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Report No: PAD4826

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 19.6 MILLION  
(US\$27 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE MARSHALL ISLANDS

FOR AN

RMI MULTISECTORAL EARLY CHILDHOOD DEVELOPMENT PROJECT - II

May 13, 2022

Health, Nutrition and Population Global Practice  
East Asia and Pacific Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2022)

Currency Unit = US\$

US\$1.3824 = SDR 1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ANC	Antenatal Care
AWPB	Annual Work Plan and Budget
BOMI	Bank of Marshall Islands
CC	Cabinet Committee
CCT	Conditional Cash Transfer
CEM	Country Economic Memorandum
CERC	Contingent Emergency Response Component
CIU	Central Implementation Unit
COFA	Compact of Free Association
CREDI	Caregiver Reported Early Childhood Development Instruments
CSG	Compact Sector Grant
CTMIS	Cash Transfer Management Information System
CTOM	Cash Transfer Operations Manual
DA	Designated Account
DIDA	Division of International Development Assistance
ECD	Early Childhood Development
ECDI	Early Child Development Index
ECE	Early Childhood Education
EFTPOS	Electronic Funds Transfer at Point of Sale
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
FMIS	Financial Management Information System
FO	Finance Officer
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GESI	Gender Equality & Social Inclusion
GRM	Grievance Redress Mechanism
GRMI	Government of the Republic of the Marshall Islands
GRS	Grievance Redress Service

HCI	Human Capital Index
HEIS	Hands-on Enhanced Implementation Support
HIES	Household Income and Expenditure Survey
HNP	Health, Nutrition, and Population
ICHNS	Integrated Child Health and Nutrition Survey
IDA	International Development Association
IFR	Interim Financial Report
IPF	Investment Project Financing
LFPR	Labor Force Participation Rate
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MCH	Maternal and Child health
MDAT	Malawi Developmental Assessment Tool
MEAL	Monitoring, Evaluation, Accountability and Learning
MHIS	Marshall Islands Health Information System
MIEMIS	RMI Education Management Information System
MIS	Management Information System
MISAT	Marshall Islands Standard Achievement Test
MOCIA	Ministry of Culture and Internal Affairs
MOEST	Ministry of Education, Sports and Training
MOF	Ministry of Finance, Banking, and Postal Services
MOHHS	Ministry of Health and Human Services
MOU	Memorandum of Understanding
NCD	Noncommunicable Disease
NIs	Neighboring Islands
NSP	National Strategic Plan
OCS	Office of the Chief Secretary
PDO	Project Development Objective
PER	Public Expenditure Review
PFM	Public Financial Management
PICs	Pacific Island Countries
PIHOA	Pacific Island Health Officers' Association
PIU	Project Implementation Unit
PMT	Proxy Means Test
PNC	Postnatal Care
POM	Project Operations Manual
PP	Procurement Plan
PPSD	Project Procurement Strategy for Development
PREP	Pacific Resilience Project
PSS	Public School System
RMI	The Republic of the Marshall Islands
RMNCH-N	Reproductive, Maternal, Newborn and Child Health and Nutrition
RMS	IDA Results Management System
RPF	Regional Partnership Framework
SBCC	Social and Behavior Change Communication
SC	Steering Committee

SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SEP	Stakeholder Engagement Plan
SOP	Standard Operating Procedure
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TOR	Terms of Reference
UNICEF	United Nations Children’s Fund
US	United States
WASH	Water, Sanitation, and Hygiene
WCC	Well-Child Care
WHO	World Health Organization
WUTMI	Women United Together Marshall Islands

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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Marshall Islands	RMI Multisectoral Early Childhood Development Project - II	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P177329	Investment Project Financing	Moderate

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
06-Jun-2022	31-Dec-2026

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

To improve coverage of multisectoral early childhood development services in the Republic of the Marshall Islands and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

**Components**

Component Name	Cost (US\$, millions)
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Improve coverage of essential RMNCH-N services	6.00
Improve coverage of stimulation and early learning activities	6.00
Social assistance for early years families	9.60
Strengthening the multisectoral ECD system and Project management	5.40
Contingent Emergency Response	0.00

**Organizations**

Borrower: The Republic of the Marshall Islands

Implementing Agency: Ministry of Culture and Internal Affairs  
 Ministry of Education, Sports and Training  
 Ministry of Health and Human Services  
 Office of the Chief Secretary  
 Ministry of Finance, Banking, and Postal Services

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	27.00
<b>Total Financing</b>	27.00
<b>of which IBRD/IDA</b>	27.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	27.00
IDA Grant	27.00

**IDA Resources (in US\$, Millions)**

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
<b>Marshall Islands</b>	0.00	27.00	0.00	27.00
National PBA	0.00	27.00	0.00	27.00



<b>Total</b>	<b>0.00</b>	<b>27.00</b>	<b>0.00</b>	<b>27.00</b>		
<b>Expected Disbursements (in US\$, Millions)</b>						
<b>WB Fiscal Year</b>	2022	2023	2024	2025	2026	2027
<b>Annual</b>	0.00	4.47	8.01	8.18	4.34	2.00
<b>Cumulative</b>	0.00	4.47	12.48	20.66	25.00	27.00

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Health, Nutrition & Population

**Contributing Practice Areas**

Education, Social Protection & Jobs

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

<b>Risk Category</b>	<b>Rating</b>
1. Political and Governance	● Low
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Low
9. Other	● Moderate
10. Overall	● Substantial



**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

Sections and Description



Schedule 2, Section I.A.4: The Recipient shall maintain, throughout the Project implementation period, the Project Implementation Unit within the Office of the Chief Secretary with mandate, composition and resources satisfactory to the Association, which shall be responsible for providing day to day management of Project implementation and coordination, in accordance with the provisions of this Agreement and the Project Operations Manual. Without limitation to the generality of the foregoing, the Recipient shall recruit no later than 3 months after the Effective Date, a project officer, a finance officer, a social and behavior change communication and advocacy coordinator, and maintain the Project manager to head the PIU, as well as key staff including: (a) an early childhood development program officer located in each of Majuro and Ebeye; (b) a monitoring and evaluation expert; (c) additional technical specialists as may be needed; (d) support staff; and (e) early childhood development coordinators from each of MOHHS, MOEST, and MOCIA ; all with terms of reference, qualifications and experience satisfactory to the Association.

Sections and Description

Schedule 2, Section I. B.1: The Recipient shall update and adopt, by no later than three (3) months after the Effective Date, a Project Operations Manual, in form and substance acceptable to the Association, setting forth the arrangements and procedures for implementation of the Project.

Sections and Description

Schedule 2, Section I. D: To facilitate the carrying out of Part 3 of the Project, the Recipient shall, enter into a Memorandum of Understanding, in form and substance acceptable to the Association, between the MOCIA, the MOEST, the MOHHS, Marshall Islands Social Security Administration, the Majuro Atoll Local Government, Kwajalein Atoll Local Government, and any other local governments, as needed, detailing the division of responsibilities and cooperative arrangements for implementing Part 3 of the Project.

Sections and Description

Schedule 2, Section I. H.1: The Recipient shall prepare and furnish to the Association not later than:  
(a) two (2) months after the Effective Date (or such later date as the Association may agree); and  
(b) June 15 of each year for every subsequent fiscal year of the Recipient during the implementation of the Project (or such later date as the Association may agree); for the Association’s no-objection, an Annual Work Plan and Budget containing all eligible Project activities and corresponding expenditures, inclusive of Operating Costs and Training proposed to be included in the Project in the Recipient’s following fiscal year, including a specification of the source or sources of financing for all corresponding expenditures, and environmental and social risk management measures taken or planned to be taken in accordance with the provisions of Section I.F of this Schedule.

Sections and Description

Schedule 2, Section II.1: 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.

Sections and Description

Schedule 2, Section II.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 the Financing Agreement. 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 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.

**Conditions**

Type	Financing source	Description
Disbursement	IBRD/IDA	<p>Schedule 2, Section III. B.1 (b): no withdrawal shall be made for Cash Transfers under Category (2), unless and until the Association has received evidence to its satisfaction that:</p> <ul style="list-style-type: none"> <li>(i) the Memorandum of Understanding has been duly executed in accordance with the provisions of Section E of Schedule 2 of the Financing Agreement;</li> <li>(ii) the Recipient has updated and adopted the Cash Transfer Operations Manual in accordance with the provisions of Section C of Schedule 2 of the Financing Agreement;</li> <li>(iii) the Recipient has developed and maintained: (a) the CTMIS for the enrolment, compliance verification and payments, and (b) a grievance redress mechanism; all satisfactory to the Association.</li> </ul>
Disbursement	IBRD/IDA	<p>Schedule 2, Section III. B.1 (c): no withdrawal shall be made for Emergency Expenditures under Category (3), unless and until all of the following conditions have been met in respect of said expenditures:</p> <ul style="list-style-type: none"> <li>(iv) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (3); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and</li> <li>(v) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.</li> </ul>



