Letter of Amendment

Excellency

We refer to the Financing Agreement (the “Financing Agreement”) for the Tonga Transport Sector Consolidation Project dated July 17, 2008 between the Kingdom of Tonga (the “Recipient”) and the International Development Association (the “Association”), as amended to date.

We are pleased to inform you that, further to discussions between our staff (as per paragraph 40 through 43 of the TSCP Aide Memoire dated March-April 2012), the Association hereby agrees to amend the Agreement as follows:

1) The acronym “MoT” is replaced with “Mol” and the expression “Ministry of Transport” is replaced with “Ministry of Infrastructure” throughout the Financing Agreement.

2) Section II A. 1. of Schedule 2 to the Financing Agreement is amended by replacing the word “quarter” by the word “semester”.

3) Section IV A.2. is amended by including “Operating Costs, Training and Workshops” under Category (1) in the disbursement table.

4) The Appendix to the Financing Agreement is amended by adding two new definitions to read as follows:
22. "Operating Costs" means the incremental recurrent operating costs of the Project incurred by the Recipient on account of Project implementation, monitoring, evaluation, coordination and supervision, as approved by the Association based on annual budgets acceptable to the Association, which would not have been incurred but for the Project, including: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out supervisory, data collection and quality control activities; (viii) bank fees and charges; (ix) salaries of local Project administrative staff but excluding salaries of the Recipient’s civil servants."

23. "Training and Workshops" means, in relation to the Project: (a) reasonable travel, room, board and per diem expenditures as incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; (d) national or international study tours; and (e) training material preparation, acquisition, reproduction and distribution expenses, in each case as approved by the Association based on annual budgets acceptable to the Association."

5) Definition number 8 in the Appendix to the Financing Agreement is deleted and replaced with the following:

8. "Mol" or "Ministry of Infrastructure" means the Recipient’s Ministry of Infrastructure or any successor thereto.

Except as specifically amended herein, all other terms and provision of the Financing Agreement, as amended to date, 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 on the date of the Recipient’s countersignature of this Letter of Amendment.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Ferid Belhaj
Country Director
Timor-Leste, Papua New Guinea
and Pacific Islands
East Asia and Pacific Region
AGREED:
KINGDOM OF TONGA

Authorized Representative
Name: LISIATE 'ALOHEITA 'AKOLO
Title: MINISTER FOR FINANCE & NATIONAL PLANNING
Date: 19 JULY 2012

CC: Hon. Samiu Kuita Vaipulu, Deputy Prime Minister, Minister of Works and Minister of Transport
Mr. Tiofilusi Tiueti, Secretary for Finance
Mr. Viliami Maake, Chief Executive Officer, Tonga Airports Ltd.
Ms. Anne Marie Bishop, Procurement Advisor, PMU, Ministry of Transport
Mr. Hekinus Manao, Executive Director, World Bank
Mr. Saia Faletau, World Bank-ADB Liaison Officer
Cleared with and bcc: Isabella Micali-Drossos (LEGES), Stephen Hartung (EAPFM), Daisy Lopez Zita (CTRLN)

Bcc: Belhaj, Jauncey, Shankar, Merrick, Ponnappa, Tupu (EACNF); Roome, (EASSD); Bennett, Wilkinson, Toga (EASNS); Sydney Procurement Hub; Sydney Financial Management Hub; Sansbury (EACNQ); LOA-EAP; WBDocs (TSCP Project Files)