Financing Agreement

(Additional Financing for the Productive Partnerships in Agriculture Project)
(and Amendment to the Original Financing Agreement)

between

INDEPENDENT STATE OF PAPUA NEW GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 10, 2014
FINANCING AGREEMENT

AGREEMENT dated April 10, 2014, entered into between the INDEPENDENT STATE OF PAPUA NEW GUINEA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

This Agreement: (i) sets out the terms and conditions related to the Additional Financing for the Productive Partnerships in Agriculture Project; and (ii) amends specific provisions of the Original Financing Agreement (as such term is defined in the Appendix to this Agreement)

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined 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 nineteen million six hundred thousand Special Drawing Rights (SDR 19,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 15 and November 15 in each year.

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

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall:

(a) carry out Part 1(d) (ii) and (iii) of the Project through the Department of Agriculture and Livestock; and

(b) cause the CIC Components to be carried out by CIC and the Cocoa Board Components to be carried out by the Cocoa Board, respectively;

all in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.

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 Events of Suspension consist of the following:

(a) Any of the Project Implementing Entities' Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entities to perform any of their obligations under their respective Project Agreements.
(b) Any of the Partnerships shall have failed to perform any of their respective obligations under their respective Partnership Agreements.

4.02. The EU Grant Agreement and the Co-financing Agreement have failed to enter into effect within six (6) months of the effectiveness of this Agreement.

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

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The CIC Subsidiary Agreement has been executed on behalf of the Recipient and the CIC.

(b) The Cocoa Board Subsidiary Agreement has been executed on behalf of the Recipient and the Cocoa Board.

(c) Each of the Project Implementing Entity has submitted to the Association the audits of its financial statements for fiscal year 2012, in form and substance acceptable to the Association.

5.02. The Additional Legal Matters consist of the following, namely that, the Subsidiary Agreements have been duly authorized or ratified by the Recipient and the respective Project Implementing Entity and is legally binding upon the Recipient and the respective Project Implementing Entity in accordance with theirs 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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister for Treasury.
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: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at District of Columbia, United States of America, as of the day and year first above written.

INDEPENDENT STATE OF PAPUA NEW GUINEA

By

[Signature]
Authorized Representative
Name: PATRICK PALUMI
Title: [Official Title]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative
Name: [Official Name]
Title: [Official Title]
SCHEDULE 1

Project Description

The objective of the Project is to improve the livelihoods of smallholder cocoa and coffee producers supported by the Project.

The Project consists of the following parts:

Part 1: Institutional Strengthening and Industry Coordination

(a) Improving the performance of cocoa and coffee sub-sector institutions and enhancing industry coordination by building the capacity of the Industry Coordination Committees to support dialogue and policy development through, *inter alia*: (i) the carrying out of policy studies on priority topics proposed by the Industry Coordination Committees and approved by the Association and aimed to enable the structural changes required in the sectors; and (ii) the provision of training, technical assistance and operational support to such Committees, and CIC’s and the Cocoa Board’s staff.

(b) Improving transparency in the cocoa and coffee sub-sectors and supporting policy development through, *inter alia*: (i) the carrying out of targeted communication campaigns on key policy and farming practices needed changes; (ii) the strengthening of effective information management systems for the Cocoa Board and CIC to address the current gaps in the collection, generation and dissemination of technical and market information to stakeholders; and (iii) the provision of related technical assistance, training, data collection, surveys and information dissemination.

(c) Strengthening quality promotion in the cocoa and coffee industries and promoting, where appropriate, the adoption of certified sustainability practices through, *inter alia*: (i) retraining of cocoa fermentery owners, traders and inspectors working with exporters in view of the CPB impact on cocoa quality; (ii) carrying out of studies on export standards and licensing regulations in response to the impact of the CPB; (iii) a survey of fermenteries status, and improvements in the capacity of the Cocoa Board inspections; (iv) an analysis of options and benefits for farmers of differentiated coffees; (v) training of trainers to reduce the costs of certification in the Recipient’s territory and other assistance for certification; and (vi) the promotion of the Recipient’s products origin.

(d) Provision of technical advisory services, operational support and training to support: (i) the Project management and monitoring and evaluation
functions of the Cocoa Board Project Management Unit and the CIC Project Management Unit; (ii) the Project coordination and monitoring and evaluation functions of the Project Coordination Unit; and (iii) the operations of the Technical Appraisal Committee.