## I. STRATEGIC CONTEXT

### A. Country Context

- 1. The Republic of the Marshall Islands (RMI) is one of the world's smallest, most isolated, and vulnerable nations.** The country consists of 29 atolls and 5 isolated islands (24 of which are inhabited) and has a total land mass of just 181 km<sup>2</sup> set in an area of over 1.9 million km<sup>2</sup> in the Pacific Ocean. The population of the RMI was estimated at 53,066 in 2016. The two largest urban centers, Majuro (the nation's capital) and Ebeye, have populations of 28,000 and 9,614, respectively, with the remainder of the population inhabiting rural neighboring islands (NIs).<sup>1</sup> The RMI was consolidated into the Trust Territory of the Pacific Islands governed by the United States (US) during the Second World War and achieved formal independence in 1986.
- 2. The RMI faces many of the development challenges common to small, remote economies with dispersed populations.** The RMI's small size and remoteness make it impossible to achieve economies of scale, increasing the costs of trade and constraining competitiveness of exports of goods and services in world markets. These factors similarly raise the cost and complexity of providing public services. In addition, the RMI is extremely vulnerable to the climate change impacts of natural disasters, including rising sea levels, droughts, tropical cyclones, extratropical storms, king tides, and erosion. The impacts of natural hazards in the country are exacerbated by extremely high population density, especially on the two urban islands of the archipelago (Ebeye and Majuro), high levels of poverty, low elevations (average elevation of most islands is approximately 2 meters above sea level, with the highest recorded point on the atoll at 10 meters above sea level), and the majority of the population living along the coastline.
- 3. Average economic growth has been low by global standards and subject to high volatility, and poverty remains a challenge.** Over the past 15 years, real gross domestic product (GDP) has grown by a modest 1.5 percent on average. As a small, remote economy with dispersed population, the RMI faces significant challenges to sustainable economic growth. The Gini index, which measures inequality, is estimated at 35.5 for the RMI in 2019–20 based on per capita consumption and is comparable to other East Asia and Pacific countries (Table 1).
- 4. The poverty headcount in the RMI is estimated at 7.2 percent of the total population based on the 2019–2020 Household Income and Expenditure Survey (HIES)** (using a basic needs poverty definition), or 3,900 individuals living in poverty. About 70 percent of poor households live in rural areas with the remaining 30 percent spread evenly between Majuro and Ebeye. The poverty rate is consequently lowest in Majuro (2.3 percent of individuals) and highest in rural areas (21.2 percent of individuals). Poverty rates are highest for households with no labor market attachment or where the heads of households run their own business (14.5 and 22.8 percent, respectively). On the other hand, households with salaried employees are much less likely to be poor (2.8 percent poverty rate).
- 5. Female-headed households and those with low levels of educational attainment are more likely to be poor.** The poverty rate for female-headed households is 8.7 percent compared to 6.6 percent for male-headed households. This gender difference is particularly pronounced in rural areas where 30 percent of female-headed households are poor. Poor Marshallese households also have lower levels of

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<sup>1</sup> The NIs are jurisdictions within the recipient's territory.



educational attainment than non-poor households, pointing to high returns to education in the RMI. About 8.0 percent of households where the head has only completed primary education are poor compared to 1.4 percent of households headed by a person with at least some level of post-secondary education. Moreover, most of the RMI’s poor are children and adolescents. However, this is driven by the RMI’s population being young rather than young Marshallese suffering from higher rates of poverty. Marshallese have open access to travel, schooling, and employment in the US, an important growth opportunity for the RMI in terms of employment, skills acquisition, and remittance income. However, the RMI’s domestic labor pool is currently unable to provide enough workers with the appropriate skills, experience, and attitudes required by the private sector. Marshallese living in the US have lower household income relative to other migrant groups, primarily reflecting their lower skills base.

Table 1. Key Monetary Measures of Living Standards in the RMI

Annual gross national income per capita (2018 US\$ Atlas Method)	4,860
Mean (median) annual per capita consumption (US\$)	4,132 (3,476)
Mean (median) annual adult equivalent consumption (US\$)	4,963 (4,135)
Basic needs poverty rate (percent)	7.2
US\$1.90 (2011 PPP) poverty rate (percent)	0.9
US\$5.50 (2011 PPP) poverty rate (percent)	27.4
Gini index	35.5

6. **The RMI is one of three sovereign Pacific Island nations in a bilateral ‘Compact of Free Association’ (COFA) agreement with the US (Public Law 108-188).** The Compact provides approximately US\$80 million per year to the RMI in the form of Compact Sector Grant (CSG) assistance, Supplemental Education Grant assistance, support of the Kwajalein Land Use Agreement, and a deposit into the RMI Compact Trust Fund. The health and education sectors receive significant shares of the US CSG support administered through the Department of Interior, Office of Insular Affairs, through the Joint Economic Management and Financial Accountability Committee (JEMFAC) with the RMI. Annual CSGs and access to US Federal Government grants and programs are scheduled to expire in 2023 under the current COFA agreement, with the CSGs to be replaced by annual distributions from the Compact Trust Fund. The ongoing negotiations indicate that US support to the health and education sectors may remain broadly constant over the medium term, although the details of the scope, size, and duration of any future agreement remain uncertain. However, US support is unlikely to continue indefinitely. Therefore, measures to increase economic growth and incomes, enhance fiscal sustainability, and improve the efficiency and equity of public service delivery remain central to the RMI’s long-term development prospects and economic stability.

7. **The Government of the RMI (GRMI) took swift, bold preventive measures against COVID-19.** International borders have been closed to the general public since February 2020 and 17 imported cases have been identified in quarantine. During this time, the country prepared its quarantine, isolation and treatment wards and mobilized medical equipment, personal protective equipment, supplies, and surge

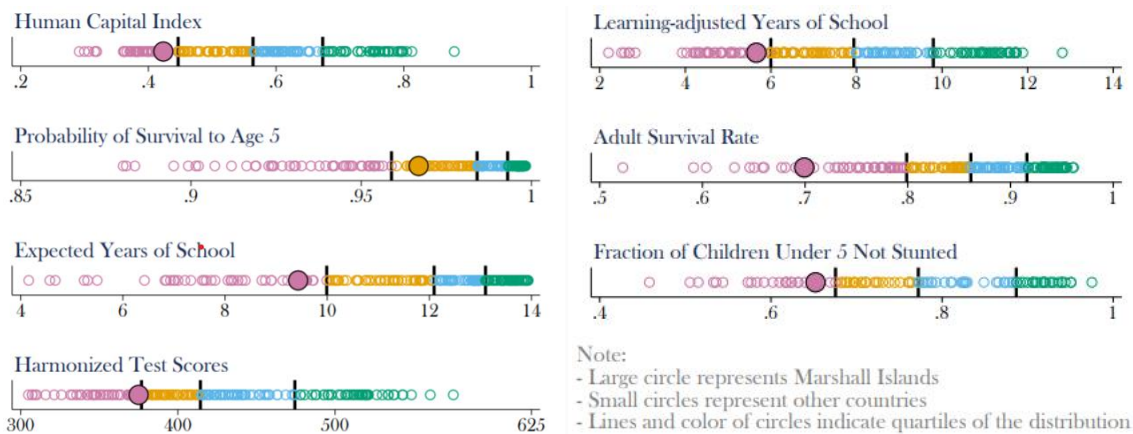


health providers for the response.<sup>2</sup> The RMI rolled out COVID-19 vaccination efforts in December 2020 using donated vaccines through the US Operation Warp Speed. As of April 29, 2022, a total of 24,768 Marshallese adults (18+) were fully vaccinated, or over 98 percent of the adult population. The RMI has introduced vaccines for children as well. Around 40 percent of adolescents (ages 12–17) and 22 percent of children (ages 5–11) are fully vaccinated, bringing the total to 71 percent of the population 5 years and older. Vaccination completeness ranges from 94 percent of adults on Majuro to 88 percent in Kwajalein atoll; the country has intensified its vaccine deployment in NIs, increasing full vaccination coverage from 18 percent of adults in August 2021 to 60 percent five months later. The RMI is receiving additional technical and financial assistance for COVID-19 response and vaccine rollout through several US federal agencies, while the World Bank, Asian Development Bank (ADB), United Nations Children’s Fund (UNICEF), and the World Health Organization (WHO) have offered financial, technical, and/or in-kind support to overall COVID-19 prevention and response efforts. Schools in the RMI have remained open throughout the pandemic.

**B. Sectoral and Institutional Context**

8. **The RMI requires continued investments in human capital to enhance the quality of the labor market; reduce poverty; and improve competitiveness, adaptiveness, and resilience of the population.** According to the Human Capital Index (HCI), a child born in the RMI today will be 42 percent as productive when s/he grows up as s/he could be if s/he enjoyed complete education and full health (figure 1). Overall HCI performance is lower than the average for the East Asia and Pacific region and upper-middle-income countries. The RMI is in the lowest quartile of countries in terms of its HCI score, as well as all constituent measures (except for survival to age 5). Increasing the efficiency and quality of education and health services delivery will be essential, as education and health services are crucial public sector enablers to build human capital and increase the quality of the domestic labor pool.

**Figure 1. RMI’s HCI and Components**



Source: World Bank. 2020. *Marshall Islands Human Capital Index 2020*. World Bank: Washington, DC.

<sup>2</sup> The consequence has been significant disruption in international travel for both Marshallese citizens (with high dependence on open travel to/from the US) and international travelers/consultants, with many being stranded abroad. A national repatriation process, coordinated by the National Disaster Committee, was initiated in early 2021; a limited number of seats have been allocated to foreign nationals since mid-2021.



