Project Agreement

(Tourism Sector Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

TOURISM PROMOTION AUTHORITY

Dated 14th JULY, 2017
PROJECT AGREEMENT

Agreement dated 1/13/2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and TOURISM PROMOTION AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the INDEPENDENT STATE OF PAPUA NEW GUINEA ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General 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 IV of the General 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 Association 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 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its chief executive officer.

4.02. The Association’s Address is:

   International Development Association
   1818 H Street, NW
   Washington, DC 20433
   United States of America

   Facsimile: 1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

   PNG Tourism Promotion Authority
   Pacific MMI Building, Level 5,
   P.O. Box 1291, Port Moresby,
   Papua New Guinea

   Facsimile: (675) 320 0223
AGREED at ____________, 2026, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Lona Sur

Title: ACTING COUNTRY DIRECTOR

TOURISM PROMOTION AUTHORITY

By

Authorized Representative

Name: Jenay Agui

Title: CEO
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall maintain, throughout the Project implementation period, institutional arrangements satisfactory to the Association for implementing the Project. To this end, the Project Implementing Entity shall:

   (a) not later than December 15, 2017 recruit individual consultants with qualifications, experience and terms of reference satisfactory to the Association to assist the Project Implementing Entity in undertaking its Project coordination, fiduciary and safeguards support responsibilities; and

   (b) not later than eighteen (18) months after the Effective Date, recruit a Project Management Company in accordance with the provision of Section III of Schedule 2 of the Financing Agreement and under the terms of reference approved by the Association to support the overall Project implementation and coordination; fiduciary and safeguards compliance; construction supervision; and monitoring and evaluation activities.

2. Memoranda of Understanding with Participating Provinces

   Prior to the commencement of any Project activities in any of the Participating Provinces, the Project Implementing Entity shall enter into a memorandum of understanding with the corresponding Participating Province outlining the role and obligations of each party regarding implementation of the Project as further described in the Project Operations Manual.

3. Investment Sub-project Agreements

   (a) Prior to the commencement of any rehabilitation or construction activities in relation to a tourism infrastructure or heritage site under Part 2.1 of the Project, the Project Implementing Entity shall execute an Investment Sub-project Agreement between the Project Implementing Entity, the government of a Participating Province and a Local Level Government (or other agency that own a particular asset proposed to be rehabilitated) in the Participating Province.

   (b) Each Investment Sub-project Agreement shall: (i) detail the financing and implementation responsibilities of the Project Implementing Entity, the government of a Participating Province and a Local Level Government (or other agency that own a particular asset proposed to be rehabilitated) in the Participating Province including assignment of responsibility for operations and maintenance of such asset once it is rehabilitated; (ii) be consistent with the requirements detailed in the Project Operations Manual; and (c) be satisfactory to the Association in substance and form.
4. **Project Operations Manual**

(a) The Project Implementing Entity shall carry out the Project in accordance with the arrangements and procedures set out in the Project Operations Manual, and shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, the Project Operations Manual or any of its provisions without prior approval in writing by the Association.

(b) In the event of any conflict between the provisions of this Agreement, or the Financing Agreement and the provisions of the Project Operations Manual, the provisions of this Agreement or the Financing Agreement shall prevail.

5. **Training and capacity building plan**

(a) The Project Implementing Entity shall prepare and furnish to the Association not later than January 31 of each calendar year during the implementation of the Project (beginning in the calendar year 2018), a training and capacity building plan containing *inter alia:* (i) the objective and content of the Training and capacity building activities envisaged; (ii) the selection method of the institutions or individuals conducting such Training, and said institutions if already known; (iii) the expected duration and an estimate of the cost of said Training; and (iv) the selection method of the personnel who will attend the Training, and number and names of such personnel if already known.

(b) The Project Implementing Entity shall afford the Association a reasonable opportunity to exchange views with the Project Implementing Entity on each such proposed training plan and shall thereafter ensure that the all training and capacity building activities are implementing with due diligence during said following calendar year in accordance with such training and capacity building as shall have been approved by the Association ("Training Plan").

(c) The Project Implementing Entity shall not make or allow to be made any changes to the approved Training Plan without prior approval in writing by the Association.

