March 11, 2011

Hon. Patrick Pruaitch
Minister of Treasury
Ministry of Treasury
P.O. Box 542
Waigani N.C.D.
PAPUA NEW GUINEA

Dear Minister,

Independent State of Papua New Guinea: Flexible and Open Distance Education Project
(Credit No. 4853-PG)
Amendment to the Financing Agreement

We refer to the Financing Agreement ("Agreement") dated March 3, 2011, as amended, between the Independent State of Papua New Guinea ("Recipient") and the International Development Association ("Association") related to the Flexible and Open Distance Education Project (the "Project"). We refer also to your letter dated August 12, 2014 requesting the Association to restructure the Project to facilitate implementation, including amending the Project development objective and Project description.

The Association supports your request and proposes to amend the Agreement as set forth below in this letter of amendment (the "Letter of Amendment").

1. Schedule 1 ("Project Description"): The objective of the Project is amended to read as follows:

   "The objectives of the Project are (i) to align the distance education curriculum with the national curriculum; and (ii) to strengthen FODE’s information management system."

2. Schedule 1 ("Project Description"): The Project components are amended in their entirety as follows:

   "Part 1: Curriculum Development"

   (a) Development of curriculum writing/module for all Grades 7 – 12 subjects, including acquisition of curriculum development reference materials;

   (b) Alignment of revised curriculum with the national curriculum and the establishment of revised assessment rubrics for scoring and marking;

   (c) Conducting a trial of new Grade 7 – 10 curriculum, including printing of the new Grade 7-10 curriculum required for said trial; and
(d) Development of a curriculum roll-out strategy.

Part 2: Information Management Infrastructure

(a) Carrying out an information technology needs assessment, and based on the results of such assessment, the establishment and implementation of an information technology plan;

(b) Establishment of network connectivity between all 22 provincial FODE centers and headquarters, and alignment of FODE’s information and communication technology (ICT) with the wider, NDOE ICT policy; and

(c) Remodeling/upgrading of FODE’s existing student information system and provision of related training in data collection and entry.

Part 3: Project Management, Monitoring and Evaluation

Provision of technical and operational assistance for the day-to-day management and operation of Project activities, including Project implementation planning, budgeting, progress reporting, financial management and procurement, including audits, environmental and social safeguards arrangements, project supervision, monitoring and evaluation.”

3. Schedule 2 (“Project Execution”): Section I.D (“School Grants”) is deleted in its entirety.

4. Schedule 2 (“Project Execution”): Section II.A.1 is amended to read as follows (emphasis added):

   “1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the World Bank and set forth in the Results Framework. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.”

5. Schedule 2 (“Project Execution”): Section III.F (“Tutors”) is deleted in its entirety.

6. Schedule 2 (“Project Execution”): the Eligible Expenditures table in Section IV.A.2 is replaced by the following table:

<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>Goods, Consultants’ Services, Non-consulting Services, Training and Incremental Operating Costs</td>
<td>3,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,200,000</td>
<td></td>
</tr>
</tbody>
</table>
7. Appendix ("Definitions"): The following term in the Appendix to the Agreement is revised to read as follows:


8. Appendix ("Definitions"): The following term in the Appendix to the Agreement is revised to read as follows:

"3. "Consultant Guidelines" means: (a) except as provided in subparagraph (b) below, "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Credit, and for which the invitation to bid was issued prior to the date of this letter of amendment, "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006 and May 2010."

9. Appendix ("Definitions"): Definition No. 9 ("Handbook for Tutors and Distance Teachers") is deleted in its entirety and the subsequent definitions of the terms are renumbered accordingly.

10. Appendix ("Definitions"): The following term in the Appendix to the Agreement is revised to read as follows:

"12. "Procurement Guidelines" means: (a) except as provided in subparagraph (b) below, the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Grant, and for which the invitation to bid was issued prior to the date of this letter of amendment, "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006 and May 2010."

11. Appendix ("Definitions"): A definition of a new term is added as No. 16 in the Appendix to the Agreement as follows and the subsequent definitions of the terms are renumbered accordingly:

"16. "Results Framework" means the Recipient's framework, dated January 2015, setting forth the indicators and targets for purposes of monitoring and evaluation of the Project, as the same may be modified from time to time with the prior written concurrence of the World Bank, and such term includes any annexes, appendices, or schedules to such framework."

12. Appendix ("Definitions"): Definitions No. 16 ("School Grant"), No. 17 ("School Grant Agreement"), No. 18 ("School Grants Manual") and No. 19 ("Tutor Payments") are deleted in their entirety and the subsequent definitions of the terms are renumbered accordingly.
Unless the context otherwise requires and except where otherwise defined in this Letter of Amendment, all capitalized terms contained herein shall have the meanings assigned to them in the Agreement and the General Conditions.

All terms of the Agreement not hereby amended shall 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 the enclosed copy of this Letter of Amendment, and returning it to the Association. This Letter of Amendment shall become effective on the date of the Recipient’s countersignature.

Sincerely,

Franz R. Drees-Gross
Country Director
Papua New Guinea, Timor-Leste & Pacific Islands
East Asia and Pacific Region

AGREED:
INDEPENDENT STATE OF PAPUA NEW GUINEA

By: Authorized Representative
Name: PATRICK PRUITTH
Title: MINISTER FOR TREASURY
Date: 26/04/15