Part 2: Productive Partnerships

(a) Provision of Productive Partnership Grants to Partnerships to support Activities in Cocoa-growing Areas aimed to increase smallholder cocoa productivity, quality, and sustainability; improve cocoa-farming systems; and improve nutrition services in farmer communities; such Activities to include, among other things, training in good farming practices, production of improved planting material, improvement of functional literacy and numeracy, business skills and farm management, building capacity of extension agents and farmer groups and cooperatives, certification systems and post-harvest and processing.

(b) Provision of Productive Partnership Grants to Partnerships to support Activities such as those set forth in Part 2(a) above in Coffee-growing Areas aimed to increase smallholder coffee productivity, quality, and sustainability; improve coffee-farming systems; and improve nutrition services in farming communities.

(c) Provision of technical assistance for the preparation of Partnership proposals for financing by the abovementioned Productive Partnership Grants.

Part 3: Market Access Infrastructure

Improving the access to markets for the Partnerships supported by Productive Partnership Grants through:

(a) the identification and selection of the rehabilitation and maintenance needed to feeder roads, access tracks and other transport infrastructure linking farmers to markets; and

(b) carrying out of Priority Investments and training of communities in the maintenance of the Priority Investments.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Department of Agriculture and Livestock

The Recipient shall carry out overall Project coordination and monitoring through DAL.

2. Project Steering Committee

The Recipient shall maintain, throughout the period of Project implementation, the Project Steering Committee with: (a) composition and terms of reference satisfactory to the Association and further elaborated in the Project Implementation Manual; and (b) responsibility for providing overall policy guidance and strategic direction for the Project.

3. Project Coordination Unit

The Recipient shall, throughout the Project implementation period, maintain the Project Coordination Unit within DAL: (a) comprised of qualified and experienced staff in adequate numbers satisfactory to the Association and further elaborated in the Project Implementation Manual; and (b) with responsibility for the monitoring and evaluation of Project with the composition and powers described in the Project Implementation Manual; and

4. Industry Coordination Committees

The Recipient shall maintain, throughout Project implementation period, a Cocoa Industry Coordination Committee and a Coffee Industry Coordination Committee, with composition and terms of reference satisfactory to the Associations and further elaborated in the Project Implementation Manual with responsibility for overseeing cocoa and coffee matters, respectively.

5. Technical Appraisal Committees

The Recipient shall, through DAL, cause CIC Board and the Cocoa Board, respectively, to each maintain, throughout the period of Project implementation, its respective Technical Appraisal Committee with qualified and experienced staff in adequate numbers, each with composition and terms of reference satisfactory to the Association and as further described in the Project Implementation Manual.
B. Subsidiary Agreement

1. To facilitate the carrying out of each Project Implementing Entity's Respective Part of the Project, the Recipient shall make part of the proceeds of the Credit available to each Project Implementing Entity under a Subsidiary Agreement between the Recipient and each of the Project Implementing Entity, under terms and conditions approved by the Association, which shall include:

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

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

(c) the Recipient shall have the right to suspend or terminate the right of each Project Implementing Entity to the use of the proceeds of the Credit made available under each respective 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 each Project Implementing Entity is not used for Eligible Expenditures or is otherwise used in breach of this Agreement, its respective Project Agreement, or its respective 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 each 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, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of their 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 Implementation Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual, and unless otherwise agreed in writing by the
Association, the Recipient shall not amend or waive any provision of the Project Implementation Manual.

2. In case of any discrepancies between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Safeguards.

1. The Recipient shall take all necessary measures required on its part to ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments.

2. If any Project activities would, pursuant to the ESMF, require the preparation of an ESMP, the Recipient shall ensure that no such activities shall be implemented unless and until such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association.

3. If any RAP would be required for any Project activities on the basis of the RPF, the Recipient shall ensure that: (a) said RAP has been prepared in accordance with the requirements of the RPF, furnished to the Association for approval, and disclosed locally; and (b) no such activities shall commence until: (i) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (ii) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (iii) the Association has confirmed that said activities may be commenced.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the Safeguard Instruments; and (b) prepare and furnish to the Association, as part of each Project Report, a report on the results of such monitoring activities during the period covered by said Project Report, giving details of:

   (i) measures taken in furtherance of such Safeguard Instruments;

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

   (iii) remedial measures taken or required to be taken to address such conditions.
5. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 4 of this Part E, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 the indicators acceptable to the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of the period of six (6) months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. Without limitation to the provisions of paragraph 1 above the Recipient shall furnish to the Association:

   (a) 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

   (b) no later than three (3) months prior to the end of the second and fourth years of Project implementation, reports assessing progress in the implementation of the Project measured against Project design at appraisal.

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 quarter, 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 and Works. All goods and works 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.

