

TF096103



**THE
WORLD
BANK**

Level 19, 14 Martin Place
CML Building
SYDNEY NSW 2000
AUSTRALIA
Telephone (61-2) 9223 7773
Fax (61-2) 9223 9903

December 24, 2012

Honorable Charlot Salwai
Minister of Finance and Economic Management
Ministry of Finance and Economic Management
Private Mail Bag 058
Port Vila, Vanuatu

**Re: Vanuatu: Grant Agreement for the Readiness Plan
Readiness Fund of the FCPF
R-PP Formulation and Readiness Preparation
FCPF Grant No. TF096103**

Excellency:

We refer to the Grant Agreement dated March 31, 2010 between the Republic of Vanuatu ("Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility, for the above-referenced activity ("Agreement"), as amended to date. We also refer to your letter dated November 20, 2012 requesting the World Bank to extend the Closing Date to complete the above mentioned activity. We further propose to amend the Agreement to reflect certain changes related to audit of the Financial Statements. Accordingly, the Agreement is amended as set out below.

1. Section 3.03 of the Annex to the Agreement is amended as follows:

"3.03. *Withdrawal Period.* The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2013."

2. Section 2.04(b) of the Annex to the Agreement is amended to read as follows:

"(b) The Recipient shall have its Financial Statements for the Formulation Activities audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The first audit of the Financial Statements shall cover the period from the date of effectiveness of this Agreement to December 31, 2012 and said audited Financial Statements shall be furnished to the World Bank not later than six (6) months after the end date of the said first audit period. The second and subsequent audits of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for the second and subsequent audits shall be furnished to the World Bank not later than six (6) months after the end of each fiscal year of the Recipient."

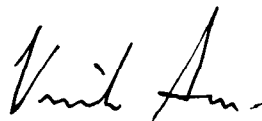
Unless the context otherwise requires and except where otherwise defined in this amendment letter, all capitalized terms contained herein shall have the meanings given to them in the Agreement.

All other provisions of the Agreement, except as revised herein, remain unchanged.

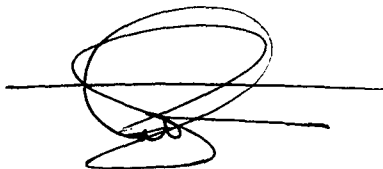
Please confirm your agreement to the amendments set out above by signing, or arranging for an authorized representative of the Recipient to sign, the form of confirmation set out below, returning one fully executed original of this amendment letter to us at your earliest convenience and retaining one original for your records.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**
Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility



Vivek Suri
Acting Country Director
Timor-Leste, Papua New Guinea
and Pacific Islands Operations
East Asia and Pacific Region



AGREED:
REPUBLIC OF VANUATU

By Minister of Finance & Economic Management
Authorized Representative
Name Mr Charlot Salwai
Title Minister
Date: 16/01/2013