

**OFFICIAL  
DOCUMENTS**

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**CREDIT NUMBER 6405-PG**

**Financing Agreement**

**(Urban Youth Employment Project II)**

**between**

**INDEPENDENT STATE OF PAPUA NEW GUINEA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 6405-PG**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between INDEPENDENT STATE OF PAPUA NEW GUINEA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-five million five hundred thousand Special Drawing Rights (SDR 25,500,000) (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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are March 15 and September 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 cause NCDC's Respective Part of the Project to be carried out by the National Capital District Commission ("NCDC") and LCA's Respective Part of the Project to be carried out by the Lae City Authority ("LCA") (NCDC and LCA shall be collectively referred to as the "Project Implementing Entities" and individually as a "Project Implementing Entity"), all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the respective Project Agreements.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.
- 4.02. For purposes of Section 10.05 (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 Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its minister at the time responsible for treasury.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Department of Treasury  
The Treasury Building 10<sup>th</sup> floor  
P.O. Box 542  
Waigani, 131 NCD  
Papua New Guinea; and

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+675 3133671	treasury_enquiries@treasury.gov.pg

- 5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

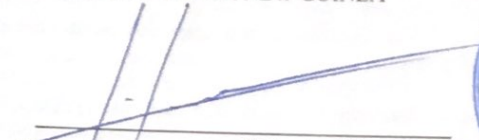
- (b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	
cdpngpacific@worldbank.org		

AGREED as of the Signature Date.

INDEPENDENT STATE OF PAPUA NEW GUINEA

By

  
Authorized Representative



Name: IAI LUGISAKI

Title: Treasurer

Date: 22 July 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

\_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

AGREED as of the Signature Date.

INDEPENDENT STATE OF PAPUA NEW GUINEA

By

\_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



\_\_\_\_\_  
Authorized Representative

Name: Michel Kerf

Title: Country Director

Date: 6 May 2020

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the capacity of participating young men and women in Project Areas to engage in productive income generating activities.

The Project consists of the following parts:

#### **Part 1. Youth Job Corps**

- (a) Carrying out community awareness and mobilization campaigns, communications, and related activities to inform youth on the procedures and requirements for participation under the Project and to identify eligible youth to participate under the Project.
- (b) Carrying out basic life skills and job readiness training for eligible youth to increase their knowledge and preparedness for transitioning into work place.
- (c) Providing eligible youth with short-term employment opportunities on urban infrastructure works and services.
- (d) Providing technical assistance to inform the design and implementation of violence prevention and/or labor mobility pilot initiatives.

#### **Part 2. Skills Training**

- (a) Providing eligible youth with internships on entry level jobs.
- (b) Providing eligible youth with vocational training to develop entry-level competencies in selected trades.

#### **Part 3. Referral Services and Monitoring and Evaluation**

- (a) (i) Providing screening and referral services to assist eligible youth to identify and access further employment, engagement in microenterprise services and training opportunities beyond the Project; and (ii) providing gender-based violence awareness training, and identifying and/or strengthening the Project's referral process for gender-based violence cases.
- (b) Carrying out surveys and related activities to evaluate the achievement of the Project's outcomes and impacts.

**Part 4. Project Management**

- (a) Providing technical and operational assistance, including carrying out capacity building activities and training, to support NCDC on Project management, implementation, coordination and communications and media.
- (b) Providing technical and operational assistance, including carrying out capacity building activities and training, to support LCA on Project management, implementation, coordination and communications and media.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

###### Project Steering Committee

1. The Recipient shall maintain, or caused to be maintained, throughout the Project implementation period, a Project Steering Committee, with terms of reference, composition and resources satisfactory to the Association, which shall be responsible for, *inter alia*, providing strategic and governance oversight of the Project, overseeing overall performance of the Project, facilitating policy discussion and coordination between agencies, and providing advice and guidance on the Annual Work Plans and Budgets. Without limitation to the generality of the foregoing, the Project Steering Committee shall be co-chaired by DPLGA and NYDA, and comprised of representatives from the Project Implementing Entities and other representatives set forth in the Project Operations Manual.

