June 13, 2020

Hon. Seve Paeniu
Minister of Finance
Ministry of Finance
Vaiaku
Funafuti
Tuvalu

Tuvalu: Original Grant Number D410-TV and Additional Grant Number D646-TV
Maritime Investment in Climate Resilient Operations Project under the
Pacific Climate Resilient Transport Program
Additional Financing and Amendment to the Financing Agreement

Dear Minister:

We refer to the Financing Agreement between Tuvalu ("Recipient") and the International Development Association ("Association") for the Maritime Investment in Climate Resilient Operations Project under the Pacific Climate Resilient Transport Program ("Project"), dated February 7, 2019 ("Financing Agreement"). We also refer to the Recipient's letter dated March 30, 2020, requesting additional financing for the Project which requires certain amendments to the Financing Agreement. All capitalized terms used in this letter ("Amendment Letter") shall have the same meanings assigned to them in the Financing Agreement unless the context requires otherwise.

We are pleased to inform you that the Association concurs with your request, and proposes to amend the Financing Agreement by way of this Amendment Letter, as set out below:

1. The header of the first and second pages of the Financing Agreement is deleted in its entirety and replaced by the following:

   “ORIGINAL GRANT NUMBER D410-TV
   ADDITIONAL GRANT NUMBER D646-TV”

2. Section 2.01 of Article II of the Financing Agreement is deleted in its entirety and replaced by the following:

   “2.01. The Association agrees to extend to the Recipient a grant in amount equivalent to fourteen millions five hundred thousand Special Drawing Rights (SDR 14,500,000) ("Original Grant") and an additional grant in an amount equivalent to one million nine hundred thousand Special Drawing Rights (SDR 1,900,000) ("Additional Grant") (Original Grant and Additional Grant, collectively, the collectively, “Financing”) which are deemed as Concessional Financing for the purposes of the General Conditions, to assist in financing the project described in Schedule 1 to this Agreement ("Project").”

3. All references to “Ministry of Communications and Transport” throughout the Financing Agreement are deleted and replaced with “Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster”.

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4. Section I.A.1. of Schedule 2 to the Financing Agreement is deleted in its entirety and replaced with the following:

"Joint Task Force

1. The Recipient shall maintain, until the Closing Date, the Joint Task Force, with a mandate, composition and resources satisfactory to the Association, which shall be: (a) responsible for, inter alia, providing general sector oversight for the Project; (b) chaired by the Chief Executive Officer of the Ministry of Public Works, Infrastructure, Environment, Labour, Meteorology and Disaster, or their representative; and (c) comprised of representatives from, inter alia, the Ministry of Local Government, Ministry of Finance, Ministry of Transport, Energy and Tourism, Department of Public Works, Department of Marine Services and Department of Environment.

5. The withdrawal table detailed in Section III.A of Schedule 2 to the Financing Agreement is amended to read as set forth in Attachment 1 to this Amendment Letter.

6. Section III.B.1(a) of Schedule 2 to the Financing Agreement is amended to read as follows:

“(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR870,000 may be made for payments made prior to this date but on or after February 7, 2018, for Eligible Expenditures under Category (1); and”

7. The definition in paragraph 14 ("General Conditions") of the Appendix to the Financing Agreement is amended to read as follows:


Except as specifically amended by this Amendment Letter, all other provisions of the Financing Agreement shall remain in full force and effect.

Please confirm the Recipient’s agreement to the amendments set out above by having an authorized representative of the Recipient countersign and date the two originals of this Amendment Letter, and returning one fully countersigned original of this Amendment Letter to the Association.

This Amendment Letter shall not become effective until evidence satisfactory to the Association has been furnished to the Association that:

(a) the Project Operations Manual has been updated to reflect the current Project indicators acceptable to the Association; and

(b) the execution and delivery of this Amendment Letter on behalf of the Recipient has been duly authorized or ratified by all necessary actions and delivered on behalf of the
Recipient, and this Amendment Letter is legally binding upon the Recipient in accordance with its terms. As part of the evidence to be furnished pursuant to the foregoing, there shall be furnished to the Association an opinion or certificate satisfactory to the Association confirming on behalf of the Recipient, that this Amendment Letter has been duly authorized by, and executed and delivered on behalf of the Recipient, and is legally binding upon the Recipient in accordance with its terms.

This Amendment Letter shall enter into effect on the date upon which the Association dispatches to the Recipient notice of its acceptance of the evidence required pursuant to the preceding paragraph; provided, however, that if the Association has not dispatched such notice by the date ninety (90) days after the countersignature date of this Amendment Letter (or such later date which, after consideration of the reasons for the delay, the Association has confirmed in writing is acceptable to the Association in its sole discretion) for any reason, this Amendment Letter and all obligations of the parties under it shall terminate.

Sincerely,

Michel Kerf
Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:

TUVALU

By
Authorized Representative
Name: Seve Paeniu
Title: Hon Mr
Date: 15-Jun-2020
## ATTACHMENT 1

*Amendments to the table detailed in Section III.A of Schedule 2 to the Financing Agreement*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Grant Allocated (expressed in SDR)</th>
<th>Amount of the Additional Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, operating costs and training and workshops for the project</td>
<td>12,600,000</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>0</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07(a) of the General Conditions</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part 4 of the Project</td>
<td>1,900,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>14,500,000</strong></td>
<td><strong>1,900,000</strong></td>
<td></td>
</tr>
</tbody>
</table>