b) *Grievance Redress System***

Providing technical support for: (i) the development of adequate software for an integrated Grievance Redress System for the Pantawid Program and

other programs managed by DSWD; (ii) scaling-up the application of the above-referred system to cover other programs managed by DSWD; and (iii) building capacity of DSWD's staff in this regard.

(c) *4Ps Adaptation to 'New Normal' and Linkage to Emergency Cash Transfer*

Providing technical and operational support for: (i) the delivery of early childhood health and nutrition services to pregnant woman and children under age five (5) enrolled in the Pantawid Program; and (ii) the development of an adaptive social protection system through, *inter alia*, contingency planning for the Pantawid Program operations to ensure the linkage with DSWD's Emergency Cash Transfer operations.

2.2. Social Protection Delivery Systems for the Efficiency of Business Process and Information Systems

(a) *Digital Transformation Strategy and Information Systems Upgrades*

Providing technical support and capacity building for: (i) the development, adoption, and implementation of: a medium-term digital transformation strategy guiding the operation of an electronic case management system and a management information system for Emergency Cash Transfer; and (ii) the integration of PhilSys digital authentication into DSWD's systems and processes.

(b) *Data Governance and Unified Beneficiary Database*

Providing technical support and capacity building for: (i) the development, adoption, and implementation of a Beneficiary data governance framework and establishment of a Unified Beneficiary Database; (ii) the consolidation of multiple databases in the Unified Beneficiary Database, carrying out of demographic data matching and deduplication, and integrating a validated PSN number or token for each Beneficiary's record; and (iii) the development and operation of related data management tools.

2.3. Social Protection Delivery Systems for Equity through an Objective Targeting Mechanism

(a) *Adoption of Listahanan 3 for Targeting*

Providing technical support for the DSWD's adoption of *Listahanan 3* for the targeting of major cash transfer programs starting from the Pantawid Program.

(b) *CBMS and Targeting Strategy*

Providing technical support for the development of a targeting strategy using *Listahanan 3*, and the preparation for a transition or integration of the Community-Based Monitoring System (CBMS) to the targeting strategy.

2.4. Project Management

Providing technical and operational support for project management and coordination, including financial management and disbursement, procurement, environmental and social risk and impact management, grievance redress mechanisms, verification, and monitoring, reporting and evaluation.

**Part 3: Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower, through DSWD, shall maintain, throughout the period of implementation of the Project, Project implementation structures at the national and sub-national levels, all with composition, functions, staffing and resources satisfactory to the Bank and set out in the Pantawid Operations Manual and the Social Protection Delivery Systems Manual.
2. Without limitation to foregoing, the Borrower, through DSWD, shall maintain:
  - (a) a National Advisory Council, which shall be responsible for: (i) providing policy advice regarding the design of and implementation mechanisms for the Pantawid Program, and (ii) coordination among government agencies at the national level;
  - (b) a Project Management Unit within the DSWD, which shall be responsible, *inter alia*, for overseeing and providing guidance for the day-to-day implementation of the Project, including: (i) preparing annual work plans and budget; (ii) processing procurement, financial management, environmental and social impact management; (iii) monitoring and evaluation of the Project; and (iv) coordination with local government units in implementing the Project at sub-national levels; and
  - (c) a National Program Management Office and Regional Program Management Offices, which shall be responsible for the implementation of Part 1.1 of the Project at the respective national and regional levels.

##### B. Project Manuals.

1. The Borrower, through DSWD, shall by no later than two (2) months after the Effective Date: (i) update and adopt the Pantawid Operations Manual for the implementation of the Pantawid Program; and (ii) prepare and adopt a Social Protection Delivery Systems Manual for the implementation of Parts 1.2, 2, and 3 of the Project.
2. The Borrower, through DSWD, shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Pantawid Operations Manual and the Social Protection Delivery Systems Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the said Manuals and the provisions of this Agreement, the provisions of



this Agreement shall prevail); and shall not amend, abrogate or waive any provision of the Pantawid Operations Manual or the Social Protection Delivery System Manual unless the Bank has provided its prior no-objection thereof in writing.