###### Memorandum of Understanding

2. To facilitate the implementation of the Project, the Recipient shall, by not later than thirty (30) days from the Effective Date, cause the Project Implementing Entities, DPLGA and NYDA to enter into a memorandum of understanding, in form and substance satisfactory to the Association, setting forth the understanding on the cooperation, implementation arrangements and roles and responsibilities of each party with respect to the implementation of the Project.

##### B. NCDC Subsidiary Agreement

1. To facilitate the carrying out of NCDC's Respective Part of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Categories (1) and (3) of the table set forth in Section III.A of this Schedule available to NCDC in the form of a grant under a subsidiary agreement between the Recipient and NCDC, under terms and conditions approved by the Association ("NCDC Subsidiary Agreement").
2. Without limitation to the generality of Section I.B.1 above, the NCDC Subsidiary Agreement shall include, *inter alia*, provisions pursuant to which: (a) NCDC shall undertake to carry out NCDC's Respective Part of the Project with due diligence and efficiency and in accordance with appropriate technical, economic, financial, engineering, managerial, environmental and social standards and practices acceptable to the Association, including in accordance with the provisions of this Agreement and the NCDC Project Agreement; and (b) the Recipient shall have the

right to suspend or terminate the right of NCDC to use the proceeds of the Financing made available under the NCDC Subsidiary Agreement, or obtain a refund of all or any part of the amount of the Financing made available under the NCDC Subsidiary Agreement then withdrawn, upon NCDC's failure to perform any of its obligations under the NCDC Subsidiary Agreement.

3. The Recipient shall perform its obligations and exercise its rights under the NCDC Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the NCDC Subsidiary Agreement or any of its provisions, or permit NCDC to do so.

**C. Implementation Arrangements for LCA's Respective Part of the Project**

1. To facilitate the carrying out of LCA's Respective Part of the Project, the Recipient shall, by not later than six (6) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), take the following actions:

- (a) The Recipient shall furnish to the Association the document(s), in form and substance satisfactory to the Association, demonstrating that LCA is authorized to undertake its roles and responsibilities under its Respective Part of the Project pursuant to the LCA Act and/or other relevant legislation.

- (b) The Recipient shall cause LCA to enter into a project agreement, in form and substance satisfactory to the Association, for the purpose of implementing LCA's Respective Part of the Project ("LCA Project Agreement").

- (c) (i) The Recipient shall enter into an agreement, under terms and conditions approved by the Association, with LCA for the purpose of making the proceeds of the Financing allocated from time to time to Categories (2) and (4) of the table set forth in Section III.A of this Schedule available to LCA in the form of a grant ("LCA Subsidiary Agreement").

- (ii) Without limitation to the generality of Section I.C.1(c)(i) above, the LCA Subsidiary Agreement shall include, *inter alia*, provisions pursuant to which: (A) LCA shall undertake to carry out LCA's Respective Part of the Project with due diligence and efficiency and in accordance with appropriate technical, economic, financial, engineering, managerial, environmental and

social standards and practices acceptable to the Association, including in accordance with the provisions of this Agreement and the LCA Project Agreement; and (B) the Recipient shall have the right to suspend or terminate the right of LCA to use the proceeds of the Financing made available under the LCA Subsidiary Agreement, or obtain a refund of all or any part of the amount of the Financing made available under the LCA Subsidiary Agreement then withdrawn, upon LCA's failure to perform any of its obligations under the LCA Subsidiary Agreement.

- (iii) The Recipient shall perform its obligations and exercise its rights under the LCA Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the LCA Subsidiary Agreement or any of its provisions, or permit LCA to do so.
- (d) The Recipient shall take all measures required on its part to cause LCA to:
  - (i) take the following actions to become operational: (A) appoint an accountant or accounting firm to perform its financial and accounting functions, and ensure that such accountant or accounting firm has commenced the work; (B) establish a bank account for its operations; (C) implement a functional accounting system; and (D) secure adequate funding to support its operations; and (ii) thereafter maintain such measures throughout the Project implementation period, all in a manner satisfactory to the Association.