**9. The RMI faces distinct challenges in maximizing the early-life foundations of human capital.**

Early childhood sets the foundation for lifelong health and well-being and the cognitive and non-cognitive skills built in this period follow children for their lifetimes. Maternal mortality rate (92 deaths per 100,000 live births) and infant mortality rate (28 deaths per 1,000 live births) are high relative to the RMI's income level and other Pacific Island comparator countries. While child stunting (low height-for-age, an indicator of chronic undernutrition) affects 35 percent of children under age 5, signs of early life undernutrition are evident even earlier. Of most recently born children ages 0–59 months, 12 percent were estimated to have low birthweight (<2,500 g). Data available from the 2017 Integrated Child Health and Nutrition Survey (ICHNS) point to deficits in overall child developmental outcomes.<sup>3</sup> Physical health and growth, literacy and numeracy skills, socio-emotional development, and readiness to learn are vital domains of a child's overall development. According to the ICHNS, 79 percent of children are developmentally on track in three of these four domains,<sup>4</sup> ranging from 86 percent of children ages 48–59 months compared to 71 percent of children ages 36–47 months. Overall, children in the wealthiest families show better health, education, and nutrition outcomes compared with children in the poorest families.

**10. Marshallese families experience adversity across multiple domains that undermine children's opportunities to learn, earn, innovate, and compete:**

(a) inadequate access to effective and quality maternal and child health (MCH) and nutrition services, including antenatal care (ANC) services, postnatal care (PNC) services, and immunization; (b) insufficient opportunities for early stimulation and early learning; (c) lack of economic support through formalized social protection; and (d) limited availability, affordability, and consumption of nutritious diets, especially for children from vulnerable families. These conditions are underpinned by a general low level of social and cultural awareness of the importance of early child stimulation, health, and nutrition and limited monitoring of child development within households and public service contacts.

**11. Motivated by the ICHNS findings, the former President of the RMI initiated a flagship early childhood development (ECD) program in 2018 to address the foundations of human capital formation in the country.**

The President established a Cabinet Committee (CC) on ECD, consisting of the President and the Minister of Finance, Banking and Postal Services; Ministers of Health and Human Services, Education, Sports and Training; and Minister of Culture and Internal Affairs to provide high-level strategic leadership and guidance for the RMI's flagship ECD program. The Chief Secretary is the Secretariat of the CC, facilitating the development of a multisectoral ECD Policy to (a) outline key interventions and indicators anchored within these three sectors and (b) improve the policy, regulatory, and enabling environment for early childhood. Together, these actions form the foundation of the RMI's approach to operationalize an evidence-based, multisectoral, integrated approach to tackling early childhood health and nutrition issues (figure 2), grounded in the Nurturing Care Framework.

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<sup>3</sup> UNICEF. 2017. *Republic of the Marshall Islands Integrated Child Health and Nutrition Survey: 2017*. The ICHNS calculates the Early Child Development Index (ECDI) based on selected milestones that children are expected to achieve by ages 3 and 4. There are notable limitations to the interpretation of the overall ECDI and the validity of the items included in the index. The literacy-numeracy items are more closely aligned with capabilities expected of children at the upper end of the age range, and physical items are more closely aligned with developmental milestones for children at the lower end of the age range. Thus, it is unsurprising to see higher performance in the physical domain and lower performance in literacy-numeracy.

<sup>4</sup> UNICEF. 2017. *Republic of the Marshall Islands Integrated Child Health and Nutrition Survey: 2017*. The ICHNS defines developmentally on track for the following four domains as follows: (1) Literacy-numeracy; (2) Physical; (3) Social-emotional; and (4) Learning.



12. **Since 2019, the GRMI has also been implementing the Multisectoral Early Childhood Development Project (ECD-I),<sup>5</sup> financed by the World Bank (details in section C).** ECD-I was initiated at the request of the RMI's former President to finance priority interventions of the ECD program, taking bold action in support of the country's youngest children and their families. The ECD-I Project became effective on May 30, 2019, and the development objective is to improve coverage of multisectoral ECD services. The five-year, US\$13 million project has been supporting the GRMI in implementing a package of activities in health, education, and social assistance while strengthening the governance, monitoring, and communications related to the multisectoral approach to ECD. The ECD-I Project has contributed to some improvements in the ECD context in the health, education, and social protection sectors.

13. **The ECD-I Project faced headwinds in the startup phase but has recently shown strong signs of improvement.** The implementation and coordination challenges of establishing a multisectoral operation were anticipated, particularly in a fragile conflict-affected state. Against a backdrop of high institutional and social fragility, low human resource availability, limited quality of policy and institutions, and overstretched implementing agencies, project-specific challenges included (a) establishing of effective multisectoral implementation and coordination mechanisms and collaboration within and across implementing agencies; (b) fragmentation of implementation, first while the GRMI and World Bank established working relationships and the project team was recruited, again with turnover in World Bank, government, and Project Implementation Unit (PIU) teams; (c) the onset of the COVID-19 pandemic—only nine months into implementation—leading to competing priorities for the Ministry of Health and Human Services (MOHHS), travel restrictions for internationally recruited project members, and implementation support constraints.

14. **Despite these disruptions, there are recent, strong signals of accelerating implementation in late 2021 and early 2022.** The GRMI multisectoral coordination and governance mechanisms are functioning regularly and a full PIU has been in place since October 2021. Three preschool classrooms opened in Majuro and two are nearly ready in Ebeye, and the cash transfer management information system (CTMIS) and cash transfer operations manual (CTOM) are in place to enable rollout of social assistance benefits in the second quarter of 2022. The Majuro Hospital labor and delivery ward renovations are in the final stages and expected to be completed before June 2022.

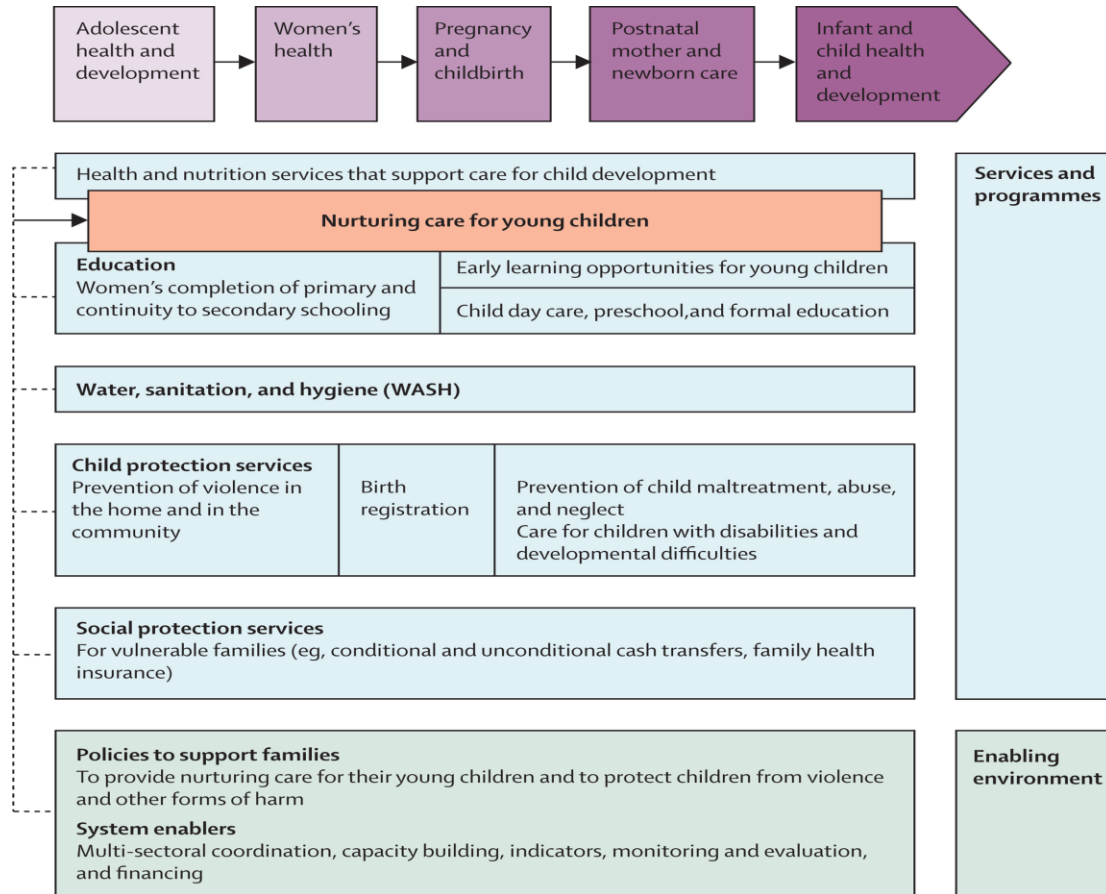
15. **Relevant ECD outcomes and systems-level issues—including the contributions of ECD-I—are summarized, by sector, in the following sections.**

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<sup>5</sup> World Bank. 2019. *Marshall Islands - Multisectoral Early Childhood Development Project*. Washington, DC: World Bank Group. <https://imagebank2.worldbank.org/search/30824838>.



Figure 2. Framework to Promote Young Children's Development through a Multisectoral Approach



Source: Richter, L. M., B. Daelmans, J. Lombardi, et al. 2016. "Investing in the Foundation of Sustainable Development: Pathways to Scale Up for Early Childhood Development." *Lancet* 389 (10064): 103–118.

