Financing Agreement

(Urban Youth Employment Project)

between

INDEPENDENT STATE OF PAPUA NEW GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 3, 2011
FINANCING AGREEMENT

AGREEMENT dated March 3, 2011 entered into between INDEPENDENT STATE OF PAPUA NEW GUINEA (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined, and modified, in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ten million one hundred thousand Special Drawing Rights (SDR 10,100,000) (the “Credit” or the “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (the “Project”).

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall, under the overall guidance of the Project Steering Committee, cause NCDC to carry out the Project (“Project Implementing Entity”) in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Project Steering Committee shall have been established in a manner, and with composition and powers, satisfactory to the Association;

(b) the Project Operational Manual, including the annex on financial management and accounting, shall have been adopted by NCDC, in form and substance satisfactory to the Association; and

(c) the Subsidiary Agreement shall have been entered into by the parties thereto, in form and substance satisfactory to the Association.
5.02. The Additional Legal Matter consists of the following: The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister for Treasury and Finance.

6.02. The Recipient’s Address is:

Department of Treasury  
Vulupindi Haus 4th floor  
P.O. Box 542  
Waigani, 131 NCD  
Papua New Guinea

Facsimile:

(675) 3128804  
(675) 3128808

6.03. The Association’s Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INDEVAS  
Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391

Washington, D.C.
AGREED at Port Moresby, Papua New Guinea, as of the day and year first above written.

INDEPENDENT STATE OF PAPUA NEW GUINEA

By/s/ Peter O’Neill

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By/s/ Ferid Belhaj

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Projects are: (a) to provide youth with temporary employment opportunities; and (b) to increase their employability.

The Project consists of the following parts:

Part I: Youth Job Corps

1. (a) Carrying out of a communication and community awareness campaign addressed to disadvantaged urban youth in the NCD on the requirements and procedures for participation in the Project;

(b) Identification and selection of Eligible Urban Youth for training under Part I of the Project and/or employment under Parts I and II of the Project;

(c) Training of Eligible Urban Youth on basic life skills for employment and understanding of the working environment; and

(d) Testing of the numeracy and literacy level of Eligible Urban Youth.


Part II: Skills Development and Employment Scheme

1. Provision of pre-employment training to Eligible Urban Youth, as needed for such Youth to enter the private or public sector as trainees, in the following fields:

(a) trade, industrial and commerce related employment; and

(b) basic bookkeeping, data entry, business practices, and information technology.

2. Provision of on-the-job training to Eligible Urban Youth with Eligible Employers, and issuance of competency certificates to the Eligible Urban Youth that successfully complete the on-the-job training.

Part III: Project Management
1. Provision of support to the Project Management Unit, including training and technical assistance for, inter alia:

   (a) the preparation of the Project Operational Manual and a management information system for the Project, and

   (b) financial and procurement management.

2. Strengthening the capacity of NCDC staff and the contractors implementing Subprojects in:

   (a) planning and overseeing of Project activities; and

   (b) Project monitoring and evaluation (including carrying out of surveys).
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Once established pursuant to Section 5.01(a) of this Agreement, the Recipient shall maintain throughout the period of Project implementation the Project Steering Committee to provide overall policy guidance and strategic direction for Project implementation, with the composition and powers described in the Project Operational Manual.

B. Subsidiary Agreement

1. The Recipient shall make the entire proceeds of the Credit available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include:

   (a) the entire proceeds of the Credit shall be made available by the Recipient to the Project Implementing Entity on a non-refundable grant basis;

   (b) the Project Implementing Entity shall undertake to carry out the Project in accordance with the provisions of this Agreement and the Project Operational Manual and the Anti-Corruption Guidelines;

   (c) the Recipient shall have the right to suspend or terminate the right of the Project Implementing Entity to the use of the proceeds of the Credit made available under the Subsidiary Agreement upon failure by the Project Implementing Entity to perform its obligations thereunder; and