#### **D. Project Operations Manual**

1. By not later than three (3) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), the Recipient shall cause the Project Implementing Entities to:
  - (a) prepare and furnish, through NCDC, to the Association, for its review and no-objection, a Project operations manual, which shall set forth, *inter alia*, the following detailed arrangements and procedures for the implementation of the Project: (i) institutional arrangements for day-to-day execution of the Project; (ii) preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Safeguards Instruments; (iv) budgeting, disbursement and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; (vi) eligibility, ranking and other criteria for the selection

of eligible youth, employers and/or training providers under the relevant parts of the Project, the financing of Stipends, and the selection of urban infrastructure works and services under Part 1(c) of the Project; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objective (“Project Operations Manual”);

- (b) afford the Association a reasonable opportunity to review the proposed Project Operations Manual; and
  - (c) adopt the Project Operations Manual as accepted by the Association.
2. The Recipient shall, and shall cause the Project Implementing Entities to, thereafter ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual, or permit any of the Project Implementing Entities to do so.
  3. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement and/or any of the Project Agreements, the provisions of this Agreement and the Project Agreements shall prevail, in that order of priority.

**E. Annual Work Plans and Budgets**

1. The Recipient shall cause the Project Implementing Entities to prepare and furnish, through NCDC, to the Association, by not later than December 1 of each year during the implementation of the Project (or such later interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan and Budget, which shall, *inter alia*: (a) list all activities (including Operating Costs, Stipends and Training and Workshops) proposed to be included in the Project for the following fiscal year of the Recipient; (b) provide a budget for their financing; and (c) describe the environmental and social safeguards measures taken or planned to be taken in accordance with the provisions of Section I.F of this Schedule.
2. The Recipient shall, and shall cause the Project Implementing Entities to, ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the respective fiscal year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement and/or any of the Project Agreements, the

provisions of this Agreement and the Project Agreements shall prevail, in that order of priority.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets, or permit any of the Project Implementing Entities to do so, unless the Association has provided its prior no-objection thereof in writing.

**F. Safeguards**

1. The Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that:
  - (a) the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments;
  - (b) for each activity under the Project for which the ESMF and the RPF provide for the preparation of an ESMP and a RAP:
    - (i) proceed to have such ESMP and RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
    - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP and RAP in a manner satisfactory to the Association; and
  - (c) all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that:
    - (i) funds are made available to cover all the costs of implementing the RAPs;
    - (ii) prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the RAPs, as applicable; and

- (iii) the implementation, monitoring and evaluation of such RAPs is completed and reported in a manner satisfactory to the Association.
- 2. The Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that the Project does not include any activities or expenditures on the negative list set forth in the ESMF.
- 3. The Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors to: (a) comply with the relevant aspects of Safeguards Instruments; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.
- 4. The Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines.
- 5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, and shall cause each of the Project Implementing Entities to:
  - (a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, *inter alia*:
    - (i) the status of implementation of the Safeguards Instruments;
    - (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and
    - (iii) corrective and preventive measures taken or required to be taken to address such conditions;
  - (b) promptly furnish to the Association a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and

- (c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.
- 6. Except as the Association shall otherwise agree in writing, the Recipient shall, and shall cause each of the Project Implementing Entities to, ensure that none of the provisions of the Safeguards Instruments be abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguards Instruments and the provisions of this Agreement and/or any of the Project Agreements, the provisions of this Agreement and the Project Agreements shall prevail, in that order of priority.
- 7. The Recipient shall, and shall cause each of the Project Implementing Entities to, maintain, throughout the Project implementation period, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

## **Section II. Project Monitoring, Reporting and Evaluation**

### Project Reports

- 1. The Recipient shall furnish, or caused to be furnished, to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

### Mid-Term Review

- 2. The Recipient shall carry out jointly with the Association and the Project Implementing Entities, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project (the "Mid-Term Review") to assess the status of Project implementation, as measured against the indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement and the Project Agreements. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements and Project staffing; and (vi) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:

- (a) prepare and furnish, or caused to be prepared and furnished, to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
- (b) review jointly with the Association and the Project Implementing Entities the report referred to in the preceding paragraph and thereafter take, and cause the Project Implementing Entities to take, all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

**Section III. Withdrawal of the Proceeds of the Financing**

**A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works for NCDC's Respective Part of the Project	4,440,000	100%
(2) Works for LCA's Respective Part of the Project	1,130,000	100%
(3) Goods, non-consulting services, consulting services, Operating Costs, Training and Workshops, and	15,450,000	100%



