April 24, 2015

Hon. Tom Murdoch  
Minister of Finance and Economic Development  
Ministry of Finance and Economic Development  
P.O. Box 26, Bairiki  
Tarawa  
REPUBLIC OF KIRIBATI

Dear Minister,

Kiribati: Kiribati Road Rehabilitation Project  
PRIF Grant No. TF099624  
PRIF Multi-Donor Trust Fund Co-Financing  
Letter of Amendment

We refer to the Grant Agreement (the “Agreement”), dated May 5, 2011, for the Kiribati Road Rehabilitation Project (the “Project”) between the Republic of Kiribati (the “Recipient”) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank”), acting as administrator of grant funds provided by the various donors (the “Donors”) through the Pacific Region Infrastructure Facility (the “PRIF”) multi-donor trust fund. We also refer to your letter dated February 21, 2013 requesting the World Bank to make certain amendments to the Grant Agreement. Amendments are also being made to the Financing Agreement to reflect the amendments to the Project description, implementation arrangements and additional financing being provided by the Association for the Project.

We acknowledge the intention of the Donors to make available a supplemental contribution in an amount equivalent to seven million United States Dollars (US$7,000,000) to assist in financing the Project.

In view of the foregoing, the World Bank hereby agrees to amend the Agreement as follows:

1. The first paragraph of the Agreement is amended to reflect the increased aggregate value of the grant funds so as to read as follows:

"In response to the request for financial assistance made on behalf of the Republic of Kiribati (the “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank”), acting as administrator of grant funds provided by various donors under the Pacific Region Infrastructure Facility (the “PRIF”) Multi-donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed twelve million seven hundred and ninety thousand United States Dollars..."
Hon. Tom Murdoch

April 24, 2015

(US$12,790,000) (the “Grant”) on the terms and conditions set forth or referred to in this letter agreement (the “Agreement”), which includes the attached Annex, to assist in the finance of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.”

2. Article III (Withdrawal of Grant Proceeds) in the Annex to the Agreement is amended so as to read as follows:

“3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants' services under Part A. 1(a), (d) (e) and (f) and Part B (a), (b) and (c) of the Project.</td>
<td>12,790,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>12,790,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2018.”

All terms of the Agreement not hereby amended shall remain in full force and effect.

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Hon. Tom Murdoch

April 24, 2015

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Letter of Amendment, and returning it to the World Bank.

This Amendment shall become effective on the date of the Recipient’s countersignature.

Sincerely,

Mona Sur

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

AGREED:

Republic of Kiribati

By [Signature]
Authorized Representative

Title Secretary for Finance

Date 15/05/2015