October 25, 2017

Hon. Charles Abel, MP
Deputy Prime Minister and Minister of Treasury
Department of Treasury
The Treasury Level 10
PO Box 542
Waigani 131, NCD
Papua New Guinea

Dear Deputy Prime Minister and Minister of Treasury,

Papua New Guinea: IDA Credit No. 5201-PG and GEF Grant No. TF014583
(PNG Energy Sector Development Project)
Additional Instructions: Disbursement (First Amendment)

I refer to: (i) the Financing Agreement (the “Financing Agreement”) between the Independent State of Papua New Guinea (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project, dated May 29, 2013, as amended; and (ii) the Global Environmental Facility (the “GEF”) Grant Agreement (the “Grant Agreement”) between the Recipient and the International Bank for Reconstruction and Development (the “IBRD”) (the Association and the IBRD, collectively, the “World Bank”), acting as Implementing Agency of the GEF for the above-referenced project, dated May 29, 2013, as amended (the Financing Agreement and the Grant Agreement, collectively, the “Agreements”). The Agreements provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of IDA Credit No. 5201-PG and GEF Grant No. TF014583 (collectively, the “Financings”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces the disbursement letter dated May 29, 2013, by (i) revising the Minimum Value of Applications for PNG Power Ltd, as set forth in paragraph II (v) below and (ii) revising the Designated Account Ceiling as set forth in paragraph II (vi) provided however that Attachments to the Disbursement Letter dated May 29, 2013 form an integral part of this Disbursement Letter.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financings:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

1818 H Street NW • Washington, DC 20433 USA
(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Agreements. Any changes to this date will be notified by the World Bank.

(iii) **Disbursement Condition (subsection 3.8).** Please refer to the disbursement conditions in the Agreements.

II. Withdrawal of Financing Proceeds

(i) **Authorized Signatures (subsection 3.1).** An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
Level 19, 14 Martin Place  
CML Building  
Sydney NSW 2000, Australia  

Attention: Country Director

(ii) **Applications (subsections 3.2 - 3.3).** Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitment together with a copy of the commercial bank letter of credit to the address indicated below:

The World Bank  
26th Floor, One Global Place  
5th Avenue corner 25th Street, Bonifacio Global City  
Taguig City, Philippines  

Attention: Loan Department

(iii) **Electronic Delivery (subsection 3.4)** The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) **Terms and Conditions of Use of SIDC to Process Applications.** By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting
 Documentation ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursement, Direct Payment and Special Commitment is PGK30,000 for Part I of the project and PGK30,000 for Part 2 of the Project

(vi) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3):
  - One Pooled Account for the Energy Division of the Department of Petroleum and Energy (DPE) for Part 1 of the Project under the Credit and Grant, but not for other funds
  - One Segregated Account for PPL for Part 2 of the Project under the Credit

- Currency of Designated Account (subsection 5.4): PNG Kina.

- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): A financial institutions acceptable to the World Bank.

- Ceiling (subsection 6.1):
  - DPE Account: PGK 200,000 for both Credit and Grant.
  - PPL Account: PGK 400,000 for Credit

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- For requests for Reimbursement
  - Statement of Expenditures in the form attached (Attachment 4) for payments against contracts that are not subject to the World Bank’s prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the World Bank’s prior review.

- For reporting eligible expenditures paid from the Designated Account:
  - Statement of Expenditures in the form attached (Attachment 4) for payments against contracts that are not subject to the World Bank’s prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the World Bank’s prior review.
  - A designated account reconciliation (Attachment 6) and related bank statement

- For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices
(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly.

IV. Other Important Information


If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact World Bank Loan Department at WFALN_Manila@worldbank.org using the above reference.

Sincerely,

[Signature]

Michel Kerf
Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region