**C. Annual Work Plan and Budget.**

1. The Borrower, through DSWD, shall prepare and furnish to the Bank for its no-objection not later than October 31 of each calendar year during the implementation of the Project (or such later date as the Bank may agree), a consolidated Annual Work Plan and Budget ("AWPB") containing all Project activities and expenditures proposed to be included in the Project in the following calendar year, including a specification of the sources of financing for all expenditures, and environmental and social risk and impact management measures taken or planned to be taken in accordance with the provisions of Part D of this Section I.
2. The Borrower, through DSWD, shall ensure that the Project is implemented in accordance with the AWPB accepted by the Bank for the respective calendar year; provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Borrower, through DSWD, shall not make, or allow to be made, any change to the AWPB without the Bank's prior no-objection in writing.

**D. Environmental and Social Standards.**

1. The Borrower, through DSWD, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through DSWD, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through DSWD, shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Borrower, through DSWD, shall ensure that:
  - (a) all necessary measures are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, affected communities, public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower, through DSWD, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project affected people, and take all necessary and appropriate measures to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

**E. Pantawid Cash Grants**

- 1. To facilitate the carrying out of Part 1.1 of the Project, the Borrower, through DSWD shall make the Pantawid Cash Grants available to the Beneficiaries in accordance with eligibility criteria and procedures set forth in the Pantawid Operations Manual.
- 2. Without limitation on its other reporting obligations under this Agreement, the Borrower, through DSWD, shall prepare, and thereafter, furnish the Bank with semi-annual reports on the provision of Pantawid Cash Grants during the respective period in form and substance acceptable to the Bank.

**F. PBC Monitoring and Reporting**

1. The Borrower, through DSWD, shall maintain, throughout the Project implementation period, an Independent Verification Team with terms of reference and qualifications satisfactory to the Bank, for the purpose of carrying out independent verification of the status of achievement of PBC Targets in accordance with the Verification Protocol.
2. Without limitation on its other reporting obligations under this Agreement, the Borrower, through DSWD, shall cause the Independent Verification Team to:
  - (a) undertake an independent verification process on the status of achievement of the relevant PBC Targets annually in Year 2 and Year 3, and semi-annually in Year 4 and Year 5; all in accordance with the Verification Protocol; and
  - (b) furnish to the Bank the corresponding verification reports in form and substance acceptable to the Bank (i) by not later than January 31 of each calendar year with respect to the reports covering the status of achievement in Year 2 and Year 3; and (ii) by not later than January 31 and July 31 of each calendar semester with respect to the reports covering the status of achievement in Year 4 and Year 5 .

**G. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project (Emergency Response Part), the Borrower shall:
  - (a) prepare and furnish to the Bank for its review and approval, an Emergency Response Manual ("ERM") which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the Safeguard Instruments and any other relevant safeguard instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;
  - (b) afford the Bank a reasonable opportunity to review the proposed ERM;

- (c) promptly adopt the ERM for the Emergency Response Part as accepted by the Bank;
  - (d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and
  - (e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Bank.
2. The Borrower shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:
- (a) the Borrower has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Bank a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
  - (b) the Borrower has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the Bank has approved all said instruments, and the Borrower has ensured the implementation of any actions which are required to be taken under said instruments.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

The Borrower, through DSWD, shall furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower, through DSWD, shall ensure that such information, report or document does not include Personal Data.

### **B. Mid-term Review**

The Borrower, through DSWD, shall: (a) on or about the date twelve (12) months after the Effective Date, prepare and furnish to the Bank a mid-term report, in such detail as the Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to this Agreement, and setting out the measures recommended to ensure the

continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Bank such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all required measures to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Bank's views on the matter.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Pantawid Cash Grants under Part 1.1 of the Project	298,500,000	100% of disbursed amount
(2) PBC Expenditures under Part 1.2 of the Project	280,000,000	100%
(3) Goods, non-consulting services, and consulting services, Operating Costs, and Training under Part 2 of the Project	20,000,000	100%
(4) Emergency Expenditures under Part 3 of the Project	0	
(5) Front-end Fee	1,500,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>600,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals of up to an aggregate amount not to exceed two hundred forty million Dollars (\$240,000,000) may be made for payments made prior to the Signature Date but on or after September 30, 2019 for Eligible Expenditures under Category (1);
  - (b) for PBC Expenditures under Category (2), unless and until the Borrower has:
    - (i) furnished evidence satisfactory to the Bank in accordance with the Verification Protocol, that the Borrower, through DSWD, has met the PBC Targets set forth in Schedule 4 to this Agreement against which withdrawal is requested; and
    - (ii) furnished to the Bank the applicable interim unaudited financial reports documenting the incurrence of PBC Expenditures during the respective PBC period up to the date against which withdrawal is requested, as set forth in the Disbursement and Financial Information Letter; or
  - (c) for Emergency Expenditures under Category (4), unless and until the Bank is satisfied, and notified the Borrower of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
    - (i) the Borrower has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Bank a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;
    - (ii) the Borrower has ensured that; (A) all safeguard instruments required for said activities have been prepared and disclosed; and (B) any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Sections I.D and I.G of this Schedule;
    - (iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.G of this Schedule, for the purposes of said activities; and

