Dear Sirs and Mesdames:

In connection with the Financing Agreement (Financing Agreement) of this date between the Independent State of Papua New Guinea (Member Country) and International Development Association (Association) providing financing (Financing) for the above-captioned Project, and the General Conditions (General Conditions) made applicable to the Financing Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 5.01 of the General Conditions, the Member Country is required by the Association to report "long-term external debt" (as defined in the World Bank’s Debtor Reporting System Manual, dated January 2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the Association of new "loan commitments" (as defined in the DRSM) not later than 30 days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) once a year, not later than March 31 of the year following the year covered by the report.

2. We represent that, except as otherwise notified to the Association, no defaults exist in respect of any external debt (as defined in the DRSM). It is our understanding that, in making the Financing, the Association may rely on the representations set forth or referred to in this letter.
3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Association sign in the space provided below.

Very truly yours,

INDEPENDENT STATE OF PAPUA NEW GUINEA

[Signature]
Authorized Representative

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Authorized Representative