January 21, 2016

Hon. Patrick Pruaitch, MP
Minister for Treasury
Department of Treasury
Valupak Haus 4th Floor
P.O. Box 542
Waigani, 131 NCD
Papua New Guinea

Dear Sir,

In response to the request for financial assistance made on behalf of the Independent State of Papua New Guinea ("Recipient") and the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the State- and Peace-Building Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million six hundred thirty thousand United States Dollars (USD$2,630,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been satisfied, namely that the execution and delivery of (i) this Agreement on behalf of the Recipient; and (ii)
the Subsidiary Grant Agreement between the Recipient and the Mineral Resources Authority, referred to in Section 2.03.A.2 of the Annex to this Agreement.

Yours sincerely,

Stefanie Stallmeister
Country Manager
Papua New Guinea
East Asia and Pacific Region

AGREED:

INDEPENDENT STATE OF PAPUA NEW GUINEA

By

Authorized Representative

Name: PATRICK ARMOUR
Title: Minister for Treasury
Date: 21/01/2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement (including the cover letter to this Agreement and this Section) as follows:


(b) "Family Support Centers/Safe Houses" means specialized units associated with or housed within hospitals to provide care to survivors, equipped with staff specially trained to address the legal and psychological needs of survivors of family and sexual violence.

(c) "FSV" means Family and Sexual Violence.

(d) "Family and Sexual Violence Action Committee" or the acronym "FSVAC" means a committee which is part of a consultative implementation and monitoring council, composed of representatives from the government, private sector, non-government organizations, churches, and donors, and mandated to work towards reducing the occurrence of and suffering caused by physical, sexual and psychological violence, especially between family members in the home environment.

(e) "Family and Sexual Violence Steering Committee" or the acronym "FSVSC" means a local level committee consisting of volunteers from the health department, local police, judiciary, and community leaders, as well as representatives of the locally operating extractives companies, trained on various aspects of FSV prevention, awareness-raising and services, as well as delivery of effective training and counseling services.

(f) "Memorandum of Agreement" means a government required agreement in PNG, signed or to be signed between the government and each mining and petroleum company stipulating the terms of licensing or renewal.

(g) "Mineral Resources Authority" means the Recipient’s regulatory body that handles the regulatory and policy framework for mining.

(h) "Operating Costs" means operating costs required for the Project, as approved by the World Bank based on budgets approved by the World Bank including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of the Recipient’s civil service.
(i) "PNG" means the Independent State of Papua New Guinea.


(k) "Procurement Plan" means the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

(l) "Restoring Justice Initiative Association" or the acronym "RJIA" means an independent non-governmental organization operating in the Porgera Valley focusing on addressing law and order issues.

(m) "Special Projects Unit" means the unit within the Mineral Resources Authority, established under the Mineral Resources Authority Act of 2005, and for the purpose of this Project, the unit responsible for the implementation of the Project and referred to in Section 2.03.A of the Annex to this Agreement.


(o) "Subsidiary Grant Agreement" means the agreement referred to in Section 2.03.A.2 of the Annex to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Mineral Resources Authority for implementation of the Project.

(p) "Training" means the training activities financed under the Project attributable to seminars, study tours, and workshops, along with the cost of domestic and international travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to develop and improve mechanisms to provide better quality of care for survivors of family and sexual violence (FSV) in select extractive industries areas of Papua New Guinea, and to develop collaborative public-private approaches that aim to change norms around FSV and support survivors of FSV within the Papua New Guinea extractive sector. The Project consists of the following parts:

Part 1: Improving Access to Survivor-Centered Care and Changing Social Norms around FSV at the Community Level

(a) Carrying out of a formative research and preparation of a report that analyzes and identifies, inter alia: (i) the drivers of violence against women in extractive industries communities in PNG; (ii) methodologies for community level interventions to address drivers of violence against women, mainly in the areas of social norms; and (iii) availability of access to services for victims of FSV.
(b) Based on the findings from the formative research in Part 1(A) above, implement community-level training activities that focus on changing social norms towards FSV through an ongoing community-level intervention, including working with men and women.

(c) Carrying out of community-level activities to support, develop and train FSVSCs in 3-4 extractive industries communities; support the development of Family Support Centers and/or Safe Houses in approximately three (3) of the communities, all in coordination and consultation with community level actors, including men; and thereafter provide training to FSVSCs who will in turn conduct training for identified local service providers (including the police, hospital staff, judiciary, and local level governments).