Stipends for NCDC's Respective Part of the Project		
(4) Goods, non-consulting services, consulting services, Operating Costs, Training and Workshops, and Stipends for LCA's Respective Part of the Project	4,480,000	100%
<b>TOTAL AMOUNT</b>	<b>25,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed three million eight hundred thousand Special Drawing Rights (SDR 3,800,000) may be made for payments made prior to this date but on or after July 1, 2019, for Eligible Expenditures under Categories (1) to (4); or
  - (b) under Category (1) unless and until the Association is satisfied that the Project Implementing Entities have adopted the Project Operations Manual, in form and substance satisfactory to the Association, in accordance with Section I.D.1 of this Schedule and Section I.C.1 of the Schedule to the Project Agreements; or
  - (c) under Category (2) unless and until the Association is satisfied that:
    - (i) the Project Implementing Entities have adopted the Project Operations Manual, in form and substance satisfactory to the Association, in accordance with Section I.D.1 of this Schedule and Section I.C.1 of the Schedule to the Project Agreements;
    - (ii) the Recipient has furnished to the Association the document(s), in form and substance satisfactory to the Association, demonstrating that LCA is authorized to undertake its roles and responsibilities under its Respective Part of the Project pursuant to the LCA Act

and/or other relevant legislation in accordance with Section I.C.1(a) of this Schedule;

- (iii) (A) the LCA Project Agreement has been entered into in accordance with the provisions of Section I.C.1(b) of this Schedule; (B) the LCA Subsidiary Agreement has been entered into in accordance with the provisions of Section I.C.1(c) of this Schedule; and (C) the Association has received legal opinion(s) or certificate(s) satisfactory to the Association confirming on behalf of the Recipient and LCA that the LCA Project Agreement and the LCA Subsidiary Agreement to which they are a party have been duly executed and delivered by them, ratified by all necessary governmental or corporate action and are legally binding upon them, in accordance with the respective terms thereof; and
- (iv) LCA has furnished to the Association the evidence to demonstrate that all measures set forth in Section I.C.1(d)(i)(A) to (D) of this Schedule for LCA to become operational have been completed, all in a manner satisfactory to the Association; or

(d) under Category (4) unless and until the Association is satisfied that:

- (i) the Recipient has furnished to the Association the document(s), in form and substance satisfactory to the Association, demonstrating that LCA is authorized to undertake its roles and responsibilities under its Respective Part of the Project pursuant to the LCA Act and/or other relevant legislation in accordance with Section I.C.1(a) of this Schedule;
- (ii) (A) the LCA Project Agreement has been entered into in accordance with the provisions of Section I.C.1(b) of this Schedule; (B) the LCA Subsidiary Agreement has been entered into in accordance with the provisions of Section I.C.1(c) of this Schedule; and (C) the Association has received legal opinion(s) or certificate(s) satisfactory to the Association confirming on behalf of the Recipient and LCA that the LCA Project Agreement and the LCA Subsidiary Agreement to which they are a party have been duly executed and delivered by them, ratified by all necessary governmental or corporate action and are legally binding upon them, in accordance with the respective terms thereof; and
- (iii) LCA has furnished to the Association the evidence to demonstrate that all measures set forth in Section I.C.1(d)(i)(A) to (D) of this

Schedule for LCA to become operational have been completed,  
all in a manner satisfactory to the Association.

2. The Closing Date is September 30, 2025.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15:	
commencing September 15, 2025 to and including March 15, 2045	1.65%
commencing September 15, 2045 to and including March 15, 2050	3.40%

\* 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 3.05(b) of the General Conditions.

