

**OFFICIAL  
DOCUMENTS**

CREDIT NUMBER -5940-PG

**Project Agreement**

**(Water Supply and Sanitation Development Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**WATER PNG**

**Dated** *March 22*, 2017

## **PROJECT AGREEMENT**

Agreement dated *March 22*, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and WATER PNG (“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 Part 3 of 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 Part 3 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 Part 3 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 (20) years after the date of this Agreement.

### **ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity’s Representative is the Chief Executive and Managing Director.

4.02. The Association's Address is:

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

Telex:

Facsimile:

248423(MCI)

1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Water PNG  
Ground Floor & Level 2  
Petromin Haus  
Hubert Murray Highway  
P.O. Box 2779 Boroko  
National Capital District  
Papua New Guinea

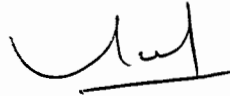
Facsimile:

+675 3236426

AGREED at PORT MORESBY, PAPUA NEW GUINEA, as of the day  
and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



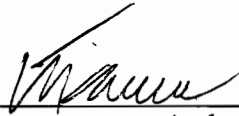
Authorized Representative

Name: MICHEL KERF

Title: COUNTRY DIRECTOR

WATER PNG

By



Authorized Representative

Name: RAIKA TAVINI

Title: Managing Director

## SCHEDULE

### Execution of Part 3 of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Project Implementing Entity shall maintain, throughout the Project implementation period, the PMU-WPNG with a mandate, composition and resources satisfactory to the Association. Without limitation on the foregoing, the PMU-WPNG shall be responsible for the implementation, financial management, procurement, environmental and social safeguards management, communication and monitoring and evaluation of Part 3 of the Project.
2.
  - (a) Not later than one hundred and twenty (120) days after the Effective Date, the Project Implementing Entity shall collate and adopt a PMU-WPNG Project Implementation Manual, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of Part 3 of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring and evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Part 3 of the Project.
  - (b) The Project Implementing Entity shall carry out Part 3 of the Project in accordance with the arrangements and procedures set out in the PMU-WPNG Project Implementation Manual, and shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, the PMU-WPNG Project Implementation Manual or any of its provisions without prior approval in writing by the Association.
  - (c) In the event of any conflict between the provisions of this Agreement and the provisions of the PMU-WPNG Project Implementation Manual, the provisions of this Agreement shall prevail.
3.
  - (a) Not later than sixty (60) days after the Effective Date, the Project Implementing Entity shall prepare and furnish to the Association for its approval, a training and capacity building plan for Part 3 of the Project for the first year of the Project, and thereafter shall prepare such plan from time to time, but not later than January 31 of each year, and shall ensure that the Project is implemented in accordance with the approved training and capacity building plan; provided, however, that in case of any conflict between the training and capacity building

plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(b) The Project Implementing Entity shall not make or allow to be made any change to the approved training and capacity building plan without prior approval in writing by the Association.

**B. Anti-Corruption**

The Project Implementing Entity shall ensure that Part 3 of 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 Part 3 of the Project in accordance with the provisions of the ESMF.
2. Whenever a Safeguard Assessment and Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the Project Implementing Entity shall ensure that: (a) prior to the commencement of such activity, such Safeguard Assessment and Plan is: (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the Association for review and no-objection; and (iii) thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association; and (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.
3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or any of the Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and the Recipient 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 Part 3 of 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 Part 3 of 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 on a quarterly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF and the Safeguard Assessments and Plans, giving details of:
  - (a) measures taken in accordance with the said instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the 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 the ESMF or any Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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

### **A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of Part 3 of the Project and prepare Project Reports for Part 3 of 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. Each such Project Report shall cover the period of one (1) calendar quarter, 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 Part 3 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 Part 3 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 Part 3 of 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 Part 3 of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its Financial Statements 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 – including for Part 3 of the Project - 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 and services required for Part 3 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.