June 15, 2017

Hon. Sili Epa Tuioti
Minister of Finance
Ministry of Finance
Private Bag
Apia
Independent State of Samoa

Dear Honorable Minister,

Independent State of Samoa: SCF-PPCR Grant Number TF015828
Enhancing Climate Resilience of Coastal Resources and Communities Project
Grant Amendment Letter

We refer to the grant agreement between the Independent State of Samoa ("Recipient") and the International Development Association ("World Bank"), acting as an implementing entity of the Strategic Climate Fund – Pilot Program for Climate Resilience, for the Enhancing Climate Resilience of Coastal Resources and Communities Project, dated February 7, 2014, as amended ("Grant Agreement"). We also refer to your letters, dated March 1, 2017 and April 21, 2017, requesting amendments to the Grant Agreement to include the sub-grant mechanism for the implementation of Subprojects at the district level.

We are pleased to inform you that the World Bank agrees with your request and hereby proposes to amend the Grant Agreement by way of this letter ("Amendment Letter") as follows:

1. A new Part I(c) of the Project is hereby added to Schedule 1 to the Grant Agreement as follows:

“(c) preparation and implementation of District Level Subprojects aimed at strengthening climate resilience.”

2. The title of Section I.B of Schedule 2 to the Grant Agreement is hereby amended to read as follows:

“B. Community Engagement Plan, District Level Subproject Plan and Project Operational Manual”

3. Sections I.B.2 and I.B.3 of Schedule 2 to the Grant Agreement are hereby deleted in their entirety and replaced with the following:

“2. The Recipient shall, by not later than June 30, 2017 (or such other date which the World Bank has confirmed in writing to the Recipient is acceptable to the World Bank, as determined in its sole discretion, under the circumstances):

(a) prepare and furnish to the World Bank, a plan containing detailed guidelines and procedures for the implementation of the District Level Subprojects, including: (i) eligibility and selection criteria for Beneficiaries; (ii) detailed guidelines and procedures for the selection and implementation of District Level Subprojects; and
(iii) provisions specifying appropriate roles, responsibilities and reporting procedures for managing and monitoring environmental and social concern arising from the design and implementation of the District Level Subprojects;

(b) thereafter adopt such plan as shall have been approved by the World Bank ("District Level Subproject Plan"); and

(c) amend and furnish to the World Bank, an amended Project Operational Manual incorporating the relevant guidelines and procedures for the implementation of the District Level Subprojects, and thereafter adopt such amended Project Operational Manual as shall have been approved by the World Bank.

3. The Recipient shall carry out the Project in accordance with the Community Engagement Plan, the District Level Subproject Plan and the Project Operational Manual, and except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the Community Engagement Plan, the District Level Subproject Plan and/or the Project Operational Manual.

4. In case of a conflict between the provisions of the Community Engagement Plan, the District Level Subproject Plan and/or the Project Operational Manual, and this Agreement, those of this Agreement shall prevail."

4. Section I.D of Schedule 2 to the Grant Agreement is hereby deleted in its entirety and replaced with the following:

"D. Subprojects and District Level Subprojects

1. For purposes of implementation of Part 1(b) of the Project, the Recipient shall prepare and implement Subprojects in accordance with procedures acceptable to the World Bank and specified in the Community Engagement Plan which shall include the following:

(a) The Subprojects shall: (i) include specific development activities designed to strengthen climate resilience at the village level such as, but not limited to, beach-replenishment techniques, river training, drainage construction, early warning systems, coastal vegetation regeneration and slope stabilization measures; and (ii) exclude activities such as land reclamation, sand mining, use of pesticides, clearance of areas of biodiversity, structures that sever breeding routes and structures that are known to be likely to alter coastal processes and cause coastal erosion.

(b) If, on the basis of an environmental assessment conducted for a Subproject, an EMP and/or a RAP tailored to the Subproject is required, such EMP or RAP has been prepared pursuant to the ESMF and/or LARF and has been approved by the World Bank in accordance with Sections I.E.2 and 3 of this Schedule 2.

2. For purposes of implementation of Part 1(c) of the Project, the Recipient shall prepare and implement District Level Subprojects in accordance with procedures acceptable to the World Bank and specified in the District Level Subproject Plan which shall include the following:
(a) District Level Sub-grants shall be provided for priority adaptation investments designed to strengthen climate resilience at the district level, for the benefit of more than one village, which shall have been identified in accordance with the District Level Subproject Plan.

(b) The total amount of District Level Sub-grants allocated for each District Level Subproject shall not exceed the limit specified in the District Level Subproject Plan and the Project Operational Manual.

(c) The District Level Subprojects shall: (i) include specific development activities designed to strengthen climate resilience at the district level such as, but not limited to, low-scale sea-walls, submerged wave breakers, retention walls associated with landscaping, beach-replenishment techniques, river training, drainage construction, raising building platform levels, renovation of evacuation centers, supplemental water supply, provision of tracks or small roads to facilitate evacuation and voluntary relocation from high risk coastal or flood plain areas and community-led sustainable management of coral reefs; and (ii) exclude activities such as land reclamation, sand mining, use of pesticides, clearance of areas of biodiversity, structures that sever breeding routes and structures that are known to be likely to alter coastal processes and cause coastal erosion.

(d) If, on the basis of an environmental assessment conducted for a District Level Subproject, an EMP and/or a RAP tailored to the District Level Subproject is required, such EMP or RAP has been prepared pursuant to the ESMF and/or LARF and has been approved by the World Bank in accordance with Section I.E.2 and 3 of this Schedule 2.

