March 1, 2012

Honorable Faumuina Liuga
Minister of Finance
Ministry of Finance
Private Bag
Apia
INDEPENDENT STATE OF SAMOA

Re: Samoa: Pilot Program for Climate Resilience (PPCR)
Project Preparation Grant No.TF099652
Enhancing Climate Resilience of the West Coast Road Project

Honorable Minister:

In response to the request for financial assistance made on behalf of the Independent State of Samoa ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Implementing Agency of the Pilot Program for Climate Resilience ("PPCR") under the Strategic Climate Fund ("SCF"), proposes to extend to the Recipient a grant in an amount not to exceed two hundred thousand United States Dollars (U.S.$200,000) ("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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

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

By

Ferid Belhaj
Country Director
Timor-Leste, Papua New Guinea
and Pacific Island Operations

AGREED:
INDEPENDENT STATE OF SAMOA

By

Authorized Representative
Name PATRICIA TIAHIA LIUGA
Title MINISTER OF FINANCE
Date: 5 MARCH 2012

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


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, and the following additional terms shall have the meanings assigned to them below:

(i) "Incremental Costs" means the reasonable and necessary incremental expenses incurred by the Recipient on account of Project implementation, support and management, which would not have been incurred absent the Project, including communications, utilities, stationery, bank and insurance charges, domestic travel costs, accommodation and per diems, but excluding salaries of the Recipient's civil servants;

(ii) "Project Implementing Entity" means the Recipient’s Land Transport Authority, established pursuant to the Land Transport Authority Act 2007, as amended to the date hereof, and any successor thereto;

(iii) "Project Implementing Entity’s Legislation" means the Recipient’s Land Transport Authority Act 2007 establishing and governing the Project Implementing Entity, as amended to the date of this Agreement;

(iv) "Training and Workshops" means reasonable expenditures incurred by the Recipient in connection with the holding of training and workshops under the Project, including the domestic travel costs and per diem of trainers and trainees, and the rental of facilities and the production and/or acquisition and distribution of training materials.

Article II
Project Execution

2.01. Project Objectives and Description. The purpose of the Grant is to assist the Recipient in the preparation of the proposed Enhancing Climate Resilience West Coast Road Project, the main objectives of which are to (i) provide a climate resilient West Coast Road and (ii) prepare a climate resilience enhancement program for the overall road network of Samoa. The activities (Activities) for which the Grant is given are as follows:

(i) Preparation of environmental and social assessments to meet the preparation standards and safeguard requirements of the World Bank, through technical assistance
(ii) Preparation, through technical assistance, of detailed terms of reference for consultancies to (i) support detailed design and costing of the West Coast Road and (ii) evaluate and assess the climate resilience and vulnerability of Samoa’s roads network.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Land Transport Authority (“Project Implementing Entity”) 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”); (c) this Article II; and (d) the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“Project Agreement”).

2.03. Institutional and Other Arrangements. The Project shall be implemented by the Project Implementing Entity in accordance with the Schedule to the Project Agreement.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall cause the Project Implementing Entity to 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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following: (i) Preparation of safeguards instruments as per 2.01 (i) above; and (ii) preparation of terms of reference as per 2.01 (ii) above.

(c) 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 six months after the Closing Date.

2.06. 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 not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall 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 entire period of the project during which withdrawals from the grant account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.
2.07. **Procurement** (a) **General.** All consultants’ 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) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(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 Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(d) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**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) Article III of 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 100% of Eligible Expenditures consisting of consultants’ services, Incremental Costs, Training and Workshops inclusive of Taxes.

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 November 30, 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 the Minister of Finance.

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

- Ministry of Finance
- Private Bag
- Apia, Independent State of Samoa

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<th>Facsimile</th>
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<tbody>
<tr>
<td>FINSEC</td>
<td>685-21312</td>
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<tr>
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4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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<td>INTBAFRAD</td>
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