H. E. Keat Chhon  
Deputy Prime Minister  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Phnom Penh, Kingdom of Cambodia

Re: Public Financial Management and Accountability Project (Grant No. H241-KH)  
Reallocation of Financing Proceeds

Excellency:

We refer to the Financing Agreement dated February 13, 2007, as amended (the Agreement), between the Kingdom of Cambodia (the Recipient) and the International Development Association (the Association) for the above-mentioned project (the Project).

We received the letter of June 3, 2011 from Sok Saravuth, Steering Committee Secretariat Manager, Ministry of Economy and Finance, expressing the need for continued financial support for the Project. We also acknowledge receipt of the letter of May 20, 2011 from Vongsey Vissoth, Secretary General, Ministry of Economy and Finance, expressing the need for additional resources for the services of an International Procurement Agent.

In response to the requests, the Association hereby agrees to modify the Financing Agreement as set forth in the Annex to this Letter.

Except as specifically amended hereby, all other terms and conditions of the Financing Agreement shall remain unchanged and in full force and effect.
Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the enclosed copy of this letter and returning it to us. The amendment shall become effective as of the date of your confirmation.

Sincerely yours,

/is/: Paolo Gallo
Paolo Gallo
Acting Country Director, Cambodia
East Asia and Pacific Region

CONFIRMED:
KINGDOM OF CAMBODIA

By: /is/: Keat Chhon
Authorized Representative

Name: KEAT CHHON
Title: Deputy Prime Minister
Minister of Economy & Finance
Date: 09 AUG 2011
Annex
Amendment to the Financing Agreement (Grant No. H241-KH)

The table in paragraph 2 of Section IV.A of Schedule 2 to the Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants' services, training, workshops, study tours and Incremental Operating Costs for Parts A to D</td>
<td>5,197,000.00</td>
<td>100% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(2) Merit Based Pay Initiative payments (Part E)</td>
<td>530,112.11</td>
<td>0% from the date of this amendment onward</td>
</tr>
<tr>
<td>(2a) Priority Operating Cost under Part E of the Project</td>
<td>625,887.89</td>
<td>100% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(3) Goods, consultants' services, training, workshops, study tours, and incremental operating costs for Part F</td>
<td>50,000.00</td>
<td>100% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(4) Services of an International procurement agent</td>
<td>3,397,000.00</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9,800,000.00</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>