### Health Sector

16. **Improving early childhood outcomes requires actions along the lifespan and access to improve reproductive, maternal, newborn, child health and nutrition (RMNCH-N) outcomes and services (table 2).** The RMI has undergone a rapid epidemiological transition with noncommunicable diseases (NCDs) presently the leading cause of morbidity and mortality alongside the unfinished burden of maternal, neonatal, and communicable diseases. Diabetes, cardiovascular disease, and cancer were the top three causes of mortality in the RMI in 2017,<sup>6</sup> with obesity a main risk factor for premature mortality and morbidity. In 2017, 74 percent of deaths of adults ages 15 to 49 years were attributed to NCDs—70 percent for males and 79 percent for females. Unhealthy diet is a main contributor to obesity, which is significantly higher among women (78 percent) compared to men (66 percent).<sup>7</sup> Addressing these areas further demands attention to remedying gender gaps that serve to limit women's full acquisition of

<sup>6</sup> Ministry of Health and Human Services Annual Report, 2017.

<sup>7</sup> Ministry of Health and Human Services, Marshall Islands Epidemiological Projects Initiative, and the Pacific Islands Health Officers Association. 2018. *Marshall Islands NCD Hybrid Survey, Preliminary Results*.



endowments in health.

17. **Poor maternal nutrition is an underlying cause of preventable death among women, an impediment to improving women's health endowments, while inadequate infant and young and child nutrition threatens the human capital formation of the next generation in the RMI.** Women's nutrient requirements change with the increasing physiological demands of pregnancy and lactation. However, there is evidence of poor dietary quality among Marshallese women. Among caregivers of children under the age of 2, only 27 percent consume minimum dietary diversity (at least five food groups during the previous day). Only 42 percent of Marshallese women exclusively breastfeed<sup>8</sup> their infants below 6 months. Continued breastfeeding until the age of 2 is common for about one-third of young children. Diets of children ages 6–23 months tend to be lacking in diversity and nutrient density. Only about 45 percent of Marshallese children of this age group receive minimum dietary diversity, and this results in low (30 percent) minimum acceptable diets.<sup>9</sup>

18. **Coverage of facility-based RMNCH-N services is relatively high in Ebeye and Majuro, but challenges remain in ensuring service readiness and availability, particularly outside Majuro.** Timely receipt of the first ANC visit is of paramount importance as it provides the opportunity to screen for and manage pregnancy-related NCD risks as well as guidance on modifiable lifestyle factors (diet, smoking, physical activity) to improve pregnancy outcomes. However, early ANC remains an issue in the RMI, with only 34 percent of women receiving their first ANC visit in the first trimester. Delivery with a skilled birth attendant can reduce the risk of maternal mortality by 20 percent, yet disparities in access persist for rural women and for the poorest, with only 66 percent of rural women delivering with a skilled provider. Moreover, there is irregular delivery of well-child clinic visits beyond the second week of life, and programs such as vitamin A supplementation (54 percent) and child deworming (32 percent) have lower coverage. Public health programs promoting healthy diet and physical activity are donor driven and sporadic. Access to adolescent-friendly reproductive health education and services is limited.

19. **Violence against women, girls, and children remains a threat to human capital formation.** Corporal punishment is widespread throughout the RMI. According to the ICHNS, 64 percent of children in the RMI ages 1–4 years had experienced some form of psychological or physical punishment by household members in the past month. Entrenched gender inequality and attitudes about women in the household drive high rates of intimate partner and family violence throughout the RMI, though there are limited national prevalence data on gender-based violence (GBV). The Family Health and Safety Survey shows that (a) rates of intimate partner violence and non-intimate partner violence toward women are high and (b) attitudes held by men and women support and excuse GBV. Most (91 percent) female respondents never sought help after an experience of violence and half never told anyone. Reporting is largely through informal channels and only 1 percent told the police, a doctor, or a health worker. The Child Protection Baseline Study found, for example, that of the children who had been physically abused

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<sup>8</sup> Suboptimal infant and young child practices play a key role in child growth faltering. Breastfeeding is beneficial to both mother's and child's health and nutrition, and the WHO recommends infants consume only breastmilk for the first six months. Promoting sound breastfeeding practices is also a 'double duty action': it protects against undernutrition and child overweight and diabetes later in life.

<sup>9</sup> UNICEF 2017. The WHO minimum acceptable diet among children ages 6–23 months is a composite indicator of consumption of breastmilk/appropriate number of alternative milk feeds, minimum meal frequency (according to child's age), and minimum dietary diversity (4+ food groups). After six months, the timing, adequacy, appropriateness, and safety of complementary foods—along with continued breastfeeding—contribute to nutrient adequacy among infants and young children.



the previous month, 46 percent did not report the abuse.

**Table 2. Health Service Coverage and Key Financing and Systems Issues, RMI**

<b>Health Service Coverage</b>	
Percent of women giving birth with a skilled provider <sup>+</sup>	66
Immunization rates (children ages 19–35 months):	
Measles Mumps and Rubella 1 <sup>++</sup>	84
Immunization completeness <sup>++</sup>	55
Percent of women receiving at least one antenatal care visit during the first trimester <sup>++</sup>	34
Percent of children under age 5 with diarrhea in the last 2 weeks for whom advice or treatment was sought from a health facility or provider <sup>*</sup>	47.1
Percent of children under age 5 with diarrhea who received ORS and zinc <sup>*</sup>	7.5
<b>Health Financing</b>	
Total health spending as a share of GDP (%)	23
Government (including on-budget donor) health spending as a share of GDP (%)	15
Government health spending per capita (US\$)	560
<b>Health System</b>	
Hospital beds per capita (National)	1:357
Majuro (101 beds)	
Ebeye (54 beds)	
Human Resources for Health (total)	585
Doctors per capita	1:1,288
Nurses per capita	1:254
Primary health care facilities	58
Hospital	2
Health Center / NI Dispensary	56

Sources: \*UNICEF Integrated Child Health and Nutrition Survey, 2017; +MOHHS Key Performance Indicators Report, 2020; ++MOHHS MCH Needs Assessment 2021–25;

Note: ORS: Oral rehydration solution; Complete immunization: Children ages 19–35 months complete 4-DTaP, 3-Polio, 3-HepB, 1-HIB, 1-MMR. Data are subject to the usual errors associated with small sample sizes and, in the case of population data such as infant mortality rate and maternal mortality rate, issues associated with measurement of mortality in small populations.

## Health System Issues

20. **Although health system performance has improved, considerable investment and reform is needed across health systems building blocks<sup>10</sup> for the RMI to realize the ‘Healthy Islands’ vision and consistently deliver high-quality, effective primary health care including RMNCH-N services.** Health services are delivered in two hospitals (one each in Majuro and Ebeye) and 56 public health centers (primarily health dispensaries, located on the NIs). Both hospitals provide primary and secondary care; tertiary care is provided through overseas medical referrals (primarily to Honolulu or the Philippines). The MOHHS offers MCH clinics within Majuro and Ebeye hospitals to see infants at two weeks postpartum and according to the routine immunization schedule. In both facilities and communities, resources are limited to support caregivers to improve health, nutrition, and parenting behaviors. Human resource challenges include (a) suboptimal availability, mix, and distribution of health providers, particularly the absence of

<sup>10</sup> The WHO defines these as (a) leadership and governance; (b) service delivery; (c) health system financing; (d) health workforce; (e) medical products, vaccines, and technologies; and (f) health information systems.



skilled, culturally competent providers for MCH services on the NIs; (b) limited communication across public health programs and clinical service providers; and (c) insufficient staff training, supervision, and performance management. Unreliable availability of essential commodities and equipment (for example, vaccine cold chain, micronutrient supplements, communication materials) pose barriers to improving coverage of priority primary health care services.

21. **There are significant equity gaps in the availability and utilization of basic essential primary health care (and particularly RMNCH-N services) on the NIs.** Dispensaries function as rural health posts and the site for preventive, promotive, and essential health services on the NIs. They are staffed by full-time health assistants (high school graduates, majority male, who are trained to provide basic services). These dispensaries often have only sporadic access to running water, electricity, and/or radio communication with Majuro and inadequate equipment, supply, and pharmaceutical stocks. There are limitations in the professional competencies of health assistants along with cultural challenges related to the acceptability of male health assistants providing RMNCH-N services. For this reason, many women on the NIs often (a) do not seek preventive/promotive reproductive and maternal health services; (b) see traditional providers; or (c) travel to Ebeye/Majuro for only the most essential RMNCH-N services (that is, delivery). Mobile health missions from Majuro or Ebeye to the NIs provide sporadic opportunities to deliver immunization and reproductive health services. However, these are limited in frequency, quantity, and quality of services due to insufficient financing for operational cost, transport, equipment, and availability of adequately trained staff.

22. **The ECD-I Project is supporting the MOHHS to alleviate fragmentation and challenges in health system inputs such as human resources, equipment, supplies, and service delivery standards that affect the delivery of RMNCH-N services.** Technical assistance (TA) under the ECD-I Project is supporting the development of the MOHHS' first five-year strategic plan in over two decades, introduction of a primary health care reform strategy (including definition of an essential RMNCH-N service package), procurement of a subset of urgently needed equipment to deliver the package, and renovations in the Majuro labor and delivery ward.