Part 2: National-level Discussion on FSV in the Extractive Industry

(a) Supporting a government-led policy dialogue around FSV in the extractive industries, including government, local actors and extractive industries, with the objective to create a basis for policy action and public-private partnership around FSV in extractive communities, and to create an entry point for companies to develop coordinated action and policies around FSV, through:

(i) an assessment of the extractive industries sector to identify measures to discourage FSV without creating risks for survivors;

(ii) the drafting of extractive industries code of conduct on FSV and propose inclusion of FSV provisions in Memorandum of Agreements between the government and each petroleum and mining company; and

(iii) conducting a series of national and local level workshops, including: (A) an initial national level introductory conference to inform partners/stakeholders and to share information about the Project, including the initial findings of the formative research; (B) approximately three (3) workshops with industry, government, and key partners to develop and validate the concept and text of the draft extractive industries code of conduct and FSV provisions in the Memorandum of Agreements; (C) local workshops in each of the pilot communities; and (D) a concluding conference to share the outcome of the Project - final extractive industries code of conduct, Memorandum of Agreements, government and industry commitments and a five (5) year action/strategic plan to scale up the pilot.

Part 3: Communication and Knowledge Sharing

(a) Strategic Communications: Development of strategic communications tools to share information related to the Project, including on the development of the FSVSCs, Family Support Centers and Safe Houses, and on the extractive industries code of conduct.

(b) International Knowledge Sharing: Participation in South-South knowledge sharing and learning activities, including participation in learning tours, international conferences, and contribution to lessons learnt analysis for project stakeholders.
Part 4: Project Coordination and Management

Provision of support for Project management, including financial management, procurement, environmental and social safeguards arrangements, monitoring and evaluation, networking and coordination with other stakeholders and implementation partners.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Mineral Resources Authority ("Project Implementing Entity"), to carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); (c) this Article II; and (d) the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

2.03. Institutional and Other Arrangements.

A. Institutional Arrangements.

1. The Project Implementing Entity, particularly its Special Projects Unit shall be responsible for the overall implementation of the Project.

2. Subsidiary Agreement.

(a) To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity as a grant under a Subsidiary Grant Agreement between the Recipient and the Project Implementing Entity, under terms and conditions acceptable to the World Bank, which shall include the following:

(i) the proceeds of the Grant shall be made available by the Recipient to the Project Implementing Entity on a grant basis;

(ii) the Project Implementing Entity shall undertake to carry out the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering and social and environmental standards acceptable to the World Bank, and provide, promptly as needed, the funds, facilities and other resources required for the purpose;

(iii) 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 Grant made available under the Subsidiary Grant Agreement upon failure by the Project Implementing Entity to perform its obligations thereunder; and

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

(b) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

B. Other Arrangements.

1. Coordination.

(a) The Recipient shall and shall cause the Project Implementing Entity to ensure that appropriate coordination and inputs are obtained from relevant authorities of the Recipient and other stakeholders in the carrying of the Project, including FSVAC and RJIA.

(b) The Recipient shall and shall cause the Project Implementing Entity to take all measures necessary in the implementation of the Project to mitigate the inherent risks associated with addressing FSV in the Project communities, through engaging qualified experts on FSV, including local experts who understand the culture and sensitivity of FSV and drawing from best practices and lessons learned.

2. Safeguards.

(a) The Recipient shall and shall cause the Project Implementing Entity to ensure that each contract for minor works including renovation, rehabilitation and equipping of existing infrastructure of Family Support Centers/Safe Houses under the Project include the obligation of the relevant contractor and any sub-contractors to comply with the relevant provisions of national law and national environmental practices applicable to such minor works commissioned/awarded pursuant to said contract.

(b) The Recipient shall and shall cause the Project Implementing Entity to ensure that the following activities shall not be eligible to be carried out under the Project and to be funded under the Project: activities involving construction of new infrastructure and major rehabilitation works.

(c) The Recipient shall and shall cause the Project Implementing Entity to ensure that (i) all the terms of reference for any technical assistance or studies carried out under the Project are consistent with the World Bank’s environmental and social safeguards policies; and (ii) in drafting any guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies.
2.04. **Donor Visibility and Visit.**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor(s) to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall or shall cause the Project Implementing Entity to 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 the indicators set forth in Section II.A.1 of the Schedule to the Project Agreement. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall or shall cause the Project Implementing Entity to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. **Financial Management.**

(a) The Recipient shall or shall cause the Project Implementing Entity ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall or shall cause the Project Implementing Entity ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall or shall cause the Project Implementing Entity have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made, unless otherwise requested by the World Bank. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines in the case of goods and non-consulting services;
(ii) Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following method, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Selection of Individual Consultants; and (D) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the category of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to the Category, and the percentage of expenditures to be financed for Eligible Expenditures in the Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services, consultants' services, including for audit, Training and Operating Costs</td>
<td>2,630,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT**  
2,630,000

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2018.

**Article IV**  
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Minister for Treasury.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:  
(675) 3128804
4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391