

CONFORMED COPY

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Cocoa Board Project Agreement

(Productive Partnerships in Agriculture Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

COCOA BOARD OF PAPUA NEW GUINEA

Dated August 9, 2010

COCOA BOARD PROJECT AGREEMENT

AGREEMENT dated August 9, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”) and COCOA BOARD OF PAPUA NEW GUINEA (the “Project Implementing Entity”) (the “Cocoa Board Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Independent State of Papua New Guinea (the “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, and modified, 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 objective of the Project. To this end, the Project Implementing Entity shall carry out the Cocoa Board Components 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 its Respective Parts of 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 its Respective Parts of 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 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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:
P.O. Box 532
Kokopo, East New Britain Province
Papua New Guinea

Facsimile:

(675) 982 8712

AGREED at Port Moresby, Papua New Guinea, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ferid Belhaj

Authorized Representative

COCOA BOARD OF PAPUA NEW GUINEA

By/s/ Lauatu Tautea

Authorized Representative

SCHEDULE

Execution of the Cocoa Board's Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Cocoa Board shall prior to initiating the implementation of the Cocoa Board Components, establish and thereafter maintain throughout the implementation of the Project, a Cocoa Board Project Management Unit with the powers set forth in the Project Implementation Manual and staffing satisfactory to the Association.

B. Anti-Corruption

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

C. Productive Partnerships under Part 2.(a) of the Project

1. The Cocoa Board shall provide Productive Partnership Grants to Partnerships in accordance with eligibility criteria and procedures acceptable to the Association and set out in the Project Implementation Manual.
2. The Project Implementing Entity shall provide each Productive Partnership Grant under a Partnership Agreement with the respective Partnership on terms and conditions approved by the Association, which shall include the following:
 - (a) The Productive Partnership Grant shall: (i) be denominated in Kina; and (ii) set forth the cost sharing arrangements.
 - (b) The Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:
 - (i) suspend or terminate the right of the Partnership to use the proceeds of the Productive Partnership Grant, or obtain a refund of all or any part of the amount of the Productive Partnership Grant then withdrawn, upon the Partnership's failure to perform any of its obligations under the Partnership Agreement; and

- (ii) require each Partnership to: (A) carry out the Activity 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 provisions of the Anti-Corruption Guidelines applicable to recipients of credit 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 Productive Partnership Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Activities and the achievement of its objectives; (E)(1) 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, resources and expenditures related to the Activities; and (2) at the Recipient's or the Association's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Association and the Project Implementing Entity; (F) enable the Recipient, the Association and the Project Implementing Entity to inspect the Activity, and the Partnership's operation and any relevant records and documents; and (G) prepare and furnish to the Recipient, the Association and the Project Implementing Entity all such information as the Recipient or the Association or the Project Implementing Entity shall reasonably request relating to the foregoing.
- 3. The Project Implementing Entity shall exercise its rights under each Partnership Agreement in such manner as to protect the interests of the Recipient, the Association and the Project Implementing Entity and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Partnership Agreement or any of its provisions.
- 4. The Project Implementing Entity shall, prior to the approval of a Priority Investment, make arrangements satisfactory to the Association for the maintenance of the infrastructure to be rehabilitated under the Priority Investment, and cause the parties to such arrangements to maintain the Priority Investments in accordance with the approved maintenance arrangements.

D. Project Implementation Manual

The Project Implementing Entity shall:

- (a) carry out the Project in accordance with the provisions of the Project Implementation Manual; and
- (b) not amend the Project Implementation Manual without the prior written approval of the Association.

E. Environmental and Social Safeguards

The Project Implementing Entity shall:

- (a) carry out the Project in accordance with the Environmental and Social Management Framework, including the Integrated Pest Management Plan, the Beneficiary Participatory Plan and the Compensation Policy Framework;
- (b) carry out any Environmental Management Plan and Compensation Plan prepared in accordance with the Environmental and Social Management Framework in accordance with their respective terms;
- (c) not amend the Environmental and Social Management Framework, including the Integrated Pest Management Plan, the Beneficiary Participatory Plan, and the Compensation Policy Framework , and any EMP or Compensation Plan without the prior written approval of the Association; and
- (d) inform the Association of the progress made in the implementation of the Environmental and Social Management Framework, including the Integrated Pest Management Plan, the Beneficiary Participatory Plan, and the Compensation Policy Framework,, and any EMP and Compensation Plan and of any issues that may arise.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Parts of the Project and prepare Project Reports for its Respective Parts of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association

and set forth in a letter of even date herewith. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient through the Project Management Unit to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than four months after the 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.

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 its Respective Parts of the Project.
2. 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 fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity's Respective Parts of 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.