23. **The RMI has established foundations for gender equality and social inclusion (GESI) in the health sector.** In late 2021, the MOHHS launched standard operating procedures (SOPs) for clinical management of rape, sexual violence, and GBV with support from the United Nations Population Fund (UNFPA). The Disability Policy and Action Plan 2014–2018 has the purpose of providing a “comprehensive framework for improving the quality of life of persons with disabilities and to increase their meaningful participation in society.” Within the context of this policy, the Disability Coordination Office provides TA to the Marshall Islands Disabled Persons Organization and coordinates government response. Additionally, the MOHHS supports care for children with special health care needs through collaboration with the Early Hearing Detection and Intervention Program; coordination with Shriners Hospital for overseas care; and the Ministry of Education, Sports and Training (MOEST). Federal funds from the US support overseas specialist care for identified children. Despite these resources, not a single referral was made for delayed milestones for children ages 0–5 years related to autism spectrum disorder, attention deficient hyperactivity disorder, or intellectual disability, highlighting weak screening and referral pathways.

24. **Similar to many Pacific Islands, overall spending on health is high and highly donor dependent, with the health system delivering outcomes and access to services that are low relative to the RMI's level of income and public spending on health.** Government health spending (including on-budget donor



assistance) in the RMI is 15 percent of GDP or US\$560 per capita. Government health spending accounts for 65 percent of total health expenditure, followed by off-budget development assistance (18 percent), out-of-pocket payments (13 percent), and prepaid private spending (3 percent).<sup>11</sup> Hospitals are the largest cost drivers in the health sector: general hospital services and specialized hospital services represent 19 and 27 percent of government spending, respectively. US federal grants and programs drive spending on key preventive and public health programs (for example, immunization, MCH, family planning, public health preparedness) and the organization of the health system. The resulting inefficiencies are quite predictable: limited coherence, alignment, and responsiveness of health spending to strategic and emerging priorities; duplication of activities and overlap across health programs; and fragmentation in planning, budgeting, and resource management.

## Education Sector

25. **Early Learning Policy.** The 2017 Pasifika Call to Action for Early Childhood Development calls for member countries (including the RMI) to achieve Sustainable Development Goal Target 4.2 “by 2030, all girls and boys have access to quality early childhood development, care, and pre-primary education so that they are ready for primary education” and recognizes that investment in ECD has wide-reaching multiplier effects. Yet, the RMI is one of the only Pacific Island Countries (PICs) without a national policy on early childhood care and education or early learning and development standards.<sup>12</sup> The RMI school system serves kindergarten to grade 12, has 112 schools, and is made up of public and private schools. Since 2004, the national kindergarten program has been integrated into public elementary schools and is provided free of charge to children who turn 5 at the start of the school year. Until 2021, preschool had been provided for 3–4-year-olds by private providers only, and only 187 young children ages 2–4 years attended formal early learning at a private school in 2019.<sup>13</sup> Government funding to private preschools is based on enrolment and accreditation.

26. **The RMI is piloting the introduction of public preschool under ECD-I and opened three public preschool classrooms in November 2021.** Although the RMI has a universal kindergarten program for children ages 5 years, with less than 5 percent of children ages 36–59 months attending an organized ECD program (UNICEF 2017), there is considerable need for providing access to early childhood education (ECE). Under ECD-I, new preschool spaces have been identified, renovated, and equipped with toys and instructional materials. A new preschool curriculum was developed and training was carried out for preschool teachers and teacher assistants, including on topics such as socio-emotional learning and early math. With the opening of the new public preschool classrooms in 2021, 2 percent of children ages 3 and 4 are currently enrolled in public preschool.

27. **Parenting practices and early stimulation.** Parent/caregiver-child interaction and the household environment in the RMI do not compensate adequately for the lack of formal or community-based ECD services. Nationwide, 72 percent of children ages 36–59 months were engaged by adults in four or more activities in the previous three days;<sup>14</sup> children were more likely to have their mothers engaged in these

<sup>11</sup> Institute for Health Metrics and Evaluation, 2018.

<sup>12</sup> UNICEF. 2017. *Status Report on Early Childhood Care and Education in Pacific Island Countries (PICs)*.

<sup>13</sup> RMI-EMIS 2019.

<sup>14</sup> Data from UNICEF ICHNS 2017. The maximum number of activities is six: (a) reading books to or looking at picture books with the child; (b) telling stories to the child; (c) singing songs to or with the child, including lullabies; (d) taking the child outside the home, compound, yard, or enclosure; (e) playing with the child; and (f) naming, counting, or drawing things to or with the child.



activities (59 percent) than their fathers (2 percent). Adult engagement with children varies most widely by the education level of the child's caregiver: it is as low as 50 percent among children whose caregivers' highest level of education is primary school compared to 85 percent among children with caregivers who attended higher education. Children are less likely to have their biological mother engaged in learning when the mother is under age 20 (42 percent) compared to age 35 and over (53 percent). Paternal involvement in caregiving is also low: only 2 percent of fathers engaged with their children in caregiving activities over the last three days and few men participate in existing parenting home visit services. Less than one-fifth (18 percent) of children ages 0–59 months live in families with three or more children's books, with large variations by income. The addition of Marshallese reading materials under ECD-I (500 copies of 4 board books) and with support from the Read@Home initiative (2,000 copies of seven age-appropriate titles) is catalyzing the Government's plan to make at least 25 different Marshallese books available for ECE by 2025.

### Education System Issues

28. **The RMI faces challenges with respect to education enrolment and achievement.** Gross enrolments in elementary school had been static for several years at around 83 percent but fell the last two years to around 78 percent, and enrolments drop off in secondary school to 56 percent.<sup>15</sup> Enrolment rates have increased in urban areas and decreased in the NIs, likely the result of migration. Despite access to basic education, the quality of education is still questionable and fundamentally American in orientation, with more attention needed to place-based education (to use the local community and environment as a foundation for more relevant and culturally sustaining learning). Low school enrolments, high dropout rates, and low educational outcomes are of great concern to the Public School System (PSS) of the MOEST, and test scores from the national RMI Standards Assessment Test series highlight poor outcomes for those in school. With proficiency scores on the 8th grade Marshall Islands standard achievement test (MISAT) averaging around 44 percent through 2019, the most recent results show a significant drop to 26 percent proficiency in 2020 and 2021.<sup>16</sup>

29. **Government expenditure on education was 9.6 percent of GDP in 2019.** At around 16.7 percent of total spending, the RMI's education system has ample resources compared to regional peers and global averages. Yet there is a need to ensure education outcomes are commensurate with the level of spending. Education was the second largest expenditure item in 2019: US\$24 million allocated to this sector, with salaries comprising a large share of the resources. CSGs represent the main source of financing (more than three-quarters of all funds) and are expected to remain stable over the medium term. It is estimated that roughly one-tenth of the budget is allocated to pre-primary/kindergarten education, while the coverage and availability of such services is extremely limited. Primary education receives 62 percent while secondary receives 28 percent according to the 2021 RMI Education Management Information System (MIEMIS) data (see table 3).

30. **Challenges in the duration and quality of Marshallese education contribute to gaps in the skills and participation of the Marshallese labor force.** The female labor force participation rate (LFPR) is low

<sup>15</sup> Digest of education statistics 2020–2021, MOEST/PSS.

<sup>16</sup> The MISAT was conducted at the beginning of the academic year, with such a change likely leading to less proficiency given students have not had a full year of schooling. There is also some concern about alignment of the MISAT with curriculum.



at 52 percent<sup>17</sup> and the share of Marshallese women in paid employment (26 percent) is just over half the rate of Marshallese men (48 percent). Central to the low levels of female LFPR and women’s economic activity are women’s unpaid domestic work and caregiving responsibilities. For young women, the early onset of motherhood and other care responsibilities can influence their aspirations for education and employment. The College of the Marshall Islands identified the lack of appropriate childcare as an obstacle to women completing their studies.<sup>18</sup>

31. **Small schools (with fewer than eight teachers) account for just over 50 percent of all schools in the RMI with the majority located in the NIs.** These schools in the NIs are often under-resourced, especially around staffing. Inequities include significantly lower qualified teachers in rural schools (only 38 percent holding requisite degree/certification), limited to no access to internet, and infrastructure deficits (water/sanitation, furniture, and so on). The smaller population density and island remoteness make it difficult to allocate/attract teachers. However, in many locations there is an opportunity to expand to eventually include preschool on primary school premises and hire preschool educators from the local community, certified by the teachers’ licensing board, including through the new ‘Island Track’ mechanism when it is developed.

**Table 3. Education Outcomes, System, and Financing, 2021**

Education Outcomes	Outcome	Education Financing and System	
ECE enrolment rate (gross, net) Primary <sup>a</sup> enrolment rate (gross, net)	43%, 36% 77%, 68%	Total education spending as share of GDP (%)	9.6
Survival rate <sup>b</sup> to Grade 8	89%	Government (including on-budget donor) education spending as a share of total government expenditure (%)	16.7
Secondary enrolment rate (gross, net)	55%, 45%	Government education spending per capita (US\$)	1,813
Survival rate <sup>b</sup> to Grade 12	30%	Student: teacher ratio (elementary) Majuro Ebeye NI	17.6:1 19.5:1 10:1
Students attaining ‘proficient’ or above on MISAT <sup>c</sup> Grade 3 (girls, boys) Grade 6 (girls, boys)	35%, 29% 21%, 18%	Number of elementary schools Majuro Ebeye NI	11 3 66
		Number of preschools Public Private	0 10
<p><i>Source:</i> Marshall Islands Public Schools System - Digest of Education Statistics 2018, 2019, 2020, 2021.  <i>Note:</i> a. Primary/Elementary education in RMI is defined as grades K–8.            b. The Education Statistics Digest defines this as the percentage of a cohort of pupils enrolled in the first grade of a given year of cycle who are expected to reach successive grades.            c. Marshall Islands Standards Assessment Test 2018 (test results in 2021 are not disaggregated by gender)</p>			

<sup>17</sup> Which is low compared to the RMI male LFPR (66.8 percent), the global female LFPR average of 55 percent, and the female LFPR in Pacific countries including Papua New Guinea (60.5 percent), the Solomon Islands (60.4 percent), Vanuatu (61.4 percent), and Palau (58.2 percent) (Pacific Community August 2017).