- (iv) the Borrower has adopted the ERM, in form and substance acceptable to the Bank, and the provisions of the ERM remain - or have been updated in accordance with the provisions of Section I.G of this Schedule so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.
- 2. Notwithstanding the provisions of Parts A and B.1 (b) of this Section, the amount of the Loan to be withdrawn upon the verified achievement of any PBC Target shall correspond to the PBC Value of such PBC Target, as set forth in Schedule 4 to this Agreement.
- 3. Notwithstanding the provisions of Part B.1 (b) of this Section, if:
  - (a) any PBC Target corresponding to PBCs 1, 2, 4, or 7 has been partially achieved, with the exceptions of the PBC Targets for Year 2 with respect to PBCs 1 and 2; and for Year 3 with respect to PBCs 4 and 7, the Bank may, in its sole discretion, at any time, by notice to the Borrower authorize the withdrawal of a portion of the amount of the Loan then allocated to said PBC Target, calculated on the basis of the Formula;
  - (b) any PBC Target has not been fully achieved by its PBC Target Achievement Date, the Bank may, in its sole discretion, by notice to the Borrower:
    - (i) withhold in whole or in part the amount of the Loan allocated to such PBC Target;
    - (ii) disburse in whole or in part the withheld amount of the Loan allocated to such PBC Target at any later time prior to the Closing Date;
    - (iii) upon consultation with the Borrower, reallocate in whole or in part any withheld amount of the Loan allocated to such PBC Target; and/or
    - (iv) cancel in whole or in part any withheld amount of the Loan allocated to such PBC Target.
- 4. The Closing Date is June 30, 2025.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each September 15 and March 15 Beginning September 15, 2031 through March 15, 2049	2.7%
On September 15, 2049	2.8%



#### SCHEDULE 4

##### Performance-based Conditions Matrix

PBCs	PBC Targets				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>PBC 1:</b> Share of the Beneficiaries who receive benefits/grants through Transaction Accounts		80% of the Beneficiaries receiving benefits/grants through Transaction Accounts in Year 2	85% of the Beneficiaries receiving benefits/grants through Transaction Accounts in Year 3	90% of the Beneficiaries receiving benefits/grants through Transaction Accounts in Year 4	95% of the Beneficiaries receiving benefits/grants through Transaction Accounts in Year 5
		<b>PBC Value:</b> US\$15,000,000	<b>PBC Value:</b> US\$15,000,000  Formula: US\$ 3,000,000 for each percentage point increase over the PBC Target set in Year 2, up to the PBC Value for Year 3	<b>PBC Value:</b> US\$15,000,000  Formula: US\$ 3,000,000 for each percentage point increase over the PBC Target set in Year 3, up to the PBC Value for Year 4	<b>PBC Value:</b> US\$15,000,000  Formula: US\$ 3,000,000 for each percentage point increase over the PBC Target set in Year 4, up to the PBC Value for Year 5
<b>PBC 2:</b> Share of the Beneficiaries having had their socio-economic status assessed or re-assessed by the Standardized Targeting System		70% of the Beneficiaries having had their socio-economic status assessed or re-assessed by the Standardized Targeting System in Year 2	80% of the Beneficiaries having had their socio-economic status assessed or re-assessed by the Standardized Targeting System in Year 3	90% of the Beneficiaries having had their socio-economic status assessed or re-assessed by the Standardized Targeting System in Year 4	95% of the Beneficiaries having had their socio-economic status assessed or re-assessed by the Standardized Targeting System in Year 5
		<b>PBC Value:</b> US\$5,000,000	<b>PBC Value:</b> US\$10,000,000  Formula: US\$ 1,000,000 for each percentage point increase over the PBC Target set in Year 2, up to the PBC Value for Year 3	<b>PBC Value:</b> US\$10,000,000  Formula: US\$ 1,000,000 for each percentage point increase over the PBC Target set in Year 3, up to the PBC Value for Year 4	<b>PBC Value:</b> US\$5,000,000  Formula: US\$ 1,000,000 for each percentage point increase over the PBC Target set in Year 4, up to the PBC Value for Year 5

