



Asian Development Bank

PACIFIC DEPARTMENT

09 June 2017

Mr. Tony Amos Sewen
Acting Director General
Ministry of Finance and Economic Management
Private Mail Bag 9052
Port Vila
Vanuatu

Dear Mr. Sewen:

Subject: **Grant No. 0526-VAN(EF): Port Vila Urban Development Project – Additional Financing - Amendment to the Grant Agreement**

1. We refer to the Grant Agreement (Externally Financed) dated 16 February 2017 with Grant No. 0526(EF) ("Grant Agreement") between Republic of Vanuatu ("Recipient") and Asian Development Bank ("ADB") for the Port Vila Urban Development Project – Additional Financing ("Project"). All capitalized terms used but not defined herein have the meaning given thereto in the Grant Agreement, unless the context requires otherwise.

2. ADB approved on 24 May 2017, changes in implementation arrangements under the Project, including permitting retroactive financing under the Project. To give effect to these changes, ADB proposes that the following revisions to the Grant Agreement:

(i) Section 1.02 of the Grant Agreement is hereby deleted and substituted with the following:

"Whenever used in this Grant Agreement, the several terms defined in the Grant Regulations and the Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings:

- (a) "Consulting Services" means the services to be financed out of the proceeds of the Grant as described in paragraph 2 of Schedule 1 to this Grant Agreement; and
- (b) "Works" means construction or civil works to be financed out of the proceeds of the Grant, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

- (ii) The following clause is hereby inserted as paragraph 5 of Schedule 2 to the Grant Agreement:

"Retroactive Financing

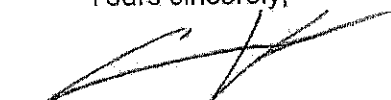
5. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 6 months before the date of this Grant Agreement in connection with Civil Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Grant amount."

3. Save and except to the extent set out above, the Grant Agreement remains unchanged.

4. Pursuant to ADB's Public Communications Policy on disclosure and exchange of information, the amendment to the Grant Agreement will be posted on ADB's website within 2 weeks from the date that the amendment becomes effective, after removing any information that falls within the PCP exceptions as specified by the Recipient.

5. Please indicate the concurrence of the Recipient to the amendment set out above by countersigning each of the two original of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendment shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,



for XIANBIN YAO
Director General
Pacific Department

A. Accepted and agreed.

B. Confirmed that the amendment to the Grant Agreement does not contain information falling within the PCP exceptions.

For and on behalf of
REPUBLIC OF VANUATU

Name: Letet August

Designation: Director General

Date: 16.06.2017

