Dear Excellency,

**Timor-Leste: Road Climate Resilience Project**
**Financing Agreement (Grant Number H683-TP)**
**Amendment Letter**

We refer to the Financing Agreement (the “Agreement”) for the Road Climate Resilience Project dated July 6, 2011, between the Democratic Republic of Timor-Leste (the “Recipient”) and the International Development Association (the “Association”).

We are pleased to inform you that, further to discussions between our staff, the Bank hereby agrees to amend the Agreement as follows:

1. Schedule 1 to the Agreement is amended as per the Attachment to this letter.

2. Section I.A.1(b) of Schedule 2 to the Agreement is amended to read as follows:

   “(b). maintains within its structure, throughout the period of implementation of the Project, (i) the PMU, headed by a Project manager and staffed with key professionals, including, *inter alia*, a chief technical advisor, road maintenance advisor, road maintenance engineer, and financial administrator, as well as new staff consisting of a part-time international procurement advisor, a local procurement and financial management officer, and a Project coordinator, all such new staff to be competitively selected and appointed, and with experience, qualifications, functions, and terms of reference satisfactory to the Association, said PMU to be responsible for supporting MPW’s day-to-day implementation of the Project, including procurement and financial management, and (ii) its directorate in charge of roads, bridges, and flood control, responsible for assisting in the implementation of the Project.”

3. The expression “or its successor” is added after “National Development Agency” under Section I.A.2 of Schedule 2 to the Agreement.
4. The Closing Date under Section IV.B.2 of Schedule 2 to the Agreement is extended by three years, until December 31, 2018.

5. The definition number 7 in the Appendix of the Agreement is amended to read as follows:

"7. "Incremental Operating Costs" means in respect of Category 2 in the table of Section IV. A. 2 of Schedule 2 to this Agreement, incremental expenses incurred by the MPW on account of the Project implementation support and management and reasonably related thereto, including office rental, communications, utilities, stationary, domestic travel costs and per diem, maintenance of vehicles and equipment funded by the proceeds of the Financing, but excluding salaries, fees and honoraria of the Recipients' civil servants."

6. The definition number 8 in the Appendix of the Agreement is amended as follows (and all reference in the Agreement to "MOI" are replaced by "MPW"):

"8. "MPW" means the Recipient’s Ministry of Public Works or any successor thereto”.

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

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 Association.

This Letter of Amendment shall become effective upon its countersignature by the Recipient.

Sincerely,

Franz R. Drees-Gross
Country Director
Timor-Leste, Papua New Guinea
& Pacific Islands
East Asia and Pacific Region

AGREED:

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

By: 
Name: Emilia Diler
Title: MINISTER OF FINANCE
Date: 18 November 2013
Her Excellency Emilia Pires

November 18, 2013

CC: Mr. Gastão de Sousa, Minister of Public Works
    Mr. José Abel, Major Projects Secretariat
    Mr. Libório Alves, Major Projects Secretariat
    Mrs. Odete da Costa, Project Manager
    Mr. Piero Cipollone, Executive Director, World Bank
SCHEDULE 1

Project Description

The objective of the Project is to deliver sustainable climate resilient road infrastructure on the Dili-Ainaro Road Corridor.

The Project consists of the following parts:

Part 1: Development of Climate Resilient Road Infrastructure

A. Carrying out of civil works to reduce the impact of volume and intensity of rainfall on road infrastructure, including a) construction or reinforcement of slope stabilization structures, b) improvement of drainage structures, and c) upgrading of the Dili-Ainaro Road Corridor.

B. Design and supervision of activities in Part 1.A. of the Project.

Part 2: Climate Responsive Maintenance and Emergency Planning and Response Systems

A. Design of emergency planning and response systems.

B. Routine and emergency maintenance on the Dili-Ainaro Road Corridor.

Part 3: Project Support and Training

Strengthening the implementation capacity of the PMU to support MPW with the Project execution, and carrying out of a training program for MPW staff, local contractors and community-based contractors for assisting in the implementation of Parts 1 and 2 of the Project, as well as the hiring of an independent monitor for supervision of the implementation of the Resettlement Framework and any Resettlement Action Plans.

Part 4: Feasibility Studies and Detailed Design

Carrying out feasibility studies and detailed design of selected road segments linked to the Dili-Ainaro Road Corridor.
Cleared with and bcc:
Isabella Micali-Drossos (LEGES), David Whitehead (EAPFM), Haiyan Wang (LOA).

Bcc: Mendoza (EACNF); Kerf, Asada (EASHD); Constantino, Carvalho (EACDF); Ponnappa (EACNF); Sansbury (EACNQ); Wang (LOA); Mpundu (LEGES); EAPCO Review Team; Sydney Procurement Hub; Sydney Financial Management Hub; CTRDM; WBDocs