(e) District Level Sub-grants shall be made under a District Level Sub-grant Agreement with the respective Beneficiary on terms and conditions acceptable to the World Bank, which shall cover rights adequate to protect its interests and those of the World Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the District Level Sub-grant, or obtain a refund of all or any part of the amount of the District Level Sub-grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the District Level Sub-grant Agreement; and (ii) require each Beneficiary to: (A) carry out its District Level Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the District Level Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the District Level Subproject and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial records in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the District Level Sub-project; and (2) at the World Bank's or the Recipient’s request, have such financial records audited by
independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the records as so audited to the Recipient and the World Bank; (F) enable the Recipient and the World Bank to inspect the District Level Subproject, its operation and any relevant records and documents; (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank may reasonably request; and (H) take such measures as shall be necessary or appropriate to comply with the requirements of the Safeguard Instruments.

3. The Recipient shall exercise its rights and carry out its obligations under each District Level Sub-grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any District Level Sub-grant Agreement or any of its provisions.”

5. The withdrawal table detailed in Section IV.A.2 of Schedule 2 to the Grant Agreement is hereby amended as set forth in Attachment 1 to this Amendment Letter.

6. Section IV.B.1 of Schedule 2 to the Grant Agreement is hereby amended to read as follows:

“1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments:

(a) made prior to the date of this Agreement; or

(b) under Category (3) unless the Recipient has adopted the District Level Subproject Plan and the amended Project Operational Manual in accordance with Section I.B.2 of Schedule 2 to this Agreement.”

7. The following new definitions are added in the Appendix to the Grant Agreement and the subsequent definitions are renumbered to restore ascending numerical order:

7.1 “2. “Beneficiary” means any of the Line Ministries and Agencies and Public Bodies, which meets the eligibility criteria specified in the District Level Subproject Plan for receiving one or more District Level Sub-grants to carry out District Level Subproject activities under Part l(e) of the Project; and the term “Beneficiaries” means more than one such Beneficiary.”

7.2 “8. “District Level Sub-grant” means a grant to finance part of the reasonable cost of goods, works, non-consulting services and consultants’ services required for a District Level Subproject to be carried out by a Beneficiary; “Sub-grants” means more than one such District Level Sub-grant.”

7.3 “9. “District Level Sub-grant Agreement” means each agreement entered into between the Recipient and a Beneficiary pursuant to which a District Level Sub-grant shall be or has been made by the Recipient to such Beneficiary for a District Level Subproject.”

7.4 “10. “District Level Subproject” means specific development project to be carried out by one or more Beneficiaries at the district level, for the benefit of more than one village, under
Part 1(c) of the Project and which meets the eligibility criteria set out in the District Level Subproject Plan and the provisions of Section I.D.2 of Schedule 2 to this Agreement; and “District Level Subprojects” means two or more of such investments.”

7.5 “11. “District Level Subproject Plan” means the plan referred to in Section I.B.2 of Schedule 2 to this Agreement.”

7.6 “27. “Public Body” means an organization, whether called a state-owned enterprise or otherwise, that is a public body or deemed to be a public body for the purpose of carrying out public services under the Recipient’s laws; “Public Bodies” means more than one such Public Body.”

8. Definition number 8 (now renumbered paragraph “13”) in the Appendix to the Grant Agreement is amended to read as follows:

“13. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated September 2013, setting forth: (a) the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities; (b) measures to ensure land-based livelihoods for the indigenous population are protected and benefits are equitably shared; and (c) provisions that specify appropriate roles and responsibilities, including the necessary reporting procedures, for managing and monitoring environmental and social concerns (including those relating to gender and different sub-groups within the beneficiary communities) arising from the design and implementation of Subprojects and District Level Subprojects; as such framework may be amended by the Recipient from time to time, with the prior written agreement of the World Bank.”

9. Definition number 21 (now renumbered paragraph “26”) in the Appendix to the Grant Agreement is amended to read as follows:

“26. “Project Operational Manual” means the manual referred to in Section I.B.3 of Schedule 2 to this Agreement setting forth detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, corruption and fraud mitigation measures, and such other arrangements and procedures as shall be required for the Project, as such manual may be amended by the Recipient from time to time, with the prior written agreement of the World Bank.”

10. Definition number 25 (now renumbered paragraph “31”) in the Appendix to the Grant Agreement is amended to read as follows:

“31. “Subproject” means specific development project to be carried out by communities at the village level under Part I(b) of the Project and which meets the eligibility criteria set out in the Community Engagement Plan and the provisions of Section I.D.1 of Schedule 2 to this Agreement; and “Subprojects” means two or more of such investments.”

All capitalized terms used in this Amendment Letter have the same meanings assigned to them in the Grant Agreement. All the terms of the Grant Agreement not hereby amended shall remain in full force and effect.
Please confirm the Recipient's agreement to the foregoing by having an authorized representative of the Recipient sign and date the enclosed two (2) copies of this Amendment Letter, and returning one (1) copy to the World Bank. Upon receipt by the World Bank of the countersigned copy of this Amendment Letter, the amendments herein shall become effective as of the date of the countersignature.

Sincerely,

Mona Sur
Acting Country Director
Timor-Leste, Papua New Guinea
& Pacific Islands
East Asia and Pacific Region

AGREED:

Independent State of Samoa

By: __________________________
Authorized Representative

Name: Sili Epa Tulotu
Title: Minister of Finance
Date: 27 June 2017
Amendments to the table detailed in Section IV.A.2. of Schedule 2 to the Grant Agreement for the Enhancing Climate Resilience of Coastal Resources and Communities Project

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs, for the Project (excluding Parts 1(b) and 1(c) of the Project)</td>
<td>5,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for Subprojects under Part 1(b) of the Project</td>
<td>2,500,00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services and consultants' services for District Level Subprojects under Part 1(c) of the Project to be financed out of the proceeds of District Level Sub-grants</td>
<td>6,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>14,600,000</td>
<td></td>
</tr>
</tbody>
</table>