<b>PBC 3:</b> Grievances policy and information system for DSWD's cash transfer programs developed			Integrated Grievance Redress System operated for 4Ps	Integrated Grievance Redress System operated for 4Ps and at least another program managed by DSWD	Integrated Grievance Redress System operated for 4Ps and at least two other programs managed by DSWD
			<b>PBC Value:</b> US\$15,000,000	<b>PBC Value:</b> US\$5,000,000	<b>PBC Value:</b> US\$5,000,000
<b>PBC 4:</b> Number of individuals in the Unified Beneficiary Database whose records have a verified PSN or PSN token			4,000,000 individuals in the unified beneficiary database whose records have a verified PSN or PSN token in Year 3	10,000,000 individuals in the unified beneficiary database whose records have a verified PSN or PSN token in Year 4	15,000,000 individuals in the unified beneficiary database whose records have a verified PSN or PSN token in Year 5
			<b>PBC Value:</b> US\$12,000,000	<b>PBC Value:</b> US\$18,000,000  Formula: US\$ 3,000,000 for each 1,000,000 individuals increase over the PBC Target set in Year 3, up to the PBC Value for Year 4	<b>PBC Value:</b> US\$15,000,000  Formula: US\$ 3,000,000 for each 1,000,000 individuals increase over the PBC Target set in Year 4, up to the PBC Value for Year 5
<b>PBC 5:</b> Strategy and timeline for a Standardized Targeting System initiated and established		The strategy for a Standardized Targeting System has been completed by DSWD as provided in the Social Protection Delivery Systems Manual	DSWD has submitted the strategy for the Standardized Targeting System to a competent inter-agency body as provided in the Social Protection Delivery Systems Manual	DSWD has adopted the strategy for the Standardized Targeting System and prepared for the implementation of the adopted strategy as provided in the Social Protection Delivery Systems Manual	Implementation of the strategy for the Standardized Targeting System has commenced by DSWD as provided in the Social Protection Delivery Systems Manual
		<b>PBC Value:</b> US\$5,000,000	<b>PBC Value:</b> US\$10,000,000	<b>PBC Value:</b> US\$10,000,000	<b>PBC Value:</b> US\$10,000,000
<b>PBC 6:</b> Medium-term digital transformation		Medium term digital transformation	Medium term digital transformation	Medium term digital transformation	Medium term digital transformation

strategy with a data governance mechanism adopted and implemented		strategy developed and adopted by DSWD	strategy implemented for the services under 4Ps	strategy implemented for at least one other cash transfer program managed by DSWD beyond the 4Ps and for carrying out DSWD's frontline services as provided in the Social Protection Delivery Systems Manual	strategy implemented by DSWD to carry out its internal administrative functions as provided in the Social Protection Delivery Systems Manual
		<b>PBC Value:</b> US\$5,000,000	<b>PBC Value:</b> US\$15,000,000	<b>PBC Value:</b> US\$15,000,000	<b>PBC Value:</b> US\$20,000,000
<b>PBC 7:</b> Share of children in the age group of 0 to 5 years old monitored among all children enrolled in the 4Ps			10% of children in the age group of 0 to 5 years old monitored among all children enrolled in the 4Ps, as provided in the Social Protection Delivery Systems Manual in Year 3	15% of children in the age group of 0 to 5 years old monitored among all children enrolled in the 4Ps, as provided in the Social Protection Delivery Systems Manual in Year 4	20% of children in the age group of 0 to 5 years old monitored among all children enrolled in the 4Ps, as provided in the Social Protection Delivery Systems Manual in Year 5
			<b>PBC Value:</b> US\$10,000,000	<b>PBC Value:</b> US\$10,000,000  Formula: US\$ 2,000,000 for each percentage point increase over the PBC Target set in Year 3, up to the PBC Value for Year 4	<b>PBC Value:</b> US\$10,000,000  Formula: US\$ 2,000,000 for each percentage point increase over the PBC Target set in Year 4, up to the PBC Value for Year 5

\* Unless expressly stated otherwise in this Schedule, these PBC Targets are not time-bound, the Years in which they are expected to be achieved as per this Schedule are for indicative purposes and these PBC Targets can accordingly be achieved up and until the Closing Date.