<sup>18</sup> Republic of the Marshall Islands. 2018. *Gender Equality: Where Do We Stand?* Republic of the Marshall Islands. Majuro: Ministry of Culture and Internal Affairs.



## Social Protection Sector

32. **The RMI has limited coverage of formal social protection programs, even when compared to other Pacific countries.** Over the past decades, the RMI has introduced a defined benefit pension scheme for formal sector workers and school feeding programs. Beyond these two schemes, there are no formal social assistance programs to support vulnerable groups (the poor, the informal sector, the elderly, disabled, and so on). The prevalence of ‘hardship’ in the RMI is amongst the highest for PICs.<sup>19</sup> Across most PICs, 20 to 30 percent of the population lives below the nationally defined hardship threshold; for the RMI, hardship is experienced by 51.1 percent of the population.

33. **The most significant expenditure on social protection is on the school feeding program, followed by a COFA subsidy for the formal sector pension scheme.** In the 2021 budget, the budget for the school feeding program totaled US\$3.3 million across all islands. The second largest expenditure was a US\$1.6 million subsidy for the formal sector pension scheme through the COFA. Other notable social protection expenditures are on the Four Atoll Feeding program (US\$0.574 million, funded through a US federal grant) and on the Kwajalein scholarship program (US\$0.2 million, through a CSG).

34. **Informally, the subsidy for the Marshallese copra industry has served as a social protection mechanism to residents on NIs.** Despite limited profitability, copra remains the primary source of cash income in the NIs, with a secondary objective of aiming to slow the pace of urban migration from remote areas. The copra industry is sustained by large GRMI subsidies to the state-owned Tobolar Copra Processing Authority. The atolls are widely planted with coconut trees, yet copra accounts for only about 1 percent of GDP. From FY04 to FY14, the subsidy averaged US\$1.1 million (1.4 percent of recurrent expenditure). The subsidy ballooned in recent years and nearly tripled in size between FY04 and FY19, reaching US\$8.2 million (5.7 percent of recurrent expenditure).<sup>20</sup>

35. **There is a widespread agreement within the GRMI that although progress has been made in increasing economic growth and reducing poverty, there is a clear need to invest in the foundations of human capital required to boost the productivity, competitiveness, and well-being of the Marshallese population.** The National Human Resource Development Plan 2014–2019 highlights the development of Marshallese talent with capacity to achieve the strategic vision for the nation as articulated in the National Strategic Plan (NSP). The Human Resource Development Plan aims to ensure that the future of the RMI is steered toward self-sustainability and efficiency by Marshallese, and this can only be achieved by investing in the people. The GRMI has requested the World Bank’s support to establish a social protection program. The 2021 Country Economic Memorandum/Public Expenditure Review (CEM/PER) highlights the opportunity of copra subsidy reform to efficiently finance targeted interventions, such as this program.<sup>21</sup> This is all the more important as the Ministry of Culture and Internal Affairs (MOCIA), with responsibility for social protection issues, has a relatively small budget (below US\$2.5 million) and it is entirely funded through government general revenue. MOCIA covers a wide range of areas such as community

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<sup>19</sup> The term ‘hardship’ relates specifically to national poverty measures. Incidence of ‘hardship’ is defined as the proportion of the population whose expenditure is below a threshold that includes an allowance for minimum food and non-food needs.

<sup>20</sup> World Bank. 2021. *Republic of the Marshall Islands Country Economic Memorandum and Public Expenditure Review: Maximizing Opportunities, Enhancing Sustainability*. World Bank: Washington, DC.

<sup>21</sup> World Bank. 2021. *Republic of the Marshall Islands Country Economic Memorandum and Public Expenditure Review: Maximizing Opportunities, Enhancing Sustainability*. World Bank: Washington, DC. <https://openknowledge.worldbank.org/handle/10986/36124>.



development, child protection, gender equity, historic preservation, election and voters’ registration and ID cards, among others.

36. **ECD-I has supported the GRMI to lay the foundations of a social assistance delivery system.** As part of ECD-I, the GRMI has developed a CTOM for a conditional cash transfer (CCT) program targeting vulnerable early years families to promote investments in early life human capital. The CTOM includes program rules, processes, and implementation procedures in relation to targeting, communications and beneficiary outreach, community mobilization, enrolment, payments, conditionalities, compliance verification, exit, grievance redressal mechanism, and monitoring and evaluation (M&E). The CTOM is accompanied by a functional CTMIS comprising a registration and enrolment module, a registry module for program beneficiary households, an eligibility verification and compliance monitoring module, a payment module—including interoperability with the project’s payment service provider, the Bank of Marshall Islands (BOMI) with bank account verification, payroll authorization and push, and payment reconciliation functions—and an M&E module.

37. **ECD-I has further supported the finalization of targeting of beneficiary households, the establishment of a set of ECD-related conditionalities, and the identification of an adequate benefit level.** In ECD-I, eligible families have been determined as those in Majuro and Ebeye with at least one pregnant woman and/or children between 0 and 60 months that are poor and vulnerable (including to climate-related disasters), as identified through a targeting exercise based on proxy means testing<sup>22</sup> and a community verification process. The conditionalities—that have been developed jointly by MOCIA, MOHHS, and PSS—comprise a combination of health and education-related activities and behaviors, starting from pregnancy and continued through 60 months of age (table 4). Finally, the GRMI has determined a bimonthly benefit level at US\$90 per beneficiary household plus US\$30 per child,<sup>23</sup> to be provided for beneficiary households, up to three children.

**Table 4. Conditionalities for Receipt of Benefits by CCT Beneficiary Households<sup>24</sup>**

Age Group	Education	Health
Pregnant women	None	ANC and PNC visits
Infants (under 1 year)		Well-child health checkups according to the MOHHS guideline
Children (1–3 years)		
Children (4 years)	Enrolment and regular attendance (70 percent) in preschool	

<sup>22</sup> A proxy means test (PMT) is a method to identify poor households for the targeting of social protection programs. A PMT is based on an econometric model that identifies observable household-level variables (for example, household size, asset ownership) that are strong predictors of household consumption using a representative household survey. This statistical relationship is then extrapolated to the population at large to predict a household’s level of consumption and, consequently, their eligibility for social protection programs aimed at the poor. A potential PMT formula aiming to identify the 1,000 poorest household in the RMI was developed using data from the 2019–2020 HIES. It evaluates a household’s social protection eligibility based on 22 observable household characteristics.

<sup>23</sup> Simulations conducted using the 2019–2020 HIES indicate that this benefit amount would yield an adequacy of about 9 percent of post-transfer consumption for the bottom 1,000 households identified using the PMT.

<sup>24</sup> These conditionalities will be treated as ‘soft’ ones for the first year of implementation, that is, the co-responsibilities will be monitored by the GRMI but noncompliance by beneficiaries will not be sanctioned. Based on monitoring data from the first year regarding service uptake, the GRMI will decide on the full deployment of the program (including the introduction of sanctions) or if any adjustments are needed. The detailed description of conditionalities is available in the CTOM.



### C. Relevance to Higher Level Objectives

38. **The proposed ECD-II Project is aligned to the RMI NSP 2020–30.** The NSP highlights the importance of redoubling efforts to invest in the human capital of the country, through enhancing health, education, and quality of life for all people, to have an impact on longer-term social, economic, and development prospects. It is aligned with the policy objectives in the Social and Culture pillar such as (a) strengthened response to non-communicable diseases, including nutrition, mental health, and injuries; (b) improved maternal, infant, child, and adolescent health; (c) strengthened neighboring island health services; (c) improved early childhood development; and (d) ensure provisions and opportunities for equitable participation of all persons in society. The project’s emphasis on disability and inclusion, climate change, and NIs is aligned with the NSP cross-cutting issues and the RMI’s Vision 2018 One Nation Concept focusing on outer island development.

39. **The proposed project is also aligned with three of the four focus areas of the World Bank Group’s Country Partnership Framework through a Regional Partnership Framework (RPF) for FY17–21 for 9 PICs,<sup>25</sup> extended until FY23 (Reports 120479 and 145750-EAP).** The RPF’s Focus Areas 1 (Fully exploiting the available economic opportunities) and 2 (Enhancing access to employment opportunities, with key interventions on improving education outcomes) are directly strengthened through interventions in ECD. Education outcomes, as referenced in Focus Areas 1 and 2 of the RPF, are strongly predicted by the time a child enters the first year of primary school and are strengthened through interventions focused on health, nutrition, and early stimulation. The project’s interventions to improve availability and quality of essential health and nutrition services for key target groups, such as women and children, would directly strengthen health systems (RPF’s Focus Area 3 - protecting incomes and livelihoods, specifically objective 3.2. Strengthening health systems and addressing non-communicable diseases). For Focus Area 3, the project intends to address needed improvements in the availability and quality of essential health and nutrition services for pregnant women and children. The project is also aligned with the World Bank’s Human Capital Project, which seeks to support governments to identify their constraints to developing human capital and explore solutions to address those constraints through improved health and education outcomes. The project will retain close links with other projects in the World Bank portfolio in the RMI.

