Papua New Guinea Strategic Partnership Multi-Donor Trust Fund
Project Agreement

(Additional Financing for the Urban Youth Employment Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Papua New Guinea Strategic Partnership Multi-
Donor Trust Fund

and

NATIONAL CAPITAL DISTRICT COMMISSION

Dated 22/01/2016
PROJECT AGREEMENT

Agreement dated 25/01/2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as Administrator of the Papua New Guinea Strategic Partnership Multi-Donor Trust Fund and NATIONAL CAPITAL DISTRICT COMMISSION ("Project Implementing Entity") ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") of same date between the Independent State of Papua New Guinea ("Recipient") and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions 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 Grant Agreement or the Financing Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 6.02 of the Standard Conditions, this Agreement and all obligations of the parties under it shall forthwith terminate when all such obligations have been fully performed.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the City Manager of the NCDC.

4.02. The World Bank's Address is:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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4.03. The Project Implementing Entity’s Address is:

National Capital District Commission
P.O. Box 7270
Boroko, National Capital District
Papua New Guinea

Facsimile:

(675) 323-0099

AGREED at Post Mooreby, 22/01/16, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of the Papua New Guinea Strategic Partnership Multi-Donor Trust Fund

By

[Signature]
Name: FRANZ R. DREES-GROSS
Title: COUNTRY DIRECTOR, EACNF

NATIONAL CAPITAL DISTRICT COMMISSION

By

[Signature]
Name: [Name]
Title: [Title]
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The NCDC shall maintain throughout the implementation of the Project, the Project Management Unit within NCDC, with powers and staffing satisfactory to the World Bank and as set forth in the Project Operational Manual.

2. The NCDC shall, prior to the financing of any Stipends for the carrying out of Subprojects, enter into a contract, on terms and conditions in substantial conformity with those specified in that regard in the Project Operational Manual, with an Eligible Employer to set forth their respective obligations in the implementation of the relevant Subproject, including, inter alia, the social and environmental requirements and NCDC’s obligations to pay the Stipends.

3. The NCDC shall maintain the financial management and information system to manage Project accounting and reporting satisfactory to the World Bank.

4. The NCDC shall maintain the internal audit advisor with qualifications and experience satisfactory to the World Bank.

5. The NCDC shall maintain the written arrangements concluded between NCDC and a commercial bank and a telephone operator, in each case under terms and conditions satisfactory to the World Bank, setting forth the bank’s and the operator’s respective obligations to assist in the payment of Stipends and the setting up of bank accounts and to comply with the fiduciary requirements of the Project, including the obligation to abide by the Anti-Corruption Guidelines and to allow for audits to be performed as needed.

B. Anti-Corruption

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

C. Project Operational Manual

1. The Project Implementing Entity shall:

   (a) carry out the Project in accordance with the provisions of the Project Operational Manual; and

   (b) not amend the Project Operational Manual without the prior written approval of the World Bank.
D. Environmental and Social Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the ESMF and the EMPs (if any).

2. If any activities proposed for inclusion under the Project would, pursuant to the ESMF, require the adoption of an EMP, the Project Implementing Entity shall ensure that no such activities shall be implemented unless and until an EMP for such activities (a) has been prepared, in accordance with the ESMF and furnished to the World Bank for review and approval, and (b) has been disclosed as required by the ESMF and approved by the World Bank.

3. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall, in accordance with terms of reference satisfactory to the World Bank: (a) monitor the status of compliance with the ESMF and any EMPs; and (b) prepare quarterly reports and furnish the same to the World Bank, as part of the Project Reports, on the results of such monitoring activities, giving details of:

   (i) measures taken in furtherance of such EMPs;

   (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such EMPs; and

   (iii) remedial measures taken or required to be taken to address such conditions.

4. The Project Implementing Entity shall afford the World Bank a reasonable opportunity to review the reports prepared under paragraph 3 of this Part D, and thereafter shall carry out or cause to be carried out, with due diligence, all remedial measures agreed with the World Bank so as to ensure the proper implementation of the Project in accordance with the ESMF and any EMPs.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank and referred in Section II.A.1 of Schedule 2 to the Grant Agreement. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later than forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient through the Project Management Unit to the World Bank of the overall Project Report.

   (b) The Project Implementing Entity shall: (i) not later than October 31, 2016 (or such other date as the World Bank may agree in writing), carry out a mid-term review...
of the Project and, prepare and furnish to the Recipient and the World Bank a mid-term report, in such detail as the Recipient and the World Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1(a) of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (ii) review with the World Bank such mid-term report, on or about the date one (1) month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the World Bank's views on the matter.

2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 2.06 of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the World Bank not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.