## **APPENDIX**

### **Definitions**

1. “Annual Work Plan and Budget” and the acronym “AWPB” each means the plan and budget referred to in Section I.C of Schedule 2 to this Agreement; as said plan may be modified from time to time with the prior written no-objection of the Bank.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “BARMM” means the Borrower’s Bangsamoro Autonomous Region in Muslim Mindanao.
4. “Beneficiary” means a qualified household beneficiary identified by the Borrower, through DSWD as entitled and eligible to receive a Pantawid Cash Grant under Part 1.1 of the Project; and “Beneficiaries” means all such households.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CBMS” or Community-Based Monitoring System means an organized technology-based system of collecting, processing and validating necessary disaggregated data established in accordance with the Borrower’s Republic Act Number 11315 dated April 17, 2019.
7. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
8. “Department of Social Welfare and Development” or “DSWD” means the Borrower’s Department of Social Welfare and Development, or any successor thereto.
9. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
10. “Emergency Cash Transfer” means the Borrower’s program for immediate disaster relief, humanitarian response and early recovery support through the provision of unconditional cash to victims of disaster and emergency situations.
11. “Emergency Expenditure” means any of the eligible expenditures set forth in the ERM in accordance with the provisions of Section I.G of Schedule 2 to this Agreement and required for the Emergency Response Part.

12. "Emergency Response Manual" or "ERM" means the manual referred to in Section I.G.1(a) of Schedule 2 to this Agreement, to be adopted by the Borrower as part of the Social Protection Delivery Systems Manual for the Emergency Response Part in accordance with the provisions of said Section.
13. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 3 of the Project.
14. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated September 10, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower, through DSWD, shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
15. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.
16. "Formula" means the measure of calculating disbursements against PBCs 1, 2, 4, and 7 in a given Year, as provided for in Schedule 4 to this Agreement.
17. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018.
18. "Grievance Redress System" means a mechanism designed to capture, address, and resolve issues, concerns, and/or complaints related to implementation of the social protection programs managed by DSWD.

19. "Independent Verification Team" means an independent verification team to be appointed and maintained by the Borrower, through the DSWD, to carry out independent verification of the status of achievement of PBC Targets as referred to in Section I.F of Schedule 2 to this Agreement.
20. "Legal Framework" means the framework of the Borrower establishing the Pantawid Program and comprising, among others, of the following: (a) the Republic Act Number 11310 dated April 17, 2019 institutionalizing the Pantawid Pamilyang Pilipino Program (4Ps), (b) Implementing Rules and Regulations of Republic Act Number 11310 dated December 10, 2019, and (c) Administrative Order No. 1, Series of 2019 (Management Reorganization of the DSWD Central Office) defining the Institutional Arrangements for the Implementation, Monitoring and Evaluation of the Pantawid Pamilyang Pilipino Program (4Ps), as may be revised from time to time.
21. "Listahanan" means the Borrower's targeting system for the identification and selection of potential beneficiaries for various poverty alleviation and social protection programs adopted under the Executive Order Number 867 dated March 9, 2010 providing for the adoption of the National Household Targeting System for Poverty Reduction; and "Listahanan 3" means the third round of assessment using Listahanan for identification and selection of potential beneficiaries for the said programs.
22. "National Advisory Council" means an inter-agency committee established and to be maintained by the Borrower as referred to in Section I.A.2 (a) of Schedule 2 to this Agreement.
23. "National Program Management Office" means an office established and to be maintained within DSWD as referred to in Section I.A.2 (c) of Schedule 2 to this Agreement.
24. "Operating Costs" means the incremental operating costs of the Project, considered to be reasonable by the Bank and included in an AWPB, incurred by the Borrower for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff, but excluding salaries, salary supplements and overheads of members of the Borrower's civil service.
25. "Pantawid Cash Grant" means a grant to be provided by the Borrower, through DSWD, to a Beneficiary under Part 1.1 of the Project.

