



GRANT NUMBER E371-FM

Financing Agreement

(Pacific Islands Regional Oceanscape Program - Second Phase for Economic Resilience Project)

between

FEDERATED STATES OF MICRONESIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION



FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERATED STATES OF MICRONESIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 forty-two million two hundred thousand Special Drawing Rights (SDR 42,200,000) (“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 January 15 and July 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 Parts 1.1 (e), (f) and (g), 1.2 and 4 of the Project through the National Oceanic Resource Management Authority, Part 1.1(a), (b), (c) and (d) of the Project through the Department of

Health and Social Affairs, Part 2 of the Project through the Department of Resources and Development, and Part 3 of the Project through the Department of Environment, Climate, and Emergency Management, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that the Marine Resources Act has been amended, suspended, abrogated, repealed, or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.02. 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 VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Secretary of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Department of Finance and Administration
PO Box PS158
Palikir
Pohnpei
Federated States of Micronesia; and

(b) the Recipient's Electronic Address is:

E-mail:
sofa@dofa.gov.fm

6.03. 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.

FEDERATED STATES OF MICRONESIA

By



Authorized Representative

Name: Rose Nakanaga

Title: FSM Secretary of Finance & Admin.

Date: 05-Dec-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Stephen N. Ndegwa

Title: Country Director, PNG & Pacific Islands

Date: 28-Oct-2024

SCHEDULE 1

Project Description

The objective of the Project is to strengthen stakeholder capacity for regional collaboration and enhanced sector performance in fisheries, and for improved habitat preservation in the Federated States of Micronesia.

The Project constitutes a phase of the Pacific Islands Regional Oceanscape Program, and consists of the following parts:

Part 1. Oceanic Fisheries.

1.1 Strengthening the enabling environment for oceanic fisheries.

Carrying out a program of activities to strengthen the enabling environment for seafood safety and traceability, including:

- (a) Strengthening the capacity of the Competent Authority, including: (i) training and capacity building activities; and (ii) providing vehicles and boats for State officers of the Competent Authority.
- (b) Undertaking a feasibility study for the design, construction, and operationalization of a multipurpose reference laboratory in Pohnpei.
- (c) Subject to the feasibility study to be undertaken under Part 1.1(b) of the Project, and subject to prior approval by the Association, design, construct and operationalize a multipurpose reference laboratory in Pohnpei, to be operated and managed by the Department of Health and Social Affairs.
- (d) Upgrading the existing dockside landing site in Kosrae.
- (e) Developing an information management system and data center in Pohnpei, to be operated and managed by NORMA, including data center equipment, hardware, and software licenses.
- (f) Enhancing the electronic monitoring program through technical assistance and providing hardware and software.
- (g) Designing and constructing a new national NORMA office building in Pohnpei and a new NORMA satellite office in Kosrae.

1.2 Maximizing the value of oceanic resources to the FSM.

Carrying out a program of activities to strengthen the capacity of NORMA to meet current and future requirements and maximize the value of oceanic resources, including:

- (a) Developing an implementation plan for the FSM National Oceanic Fisheries Investment Policy.
- (b) Providing technical assistance to review methods to enhance oceanic fisheries value.
- (c) Reviewing the legal framework governing fishing vessels entering FSM ports for compliance with international standards.
- (d) Undertaking a feasibility study for increased service provisioning at Weno Port, Chuuk.

Part 2. Coastal Fisheries.

2.1 Strengthening coastal fisheries institutional and legal framework.

Carrying out a program of activities to strengthen the management of coastal fisheries, including:

- (a) Reviewing the legal and regulatory frameworks governing the States' coastal fisheries management, including State vessel registration and safety at sea requirements, identifying opportunities for improvement, and supporting the implementation of any reforms, including: (i) stakeholder engagement; (ii) training and awareness activities; and (iii) goods and equipment.
- (b) Improving ecological data collection and storage for fisheries by reviewing the available data and developing, validating, and training of data collection protocols in all States.
- (c) Procuring and installing data collection hardware and storage in all States, and procuring a vehicle for Chuuk Department of Marine Resources.
- (d) Refurbishing and equipping the Kosrae Department of Resources and Economic Affairs' fisheries office including improved energy efficiency.
- (e) Improving inshore monitoring, control, and surveillance capacity in the States, including: (i) procuring supplies and equipment for community based coastal monitoring, control, and surveillance activities; and (ii) training for civil servants and communities on marine protected area management.
- (f) Engaging a fisheries management expert to support fisheries related activities under the Project.

