Project Agreement

(The Pacific Islands Regional Oceanscape Program Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

MARSHALL ISLANDS MARINE RESOURCE AUTHORITY

Dated June 26, 2015
PROJECT AGREEMENT

Agreement dated June 26, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and MARSHALL ISLANDS MARINE RESOURCE AUTHORITY ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of the same date between the Republic of the Marshall Islands ("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 Project Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Project 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 and the Pacific Islands Regional Oceanscape Program. 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 Project 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 Project Agreement.

ARTICLE III — EFFECTIVE DATE; TERMINATION

3.01. This Project Agreement shall come into force and effect on the date upon which the Financing Agreement becomes effective.

3.02. This Project Agreement and all obligations of the Association and of the Project Implementing Entity thereunder shall terminate on the date on which the Financing Agreement terminates in accordance with its terms.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Director.

4.02. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Marshall Islands Marine Resources Authority
P.O. Box 860
Delap, Majuro
MH 96960

Facsimile:
+692 625 5447
AGREED at Majuro, Marshall Islands, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Franz R. Drees-Gross
Title: Country Director, EACNF

MARSHALL ISLANDS MARINE RESOURCE AUTHORITY

By

Authorized Representative

Name: Glen Joseph
Title: Director / MINFA
A. Institutional Arrangements

1. Project Coordinator

To ensure proper and efficient implementation of the Project, the Project Implementing Entity shall, by not later than four (4) months after the Effective Date, hire and thereafter maintain, a national Project coordinator to be responsible for, *inter alia*, overseeing implementation and monitoring of the Project, including coordinating with the Program Support Unit ("PSU"), managing all contracts financed under the Project, representing the Recipient on the Regional Procurement Evaluation Committee, and ensuring environmental and social safeguards compliance.

2. Service Agreement

(a) To facilitate proper and efficient implementation of the Project, the Project Implementing Entity shall by not later than six (6) months after the Effective Date enter into and maintain throughout the Project implementation period, a Service Agreement with the FFA, under terms and conditions acceptable to the Association pursuant to which the FFA, through the PSU, shall provide technical, fiduciary, monitoring and implementation support to the Project Implementing Entity including, *inter alia*, carrying out verification of achievement of DLIs under Part 1(a) of the Project, and procurement services as detailed in Section III of this Schedule.

(b) The Project Implementing Entity shall exercise its rights under the Service Agreement, in such manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.

B. Program Operations Manual

1. The Project Implementing Entity shall by not later than three (3) months after the Effective Date, prepare, in collaboration with FFA and the other Participating Countries, and thereafter adopt a Program Operations Manual ("POM"), in a form and substance acceptable to the Association, setting forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement processing
procedures including the decision-making process; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; (f) verification protocol; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Project Implementing Entity shall carry out the Project in accordance with the POM; and except as the Association shall otherwise agree in writing, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM, any provision thereof.

3. In the event of a conflict between the provisions of the POM on the one hand, and those of this Project Agreement on the other hand, the latter shall govern.

C. Annual Work Plans and Budgets

1. The Project Implementing Entity shall prepare and furnish to the Association not later than September 30 of each year (beginning from September 30, 2015) during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, a consolidated Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures, proposed to be included in the Project in the Project Implementing Entity's following fiscal year, including a specification of the source or sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section IF of this Schedule.

2. The Project Implementing Entity shall implement the Project in accordance with the Annual Work Plan and Budget accepted by the Association for the Project Implementing Entity's respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Project Agreement, the provisions of this Project Agreement shall prevail.

3. The Project Implementing Entity shall not make or allow to be made any change to the Annual Work Plan and Budget without prior no-objection in writing.

D. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
E. DLI Monitoring and Reporting

1. The Project Implementing Entity shall, in accordance with the Service Agreement, make all necessary arrangements for the independent verification agent appointed by FFA, to carry out independent verifications of the status of achievement of all DLI Targets in accordance with the verification protocol and procedures set out in the Program Operations Manual.

2. Without limitation on its other reporting obligations under this Project Agreement, the Project Implementing Entity shall: (a) not later than January 31 of each year during the implementation of the Project, furnish reports to the FFA on the status of achievement of the relevant DLI Targets; and (b) take all necessary measures on its part to ensure that the FFA furnishes to the Association the reports of the independent verification agent referred to in paragraph 1 above, by not later than March 31 of each year during the implementation of the Project, all in accordance with the verification protocol set out in the Program Operations Manual.

F. Safeguards.

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Environmental and Social Management Framework ("ESMF") and the Process Framework.

