Brenson Wase  
Minister of Finance  
Ministry of Finance  
P.O. Box D  
Majuro  
Marshall Islands 96960

Dear Minister,

Re: Republic of the Marshall Islands: Advance Agreement for the Preparation of Proposed World Bank Financed Projects  
Programmatic Preparation Advance No. V287

In response to the request for financial assistance made on behalf of the Republic of the Marshall Islands (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed four million Dollars ($4,000,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of proposed projects and programs, (collectively, “Projects”; and “Project” refers separately to each such project or program), for the carrying out of which the Recipient intends to request the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing any of the Projects; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ______________________

Mona Sur
Acting Country Director
Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:
REPUBLIC OF THE MARSHALL ISLANDS

By ______________________

Authorized Representative

Name: Brenson S. Wase
Title: Minister of Finance Banking and Postal Services
Date: 24-Sep-2019

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
Article I
Standard Conditions; Definitions

1.01. Standard Conditions. The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010, with the modifications set forth in Section II to the Appendix to this Agreement (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including Section I of the Appendix to this Agreement.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following parts:

(a) Carrying out activities necessary for the identification of the pipeline of Projects.

(b) Conducting reviews, studies and analyses to identify and support design of the Projects.

(c) Carrying out activities to identify and establish the implementation and institutional arrangements necessary for the Projects.

(d) Supporting engagement and consultations with relevant stakeholders on the scope and design of the Projects.

(e) Preparatory work leading to the execution of a prior action or prior actions for a Project including, but not limited to: (i) conducting assessments and studies; (ii) supporting stakeholder consultations; and (iii) capacity strengthening to help achieve such prior action or prior actions and support their sustainability.

(f) Carrying out of other activities related to the preparation and implementation-readiness of the Projects, including, but not limited to, travel and the hiring of consultants and experts with qualifications, experience and under terms of reference acceptable to the World Bank to support preparatory activities.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the Ministry of Finance in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.
2.03. **Environmental and Social Standards.** (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the World Bank. To this end, the Recipient shall ensure that:

(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;

(iii) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(iv) the ESCP or any provision thereof, is not amended, revised or waived, except as the World Bank shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) The Recipient shall:

(i) take all measures necessary on its part to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World Bank, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the World Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) promptly notify the World Bank of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

(d) The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the World Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Activities, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the World Bank.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.
2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than nine (9) months after the end of such period.

2.06. **Procurement.** All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated August 8, 2019 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, non-consulting services, consulting services, Training and Workshops, and Operating Costs, inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is June 30, 2024.

**Article IV**

**Terms of the Advance**

4.01. **Refinancing under one or more Refinancing Agreements.** If, on or before the Refinancing Date, one or more Refinancing Agreements have been executed by all of their parties, then the amount of the Withdrawn Advance Balance specified in each of the Refinancing Agreements shall be paid to the World Bank as soon as the respective Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the respective Refinancing Agreement. If, after the payment of the amount of the Withdrawn Advance Balance specified in each of the Refinancing Agreements...
and before the Refinancing Date, an Unwithdrawn Advance Balance exists, then such balance shall not be cancelled and shall remain available for withdrawal until the Refinancing Date.

4.02. **No Repayment in the absence of one or more Refinancing Agreements.** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or the Refinancing Agreements executed by all of their parties do not cover the full amount of the Withdrawn Advance Balance, or if, by such date, any of the Refinancing Agreements has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance (or the portion thereof not covered by the Refinancing Agreements executed by all of their parties).

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its minister at the time responsible for finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance  
P.O. Box D  
Majuro  
Republic of the Marshall Islands 96959

Facsimile:  
692-625-3607

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

Facsimile:  
(1)-202-477-6391
APPENDIX

Section I. Definitions

1. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the World Bank, dated June 18, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Activities, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan.


3. “Ministry of Finance” means the Recipient’s Ministry of Finance, or any successor thereto.

4. “Operating Costs” means reasonable incremental expenditures incurred on account of Activities implementation, 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, administrative staff, and other administrative costs directly related to the Activities, exclusive of salaries of the Recipient’s civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.

5. “Training and Workshops” means activities to be carried out by the Recipient, based on terms of reference acceptable to the World Bank, for facilitating, conducting, and/or undertaking domestic and overseas training and workshops as part of the Activities, the reasonable costs of which include: costs of training or workshop materials; equipment and venue rental; per diem, accommodation, and transportation for those attending the training or workshop; and, honoraria for trainers.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:
1. Paragraph 46 of the Appendix ("Refinancing Agreement") is modified to read as follows:

   "46. "Refinancing Agreement" means the loan or financing agreement to be entered into by the World Bank, the terms of which provide for the refinancing of part or all of the Withdrawn Advance Balance out of the proceeds of the loan or financing provided under such agreement. "Refinancing Agreements" means collectively, all of such agreements."

2. Paragraph 47 of the Appendix ("Refinancing Date") is modified to read as follows:

   "47. "Refinancing Date" means the date specified in the Advance Agreement (or such later date as the World Bank shall establish by notice to the Recipient) after which the World Bank shall determine, in accordance with the provisions of the Advance Agreement, whether the Aggregate Advance Balance shall be refinanced out of the proceeds of one or more Refinancing Agreements or whether the Recipient shall be required to repay the Aggregate Advance Balance. The Refinancing Date is also the date after which the World Bank may terminate the right of the Recipient to withdraw from the Advance Account."

3. Paragraph 48 of the Appendix ("Refinancing Proceeds") is modified to read as follows:

   "48. "Refinancing Proceeds" means the proceeds of the loan or financing made under one or more Refinancing Agreements to be used to repay the Advance."