2.2 Delivering critical marina infrastructure (Chuuk, Pohnpei, and Kosrae).

- (a) Carrying out a program of activities to redevelop the Weno marina in Chuuk, including: (i) undertaking preparatory studies, design and supervision activities, and an assessment of the institutional arrangements for marina management; (ii) dredging and marine works; (iii) constructing buildings, marine facilities, and ancillary facilities, including the demolition of the fish market building.
- (b) Carrying out a program of activities to construct a new marina from the Dehektik causeway in Pohnpei, including: (i) undertaking preparatory studies and design and supervision activities; (ii) dredging and marine works; (iii) constructing buildings for fisheries, training, and workshops, and ancillary facilities; and (iv) goods and equipment such as ice makers.
- (c) Carrying out a program of activities to strengthen infrastructure management in Pohnpei, including: (i) undertaking an infrastructure needs and environmental impact assessment of potential locations for marinas across Pohnpei; (ii) assessment of institutional arrangements for marina management; and (iii) supporting the re-initiation of the *Pohnpei Menin Katengensed* (Pohnpei Marine Council).
- (d) Installing new, or improving existing, boat ramps and floating pontoons/jetties at Okat, Lelu and Utwe marinas in Kosrae, to improve the small-scale fisher landing sites.
- (e) Engaging an engineering expert to support infrastructure related activities under the Project.

2.3 Fish processing and value chain addition.

Carrying out a program of activities to strengthen State Governments' and small-scale fisher capacities to process catches and provide opportunities for livelihood diversification and value chain addition, including:

- (a) Training fishers on value chain addition opportunities, including quality control and cold chain.
- (b) Undertaking a feasibility study for fish processing in Kosrae.
- (c) Improving fish aggregating device (FAD) management, including developing management plans, training, and goods and equipment.
- (d) Improving sea safety through training and awareness programs, and the provision of safety goods and equipment.

- (e) Supporting community-based aquaculture activities, including undertaking assessments of habitat suitability, trainings, and a feasibility assessment of infrastructure needs.
- (f) Strengthening the capacity of the National Aquaculture Center through the development of training materials.
- (g) Undertaking a feasibility assessment for a commercial aquaculture production and community training center in Kosrae.

Part 3. Marine Habitats.

3.1 Environmental protection and marine habitat management

Carrying out a program of activities to strengthen environmental protection and improve the management of marine habitats, including:

- (a) Undertaking environmental awareness campaigns in Chuuk and Yap.
- (b) Strengthening the capacity of the Chuuk Women's Council to deliver community awareness campaigns and expanded outreach on environmental protection.
- (c) Undertake pilot restoration activities of existing dredging sites in Yap.
- (d) Undertake an assessment of the Kosrae mooring buoy system, and repairing, upgrading and expanding the system as required.
- (e) Providing equipment for monitoring dredging activities in Chuuk.
- (f) Undertaking a comprehensive ecological assessment in all States, including providing necessary training, goods and equipment, review, and dissemination of outputs.

3.2 Improvements to waste management.

Carrying out a program of activities to improve waste management, including:

- (a) Undertaking reviews of all State waste management strategies, emergency response protocols, and pollution laws and regulations.
- (b) Undertaking a needs assessment and procurement of equipment for marine waste in Kosrae.
- (c) Providing equipment to manage marine oil and waste at Pohnpei landing sites.
- (d) Supporting the removal and transport of hazardous waste stored in Yap.

- (e) Providing technical assistance, goods and equipment to improve solid waste management in Yap State.
- (f) Supporting Chuuk State Government to improve waste management through: (i) technical assistance to review and propose improvements to relevant laws and regulations; (ii) identify and plan for infrastructure needs; and (iii) develop cost recovery and waste market creation.
- (g) Undertaking capacity development activities for staff working in waste management and emergency response.
- (h) Engaging a technical waste expert to support waste management activities under the Project.

Part 4. Project Management

Providing operational and technical assistance for the Project on management, implementation, planning, reporting, evaluation, and auditing, including financing of Training and its Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

National Working Group

1. The Recipient shall provide oversight, policy direction, coordination, and support for Project implementation at the national level through a National Working Group, in accordance with the provisions of this Agreement, the Project Implementation Agreements, and the Project Operations Manual.
2. To this end, the Recipient shall maintain throughout the Project implementation period, a National Working Group, chaired by its secretary of the Department of Finance and Administration (or their representative) or the Executive Director (or their representative) of NORMA on a rotating basis, and comprised of, *inter alia*, the secretary (or their representative) of the Department of Health and Social Affairs, the secretary (or their representative) of the Department of Resources and Development, the secretary (or their representative) of the Department of Environment, Climate and Emergency Management, the Project manager, and Project officer.

State Working Groups

3. The Recipient shall facilitate collaboration, coordination and stakeholder engagement, and support Project implementation at the State level through four State Working Groups all in accordance with the provisions of this Agreement, the Project Implementation Agreements, and the Project Operations Manual.
4. To this end, the Recipient shall, prior to the carrying out of any Project activities in a Recipient's State, establish and subsequently maintain, or cause to be maintained, throughout the Project implementation period, the State Working Group comprised of representatives of the State Government appointed by the respective state governor, and with an institutional framework, functions, and resources required for the implementation of Project activities in its respective State.