2. Whenever an EMP shall be required for any proposed Project activity in accordance with the provisions of the ESMF, as the case may be, the Project Implementing Entity shall ensure that:

   (a) prior to the commencement of such activity, such EMP is: (i) prepared in accordance with the provisions of the ESMF or the Process Framework, as the case may be; (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 EMP.

3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF and the Process Framework, unless the Association has provided its prior no-objection 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 all terms of reference for any technical assistance or studies carried out under the Project shall be consistent with
the Association’s environmental and social safeguards policies, as well as the Recipient’s laws relating to the environment and social aspects, and 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. The Project Implementing Entity shall ensure that:

(a) all monitoring, control and surveillance activities carried out by the Project Implementing Entity shall be under the control of a civilian fisheries officer or another civilian agency of the Recipient acceptable to the Association, and shall be carried out under terms of reference limited to fisheries surveillance;

(b) each surveillance mission carried out by the Project Implementing Entity shall be: (A) governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, requiring that such missions be: (i) under the operational command or authority of a civilian fisheries officer; and (ii) conducted during a specific time period that is duly recorded and documented; and (B) be conducted by personnel who have been properly trained in the operation of any equipment used in the surveillance mission;

(c) where a patrol or surveillance mission has multiple tasks: (i) accounts are maintained in a manner acceptable to the Association which demonstrate that the Financing has been used for the exclusive purpose of financing fisheries surveillance activities; and (ii) that the Association is granted access to such accounts;

(d) all goods, works, services and operating costs for fisheries monitoring, control and surveillance and related enforcement activities financed out of the proceeds of the Financing are used for the sole purpose of enforcing the fisheries laws and regulations and shall not be used for any military purpose, or for enforcement of other non-fisheries laws; and

(e) all fisheries monitoring, control and surveillance and related enforcement activities carried out under the Project, shall be compatible with international law, and specifically, with Article 73 of the United Nations Convention Law of the Sea Treaty (UNCLOS), that: (i) any foreign vessels and crew arrested in the Recipient’s exclusive economic zone shall be immediately released upon posting a reasonable bond or other security; (ii) penalties imposed by the Recipient for violations of fisheries laws and regulations may not include imprisonment; and (iii) in cases of arrest or detention of foreign vessels, the Recipient shall promptly notify the flag state of the action taken and of any penalties subsequently imposed.
6. Without limitation upon its other reporting obligations under this Project Agreement, the Project Implementing Entity shall, in accordance with terms of reference satisfactory to the Association, (a) monitor the status of compliance with the ESMF, Process Framework and the provisions of paragraphs 4 and 5 of this Section I.F; and (b) prepare quarterly reports and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:

(i) measures taken in furtherance of the ESMF, Process Framework and paragraphs 4 and 5 of this Section I.F;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, Process Framework and paragraphs 4 and 5 of this Section I.F; and

(iii) remedial measures taken or required to be taken to address such conditions.

7. In the event of any conflict between the provisions of the ESMF and the Process Framework, and the provisions of this Project Agreement, the provisions of this Project 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 the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth below in Program Operations Manual. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. Mid-term Review

The Project Implementing shall: (a) by not later than three (3) years after the Effective Date (or such other date as the Association may agree), carry out a mid-term review of the Project, and thereafter prepare and furnish to the Association a mid-term review 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 paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following...
such date; and (b) review with the Association and the Recipient such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term 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 quarter 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 nine (9) 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 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.
## ANNEX

### Disbursement Linked Indicators with DLI Targets and DLI Values

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<td><strong>DLI 1:</strong> Number of purse seine tuna fishing days fished in the waters of the Republic of the Marshall Islands</td>
<td><strong>DLI Target:</strong> 100% or less of its agreed annual allocation</td>
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<td><strong>DLI Value:</strong> SDR 104000</td>
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| **DLI 2:**  
(i) Number of purse seine fishing vessel days used in a country’s waters recorded annually according to agreed criteria  
(ii) Number of purse seine fishing days used and sold in the country’s waters disclosed annually to the PNAO FIMS and other Parties to the Nauru Agreement as part of a comprehensive verification system for the VDS | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% |
| **DLI Value:** SDR 207000 | **DLI Value:** SDR 207000 | **DLI Value:** SDR 207000 | **DLI Value:** SDR 207000 | **DLI Value:** SDR 207000 | **DLI Value:** SDR 207000 |
| **DLI 3:** Proportion of purse seine tuna catch within a Recipient’s waters that is encompassed within the VDS or a compatible system | **DLI Target:** 90% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% | **DLI Target:** 100% |
| **DLI Value:** SDR 103000 | **DLI Value:** SDR 103000 | **DLI Value:** SDR 103000 | **DLI Value:** SDR 103000 | **DLI Value:** SDR 103000 | **DLI Value:** SDR 103000 |