40. **By incorporating climate change considerations throughout the project design, the project is in line with the World Bank climate change commitments (Climate Change Action Plan 2021–2025)<sup>26</sup> and the RMI 2050 Climate Strategy.** Particularly, the project is supporting investments in the human development to effectively increase country’s resilience to climate change. The project aims to reduce observed vulnerabilities of the RMI’s population and enable the education and health systems to better adapt to climate-induced changes, focusing on protecting the poor—who are especially vulnerable to the impacts of climate change—by improving social safety nets. Climate change adaptation and mitigation measures have been incorporated in the proposed project’s components, wherever applicable.

41. **The Ministry of Finance, Banking, and Postal Services (MOF) submitted a request for additional**

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<sup>25</sup> 2017. *Pacific Islands – World Bank Group Regional Partnership Framework: FY17–FY21 (English)*. Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/137341508303097110/Pacific-Islands-Regional-partnership-framework-FY17-FY21>.

<sup>26</sup> Climate Change Action Plan 2021–2025 (CCAP) <https://openknowledge.worldbank.org/bitstream/handle/10986/35799/CCAP-2021-25.pdf>.



**financing from IDA19 for an ECD-II Project to scale up the interventions supported under ECD-I, bringing the total IDA investment in ECD to US\$30 million.** The additional financing aims to build on the foundational systems developed and technical programs designed under ECD-I and (a) ensure availability of financing for an increased benefit level under the CCT program<sup>27</sup> while (b) enabling the expansion of essential ECD services to the RMI's NIs that were not the focus of ECD-I design, further emphasizing gender equity, social inclusion, and climate.

42. **The additional resources for the ECD program will be processed as a new ECD-II Project which will incorporate the unspent IDA balance under ECD-I.** ECD-I was prepared under the World Bank's Safeguard Policies and is no longer eligible for additional financing for scale-up. A new second phase project has been prepared to comply with the new operational policies and to support the client through the implementation of the Environmental and Social Framework (ESF).<sup>28</sup> The GRMI expressed a preference for a single project supporting the ECD sector, as was intended in the additional financing request. It was agreed that sustaining two projects with similar Project Development Objective (PDO), separate fiduciary management, and different environmental and social policies will involve unnecessary complexity and increase risks for implementation. Therefore, a restructuring of the ECD-I Project was processed in parallel to ECD-II preparation and was completed on March 18, 2022. The restructuring cancelled an amount of SDR 7,200,000 (around US\$10 million equivalent) for recommitment to the overall ECD-II resource envelope.<sup>29</sup> The preparation of the ECD-II project incorporated lessons learned from the implementation of ECD-I, as discussed below in the 'Lessons Learned' section.

43. **The proposed project constitutes the continuation of programmatic support to the GRMI ECD agenda under the RMI ECD-I Project.** The ECD-II project envelope of US\$27 million includes US\$10 million IDA cancellation and reallocation from ECD-I as well as US\$17 million additional financing under IDA19. Under ECD-I, the GRMI will have established the foundations for its multisectoral ECD system and commenced rollout of select interventions. With the reallocation from ECD-I, the ECD-II Project will finance the implementation of activities in Majuro and Ebeje originally planned for implementation under ECD-I.<sup>30</sup> With the additional financing, the ECD-II Project will support an extended implementation period, expand the project scope to support the multisectoral package of interventions for the NIs, and continue strengthening the foundational systems and institutions for sustainability (figure 3).

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<sup>27</sup> Component 3.2 of the ECD-I Project was budgeted as a small-scale CCT pilot, using a benefit level based upon best estimates at the time. The 2019 HIES data (collected after the approval and effectiveness of ECD-I) suggest that a significant increase is required to reach an adequate benefit coverage level for the initial 1,000 households as planned in ECD-I.

<sup>28</sup> <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>.

<sup>29</sup> The restructuring also advanced the closing date of ECD-I to December 2022, so that the World Bank's financial support to ECD is consolidated in a single operation from 2023 onward.

<sup>30</sup> Though activities designed under ECD-I will be rolled over to ECD-II, there will be no duplication of expenditures despite continuation of activities.



Figure 3. Summary of the World Bank’s Support to the GRMI ECD Program with Restructured ECD-I

<ul style="list-style-type: none"> <li>• Foundational investments in multisectoral ECD governance. Technical assistance for ECD intervention and systems design.</li> <li>• Early Rollout of Sectoral Interventions.</li> </ul>	<ul style="list-style-type: none"> <li>• Rolling out multisectoral ECD services in Majuro and Ebeye.</li> <li>• Establishing Multisectoral ECD Functions.</li> <li>• Planning for Neighboring Islands Expansion.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustain RMNCH-N, parenting, and preschool interventions in Majuro and Ebeye.</li> <li>• Benefit adequacy for the CCT in Majuro and Ebeye.</li> <li>• Expanding multisectoral ECD services to the Neighboring Islands.</li> <li>• Ensuring focus on gender equity, social and disability inclusion, citizen engagement, environment, and climate crisis.</li> <li>• Sustaining Multisectoral ECD Functions.</li> </ul>
US\$3m	US\$10m	US\$17m
ECD-I	ECD -II (Reallocation from ECD-I)	ECD-II (Additional Financing from IDA 19)
2019-2022	2022-2024	2024-2026
<p><b>PDO (ECD-I and ECD-II): To improve coverage of multisectoral ECD services</b>          Implementing Agencies: Office of the Chief Secretary, Ministry of Health and Human Services, Ministry of Education, Sports, and Training, Ministry of Culture and Internal Affairs</p>		
<p><b>Multisectoral Early Childhood Development Program: US\$30 Million IDA</b></p>		



## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

44. **The proposed PDO** is to improve coverage of multisectoral early childhood development services in the Republic of the Marshall Islands and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

45. **Definitions to be applied throughout the project are as follows:**

- (a) **Multisectoral ECD services:** target the period between pregnancy and the transition to kindergarten (at age 5), including
  - Essential RMNCH-N services focused on the first 1,000 days of life between pregnancy and age 2;
  - Parenting home visits for early years families;<sup>31</sup>
  - Preschool services to enhance children’s holistic development and facilitate children’s readiness to enter primary school; and
  - Social assistance for early years families.
- (b) **Early years families:** Families with at least one member who is a pregnant woman or child under age 5.
- (c) **Vulnerable early years families** will be identified using the RMI-specific targeting mechanism developed under the ECD-I Project based upon poverty data from the HIES. These families are also particularly vulnerable to climate-related hazards and weather events.

#### PDO Level Indicators

46. **The achievement of the PDO will be measured through the following PDO-level results indicators.** Where appropriate, sub-indicators will be disaggregated by gender:

- (a) Share of women who have had at least one ANC visit by a skilled provider during the first trimester
- (b) Share of children aged 0-2 years who have received all required well-child care (WCC) visits to date <sup>32</sup>
- (c) Number of families with children aged 0-5 years receiving home visits from parent educators
- (d) Share of children aged 3 and 4 years old enrolled in public pre-school

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<sup>31</sup> The RMI definition of ‘family’ means immediate family including spouse, child and parent, uncle, aunt, or cousin and includes those persons adopted or married and recognized by custom.

<sup>32</sup> The guidelines are under development under ECD-I.



- (e) Beneficiaries of social safety net programs (of which are female) (of which are households in areas with climate-related risks).

47. **The project seeks to move toward universal coverage of multisectoral ECD services** by (a) supporting the Government to establish and expand public sector delivery of a package of multisectoral ECD services, (b) providing targeted support to increase coverage and intervention intensity of these services for vulnerable early years families, and (c) strengthening the public sector systems necessary to institutionalize and sustain a multisectoral ECD program. The project leverages early childhood as an entry point to support institutional reforms related to governance, service delivery, public financial management (PFM), and human resources in the three main implementing agencies.

48. **The project will finance activities across the RMI.** The first years of ECD-II will deliver the carryover activities from ECD-I focused on enhancing service delivery in Majuro and Ebeye. Gradual expansion across the NIs will begin upon the completion of the ECD Action Plan in NIs and update of the Project Operations Manual (POM). While all populated atolls and islands remain eligible for project support, the rollout will be sequenced and phased (see Implementation Arrangements and annex 2), with additional NIs being covered as feasible and aligned with local government demand. The prioritized interventions by beneficiary group and location are in table 5.