Project Implementation Unit

5. The Recipient shall, maintain throughout the Project implementation period, a Project Implementation Unit within NORMA, with mandate, composition and resources satisfactory to the Association, which shall be responsible for day-to-day

management and implementation of the Project. Without limitation to the generality of the foregoing, the Project Implementation Unit shall: (a) be led by a Project manager; (b) include at all times, at a minimum, a Project officer, Project assistant, and environmental and social officer; (c) include as needed a monitoring and evaluation officer, communications officer, State Project coordinators, procurement officer, and financial management officer; and (d) be supported by specialists from the Central Implementation Unit as described in Section I.A.7 of this Schedule 2; each with terms of reference, qualifications and experience satisfactory to the Association.

Project Progress and Planning Meetings

6. Representatives from each of the State Working Groups and the National Working Group will meet with members of the PIU at least twice annually at a Project progress and planning meeting to discuss and support effective Project implementation.

Central Implementation Unit

7. The Recipient shall maintain, throughout the Project implementation period, the Central Implementation Unit, with mandate, composition and resources satisfactory to the Association, which shall be responsible for, *inter alia*, providing environmental and social, procurement, financial management, monitoring and evaluation and communications support for the Project. Without limitation to the generality of the foregoing, the Central Implementation Unit shall include staff, each with terms of reference, qualifications and experience satisfactory to the Association, performing the following key functions in support of the Project: (a) Project management; (b) procurement; (c) environmental and social standards; (d) outreach and communications; (e) monitoring and evaluation; and (f) financial management.

B. Project Implementation Agreements

1. The Recipient shall, prior to the carrying out of any Project activities in a Recipient's State, enter into and thereafter maintain throughout the Project implementation period, a Project Implementation Agreement with each State Government of such state on terms and conditions satisfactory to the Association, which shall include, *inter alia*, the State Government's obligation to facilitate the implementation of the Project activities within its territory in accordance with the provisions of this Agreement, the Project Operations Manual and the Environmental and Social Commitment Plan ("ESCP").
2. Each State Government shall designate and thereafter maintain throughout the Project implementation period, a Project coordinator responsible for, *inter alia*,

coordination of the Project related activities within the respective Recipient's state.

3. The Recipient shall carry out and exercise its respective rights under the Project Implementation Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the Project Implementation Agreements or any of their provisions.
4. In case of a conflict between the provisions of a Project Implementation Agreement, the Project Operations Manual and this Agreement, those of this Agreement and the Project Operations Manual shall prevail, in that order of priority.

C. Project Operations Manual

1. The Recipient shall maintain the Project Operations Manual, which shall set forth, *inter alia*, the following detailed arrangements and procedures for the implementation of the Project: (a) institutional arrangements for the day-to-day execution of the Project; (b) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (c) implementation arrangements for the ESCP and any environmental and social instruments to be prepared thereunder; (d) budgeting, disbursement, auditing and financial management arrangements; (e) Project monitoring, reporting, evaluation and communication arrangements; (f) National Working Group and State Working Groups' terms of reference; (g) the division of the responsibilities and cooperative arrangements between NORMA, the Department of Finance and Administration, the Department of Resources and Development, the Department of Health and Social Affairs, the Department of Environment, Climate and Emergency Management, the State implementing entities, the Project Implementation Unit, the Central Implementation Unit, the National Working Group, and the State Working Groups; (h) procedures and processes for managing and maintaining equipment and assets financed by the Project; and (i) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objective.
2. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association may otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.

3. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association by not later than:
 - (a) four (4) months after the Effective Date (or such later date which, after consideration of the reasons for the delay, the Association has confirmed in writing is acceptable to the Association in its sole discretion); and
 - (b) August 1 of each year for every subsequent year during the implementation of the Project (or such later date which, after consideration of the reasons for the delay, the Association has confirmed in writing is acceptable to the Association in its sole discretion);

for the Association's review and no-objection, an annual work plan and budget (once the Association has provided its no-objection, an "Annual Work Plan and Budget"), which shall, *inter alia*: (i) list all activities (including Training and activities incurring Operating Costs) proposed to be carried out under the Project during the Recipient's following fiscal year; (ii) provide a budget for their financing (with a financial plan specifying all sources of financing including the Financing and any other resources provided by the Recipient); and (iii) describe the environmental and social measures taken or planned to be taken in accordance with the provisions of Section I.E of this Schedule 2.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets; provided, however, that in the event of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Any amendment to an Annual Work Plan and Budget needed during the fiscal year covered by such plan shall be subject to the prior written no-objection of the Association.

E. Environmental and Social Standards.

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social

Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) 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
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, 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 Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project 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.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-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 Association.