   (d) in the event that any portion of the proceeds of the Credit provided to the Project Implementing Entity is not used for Eligible Expenditures or is otherwise used in breach of this Agreement, the Project Agreement, or the Subsidiary Agreement, the Project Implementing Entity shall, upon notice from the Recipient or from the Association, refund the notified amount to the account provided in such notice.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Project Operational Manual

1. The Recipient shall carry out, and shall cause the Project to be carried out by NCDC, in accordance with the Project Operational Manual, satisfactory to the Association, which shall include, inter alia:

   (a) the implementation and dispute resolution arrangements for the Project;

   (b) the eligibility, ranking and other criteria for the selection of Eligible Urban Youth, and for the financing of Stipends;

   (c) the eligibility and selection criteria for Subprojects and Eligible Employers;

   (d) financial management, disbursement and procurement requirements and procedures for the implementation, and the monitoring and evaluation, of the Project;

   (e) the Environmental and Social Management Framework (including the Community Communications Framework), and other special features of the Project to ensure that the Project activities are carried out in an environmentally and culturally appropriate manner; and

   (f) the Project monitoring indicators.

2. The Recipient shall not amend or waive any provision of the Project Operational Manual without the prior written agreement of the Association. In case of any inconsistency between the provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Environmental and Social Safeguards

(a) The Recipient shall carry out the Project in accordance with the Environmental and Social Management Framework;

(b) The Recipient shall ensure that the EMPs are prepared in accordance with the Environmental and Social Management Framework and carried out in accordance with their terms;
(c) Without limitation upon its obligations under Section II.A.1(a) of this Schedule 2, the Progress Reports to be delivered by the Recipient pursuant thereto shall include information for the Association on the progress made in the implementation of the Environmental and Social Management Framework and the EMPs and of any issues that may arise in connection with any thereof;

(d) The Recipient shall not amend the Environmental and Social Management Framework or any EMP without the prior written approval of the Association; and

(e) In case of any inconsistency between the Environmental and Social Management Framework or any EMP and the Financing Agreement or the Project Agreement, the terms of the Financing Agreement and the Project Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) 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 Association and set forth in a letter of even date herewith. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

(b) Without limitation to the provisions of paragraph (a) above the Recipient shall furnish to the Association:

(i) no later than three (3) months after the Effective Date, and by September 30 of each year thereafter, an annual work plan and budget thereof for each Part of the Project; and

(ii) no later than June 30, 2013, a mid-term report assessing progress in the implementation of the Project measured against Project design at appraisal and the agreed performance monitoring indicators.
B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-Consultant services. All goods, works and non-consultant services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

**C. Special Procedures for National Competitive Bidding**

The following provisions shall be applied in National Competitive Bidding:

**Participation in Bidding**

1. The eligibility of bidders shall be as defined under the Procurement Guidelines.

2. Government-owned enterprises in Papua New Guinea shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient or the Project Implementing Entity.

3. A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.

4. A firm which has been engaged by the Recipient or the Project Implementing Entity to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm’s consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor’s obligations under a turnkey or design and build contract.

5. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders or goods in bid evaluation.
Advertising; Time for Submission of Bids

6. Invitations to bid shall be advertised in at least one (1) newspaper of national circulation, allowing a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the date of availability of the bid documents or the date of the advertisement, whichever is later.

Bidding Documents

7. Until national standard bidding documents approved by the Association are available, bidding documents approved by the Association shall be used.

Bid Security

8. All bidders should provide bid security if indicated in the bidding documents, in the amount and form so indicated. A bidder’s bid security shall apply only to a specific bid. A bidder shall be permitted to withdraw or modify its bid prior to the bid submission deadline without forfeiting its bid security.

Classification of Contractors; Qualification; Post-qualification

9. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification is not carried out) shall be stated in the bidding documents and shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, as well as their financial position. Before contract award, the bidder having submitted the lowest evaluated, substantially responsive bid shall be subject to post-qualification.

Registration of Bidders

10. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable opportunity of registering, without any let or hindrance. Bidders shall not be required to register as a precondition for bidding.

