Financing Agreement

(Additional Financing for the Pacific Resilience Project II under the Pacific Resilience Program)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
AGREEMENT dated as of the Signature Date between REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) the Recipient and the Pacific Community (as defined in the Appendix to this Agreement) have undertaken to carry out the Pacific Resilience Project II under the Pacific Resilience Program designed to strengthen climate and disaster resilience of the Recipient at the national level and of the Participating Countries (as defined in the Appendix to this Agreement) at the regional level;

(B) under the Original Financing Agreement (as defined in the Appendix to this Agreement), the Association agreed to extend to the Recipient a grant in an amount equivalent to fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000) (Grant Number D183-MH) to assist in financing the project described in Schedule 1 to the Original Financing Agreement ("Original Project");

(C) (a) the Recipient, through the International Bank for Reconstruction and Development and the Association (collectively, the "World Bank"), acting in their capacities as an accredited entity of the Green Climate Fund ("GCF"), has requested GCF to provide additional assistance towards the financing of certain activities under the Original Project, and GCF intends to make a contribution in an amount of twenty-five million Dollars ($25,000,000) to the World Bank for such purpose, in accordance with the provisions of the funded activity agreement, dated February 1, 2019, between GCF and the World Bank; and (b) on the basis, inter alia, of the foregoing and upon receipt of the grant proceeds from GCF, the Association, acting as an accredited entity of the GCF, intends to make available such grant (GCF Grant Number TFOB2404) to the Recipient, pursuant to provisions of the GCF Financing Agreement (as defined in the Appendix to this Agreement); and

(D) the Recipient has further requested the Association to provide additional assistance towards the financing of certain activities under the Original Project, and the Association has agreed, on the basis, inter alia, of the foregoing, to extend an additional grant, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, 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 grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to eleven million two hundred thousand Special Drawing Rights (SDR 11,200,000) ("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 Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the Ministry of Finance in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Agreement Providing for the Amendment and Restatement of the Financing Agreement has been executed and delivered on behalf of the
Recipient and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

(b) The GCF Financing Agreement has been executed and delivered on behalf of the Recipient and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. 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 finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance
P.O. Box D,
Majuro
Republic of the Marshall Islands 96960; and

(b) the Recipient’s Electronic Address is:

E-mail:

seefin.rmi@gmail.com

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

AGREED as of the Signature Date.

REPUBLIC OF THE MARSHALL ISLANDS

By

[Signature]

Authorized Representative

Name: Alfred Alfred, Jr.

Title: Minister of Finance

Date: 5-13-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Michel Kerf

Authorized Representative

Name: Michel Kerf

Title: Country Director, PNG & Pacific Islands

Date: 30-Apr-2020
SCHEDULE 1

Project Description

The objectives of the Project are to strengthen early warning systems, climate resilient investments in shoreline protection, and to provide immediate and effective response to an Eligible Crisis or Emergency.

The Project constitutes the second phase of the Program, and consists of the Original Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. Section I.A.1 (Regional Advisory Committee), Section I.A.2 (Program Collaboration), Section I.A.3 (National Steering Committee), Section I.A.4 (Ministry of Finance), Section I.A.5 (Project Implementation Unit), Section I.C (Project Operations Manual), Section I.D (Safeguards), Section I.E (Contingency Emergency Response) and Section I.F (Annual Work Plans and Budgets) of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

Section II. Project Monitoring, Reporting and Evaluation

1. Project Reports

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. Mid-term Review

The Recipient shall: (a) not later than one (1) month prior to the mid-term review date determined pursuant to sub-paragraph (b) below, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report and carry out a mid-term review of the Project, not later than November 13, 2021 (or such other date as the Association may agree in writing), and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Workshops, and Operating Costs for Parts 1.1, 2.1.1 and 4 of the Project</td>
<td>9,180,000</td>
<td>55%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training and Workshops, and Operating Costs for Parts 1.2 and 2.1.2 of the Project</td>
<td>1,530,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consulting services, Training and Workshops, and Operating Costs for Part 3 of the Project</td>
<td>490,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>11,200,000</td>
<td></td>
</tr>
</tbody>
</table>
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 one million one hundred twenty thousand Special Drawing Rights (SDR 1,120,000) may be made for payments made prior to this date but on or after February 7, 2020, for Eligible Expenditures under Categories (1) and/or (2); or

   (b) under Category (3) unless and until the Recipient has: (i) declared that an Eligible Crisis or Emergency has occurred, and the Association has agreed in writing to such determination; and (ii) complied with all requirements set forth in Section 1.E of Schedule 2 to the Original Financing Agreement, as incorporated and applied to this Agreement pursuant to Section 1.1 of this Schedule 2.

2. The Closing Date is February 12, 2024.
APPENDIX

Definitions

1. “Agreement Providing for the Amendment and Restatement of the Financing Agreement” means the agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and the Association of even date herewith, providing for an amendment and restatement of the Original Financing Agreement (Grant Number D183-MH).

2. “Annual Work Plans and Budgets” means the annual work plans and budgets (including related cash forecasts) for the implementation of the Project, referred to in Section I.F of Schedule 2 to the Original Financing Agreement, as incorporated and applied to this Agreement pursuant to Section I.I of Schedule 2 to this Agreement.

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. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

6. “GCF Financing Agreement” means the financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and the Association, acting as an accredited entity of the Green Climate Fund, of even date herewith, as such financing agreement may be further amended from time to time (GCF Grant Number TF0B2404).


8. “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor thereto.

9. “Operating Costs” means reasonable incremental expenditures incurred on account of Project implementation and based on Annual Work Plans and Budgets accepted ex ante by the Association, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office
supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, meeting expenses, travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, exclusive of salaries of the Recipient's civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.

10. “Original Financing Agreement” means the financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and the Association, dated June 30, 2017, as amended and restated by the Agreement Providing for the Amendment and Restatement of the Financing Agreement, and as such financing agreement may be further amended from time to time (Grant Number D183-MH).

11. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

12. “Pacific Community” or the acronym “SPC” means the inter-governmental organization previously known as the South Pacific Commission, established pursuant to the Canberra Agreement of 1947 (establishing the South Pacific Commission).

13. “Participating Countries” means the Recipient, the Independent of State of Samoa, the Republic of Vanuatu, the Kingdom of Tonga and any other countries as agreed in writing by the Association.


15. “Program” means the Pacific Resilience Program (PREP), which is a ‘Series of Projects,’ to be financed by the Association and other donors, designed to strengthen early warning, resilient investments and financial protection of Participating Countries.

16. “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.
17. "Training and Workshops" means the reasonable cost of expenditures incurred by the Recipient, based on terms of reference acceptable to the Association and Annual Work Plans and Budgets accepted ex ante by the Association, in facilitating, conducting, and/or undertaking domestic and overseas training and workshop activities under the Project, including: costs of training or workshop materials; equipment and venue rental; and per diem, accommodation, and transportation for those attending the training or workshop, and honoraria for trainers.