6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

Project Reports

1. The Recipient shall furnish to the Association each Project Report not later than 45 days after the end of each fiscal semester of the Recipient, covering the semester.

Mid-Term Review

2. The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project (“Mid-Term Review”) to assess the status of Project implementation, as measured against the indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on implementation of ESS measures; (e) implementation arrangements and Project staffing; and (f) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:
 - (i) prepare and furnish to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
 - (ii) review jointly with the Association the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof,

based on the conclusions and recommendations of such 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, Training, Operating Costs, non-consulting services, and consulting services for the Project.	41,370,000	100%
(2) Refund of Preparation Advance	830,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
TOTAL AMOUNT	42,200,000	

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 September 30, 2030.

APPENDIX

Definitions

1. “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.
2. “Competent Authority” means the entity within the Department of Health and Social Affairs that acts as the authority for the Federated States of Micronesia in exercising the functions in accordance with Section 1011 of Title 41 of the Code of the Federated States of Micronesia, and the regulations promulgated thereunder, including the Department of Health and Social Affairs Number 7- *Food Safety Standards Regulations*, December 21, 2021.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Chuuk Department of Marine Resources” means the Chuuk State Government department responsible for marine resources, or any successor thereto.
5. “Chuuk Women’s Council” means the non-government organization serving as an umbrella organization for different women’s organizations in Chuuk State.
6. “Department of Environment, Climate and Emergency Management” means the Recipient’s department responsible for environment, climate and emergency management, or any successor thereto.
7. “Department of Health and Social Affairs” means the Recipient’s department responsible for health and social affairs, or any successor thereto.
8. “Department of Finance and Administration” means the Recipient’s department responsible for finance, or any successor thereto.
9. “Department of Resources and Development” means the Recipient’s department responsible for resources and development, or any successor thereto.
10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated August 14, 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.

11. “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 Association.
12. “FSM” means the Federated States of Micronesia.
13. “FSM National Oceanic Fisheries Investment Policy” means the *National Oceanic Fisheries Investment Policy 2024 - 2029: A Policy for Maximizing Value of Participatory Rights (Access) under the Parties to the Nauru Agreement (PNA) Vessel Day Scheme (VDS)*, which aims to align fisheries policy to support economic growth in the Federated States of Micronesia.
14. “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).
15. “Kosrae Department of Resources and Economic Affairs” means the Kosrae State Government’s department responsible for resources and economic affairs, or any successor thereto.
16. “Mid-Term Review” means a mid-term review of the Project referred to in Section II.A.2 of Schedule 2 to this Agreement.
17. “National Oceanic Resource Management Authority” or “NORMA” means the Recipient’s agency responsible for management of national oceanic resources, established and operating pursuant to the Marine Resources Act.
18. “National Working Group” means, the national working groups to be established and operate pursuant to Section I.A.1 and 2 of Schedule II to this Agreement.

19. “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, administrative staff, project implementation support personnel, audits, and other administrative costs directly related to the Project, exclusive of salaries of any member of the Recipient’s (or any of its sub-divisions) civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.
20. “Pohnpei Marine Council” means Pohnpei Menin Katengensed, which has served as a representative body for small-scale fishers, advocating for their interests.
21. “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.
22. “Program” means the Pacific Islands Regional Oceanscape Program, a series of projects financed by the Association.
23. “Project Implementation Agreements” means, collectively, all the agreements to be executed between the Recipient and each of its State Government pursuant to Section I.B of Schedule 2 to this Agreement; and “Project Implementation Agreement” means any one of these agreements.
24. “Project Implementation Unit” or “PIU” means the Recipient’s Project management unit established pursuant to the provisions of Section I.A.5 of Schedule 2 to this Agreement.
25. “Project Operations Manual” means the manual referred to under Section I.C of Schedule 2 to this Agreement, as such manual may be updated from time to time with a prior written approval of the Association.
26. “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*.
27. “States” means, collectively, the states of the Recipient, namely, Kosrae State, Pohnpei State, Chuuk State and Yap State; and “State” means any one of these States.
28. “State Governments” means, collectively, the governments of the States, namely, Kosrae State Government, Pohnpei State Government, Chuuk State Government

and Yap State Government; and “State Government” means any one of these State Governments.

29. “State Working Groups” means, collectively, the four state working groups to be established and operate pursuant to Section I.A.3 and 4 of Schedule II to this Agreement, and “State Working Group” means any one of the State Working Groups.
30. “Training” means reasonable costs of Project related training activities, including workshops, all based on terms of reference acceptable to the Association and Annual Work Plans and Budgets accepted *ex ante* by the Association, including preparation and reproduction of training materials, rental of facilities and equipment, transportation costs, tuition fees, per diem of trainers and trainees (if applicable), and any other expenses directly related to the Project preparation and implementation.