Evaluation Criteria

11. Evaluation criteria shall be clearly specified in bidding documents, and evaluation criteria other than price shall be quantified in monetary terms.
Bid Submission, Opening; and Bid Evaluation

12. Bidders may submit bids, at their option, either in person or by courier service or by mail.

13. Bids shall be opened in public, immediately after the deadline for submission of bids. Bidders’ representatives shall be allowed to attend. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening. A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids. With respect to contracts which are subject to the Association’s prior review, the Project Implementing Entity shall promptly provide the Association a copy of the minutes of the public bid opening. No bid shall be rejected during the public bid opening. Bids received after the bid submission deadline shall be promptly returned unopened to the bidder.

14. The evaluation of bids shall be done in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the qualified bidder which submitted the lowest evaluated, substantially responsive bid.

15. No bid shall be rejected merely on the basis of a comparison with the owner’s estimate or budget ceiling without the Association’s prior written concurrence.

16. The Project Implementing Entity shall publish the following information on contract award on a free and open access website when that website becomes operational, or on another means of publication acceptable to the Association: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered, as well as the duration and summary scope of the contract awarded. This publication shall be updated at least quarterly.

Rejection of Bids

17. Rejection of all bids and re-bidding shall not be carried out without the Association’s prior written concurrence.

Extension of the Validity of Bids

18. In exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such cases, bidders shall not be requested nor permitted to amend the price or any other condition of their bids. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid securities, but bidders
granting such an extension shall be required to provide a corresponding extension of the validity of their bid securities.

No Contract Negotiations

19. There shall be no negotiation of contracts, even with the lowest evaluated bidder, without the Association’s prior concurrence. A bidder shall not be required, as a condition of award of contract, to undertake obligations not specified in the bidding documents, or otherwise to modify its bid as originally submitted.

Suppliers, Contractors and Subcontractors

20. The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

21. Each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

Conflict of Interest

22. Suppliers and contractors that have a business or family relationship with a senior member of the Project Implementing Entity’s staff may not be awarded a contract, unless the conflict of interest stemming from this relationship has been resolved in a manner satisfactory to the Association throughout the process of evaluation of the bids and the execution of the contract.

Bid Protest Mechanism

23. The Project Implementing Entity shall establish an effective bid protest mechanism related to the procurement process and contract award, acceptable to the Association that allows for bidder protests and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.
D. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Fixed Budget allocation</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

E. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

(a) each contract for goods, works or non-consultant services procured on the basis of International Competitive Bidding;

(b) each contract for goods, works or non-consultants services estimated to cost the equivalent of $100,000 or more procured on the basis of National Competitive Bidding;

(c) the first three (3) contracts each for goods, works or non-consultant services procured on the basis of Shopping;

(d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; and -
(e) each contract for consultants’ services provided by an individual based on a specific request by the Association and indicated in the Procurement Plan.

All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<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>(1) Consultants’ services, Training, goods, works, Stipends, and Incremental Operating Costs</td>
<td>10,100,000</td>
<td>100 %</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,100,000</td>
<td></td>
</tr>
</tbody>
</table>
3. Pursuant to the Loans and Assistance (International Agencies) Act, Chapter No. 132 of the Revised Laws of Papua New Guinea (the “Act”), and by this Agreement and the Project Agreement with the Association, the Recipient confirms that any persons, income, matter or thing that is directly engaged in and directly forms part of this Agreement or the Project Agreement with the Association, is exempt from any tax, duty, or imposition under the revenue laws administered by the Commissioner General of the Internal Revenue Commission. If any change is made to the Act that will affect this exemption from tax, duty or imposition under the Project, the Recipient shall notify the Association in writing.

4. For purposes of this Agreement:

   (a) the term “Incremental Operating Costs” means the reasonable and necessary incremental expenses incurred on account of Project implementation, support and management, which would not have been incurred absent the Project, included in an annual budget approved by the Association, including communications, utilities, stationary, transportation costs, accommodation and travel allowances of Project staff, but excluding salaries of the Recipient’s civil servants; and

   (b) the term “Training” means expenditures reasonably incurred by NCDC to finance training, workshops, reasonable transportation costs and per diem of trainees and trainers (if applicable), rental of training facilities, materials and equipment under the Project, all included in an annual budget approved by the Association.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

The Closing Date is April 30, 2016.
## SCHEDULE 3
### Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing March 15, 2021 to and including September 15, 2030</td>
<td>1.25%</td>
</tr>
<tr>
<td>commencing March 15, 2031 to and including September 15, 2045</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section 1. Definitions


2. “Category” means any of the categories set forth in the table in Section IV of Schedule 2 to this Agreement.