4. Transitional Covenant: Notwithstanding the foregoing, any contracts for goods, works, consultants’ services and non-consulting services to be financed out of the proceeds of the Financing and for which the invitation to bid or the request for expressions of interest was issued prior to the date of this Agreement shall be procured in accordance with Section III of Schedule 2 to the Original Financing Agreement.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. 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, subject to the additional procedures set out in the Annex to this Schedule 2,</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Community Participation following the procedures described in the Project Implementation Manual</td>
</tr>
</tbody>
</table>
C. 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) Least-Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Individual Consultants</td>
</tr>
<tr>
<td>(f) Community Participation following the procedures described in the Project Implementation Manual</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. 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 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 Financing 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</td>
<td>4,030,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods and works</td>
<td>5,970,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Incremental Operating Costs</td>
<td>2,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Productive Partnership Grants</td>
<td>7,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>19,600,000</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 Agreements 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 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 and the Commissioner of the Customs Department. 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.

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.

2. The Closing Date is June 30, 2019.
ANNEX to SCHEDULE 2
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 a 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 a 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 relevant 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 a 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 relevant 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.
**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 May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2019 to and including November 15, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing May 15, 2029 to and including November 15, 2038</td>
<td>3.35%</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 I. Definitions

1. "Activity" means any activity eligible for financing by a Productive Partnership Grant (as defined hereafter) in accordance with the provisions of the Project Implementation Manual (as defined hereafter).


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


5. "CIC Components" means Part I (a), (b), (c) and (d)(i), Part 2(b) and (c) and Part 3 of the Project as they each relate to the coffee subsector.

6. "CIC Subsidiary Agreement" means the agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to the Coffee Industry Corporation.

7. "CIC Project Management Unit" means the unit, within CIC, referred to in Section 1.A of the Schedule to the CIC Project Agreement.

8. "Cocoa Board" means the Cocoa Board of Papua New Guinea established and operating in accordance with the Cocoa Act of 1981, as amended to the date of this Agreement, and any successor thereto.

9. "Cocoa Board Components" means Part 1 (a), (b), (c) and (d)(i), Part 2(a) and (c) and Part 3 of the Project as they each relate to the cocoa subsector.

10. "Cocoa Board Project Management Unit" means the unit, within the Cocoa Board, referred to in Section 1.A of the Schedule to the Cocoa Board Project Agreement.

11. "Cocoa Board Subsidiary Agreement" means the agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to the Cocoa Board.
12. "Cocoa-growing Area" means any of the cocoa growing areas in the Recipient’s territory that meet the criteria set forth in the Project Implementation Manual.

13. "Cocoa Industry Coordination Committee" means the committee referred to in Section I.A.4 of Schedule 2 to this Agreement.

14. "Coffee-growing Area" means any areas in the coffee growing areas in the Recipient’s territory that meet the eligibility criteria set forth in the Project Implementation Manual.

15. "Coffee Industry Coordination Committee" means the committee referred to in Section I.A.4 of Schedule 2 to this Agreement.


17. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of at least $22,000,000, to be provided by the Co-financier to assist in financing the Project, as such amount may be amended from time to time by agreement between the Recipient and the Co-financier.

18. "Co-financing Agreement" means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.


21. “DAL” means the Recipient’s Department of Agriculture and Livestock or any successor thereto.

22. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and “Displaced Persons” means more than one Displaced Person.

23. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s environmental and social framework for the Project dated December 5, 2013, setting forth, inter alia, the potential negative and positive Project
impacts and recommendations to prevent or minimize adverse social and environmental impacts, procedures to screen activities to be financed by the Credit, and guidelines for capacity building and monitoring, and including annexes containing the Indigenous Peoples Policy Framework, the Integrated Pest Management Plan, the RPF, as the same may be amended from time to time with the prior agreement of the Association, as such framework may be amended and/or supplemented from time to time with the prior written agreement of the Association.

24. "ESMP" means an environmental and social management plan, in form and substance satisfactory to the Association, to be prepared by the Recipient on the basis of the ESMF, and giving details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association; and "ESMPs" means, collectively, all or several such plans.

25. "EU Grant Agreement" means the agreement to be entered into between the Recipient and the European Union providing for co-financing for the Project.

26. "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.

27. "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, and transportation costs, and accommodation and travel allowances of Project staff, but excluding salaries of the Recipient's civil servants.

28. "Indigenous Peoples Policy Framework" means the framework, included in the ESMF, setting forth the special features to address indigenous peoples concerns in Project implementation, and guide the conduct of free, prior and informed consultation and ensure broad community support of the indigenous peoples, as such framework may be amended and/or supplemented from time to time with the prior written agreement of the Association.

