Hon. Don Pomb Polye, MP
Minister for Treasury
Department of Treasury
Vupindi Haus, 4th Floor
P.O. Box 542
Waigani, 131 NCD
Papua New Guinea

Honorable Minister:

Re: PNG Small and Medium Enterprise Access to Finance Project
IDA Credit No. 4928-PG (P120707)
Notification of Administrative Oversight

We refer to the Financing Agreement ("the Agreement") dated June 14, 2011, for the above-mentioned Project between the Independent State of Papua New Guinea ("the Recipient") and the International Development Association ("the Association").

We wish to notify you that due to an administrative oversight within the Agreement, there is a typographical error in the table on Paragraph A.2 of Section IV of Schedule 2 of the Agreement. The percentage of expenditures to be financed in Category 3 should read as "100% of amounts disbursed" as shown in the table below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Performance Based Grants to PFIs</td>
<td>970,000</td>
<td>100% of amounts disbursed</td>
</tr>
</tbody>
</table>

At this point, we would like to clarify that notwithstanding the above change, the agreed cost sharing arrangement between the Department of Commerce, Trade and Industry and the Participating Financial Intermediaries (PFIs) under the Performance-Based Grant Agreements shall remain to be implemented.
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date this Letter of Amendment, and return a copy of the countersigned Letter to the Association.

Sincerely yours,

Ulrich Zachau
Acting Country Director
Timor-Leste Papua New Guinea and the Pacific Islands
East Asia and Pacific Region

AGREED
INDEPENDENT STATE OF PAPUA NEW GUINEA

Authorized Representative

Name

Date

21/12/12
c::

Hon. Charles Abel, Minister for National Planning
Hon. Richard Maru, Minister for Commerce and Industry
Mr. Peter Kora, Secretary for National Planning & Monitoring
Mr. Simon Tosali, Secretary, Department of Treasury
Mr. Stephen Gibson, Secretary, Department of Finance
Mr. Reichert Thanda, First Assistant Secretary for Foreign Aid Coordination & Multilateral Relations, Department of National Planning & Monitoring
Mr. Koney Samuel, Assistant Secretary for Multilateral Branch, Department of National Planning and Monitoring
Mr. Martin Pomat, Senior Aid Coordinator World Bank Desk in Multilateral Branch, Department of National Planning & Monitoring
Mr. John Uware, First Assistant Secretary for Financial Management Division, Department of Treasury
Mr. Jeffrey Walua, Assistant Secretary for Accounts and Settlement Branch, Department of Treasury
Mr. Damien Horiambe, Assistant Secretary for Loans Execution Division, Department of Treasury