3. “Community Communications Framework” means the framework for free, prior and informed consultation during Project implementation set forth in the Project Operational Manual, as the same may be amended from time to time with the prior written agreement of the Association.


5. “Eligible Employer” means an enterprise, agency or organization operating in the Recipient’s formal sector which carries on legitimate, safe and healthy activities eligible for providing employment under the Project according to the eligibility criteria set forth in the Project Operational Manual.

6. “Eligible Urban Youth” means disadvantaged urban youth between the ages of 16 and 25 that at the relevant date neither work, nor study and who have limited social and economic opportunities and who meet the selection criteria specified in the Project Operational Manual to receive training and/or employment under Parts 1 and/or 2 of the Project.

7. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s environmental and social framework for the Project, dated April 6, 2010, setting forth, inter alia: (a) the proposed mitigation measures corresponding to the types of Project activities and guidelines on how these measures are to be incorporated into an EMP and be part of the civil works contracts, and (b) the Community Communications Framework, as each one thereof may be amended from time to time with the prior written agreement of the Association.

8. “Environmental Management Plan” or “EMP” means any plan prepared by the Recipient in accordance with the Environmental and Social Management Framework, as any such plan may be amended from time to time with the prior written agreement of the Association.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

10. “NCD” means the Recipient’s National Capital District referred to in Section 4 of the Recipient’s Constitution.

11. “NCDC” means the Recipient’s National Capital District Commission established and operating in accordance with the Project Implementing Entity’s Legislation.

12. “Project Management Unit” or “PMU” means the unit to be established within NCDC, and referred to in Section 1.A of the Schedule to the Project Agreement.


14. “Procurement Plan” means the NCDC’s procurement plan for the Project, dated November 17, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

15. “Project Operational Manual” means, collectively, the manual referred to in Section 5.01(b) and Section I.D of Schedule 2 to this Agreement, acceptable to the Association and to be adopted by NCDC setting out policies and procedures for the implementation of the Project, which manual shall include an annex on financial management and accounting, and as the same may be amended from time to time with the prior written agreement of the Association.

16. “Project Implementing Entity” means NCDC.

17. “Project Implementing Entity’s Legislation” means the Recipient’s National Capital District Commission Act 2001, that was certified and came into effect on December 14, 2001, and as amended to the date of this Agreement.

18. “Project Steering Committee” or “PSC” means the Project Steering Committee referred to in Section I.A of the Schedule 2 to the Financing Agreement.

19. “Stipend” means any money paid during the training and after completion of training to an Eligible Urban Youth in accordance with the Project Operational Manual.

20. “Subsidiary Agreement” means the agreement referred to in Section 5.01(c) and Section I.B of Schedule 2 to this Agreement pursuant to which
the Recipient shall make the entire proceeds of the Credit available to NCDC.

21. “Subproject” means any labor-intensive work in public roads or drainage networks and open space reserves in the NCD, including drain cleaning and vegetation control activities and any other activity that may be proposed by NCDC and that may be approved by the Association, and that is eligible for financing as a provider of on-the-job training, in each case in accordance with the provisions of the Project Operational Manual.

Section II. Modification to the General Conditions

Paragraph (a) of Section 2.05 is modified to read as follows:

“Section 2.05. Eligible Expenditures

(a) the payment is for the financing of the reasonable goods, works, services, Training, Incremental Operating Costs, and Stipends (as said terms are defined in the Financing Agreement) required for the Project, to be financed out of the proceeds of the Financing and procured, all in accordance with the provisions of the Legal Agreements;”.

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or
implementation of the project or any other project financed in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

Footnotes

13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines”.

15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.