Hon. Patrick Pruaitch  
Minister of Treasury  
Ministry of Treasury  
Vulupindi Haus 4th floor  
PO Box 542  
Waigani, 131 NCD  
PAPUA NEW GUINEA

Dear Minister,

Independent State of Papua New Guinea: Rural Communications Project (Credit 4791-PG)  
Amendment to Financing Agreement

We refer to the Financing Agreement dated August 9, 2010 ("Agreement"), as amended to date, between the Independent State of Papua New Guinea ("Recipient") and the International Development Association ("Association") for the Rural Communications Project ("Project"). We also refer to your letter dated May 1, 2014, requesting the Association to make changes to the Agreement.

We are pleased to inform you that the Association concurs with your request. Accordingly, the Agreement is amended as follows:

1. Section 3.01 is amended to read as follows:

   "3.01  The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement."

2. Part 2(b) of Schedule 1 to the Agreement is amended to read as follows:

   "(b)  Carrying out of a Demonstration Project for improved internet access in targeted district centers in major geographic regions of the Recipient’s territory."

3. Part 3 of Schedule 1 to the Agreement is amended to read as follows:

   "Part 3: Technical Assistance for DCI

   Strengthening the capacity of DCI for ICT policy-making and implementation through the provision of advisory services, training, and technical support."

4. A new Part 4 is inserted after Part 3 in Schedule 1 to the Agreement to read as follows:

   "Part 4: Project Management

   Strengthening the capacity of NICTA for Project coordination, procurement, financial management, and supervision."
5. The following new paragraph 2 is inserted after Section I.A.1 to Schedule 2 to the Agreement:

"2. In order to ensure proper technical implementation of Part 3 of the Project, the Recipient shall maintain DC1, throughout the Project implementation period, to be responsible for technical and operational implementation of Part 3 of the Project."

6. The first paragraph of Section I.B.1 of Schedule 2 to the Agreement is amended to read as follows:

"1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Credit available to the Project Implementing Entity under a subsidiary agreement (the Subsidiary Agreement) between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include....."

7. Sections I.B.1(b) and (c) of Schedule 2 to the Agreement is amended to read as follows:

"(b) the Project Implementing Entity shall undertake to carry out the Project in accordance with the provisions of this Agreement, the Operations Manual and the Anti-Corruption Guidelines.

(c) the Recipient shall, through DC1, be responsible for the technical implementation of Part 3 of the Project."

8. The table in Section IV.A.2 of Schedule 2 to the Agreement is deleted in its entirety and replaced by the table attached below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Training, and Incremental Operating Costs for the Project</td>
<td>1,769,600</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Subsidy Payments</td>
<td>8,230,400</td>
<td>100% of the amounts disbursed for Outputs delivered as per the respective Service Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,000,000</td>
<td></td>
</tr>
</tbody>
</table>

9. The Closing Date set out in Section IV.B.3 of Schedule 2 to the Agreement is amended to August 31, 2017.

10. Paragraph 22 of Section I of the Appendix to the Agreement is deleted and the subsequent paragraphs renumbered accordingly.

Except as specifically indicated in this amendment letter, all terms and conditions of the Agreement otherwise 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 both enclosed copies of this amendment letter and returning one to the Association. Upon receipt by the Association of one fully executed original of this letter of amendment duly countersigned by an authorized representative of the Recipient, this letter of amendment shall become effective on the date of the Recipient's countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Juan Carlos Mendoza  
Acting Country Director  
Timor-Leste, Papua New Guinea & Pacific Islands  
East Asia and Pacific Region

AGRED:

INDEPENDENT STATE OF PAPUA NEW GUINEA

By:  

Authorized Representative

Name: HON. PATRICK PRUITT

Title:  

Date: 15 Sept. 2014