29. "Industry Coordination Committees" means the Cocoa Industry Coordination Committee and the Coffee Industry Coordination Committee.
30. "Integrated Pest Management Plan" means the Recipient’s plan, included in the ESMF, setting forth the guidelines for pest management in the cocoa and the coffee sectors, as such plan may be amended and/or supplemented from time to time with the prior written agreement of the Association.

31. "Original Financing" means an amount equivalent to sixteen million four hundred thousand Special Drawing Rights (SDR16,400,000) provided by the Association to the Recipient under the Original Financing Agreement to assist in financing the Original Project.

32. "Original Financing Agreement" means the financing agreement for the Papua New Guinea Productive Partnerships in Agriculture Project between the Recipient and the Association, dated August 9, 2010, under which the Association provided to the Recipient the Original Financing.

33. "Original Project" means the Project described in the Original Financing Agreement.

34. "Part" means a Part of the Project as described in Schedule 1 to this Agreement.

35. "Partnership" means a partnership or association formed in accordance with the laws of the Recipient between: (a) a farmer group on the one hand; and (b) on the other hand an agribusiness or private sector firm or association engaged in the sector, a knowledge or service provider, a smallholder farmer cooperative or association or a multiple partnership involving more than two of the above, which meets the requirements of the Project Implementation Manual to receive a Productive Partnership Grant (as defined hereafter).

36. "Partnership Agreement" means any of the agreements referred to in Section I.C. of the Schedule to each of the Project Agreements.

37. "Priority Investment" means a road, path or other transport infrastructure rehabilitation activity eligible for implementation under Part 3 of the Project in accordance with the eligibility criteria and requirements of the Project Implementation Manual.


39. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated December 17, 2013 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.
40. “Productive Partnership Grant” means a grant made or to be made by CIC or the Cocoa Board to a Partnership under a Partnership Agreement for the implementation of an Activity under Part 2 (a) and (b) of the Project.

41. “Project Coordination Unit” means the unit within DAL and referred to in Section I.A.3 of Schedule 2 to this Agreement

42. “Project Implementation Manual” means the manual referred to in Section 5.01 (a) and Section I.D of Schedule 2 to this Agreement setting out policies and procedures for the implementation of the Project, including an annex on financial management and accounting, as the same may be amended and/or supplemented from time to time with the prior written agreement of the Association.

43. “Project Implementing Entity” means either or both of CIC and Cocoa Board as the context determines, and “Project Implementing Entities” means CIC and Cocoa Board.

44. “Project Implementing Entity’s Legislation” means, in the case of CIC, the Coffee Industry Corporation (Statutory Functions and Powers) Act No. 28 of 1991, and in the case of Cocoa Board, the Cocoa Act of 1981, all as amended to the date of this Agreement.

45. “Project Steering Committee” means the committee established by the Recipient in April 2008 and referred to in Section I.A.2 of Schedule 2 to this Agreement.

46. “RAP” means the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such RAP may be amended from time to time with the prior written agreement of the Association.

47. “Respective Part” means for CIC the CIC Components, and for the Cocoa Board the Cocoa Board Components.

48. “RPF” means the Recipient’s Resettlement Policy Framework, included in the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project, compensation, resettlement, and rehabilitation of Displaced Persons, as well as guidelines and procedures for the preparation of Resettlement Action Plans, as the same may be amended and/or supplemented from time to time with the prior written agreement of the Association.

50. "Subsidiary Agreement" means the agreements referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to each of the Project Implementing Entities, and "Subsidiary Agreements" means together, the CIC Subsidiary Agreement and the Cocoa Board Subsidiary Agreement.

51. "Technical Appraisal Committee" means each of the committees referred to in Section I.A.5 of the Schedule 2 to this Agreement.

52. "Training" means expenditures incurred by DAL, CIC and the Cocoa Board to finance reasonable costs of training including: transportation costs and per diem of trainees and trainers (if applicable), rental of training facilities, materials and equipment under the Project.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following
definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).

Section III Amendments to the Original Financing Agreement

The Original Financing Agreement is amended as follows:

1. The Project development objective in Schedule I to the Original Financing Agreement is amended to read as set out in Schedule I to this Agreement.

2. Section II.A of Schedule 2 to the Original Financing Agreement is amended to read as follows:

“A. Project Reports

(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 the indicators acceptable to the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of the period of six (6) months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.”

3. The Supplemental Letter for Monitoring Indicators dated ____ is now rescinded and replaced by the indicators specified in the Project Implementation Manual.

4. The Closing Date in Section IV.B.2 of Schedule 2 to the Original Financing Agreement is extended to June 30, 2019.