Dear Excellency:

Re: Australian Grant for Co-financing Kiribati Adaptation Project – Phase II
(Grant No. TF056115)

We refer to the Australia Co-financing Trust Fund Letter Agreement (the “Letter Agreement”) signed on June 13, 2006 on behalf of the International Development Association (the “Association”) and countersigned on June 29, 2006 on behalf of the Republic of Kiribati (the “Recipient”), as amended to date. We also refer to the letter from you, dated May 25, 2010, requesting the Association to amend the Letter Agreement to increase the procurement threshold for works under the National Competitive Bidding procedure, in order to facilitate the implementation of the Project.

We would like to inform you that the Association accedes to your request. Accordingly, the Letter Agreement is amended as follows:

1. Subparagraph 4.5 of the Annex to the Letter Agreement is amended to read as follows:

   “4.5. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditures under contracts for: (a) goods costing less than $100,000 equivalent per contract; (b) works costing less than $250,000 equivalent per contract; (c) services of individual consultants costing less than $50,000 equivalent per contract; (d) services of consulting firms costing less than $50,000 equivalent per contract, and (e) all community development grants, all under such terms and conditions as the Association shall specify by notice to the Recipient.”

2. Section I, paragraph B.1 of Attachment I to the Letter Agreement is amended to read as follows:

   “1. National Competitive Bidding. Goods estimated to cost more than $50,000 but less than $100,000 equivalent per contract and works estimated to cost more than $50,000 and less than $250,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding.”

All capitalized terms used in this amendment letter have the same meanings assigned to them in the Letter 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/ Robert Jauncey
Acting Country Director
Timor-Leste, Papua New Guinea and the 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 12-08-10