

29-Jun-2023

Honorable Seve Paenui
Minister of Finance
Ministry of Finance and Economic Development
Vaiaku, Funafuti
Tuvalu

Re: Tuvalu: Advance Agreement for Preparation of Proposed Pacific Islands
Regional Oceanscape - Second Phase For Economic Resilience Project
Preparation Advance No. IDA V4860

Honorable Minister:


In response to the request for financial assistance made on behalf of Tuvalu (“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 five hundred thousand Dollars (\$500,000) (“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 a proposed project designed to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in the Tuvalu (“Project”), for the carrying out of which the Recipient has requested 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 the Project; 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 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 
Paul Valley
Acting Country Director

AGREED:
TUVALU

By 

Authorized Representative

Name Hon Seve Paeniu

Title Minister of Finance

Date 29-Jun-2023

Enclosures:

- (1) “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

**PPA No. IDA V4860
ANNEX**

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) 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 Section.

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard 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.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 23, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (d) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (e) “Operating Costs” “Operating Costs” means the incremental operating costs under the Project incurred by the Recipient and the Project Implementing Entity for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff,

but excluding salaries and any salary supplements of members of the Recipient's civil service.

- (f) "PMU" or "Project Management Unit" means the unit established and maintained in TFD as mentioned under Section 2.03 of the Annex to this Agreement, for purposes of carrying out the Activities.
- (g) "Procurement Regulations" means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
- (h) "Standard Conditions" means the "Standard Conditions for Advances Made by the Bank under its Project Preparation Facility", dated August 1, 2022.
- (i) "Training and Workshops" means the costs associated with training and workshop activities, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation.
- (j) "TFD" or "Tuvalu Fisheries Department" means the department under the Ministry of Fisheries and Trade, responsible for carrying out preparation and implementation of Activities, as reflected under Section 2.02 of Annex 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:

Providing technical and operational assistance to TFD for:

- (i) Developing environmental and social framework documentation for the Project, and providing training to the TFD staff and stakeholders.
- (ii) Developing project operations manual (POM) and providing necessary training to the Project Management Unit (PMU) staff.
- (iii) Developing a monitoring and evaluation framework for the Project, and providing training to the TFD staff on the framework, data collection, and reporting.
- (iv) Providing technical assistance to support commercial fishing through a feasibility study on vessels proposed to be financed under the Project.
- (v) Conducting a gender analysis of the fisheries sector and preparing recommendations for the Project.

- (vi) Informing the economic feasibility and detailed specifications for procurement of fisheries patrol boats proposed under the Project.
- (vii) Developing a procurement plan and Project procurement strategy for the Project.
- (viii) Carrying out a review of the Recipient's fisheries observer program.
- (ix) Developing TFD capacity in support of reviewing fisheries legislation for the Project in accordance with international law and best practice.
- (x) Strengthening the institutional capacity of the PMU by hiring of key staff for preparation and implementation of the 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 Tuvalu Fisheries Department (TFD), Ministry of Fisheries and Trade, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. ***Institutional and Other Arrangements.*** The Recipient shall maintain, throughout the implementation of preparation Activities: (a) the Project Management Unit (PMU) within Tuvalu Fisheries Department, headed by a Project Coordinator, with functions and resources satisfactory to the World Bank and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the World Bank, and responsible for, inter alia, the carrying out of management, procurement, financial management, environmental and social framework, monitoring and reporting activities under the Activities; and (b) the Central Project Management Office within the Ministry of Finance, with a mandate, composition, and resources satisfactory to the Association, which shall be responsible for providing support on implementation of the Activities to the PMU on an as-needed basis, including on project management, procurement, financial management, social and environmental management, monitoring and evaluation, outreach and communications.

2.04 ***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 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 Bank. To this end, the Recipient shall, and shall cause the Implementing Entity to, ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;

- (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall ensure that:
- (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the 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) the Bank is promptly notified 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 environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than one month after each calendar semester, covering the calendar semester.

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; and (b) this Section, to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of taxes)]
Goods, non-consulting services and consulting' services Training and Workshops, and Operating Costs	500,000	100%
TOTAL AMOUNT	500,000	

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, except that withdrawals up to an aggregate amount not to exceed \$100,000 equivalent may be made for payments made prior to this date but on or after January 11, 2023, for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is November 13, 2023.

**Article IV
Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** 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 if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article VII
Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is Minister of Finance and Economic Development.

5.02. **Recipient's Address.** For purposes of Section 9.01 of the Standard Conditions:

(a) the Recipient's Address is:

Ministry of Finance and Economic Development
Vaiaku
Funafuti
Tuvalu

(b) the Recipient's Electronic Address is:

Facsimile: +668 20210

5.03. **Bank's Address.** For purposes of Section 9.01 of the Standard Conditions:

(a) the Bank's Address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391