Dear Honorable Minister:

We refer to the grant agreement (“PRIF Grant Agreement”) between the Republic of Kiribati (“Recipient”) and the International Development Association (“Association”) and the International Bank for Reconstruction and Development (collectively, “World Bank”), acting as administrator of grant funds provided by Australia and New Zealand (“Donors”) through the Pacific Region Infrastructure Facility (“PRIF”) multi-donor trust fund for the Kiribati Aviation Investment Project (“Project”), dated July 30, 2012 (Grant No. TF012678). We refer also to the financing agreement (“Financing Agreement”) between the Recipient and the Association, dated December 14, 2011 (Grant No. H742-KI), providing for financing from the Association for the Project.

We are pleased to acknowledge on behalf of the World Bank the intention of the Donors to make available additional grant funds in the amount of five million three hundred fifty thousand United States dollars (US$5,350,000) for the Project. Accordingly, we propose to amend the PRIF Grant Agreement as follows:

1. The first paragraph of the PRIF Grant Agreement is amended to reflect the increased aggregate value of the PRIF grant funds so as to read as follows:

   “In response to the request for financial assistance made on behalf of the Republic of Kiribati (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, “World Bank”), acting as administrator of grant funds provided under the Pacific Region Infrastructure Facility (“PRIF”) multi-donor trust fund (“Donor”), proposes to extend to the Recipient a grant in an amount not to exceed five million six hundred thirty thousand United States Dollars (US$5,630,000) (PRIF Grant No. TF012678) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the...
financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors.”

2. The third paragraph of the PRIF Grant Agreement is amended to reflect the increased aggregate value of the funds made available by the Association so as to read as follows:

“The International Development Association has also agreed to provide financing to the Recipient in an aggregate amount equivalent to nineteen million, seven hundred thousand Special Drawing Rights (SDR 19,700,000) to finance activities related to the Project.”

3. The Project development objective in Section 2.01 of the Annex to the PRIF Grant Agreement is amended to read as follows:

“The objective of the Project is to improve operational safety and oversight of the international air transport infrastructure and associated infrastructure.”

4. Section 2.02 of the Annex to the PRIF Grant Agreement is amended to read as follows:

“2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall, through MCTTD with the assistance of the TSFU, 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 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.”

5. Article III of the Annex to the PRIF Grant Agreement is deleted in its entirety and replaced with Attachment I to this amendment letter.

All capitalized terms used in this letter of amendment have the same meaning assigned to them in the PRIF Grant Agreement. All the terms of the PRIF Grant Agreement not hereby amended will remain in full force and effect.
Republic of Kiribati

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed two copies of this letter of amendment, and returning one copy to the World Bank. This amendment letter shall become effective upon receipt by the World Bank of the countersigned copy of the amendment letter.

Sincerely,

Franz R. Drees-Gross
Country Director
Timor-Leste, Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:

REPUBLIC OF KIRIBATI

By

Authorized Representative

Title Hon. Minister of Finance & Economic Development

Date 6th April 2016
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with
the provisions of: (a) the Standard Conditions; (b) this Section; and (c) 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ Services and non-consulting services for Part B(f) of the Project</td>
<td>280,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Training, Operating Costs, and consultants services for the Project (except Parts A(a) and C(b)(ii) of the Project)</td>
<td>2,330,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Works for Part A(a)(i) of the Project</td>
<td>3,020,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,630,000.00</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement.

(b) under Category (3) unless and until the Recipient has confirmed to the Association that all TFSU Costs incurred in calendar year 2016 have been paid in accordance with the Service Agreement.

3.03 Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2018.