August 5, 2011

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 Reform Project
(MDTF Grant No. TF054547-KH)
Amendment to the Multi-Donor Trust Fund Grant Agreement

Excellency:

We refer to the Multi-Donor Trust Fund Grant Agreement dated August 11, 2005 and restated on June 27, 2007, as amended (the Grant 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 Visoth, 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 request, the Association hereby agrees to amend the Grant Agreement as set forth in the Annex to this Letter.

Except as specifically amended hereby, all other terms and conditions of the Grant 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,

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

CONFIRMED
KINGDOM OF CAMBODIA

/s/: Keat Chhon
Authorized Representative

Name: __Deputy Prime Minister__
Title: __Minister of Economy & Finance__
Date: __09 AUG 2011__
Annex

Amendments to the Grant Agreement (MDTF Grant No. TF054547-KH)

1. Section 2.01 of the Grant Agreement is amended to read as follows:

   “Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a Multi-Donor Trust Fund Grant in an amount equivalent to twelve million eight hundred and thirty five thousand United States dollars (US$ 12,835,000) as such amount may be increased up to an amount of United States dollars equivalent to the aggregate amounts committed by the Co-financiers, upon receipt and conversion by the Association, at the rate applicable on the date of such conversion of the total contributions from all Co-financiers and the addition of the income accrued to such contributions from time to time.”

2. Section 2.03 of the Grant Agreement is amended to read as follows:

   “Section 2.03. The Closing Date shall be April 11, 2012, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.”

3. The table in paragraph 1 of Schedule 1 to the Grant Agreement (Withdrawal of the Proceeds of the Grant) is amended to read as follows:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in United States Dollars)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, training, workshops, and study tours under Part A of the Project</td>
<td>1,515,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) MBPI Allowances, consultants’ services, training and workshops under Part B of the Project</td>
<td>1,353,544.55</td>
<td>0%</td>
</tr>
<tr>
<td>(2a) POC Allowances, consultants’ services, training and workshops under Part B of the Project</td>
<td>9,955.45</td>
<td>0% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(3) Incremental operating costs</td>
<td>50,100</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultants’ services, training, workshops, study tours and incremental operating costs (for Parts A to D)</td>
<td>7,399,143.41</td>
<td>0% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(5) Merit Based Pay Initiative payments (Part E)</td>
<td>506,756.59</td>
<td>0%</td>
</tr>
<tr>
<td>(5a) Priority Operating Cost (Part E)</td>
<td>2,000,000</td>
<td>0% or other percentage the Association may determine from time to time by notice to the Recipient</td>
</tr>
<tr>
<td>(6) NAA – Goods, consultants’ services, training, workshops, study tours and incremental operating costs (for Part F)</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>12,835,000</td>
<td></td>
</tr>
</tbody>
</table>