May 2, 2014

Tuilaepa Sailele Malielegaoi  
Minister of Finance  
Ministry of Finance  
Private Bag  
Apia, Independent State of Samoa

Re: PRIF Grant No. TF017019  
Samoa Aviation Investment Project

Dear Honorable Minister:

In response to the request for financial assistance made on behalf of the Independent State of Samoa (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of grant funds provided under the Pacific Region Infrastructure Facility (“PRIF”) multi-donor trust fund, proposes to extend to the Recipient a grant in an amount not to exceed three hundred thousand United States Dollars (U.S.$300,000) (“PRIF Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing Part 2(c) of the project described in the Annex (“Project”).

This PRIF Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the PRIF Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

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 Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this
Agreement within ninety days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By Juan Carlos Mendoza
Acting Country Director
Timor-Leste, Papua New Guinea
& Pacific Islands
East Asia and Pacific Region

AGREED:
INDEPENDENT STATE OF SAMOA

By Authorized Representative

Name TUILAEPA SALEF I. MALIELEGAO
Title PM + MINISTER OF FINANCE
Date: 8 MAY, 2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, in the Financing Agreement, or in this Agreement, and the following additional term shall have the following meaning:

"Financing Agreement" means the Financing Agreement for the Samoa Aviation Investment Project between the Recipient and the International Development Association (Grant Number H914-WS), as that agreement may be amended from time to time.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve operational safety and oversight of international air transport and associated infrastructure. The Project is described in Schedule 1 to the Financing Agreement.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 2(c) of the Project through Samoa Airport Authority ("SAA") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants," dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); (c) and this Article II.

2.03. **Institutional and Other Arrangements.** The Recipient shall ensure that Part 2(c) of the Project is carried out in accordance with the Program Operations Manual and the EMP.

2.04. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank and set
forth in the Program Operations Manual. Each Project Report shall cover the
period of one calendar quarter, and shall be furnished to the World Bank not later
than forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the
provisions of Section 2.06 of the Standard Conditions. The Completion Report
shall be furnished to the World Bank not later than six months after the Closing
Date.

2.05. Financial Management.

(a) The Recipient shall ensure that a financial management system is maintained in
accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project
are prepared and furnished to the World Bank not later than forty-five days after
the end of each calendar quarter, covering the quarter, in form and substance
satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the
provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the
Financial Statements shall cover the period of one fiscal year of the Recipient.
The audited Financial Statements for such period shall be furnished to the World
Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All consultants’ services required for Part 2(c) of the Project and to be
financed out of the proceeds of the PRIF Grant shall be procured in accordance
with the requirements set forth or referred to in:

(i) Sections I and IV of the “Guidelines: Selection and Employment of
Consultants under IBRD Loans and IDA Credits and Grants by World
Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the
case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the
procurement plan prepared and updated from time to time by the Recipient
for the Project in accordance with paragraph 1.25 of the Consultant
Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this
Section to describe particular procurement methods or methods of review by the
World Bank of particular contracts, refer to the corresponding method described
in Sections II, III, IV and V of the Consultant Guidelines.
Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: Single-source Selection of consulting firms.

Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of PRIF Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the PRIF 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 PRIF Grant ("Category"), the allocations of the amounts of the PRIF 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) Consultants' services for Part 2(c) of the Project</td>
<td>300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>300,000</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, except that withdrawals up to an aggregate amount not to exceed $60,000 equivalent may be made for payments made prior to this date but on or after July 1, 2013 for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2019.

### Article IV

**Additional Remedies**

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the Financing Agreement has failed to become effective by June 30, 2014.

### Article V

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

- Ministry of Finance
- Private Bag
- Apia, Independent State of Samoa
- Facsimile: 685 21 312

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: INDEVAS 248423 (MCI) or 1-202-477-6391
Facsimile: 64145 (MCI)