
GRANT NUMBER E322-MH

Financing Agreement

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

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E322-MH

FINANCING AGREEMENT

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 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 at the regional level;

(B) under the Original Financing 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) to assist in financing the project described in Schedule 1 to the Original Financing Agreement (“Original Project”);

(C) under the GCF Financing Agreement, the Association, acting as an accredited entity of the Green Climate Fund, agreed to extend to the Recipient, a grant in an amount of twenty-five million Dollars (\$25,000,000) to assist in co-financing activities related to the Original Project;

(D) under the Additional Financing Agreement, the Association agreed to extend to the Recipient a grant in an amount equivalent to eleven million two hundred thousand Special Drawing Rights (SDR 11,200,000) to assist in financing activities related to the Original Project; and

(E) the Recipient has further requested the Association to provide a second additional financing towards financing activities related to the Original Project, and the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend a second 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, four hundred thousand Special Drawing Rights (SDR 11,400,000) (“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 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 Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. 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 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:
davidpaul512@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: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 cdpngpacific@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF THE MARSHALL ISLANDS

By



Authorized Representative

David Paul

Name: _____

Title: _____
Minister of Finance

Date: _____
23-May-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Stephen N. Ndegwa

Name: _____

Title: _____
Country Director, PNG & Pacific Islands

Date: _____
09-May-2024

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(a) (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) and 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.

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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Workshops, and Operating Costs for Part 2.1.1 of the Project	11,400,000	100%
TOTAL AMOUNT	11,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is June 30, 2026.

APPENDIX

Definitions

1. “Additional Financing Agreement” means the financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and the Association, dated May 13, 2020, as such financing agreement may be further amended from time to time (Grant Number D569-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.1 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, dated May 13, 2020, as such financing agreement may be further amended from time to time (GCF Grant Number TF0B2404).
7. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
8. “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.

9. "Original Financing Agreement" means the amended and restated financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and the Association, dated May 13, 2020, as may be further amended from time to time (Grant Number D183-MH).
10. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.
11. "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).
12. "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.
13. "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.
14. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.
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.