## APPENDIX

### Definitions

1. “Affected Person” means a person or entity 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 of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Affected Persons” means more than one such Affected Person.
2. “Annual Work Plan and Budget” means each annual work plan and budget (including related cash forecasts) for the implementation of the Project accepted by the Association, referred to in Section I.E of Schedule 2 to this Agreement and Section I.D of the Schedule to the Project Agreements; and “Annual Work Plans and Budgets” means, collectively, all such plans and budgets.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “DPLGA” means the Recipient’s department responsible for provincial and local level government affairs, or any successor thereto.
6. “EHS Guidelines” means the World Bank Group Environmental, Health and Safety Guidelines published on [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines), as said guidelines are updated from time to time.
7. “Environmental and Social Management Framework” or its acronym “ESMF” means the Environmental and Social Management Framework, prepared and adopted by the Project Implementing Entities, satisfactory to the Association, disclosed in-country and the Association’s website on January 29, 2019, setting out the principles, rules, guidelines and procedures to screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues) of Project activities, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Project’s

risks and impacts; as well as for the preparation of the ESMPs, as such framework may be amended from time to time with the prior written agreement of the Association.

8. “Environmental and Social Management Plan” or its acronym “ESMP” means the environmental and social management plan to be prepared in accordance with the procedures and requirements under the ESMF, satisfactory to the Association, which details (a) the measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) the actions needed to implement measures, and as such plan may be amended from time to time with the prior written agreement of the Association; and “ESMPs” means, collectively, all such plans.
9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
10. “Lae Area” means the area defined under the LCA Act as the boundaries and jurisdiction of LCA, unless otherwise specified in the Project Operations Manual.
11. “Lae City Authority” or its acronym “LCA” means the Lae City Authority, established and operating pursuant to the LCA Act, which is responsible for implementing LCA’s Respective Part of the Project and which is a party to the LCA Project Agreement and the LCA Subsidiary Agreement; or any successor thereto which the Association has assessed and confirmed in writing is acceptable for the purpose of LCA’s Respective Part of the Project.
12. “LCA Act” means the Recipient’s Lae City Authority Act 2015, No. 11 of 2015.
13. “LCA Project Agreement” means the agreement between the Association and LCA relating to the implementation of LCA’s Respective Part of the Project, referred to in Section I.C.1(b) of Schedule 2 to this Agreement, as such agreement may be amended from time to time; and “LCA Project Agreement” includes the General Conditions as applied to the LCA Project Agreement, and all appendices, schedules and agreements supplemental to the LCA Project Agreement.
14. “LCA Project Management Unit” means the Project Management Unit established and operating within LCA, referred to in Sections I.A.1 and I.A.2 of the Schedule to the LCA Project Agreement.
15. “LCA Subsidiary Agreement” means the agreement between the Recipient and LCA, setting forth the respective obligations of the Recipient and LCA with respect to LCA’s Respective Part of the Project, referred to in Section I.C.1(c)(i)

of Schedule 2 to this Agreement and Section I.B.1(a) of the Schedule to LCA Project Agreement.

16. “LCA’s Respective Part of the Project” means, collectively: (i) Parts 1(a), 1(b), 1(c), 2 and 3 of the Project as they each relate to the carrying out of activities in the Lae Area; and (ii) Part 4(b) of the Project.
17. “Mid-Term Review” shall have the meaning ascribed to it in Section II.2 of Schedule 2 to this Agreement.
18. “National Capital District” means the National Capital District referred to in Section 4 of the Recipient’s Constitution.
19. “National Capital District Commission” or its acronym “NCDC” means the National Capital District Commission, established and operating pursuant to the Recipient’s National Capital District Commission Act 2001, No. 5 of 2001, as amended to the date of this Agreement, which is responsible for implementing NCDC’s Respective Part of the Project and which is a party to the NCDC Project Agreement and the NCDC Subsidiary Agreement; or any successor thereto which the Association has assessed and confirmed in writing is acceptable for the purpose of NCDC’s Respective Part of the Project.
20. “NCDC Project Agreement” means the agreement between the Association and NCDC relating to the implementation of NCDC’s Respective Part of the Project, as such agreement may be amended from time to time; and “NCDC Project Agreement” includes the General Conditions as applied to the NCDC Project Agreement, and all appendices, schedules and agreements supplemental to the NCDC Project Agreement.
21. “NCDC Project Management Unit” means the Project Management Unit established and operating within NCDC, referred to in Sections I.A.3 and I.A.4 of the Schedule to the NCDC Project Agreement.
22. “NCDC Subsidiary Agreement” means the agreement between the Recipient and NCDC, setting forth the respective obligations of the Recipient and NCDC with respect to NCDC’s Respective Part of the Project, referred to in Section I.B.1 of Schedule 2 to this Agreement and Section I.B.1 of the Schedule to the NCDC Project Agreement.
23. “NCDC’s Respective Part of the Project” means, collectively: (i) Parts 1, 2 and 3 of the Project as they each relate to the carrying out of activities in the National Capital District; and (ii) Part 4(a) of the Project.
24. “NYDA” means the National Youth Development Authority, established and operating pursuant to the Recipient’s National Youth Development Authority Act

