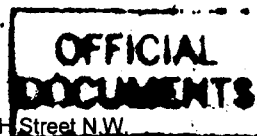


The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.



TFO 71309

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

February 5, 2013

Ms. Sue Connell
Assistant Director General
Pacific Bilateral Branch
Australian Agency for International Development (AusAID)
GPO Box 887
Canberra ACT 2601

***Trust Fund Administration Agreement between the Commonwealth of
Australia and the International Bank for Reconstruction and Development
and the International Development Association concerning the Multi-Donor
Trust Fund for the Pacific Region Infrastructure Facility
(PRIF Trust Fund No. TF071309)
(AusAID Agreement 50301)
Seventeenth Amendment to the Administration Agreement***

Dear Ms. Connell

We refer to the Administration Agreement (the "Agreement") dated June 12, 2009, as amended to-date, between the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "World Bank") and the Commonwealth of Australia, acting through the Australian Agency for International Development ("AusAID"), pursuant to which the Commonwealth of Australia, through AusAID has made available grant funds to the sum of seventy-two million, one hundred and sixty nine thousand nine hundred and sixty two Australian dollars (AUD72,169,962), for the Pacific Region Infrastructure Facility (the "Trust Fund").

We acknowledge the intention of the Commonwealth of Australia, through AusAID, to increase its contribution to the Trust Fund by an additional three million two hundred thousand Australian dollars (AUD3,200,000) (such amount to be called the "Additional Contribution"). After the Additional Contribution has been received by the World Bank, the aggregate contribution will be seventy-five million three hundred sixty-nine thousand nine hundred and sixty two Australian dollars (AUD75,369,962).

Therefore, the Agreement is amended as follows:

1. The aggregate Contribution indicated in paragraph 1 of the Agreement is increased to seventy-five million three hundred sixty-nine thousand nine hundred and sixty two Australian dollars (AUD75,369,962).

Following confirmation of this amendment to the Agreement by you, the Commonwealth of Australia, through AusAID, will deposit the Additional Contribution, i.e., three million two hundred thousand Australian dollars (AUD3,200,000) into such account designated by the World Bank. When making such deposit, the Commonwealth of Australia, through AusAID shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is from the

Commonwealth of Australia, through AusAID, for TF071309 (Pacific Region Infrastructure Facility) and the date of deposit. In addition, the Commonwealth of Australia, through AusAID, shall send a copy of its deposit instruction to the World Bank's Accounting Trust Funds Division by e-mail sent to "tfremitadvice@worldbank.org" or by fax sent to (202) 614-1315. Upon receipt of the Additional Contribution, the World Bank will convert them into United States Dollars.

We also acknowledge the intention of the Commonwealth of Australia, through AusAID, to support the Kiribati Telecommunications and ICT Development Project through the financing of incentives (subsidies).

Therefore, the Agreement is amended as follows:

1. Paragraph 2(b) of Annex 1 to the Administration Agreement is amended to read as follows:

Financing/co-financing existing infrastructure operations in the Pacific Island Countries including: (i) Tonga Transport Sector Consolidation Project; (ii) Samoa Infrastructure Management Project; (iii) Solomon Islands Rapid Employment Project; (iv) Solomon Islands Telecom and ICT Development Project; (v) Kiribati Road Rehabilitation project; (vi) Samoa Post Tsunami Project; (vii) Third Kiribati Adaptation Project; (viii) Pacific Aviation Project Tonga; (ix) Pacific Aviation Project Kiribati; (x) Pacific Aviation Project Tuvalu; (xi) Tonga-Fiji Connectivity project; (xii) Solomon Islands Tina River Hydropower Development Project; (xiii) Kiribati Telecommunication and ICT Development Project. (xiv) Tonga Energy Roadmap; and (xv) Vanuatu Telecom Support; (xvi) Pacific Regional Connectivity; (xvii) Pacific Regional Telecom Resource Center; (xviii) Vanuatu Utilities Regulation Authority; (xix) Vanuatu Energy Sector Work; (xx) North Pacific Telecoms Project; (xxi) Tonga Energy Roadmap Institutional and Regulatory Framework Strengthening Project and; (xxii) Kiribati Grid Connected Solar Project.

2. Paragraph 3 of Annex 1 to the Agreement is amended by including a new expense category namely, (a) "subsidies for Information and Communication Technology Providers" and by elaborating on the expenses that constitute "incremental operating costs".

All the terms and conditions of the Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

It is the World Bank's policy to make publicly available the Administration Agreement and any information related thereto, including this amendment letter. By confirming below, the Commonwealth of Australia through AusAID consents to disclosure of this amendment letter after it has become effective.

We propose that this amendment to the Agreement shall, upon confirmation in the manner indicated below, constitute an agreement between the Commonwealth of Australia and the World Bank, and shall become effective on the date of countersignature.

February 5, 2013

--

PRIF No. TF071309
Seventeenth Amendment

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**



Franz Drees-Gross
Country Director

Papua New Guinea, Timor-Leste and Pacific Islands
East Asia and Pacific

AGREED:

**GOVERNMENT OF AUSTRALIA, ACTING THROUGH THE AUSTRALIAN
AGENCY FOR INTERNATIONAL DEVELOPMENT (AUSAID)**

By: S. Connell

Signature of FMA Act S.44 Delegate

Date: 19/2/13

Name: Sue Connell

Title: Assistant Director General, Pacific Bilateral Branch, AusAID

Cc: Ms. Amanda Ellis, Deputy Secretary, MFAT, New Zealand.

