Honorable Maki Stanley Simelum  
Minister of Finance and Economic Management  
Port Vila  
Vanuatu

Dear Minister,

Vanuatu: Energy Sector Development Project (PRIF Grant. No. TF014801)  
First Letter of Amendment

I refer to the Letter Agreement dated June 21, 2013 (the “Letter Agreement”), between the Republic of Vanuatu (the “Recipient”) and the International Bank for Reconstruction and Development and the International Development Association (the “World Bank”), acting as administrator of grant funds provided under the Pacific Region Infrastructure Facility (“PRIF”) multi-donor trust fund, for the above-mentioned project (the “Project”).

Pursuant to recent discussions with the Recipient, the World Bank agrees to amend the Letter Agreement as follows:

1. The first sentence of the Letter Agreement is amended to read as follows:

   In response to the request for financial assistance made on behalf of the Republic of Vanuatu (“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 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 one million five hundred thousand United States Dollars (U.S.$1,500,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing Component 2 of the project described in the Annex (“Project”).

2. The table in Section 3.01 of the Annex is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (Expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods, Consultant Services, and Training and Workshops for Component 2 of the Project</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>2. Incremental Operating Costs for Component 2 of the Project</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>1,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Except as specifically provided in this Amendment, all other terms and conditions of the Letter Agreement 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 both enclosed copies of this letter in the space provided and returning one signed copy. The above Amendment will become effective as of the date of the Recipient’s countersignature of this letter.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Truman G. Packard
Acting Country Director
Timor-Leste, Papua New Guinea
& Pacific Islands
East Asia and Pacific Region

AGREED:
REPUBLIC OF VANUATU

By:
Authorized Representative

Name: Hon. Maki Simel
Title: Minister of Finance and Management
Date: 27 December 2013