2014, No. 28 of 2014, as such act may be amended from time to time, or any successor thereto.

25. “Operating Costs” means the reasonable incremental expenses incurred by any of the Project Implementing Entities on account of the implementation, management and monitoring and evaluation of the Project, based on the Annual Work Plans and Budgets accepted ex-ante by the Association, including rental of office space, bank charges, communications, advertising costs, utilities, stationery, vehicle operation, maintenance, insurance and transportation costs, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of any of the Recipient’s civil servants.
26. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
27. “Project Agreements” means, collectively, the NCDC Project Agreement and the LCA Project Agreement; and “Project Agreement” means either the NCDC Project Agreement or the LCA Project Agreement, as the context may require.
28. “Project Areas” means, collectively, the National Capital District and the Lae Area.
29. “Project Coordination Office” means the Project Coordination Office referred to in Sections I.A.1 and I.A.2 of the Schedule to the NCDC Project Agreement.
30. “Project Implementing Entities” means, collectively, NCDC and LCA; and “Project Implementing Entity” means either NCDC or LCA, as the context may require.
31. “Project Management Units” means, collectively, the NCDC Project Management Unit and the LCA Project Management Unit; and “Project Management Unit” means either the NCDC Project Management Unit or the LCA Project Management Unit, as the context may require.
32. “Project Operations Manual” means the Project’s manual, referred to in Section I.D of Schedule 2 to this Agreement and Section I.C of the Schedule to the Project Agreements, in form and substance satisfactory to the Association, to be adopted by the Project Implementing Entities in accordance with the provisions of the said sections; as said manual may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to the manual.
33. “Project Steering Committee” means the Project Steering Committee referred to in Section I.A.1 of Schedule 2 to this Agreement.



34. “Resettlement Action Plan” or “RAP” means the resettlement action plan to be prepared in accordance with the procedures and requirements of the RPF, which includes the principles, procedures, organizational arrangements and budget to implement the resettlement related activities under the Project, as said resettlement action plan may be revised from time to time with the prior written agreement of the Association; and “RAPs” means, collectively, all such plans.
35. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework prepared and adopted by the Project Implementing Entities, satisfactory to the Association, and disclosed on the Association’s website on January 29, 2019, which sets out the resettlement principles, guidelines, organizational arrangements (including consultation and budget), and design criteria for the preparation of RAPs under the Project, as such framework may be amended from time to time with the prior written agreement of the Association.
36. “Respective Part of the Project” means, for NCDC, NCDC’s Respective Part of the Project; and for LCA, LCA’s Respective Part of the Project.
37. “Safeguards Instruments” means, collectively, the ESMF, the RPF, the ESMPs and the RAPs; and “Safeguards Instrument” means any of such Safeguards Instruments.
38. “Safeguards Policies” means the Operational Policies (Ops) and Bank Procedures (BPs) of the Association, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at <https://policies.worldbank.org>.
39. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
40. “Stipend” means any money paid during the training and after completion of training to an eligible youth in accordance with the Project Operations Manual.
41. “Subsidiary Agreements” means, collectively, the NCDC Subsidiary Agreement and the LCA Subsidiary Agreement; and “Subsidiary Agreement” means either the NCDC Subsidiary Agreement or the LCA Subsidiary Agreement, as the context may require.
42. “Training and Workshops” means the reasonable costs of training and workshop activities under the Project, based on the Annual Work Plans and Budgets accepted ex-ante by the Association, including preparation and reproduction of training materials, rental of facilities, reasonable transportation costs, per diem of trainers

and trainees (if applicable), and any other expenses directly related to course preparation and implementation.