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February 28, 2011

Honorable Natan Teewe
Ministry of Finance and Economic Development
P.O.Box 67,
Bairiki, Tarawa
REPUBLIC OF KIRIBATI

Dear Minister,

**Re: Kiribati Adaptation Project – Implementation Phase (KAP II) Amendment to
Global Environment Facility Trust Fund Grant Agreement (TF056267)**

We refer to the Agreement dated June 13, 2006 between Republic of Kiribati (Recipient) and International Bank for Reconstruction and Development (the Bank) acting as implementing agency of the Global Environment Facility for the above referenced project, as lastly amended by letter dated September 10, 2009 (“GEF Grant Agreement”).

In line with the understandings reached between the Recipient and the Bank, we propose to amend the GEF Grant Agreement to clarify the description of Eligible Expenditures, as set forth in the Attachment hereto.

All capitalized terms used in this amendment letter have the same meanings assigned to them in the GEF Grant Agreement. All the terms of the GEF Grant Agreement not hereby amended shall remain in full force and effect.

Please confirm your agreement to the amendment proposed above by signing and dating the form of confirmation on the enclosed two copies of this amendment letter and returning one original to us. This amendment letter shall be effective as of the date of countersignature by the Recipient.

Sincerely,

By/s Ferid Belhaj

Ferid Belhaj
Country Director
Timor-Leste, Papua New Guinea
and Pacific Islands
East Asia and Pacific Region

**AGREED
REPUBLIC OF KIRIBATI**

By/s Natan Teewe
Name: Honorable Natan Teewe
Title: Minister of Finance and Economic Development
Date: 04/03/2011

ATTACHMENT

**Global Environment facility Grant for the
Kiribati Adaptation Project Phase II (KAP II Project)
Grant Number TF056267**

1. The table in paragraph A.1 of the Schedule 1 of the GEF Grant Agreement is replaced by the following:

<u>Category</u>	<u>Amount of the Grant Allocated expressed in USD)</u>	<u>% of Expenditures to be Financed*</u>
(1) Goods, Works and Consultants' services and Incremental Operating Costs under Parts A, B, D, and E of the Project**)	1,800,000	100%

TOTAL	1,800,000	

*) For the purposes of this paragraph A.1 the term "Incremental Operation Costs" shall be deemed to cover the cost of reasonable expenses incurred on account of Project implementation, support and management, which would not have been incurred absent the Project, including communications, utilities, stationary, transportation costs, accommodation and travel allowances of Project staff, but excluding salaries of the Recipient's civil servants, prior to the date of countersignature of this letter but on or after June 13, 2006.