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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 New Zealand Co-financing Grant Agreement (Grant No. TF056594)

We refer to the New Zealand Co-financing Trust Fund Letter Grant Agreement for the Kiribati Adaptation Project – Implementation Phase II dated August 16, 2006 between Republic of Kiribati ("Recipient") and International Development Association ("Association") as lastly amended by letter dated May 18, 2010 ("Letter Agreement").

We propose to amend the Letter Agreement to reflect a new Closing Date and 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 Grant Agreement. All the terms of the Letter 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: 24-03-11

ATTACHMENT

New Zealand Grant for Co-financing the
Kiribati Adaptation Project Phase II (KAP II Project)
Grant Number TF056594

1. The table in paragraph 4.2 of the Annex to the Letter Agreement is replaced by the following:

"

Category	Amount of the Grant Allocated expressed in USD)	% of Expenditures to be Financed*
(1) Goods, Works and Consultants' services and Incremental Operating Costs**)	1,054,732.88	100%
TOTAL	1,054,732.88	

*) For the purposes of this paragraph 4.2 the term "Incremental Operation Costs" shall be deemed to cover the cost of the 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 August 16, 2006."