Hon. Patrick Pruaitch, MP
Minister for Treasury
Ministry of Treasury
P.O. Box 542
Waigani N.C.D.
Papua New Guinea

Independent State of Papua New Guinea: Urban Youth Employment Project
(Credit No. 4854-PG)
Amendment to the Financing Agreement

Honorable Minister:

We refer to the Financing Agreement ("Agreement") for the Urban Youth Employment Project ("Project") dated March 3, 2011, as amended, between the Independent State of Papua New Guinea ("Recipient") and the International Development Association ("Association"). We also refer to your letter dated May 11, 2015, requesting the Association to provide an additional financing to finance new and scaled-up activities in support of the Project. Accordingly, the Association agrees to amend the Agreement as a result of the proposed additional financing to be provided from the Papua New Guinea Strategic Partnership Multi-Donor Trust Fund under a grant agreement to be entered into between the Recipient and the Association.

The Agreement is amended as set out below in this letter of amendment (the "Letter of Amendment").

1. The Project development objective in Schedule I to the Agreement is modified to read as follows:
   "The objectives of the Project are to provide urban youth with income from temporary employment opportunities and to increase their employability."

2. In Schedule I to the Agreement, a new paragraph (e) is added to Part I.1 of the Project as follows:
   "(e) Development and implementation of a sexual and gender-based violence policy."

3. In Schedule I to the Agreement, Part II of the Project is amended by adding two new activities as follows:
   "3. Carrying out of adult literacy and livelihoods training, including remedial literacy, numeracy, financial literacy, and entry-level employability in areas such as housekeeping and basic computing; and"
4. Provision of additional guidance and one-on-one coaching to Eligible Urban Youth to support decision making on employment and life transitions, including referrals to other social services, including health and employment services."

4. In Schedule 2 to the Agreement, Section II, paragraph A.1(a) is amended to read as follows:

"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 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 forty-five (45) days after the end of the period covered by such report."

5. In Schedule 2 to the Agreement, Section II, paragraph B.2 is amended to read as follows:

"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 quarter, in form and substance satisfactory to the Association."

6. In Schedule 2 of the Agreement, Section IV.B, the Closing Date is amended to read as follows:

"2. The Closing Date is October 31, 2018."

7. Definition numbers 4 and 13 in Section I of the Appendix to the Agreement are amended to read as follows:

"(4) "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.

(13) "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 Credit, 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."

8. A new definition of the term "Results Framework" is added at the end of Section I of the Appendix to the Agreement as follows:

"22. "Results Framework" means the framework dated June 2015 agreed with the Association, setting forth the indicators and targets for purposes of monitoring and evaluation of the progress of the Project, and referred to in Section II, paragraph A.1(a) of Schedule 2 to this Agreement, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes, appendices, or schedules to such framework."

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.

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-Grofs
Country Director
Timor-Leste, Papua New Guinea and Pacific Islands
East Asia and Pacific Region

AGREED:

INDEPENDENT STATE OF PAPUA NEW GUINEA

By

Authorized Representative

Name

Patrick Kaurai

Title

Min. Treas.

Date 22/01/2016