(d) Without limitation on the provisions of paragraph (a) of this Section, the Project Implementing Entity shall prepare and furnish to the Association the first proposed training plan and required under the Project not later than six (6) month after the Effective Date.

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. Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguard Frameworks and any other Safeguard Instrument prepared or to be prepared by the Project Implementing Entity in accordance with sub-paragraph 2 below.

2. Whenever a Safeguard Instrument shall be required for any proposed Project activity in accordance with the provisions of any Safeguard Framework, the Project Implementing Entity shall:
   (a) prior to the commencement of such activity, proceed to have such Safeguard Instrument: (i) prepared in accordance with the provisions of the corresponding Safeguard Framework, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;
   (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Instrument; and
   (c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any Safeguard Framework or any Safeguard Instrument, unless the Association has provided its prior approval thereof in writing, and the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Project Implementing Entity shall ensure that:
   (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and
   (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.
5. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Safeguard Frameworks and the Safeguard Instruments, as applicable, giving details of: (a) measures taken in furtherance of the said documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

6. In the event of any conflict between the provisions of any of Safeguard Frameworks' and the Safeguard Instruments, and the provisions of this Agreement or the Financing Agreement, the provisions of this Agreement or the Financing Agreement shall prevail.

D. Community Grants

1. To ensure proper implementation of Part 2.2 of the Project, the Project Implementing Entity shall: (a) prepare a manual containing provisions guiding the operations and procedures of the Project's Community Grants scheme; (b) furnish to, and exchange views with, the Association and Recipient on such manual promptly upon its preparation; (c) adopt such manual as shall have been approved by the Association ("Community Grants Manual"); (d) implement Part 2.2 of the Project in accordance with the Community Grants Manual; and (e) not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Community Grants Manual or any of its provisions, without prior approval in writing by the Association.

2. The Project Implementing Entity shall make available Community Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and outlined in the Community Grants Manual for the purpose of carrying out Community Sub-projects under Part 2.2 of the Project.

3. The Project Implementing Entity shall make each Community Grant pursuant to a Community Grant Agreement between the Project Implementing Entity and the respective Beneficiary, on terms and conditions approved by the Association, and shall obtain rights adequate to protect its interests and those of the Association, including the right to:

   (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Community Grant, or declare to be immediately due and payable all or any part of the amount of the Community Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Community Grant Agreement; and
require each Beneficiary to:

(A) carry out its Community Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the applicable provisions of the Community Grants Manual, the Procurement Guidelines, the Consultant Guidelines, the ESMF, the Safeguard Assessments and Plans, and those provisions of the Anti-Corruption Guidelines applicable to the recipients of grant proceeds other than the Recipient;

(B) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods, works and services to be financed out of the Community Grant in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, and utilize such goods, works and services exclusively in carrying out of its respective activities under Part 2.2 of the Project and for the objectives thereof;

(D) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association and specified in the Community Grants Manual the progress of the Community Sub-project and the achievement of its objectives;

(E) (1) maintain records and accounts adequate to reflect the expenditures pertaining to its activities under the respective Community Sub-project and provide such information to the Project Implementing Entity, the Recipient and the Association upon request; and

(2) at the Association’s or the Project Implementing Entity’s request, have such records and accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records and accounts as so audited to the Project Implementing Entity, the Recipient and the Association;

(F) enable the Project Implementing Entity, the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and
prepare and furnish to the Project Implementing Entity, the Recipient and the Association all such information as the Project Implementing Entity, the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Project Implementing Entity shall exercise its rights under the Community Grant Agreement in such manner as to protect the interests of the Project Implementing Entity, the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate or waive any Community Grant Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project 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 Operations Manual. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association and the Recipient not later than forty five (45) days after the end of the period.

2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3. The Project Implementing Entity shall provide to the Recipient whatever support may be required to:

(i) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than thirty (30) months after the Effective Date, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(ii) review with the Association, not later than thirty one (31) months after the Effective Date, or such later date as the Association shall request, the report referred to in paragraph 1 of this Section, and, thereafter, the Project Implementing Entity shall take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.
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 Association, 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 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 Project Implementing Entity shall have its Financial Statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these Financial Statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited Financial Statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

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