ANNEX 1**Description of Activities and Expenditures under the Multi-Donor Trust Fund for the Pacific Region Infrastructure Facility**

1. The **objective** of the Trust Fund is to provide flexible, transparent, long-term support and increased rate of investment and performance of infrastructure sectors in Pacific Island Countries.
2. The **Activities** to be financed by the Trust Fund are:
 - (a) Strengthening of infrastructure programs in the Pacific Island Countries through, *inter alia*,: (i) the carrying out of analytical work; (ii) the provision of project preparation support; (iii) building the capacity of staff in the Pacific Island Countries dealing with infrastructure projects; (iv) provision of technical assistance for project preparation and implementation; (v) carrying out of civil works for infrastructure projects in sectors such as transport, energy and telecoms; and (vi) provision of operating and maintenance costs for infrastructure service delivery.
 - (b) Financing/co-financing existing infrastructure operations in the Pacific Island Countries including: (i) Tonga Transport Sector Consolidation Project; (ii) Samoa Infrastructure Management Project; (iii) Solomon Islands Rapid Employment Project; (iv) Solomon Islands Telecom and ICT Development Project; (v) Kiribati Road Rehabilitation project; (vi) Samoa Post Tsunami Project; (vii) Third Kiribati Adaptation Project; (viii) Pacific Aviation Project Tonga; (ix) Pacific Aviation Project Kiribati; (x) Pacific Aviation Project Tuvalu; (xi) Tonga-Fiji Connectivity project; (xii) Solomon Islands Tina River Hydropower Development Project; (xiii) Kiribati Telecommunication and ICT Development Project. (xiv) Tonga Energy Roadmap; and (xv) Vanuatu Telecom Support; (xvi) Pacific Regional Connectivity; (xvii) Pacific Regional Telecom Resource Center; (xviii) Vanuatu Utilities Regulation Authority; (xix) Vanuatu Energy Sector Work; (xx) North Pacific Telecoms Project; (xxi) Tonga Energy Roadmap Institutional and Regulatory Framework Strengthening Project and; (xxii) Kiribati Grid Connected Solar Project.

A program of specific activities in these areas will be developed annually and approved in accordance with paragraph 5 of this Annex 1 below.

3. **Eligible Expenditure Categories for Recipient-Executed Activities:** The Contribution shall be used, in part, to finance goods, works, consultant services, training, workshops, study tours, subsidies for Information and Communication Technology Providers and incremental operating costs (including *inter alia* (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment

costs - whenever these costs are not included in the cost of goods; (iv) office supplies; (v) rent for office facilities, maintenance and minor renovations; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out supervisory, data collection and quality control activities; (viii) salaries of local administrative staff but excluding salaries of the Recipient's civil servants and the Project Implementing Entity's regular staff; and (ix) security services). The categories of expenditures will be more explicitly provided in the Grant Agreements to be signed with individual Recipients of Grant funds.

4. Eligible Expenditure Categories for Bank-Executed Activities: The Contribution shall be used, in part, to finance expenses related to the Bank's supervision of project preparation and implementation under the Trust Fund including staff costs (salary, benefits and indirect costs), consultant fees, media and workshop costs, travel expenses, associated overheads, temp staff costs, extended term consultants, contractual services and equipment costs purchase.

5. GOVERNANCE STRUCTURE OF THE TRUST FUND

The Trust Fund will have the following three-tier governance structure:

(a) The Bank will be the administrator of the Trust Fund and will also act as a secretariat to the Infrastructure Working Group. In its capacity as administrator of the Trust Fund, the Bank will establish and maintain appropriate records and accounts to identify the Contributions to the Trust Fund, the commitments to be financed out of the Contribution and the receipt and disbursement of Contribution Funds. As secretariat to the Infrastructure Working Group, the Bank will assist the Infrastructure Working Group in carrying out its functions.

(b) The PRIF Senior Management Team will be responsible for: (i) providing strategic guidance and direction to the Bank in administering the Trust Fund and to the Infrastructure Working Group for the preparation of annual work programs; (ii) making key decisions regarding the work program; and (iii) for resource allocation decisions with respect to the Contribution funds. In allocating Contribution funds, the Senior Management Team will be guided by the overall program of expenditures and other relevant guidance to be provided to the Senior Management Team, on a quarterly basis, by the Bank. The Senior Management Team will meet at least on a semi-annual basis, in a location as the Senior Management Team may decide from time to time, or by video/teleconference.

(c) The Infrastructure Working Group will be responsible for preparing and leading the infrastructure work program, including: (i) design-related aspects of the Trust Fund; (ii) coordinating efforts to improve coordination and harmonization among donors, Pacific Island Countries and implementing agencies; (iii) preparing the annual work program and submitting it to the Senior Management Team for approval; and (iv) overseeing the implementation of Activities financed by the Trust Fund. The Infrastructure Working Group will call upon the services of the Bank in its capacity as secretariat to the Infrastructure Working Group in order to facilitate preparation of work

February 5, 2013

--

PRIF No. TF071309
Seventeenth Amendment

programs, preparation of briefs for the Senior Management Team, and developing a system for regular monitoring and reporting.