26. "Pantawid Program" or "4Ps" means the Borrower's *Pantawid Pamilyang Pilipino Program (4Ps)* for the assistance to low income households through the provision of cash transfers in accordance with the eligibility criteria and procedures as set forth in the Pantawid Operations Manual.
27. "Pantawid Operations Manual" means the Borrower's manual adopted in December, 2015 and to be updated by DSWD, for the implementation of Pantawid Program as referred to in Section I.B of Schedule 2 to this Agreement, in form and substance satisfactory to the Bank; as said manual may be modified from time to time with the prior written approval of the Bank; and such term includes any schedules, annexes and attachments to the Pantawid Operations Manual.
28. "PBC Expenditures" means the Borrower's budget line item for the provision of the Pantawid Cash Grants; as set forth in the Borrower's annual general appropriations acts.
29. "PBC Target" means (i) with respect to PBCs 1, 2, 4, and 7, the annual targets under each PBC that are set to be achieved in a given Year; and (ii) with respect to PBCs 3, 5, and 6, the targets under each PBC that are set to be achieved up and until the Closing Date; as set forth in the table in Schedule 4 to this Agreement.
30. "PBC Target Achievement Date" means, with regard to each PBC Target, the end of the Year during which the relevant PBC Target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.
31. "PBC Value" means the total amount of the Loan allocated to each PBC Target as set forth in the table in Schedule 4 to this Agreement, as such amount may be reallocated in whole or in part among the PBC Targets or among the Categories by notice by the Bank to the Borrower from time to time.
32. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
33. "Performance-based Condition" or "PBC" means any one of the conditions set out in the table in Schedule 4 to this Agreement for the purposes of Part 1.2 of the Project.
34. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, as revised in November 2017 and August 2018.

- 35. "Project Management Unit" means a unit to be established and maintained within DSWD as referred to in Section I.A.2 (b) of Schedule 2 to this Agreement.
- 36. "PSN" means a number generated from the Philippine Identification System, which is established in accordance with the Borrower's Republic Act Number 11055 dated August 6, 2018.
- 37. "Regional Project Management Offices" means a regional project management office, responsible for carrying out Part 1 of the Project at the regional level, as referred to in paragraph Section I A.2(c) of Schedule 2 to this Agreement.
- 38. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
- 39. "Social Protection Delivery Systems Manual" means the manual to be prepared and adopted by the Borrower, through DSWD, for the implementation of Parts 1.2, 2 and 3 of the Project referred to in Section I.B of Schedule 2, containing:(A) detailed arrangements and procedures for: (a) institutional coordination and day-to-day implementation of the Project; (b) disbursement, financial management and internal audit; (c) procurement; (d) environmental and social impact management; (e) monitoring, evaluation, reporting and communication; (f) detailed grievance redress mechanisms; (g) an integrity action plan, (h) Verification Protocol; (i) personal data collection and processing in accordance with good international practice, roles and responsibilities for Project implementation; and (j) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; and (B) the Emergency Response Manual; as said manual may be modified from time to time with the prior written approval of the Bank, and such term includes any schedules to such manual.
- 40. "Standardized Targeting System" means a system for identifying who and where the poor households are, through the generation of socio-economic database of poor households by the Borrower's government agencies in accordance with the Borrower's Republic Act Number 11310 dated April 17, 2019.
- 41. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding consultants' fees and salaries, bonuses, fees and honoraria or equivalent payments of members of the Borrower's civil service.



42. "Transaction Account" means a deposit account or electronic wallet in the name of the Beneficiary which can be used to store money, send payments, and receive deposits held with an authorized government depository bank or a financial service provider operating in the Borrower's territory in accordance with the Implementing Rules and Regulations of the Borrower's Republic Act Number 11310 dated April 17, 2019; and "Transaction Accounts" means more than one (1) Transaction Account.
43. "Unified Beneficiary Database" means a repository of master data consolidating the profiles of the beneficiaries of major programs managed by DSWD.
44. "Verification Protocol" means the protocol setting forth the verification arrangements to be observed in order to ascertain the achievement of PBC Targets, to be adopted by the Borrower, through DSWD, as part of the Social Protection Delivery Systems Manual.
45. "Year 1" means the calendar year commencing on Signature Date and ending on December 31, 2020, "Year 2" means the year commencing on January 1, 2021 and ending on December 31, 2021, and each subsequent Year referred to in Schedule 4 to this Agreement means twelve (12) months following the preceding year.