**Table 5. Priority Multisectoral ECD Services by Beneficiary Life Stage and Location**

Beneficiary Category	Majuro/Ebeye (Year 1–2)	Neighboring Islands	RMI Population
<b>Women of reproductive age, pregnant women and newborns</b>	Enhanced sexual and reproductive health services, including GBV identification, treatment, and referral  Facility-based delivery services for pregnant women and newborns  Decentralization of primary care services	Improved reproductive, maternal, and newborn health services in dispensaries and through outreach teams	Public awareness and social and behavioral communication campaigns to deliver information and promote optimal ECD behaviors, including for the prevention of violence against women and children; adapted Neighboring Islands communications channels
<b>Children 0–2 years</b>	Infant and young child health, nutrition, early stimulation, and developmental screening services in Majuro/Ebeye MCH clinics and through outreach  Decentralization of primary care services	Improved child health and nutrition services in dispensaries  Integrated mobile outreach	
<b>Children 3–4 years</b>	Child health and nutrition services in Majuro/Ebeye MCH clinics and through outreach  Decentralization of primary care services	Enhanced child health and nutrition services in dispensaries  Integrated mobile outreach  Preschool classrooms or early learning programs	



Beneficiary Category	Majuro/Ebeye (Year 1–2)	Neighboring Islands	RMI Population
	Public preschool classrooms for 3–4-year-olds		
<b>Early years families</b>	CCT to incentivize health service utilization, preschools  Home-based parental support program in Majuro and Ebeye	Contextually adapted social assistance  Home-based parental support program in the NIs and atolls	

### B. Project Components

49. **The RMI ECD-II Project will maintain the original four components from ECD-I, with the addition of the Contingent Emergency Response Component (CERC):**

- Component 1: Improve coverage of essential reproductive, maternal, newborn, and child health and nutrition (RMNCH-N) services
- Component 2: Improve coverage of stimulation and early learning activities
- Component 3: Social assistance for early years families
- Component 4: Strengthening the multisectoral ECD system and Project management
- Component 5: Contingent Emergency Response

#### **Component 1: Improve coverage of essential RMNCH-N services (US\$6.0 million equivalent)**

50. **Component 1 aims to improve the availability and coverage of an evidence-based package of essential RMNCH-N and stimulation services for the first 1,000 days (pregnant and lactating women and children up to age 2).** Adolescent girls, women of reproductive age, and children ages 2–5 years will be secondary target groups. The component will deploy a progressive and stepwise approach to increasing the availability, quality, and utilization of essential RMNCH-N services.<sup>33</sup> The activities will both build on and anchor the primary health care strategic plan (under development in ECD-I). The component will support systems strengthening and integration of Nurturing Care Framework through the health system across four main building blocks: (a) RMNCH-N service package and delivery (including services for GBV treatment and for developmental/disability screening, referral, and intervention, as appropriate); (b) human resources; (c) infrastructure, equipment, and supplies; and (d) data and information. The component seeks to improve the supply-side governance, facility readiness, delivery model, and quality of the package of services provided while alleviating demand-side knowledge and access barriers to the receipt of the package of services and uptake of prioritized health behaviors. While ECD-I emphasized support to Majuro and Ebeye, the additional funds under ECD-II will be used to intensify the support for the expansion of services on the NIs, so that supply can handle the demands created by the CCT. The component will finance activities across two subcomponents (table 6). Findings and recommendations from TA activities in Subcomponent 1.1 may be financed in Subcomponent 1.2 depending on availability

<sup>33</sup> Essential RMNCH-N services are defined by the MOHHS in the ‘Essential Services Package’ and include components of ANC, labor and delivery, postpartum care, and WCC along with additional sexual and reproductive health/family planning, disability screening, support, referral, and GBV services as defined in the POM.



of project funds and no-objection of the World Bank.

51. **Subcomponent 1.1: Strengthening MOHHS management and stewardship capacity to deliver essential RMNCH-N services (US\$1.24 million).** The objective of this subcomponent is to strengthen the management and stewardship capacity of the MOHHS to scale up access to the package of essential RMNCH-N services as the foundation of strong primary health care. In addition to standard sexual and reproductive health, ANC, delivery, PNC, immunization, and well-child services, the essential package will include activities to integrate nurturing care, early stimulation, developmental monitoring, and disability screening (and referral and treatment, as contextually appropriate) and support for the prevention, identification, treatment, and referral for victims of violence against women and children into health service provision. This subcomponent will finance (a) the deployment of PIU consultants in the MOHHS (international advisor and local coordinator); (b) TA and assessments (elaborated in table 6); (c) development and printing of materials and operational guidance; (d) deployment of training and capacity building to strengthen MOHHS governance, institutional capacity, and public health program management; and (e) small office renovation, office equipment, and supplies to improve efficiency of project implementation (table 6). A specific TA will be deployed to identify the possibility of pilot grants to NIs to strengthen the availability, continuity, and quality of health and ECD services provided through dispensaries. The MOHHS will contract a regional partner, or academic agency, to provide a comprehensive package of TA under this subcomponent, aiming to increase relevance for the Pacific context, minimize fragmentation, and expedite procurement and delivery.

52. **Subcomponent 1.2: Enhancing delivery of essential RMNCH-N services (US\$4.76 million).** The objective of this subcomponent is to ensure all Marshallese women and children have access to and utilize a package of essential RMNCH-N services. Under this subcomponent, the project will finance (a) delivery of the input-based package of essential RMNCH-N services, including incremental operating cost for service delivery; (b) individual contracted service providers to achieve a more optimal number, distribution, and skills/skills mix in health facilities; (c) procurement of small equipment (including anthropometric measurement equipment, immunization cold chain, and so on), supplies, and pharmaceuticals/commodities needed to meet standards of readiness to deliver the basic essential RMNCH-N package; (d) capacity building of existing health workers (including through the support for certification programs for NI health assistants) and performance management of health care professionals to effectively deliver the RMNCH-N service package; (e) facility and service quality monitoring in selected facilities, including through routine patient feedback; (f) rehabilitation of existing facilities (such as hospitals, clinics, and NI dispensaries) to accommodate the essential RMNCH-N service package (with details for identification and scope outlined in the POM); and (g) digital health system improvement for RMNCH-N, including (i) consultant services to improve patient and service utilization records across health facilities, supply chain and stock management, and quality monitoring and improvement, and provide remote consultations and provider supervision in NI contexts and (ii) procurement of associated equipment (hardware, software) to implement new systems.



**Table 6. Activities Supported under Component 1**

Dimension	Subcomponent 1.1: Strengthening MOHHS management and stewardship capacity to deliver essential RMNCH-N services	Subcomponent 1.2: Enhancing delivery of essential RMNCH-N services
RMNCH-N Service Package	<ul style="list-style-type: none"> <li>• TA to improve service delivery options for the essential service package</li> <li>• TA to develop operational guidelines for services and quality monitoring standards and processes</li> <li>• TA on innovation in NI service delivery, monitoring of NI service standards, and pilot grants to NI dispensaries</li> <li>• TA for MOHHS to develop policies, strategies, and guidelines as relevant for the project</li> </ul>	<ul style="list-style-type: none"> <li>• Input-based financing and operational cost for MOHHS in the delivery of the RMNCH-N service package, including developmental screening and disability services and GBV treatment and support in Majuro and Ebeye hospitals, by outreach, and at the outlying delivery sites</li> <li>• Transport and outreach team operational costs to establish regular oversight, supply, and service delivery to NIs (in collaboration with other ECD sectors)</li> <li>• Quality monitoring and quality improvement initiatives</li> <li>• Contracting of providers for NI service delivery</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• International advisor and national coordinator (MOHHS)</li> <li>• Development of capacity building, training, and coaching packages (especially for maternal, infant, and young child nutrition counselling; early stimulation; GBV identification and support)</li> <li>• TA for development of credentialing standards, continuing medical education requirements for health assistance, community health outreach workers, birth attendants</li> </ul>	<ul style="list-style-type: none"> <li>• Contracting of service delivery providers (health facility staff) to optimize number and skill mix</li> <li>• Delivery of comprehensive training and capacity building packages</li> </ul>
Infrastructure, Equipment and Supplies	<ul style="list-style-type: none"> <li>• TA on forecasting, purchasing, procurement, and commodity management</li> <li>• Minor renovation of offices, office equipment, stationary, supplies</li> </ul>	<ul style="list-style-type: none"> <li>• Renovation of hospitals/clinics and NI dispensaries incorporating resilient and climate-smart design</li> <li>• Climate-smart immunization cold chain equipment</li> <li>• Small facility equipment, pharmaceuticals, and supplies to ensure readiness to deliver the essential RMNCH-N package</li> </ul>
Data and Information	<ul style="list-style-type: none"> <li>• TA to initiate electronic reporting from outlying health sectors and outreach workers to link with patient registries and management and health information system (MHIS), to enhance supply chains and to facilitate M&amp;E of the systems</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading the digital health systems (MHIS and other public health program databases) to improve sexual, reproductive, and MCH modules and facilitate quality improvement referral tracking, CCT reporting, and interoperability</li> </ul>



**Component 2. Improve coverage of stimulation and early learning activities (US\$6.0 million equivalent)**

53. **Component 2 aims to improve children’s holistic development and facilitate children’s readiness for on-time transition to primary school through expanding access to stimulation and early learning services.** In the absence of a national program for children under the age of 5, Component 2 will work with the PSS/MOEST to strengthen their capacity to implement ECD policy and scale up three ongoing interventions focused on improving the school readiness of children: (a) the delivery of caregiver education home visits to the most vulnerable families with children ages 0–5 years; (b) the continued expansion of public preschool classrooms for 3- and 4-year-olds; and (c) the provision of more and better Marshallese language children’s books and associated activities for caregiver engagement in early stimulation/literacy.<sup>34</sup> Component 2 has two subcomponents, one aimed at strengthening GRMI stewardship and management capacity for this subsector and the other aimed at directly improving delivery of stimulation and early learning services. Findings and recommendations from TA activities in Subcomponent 2.1 may be financed in Subcomponent 2.2 depending on availability of project funds and no-objection of the World Bank.

54. **Subcomponent 2.1: Strengthening MOEST management and stewardship of ECD services (US\$1.3 million).** The objective of this subcomponent is to strengthen the capacity of the MOEST to manage ECD programs, financing TA and operating costs for activities including (a) strengthening the PSS by carrying out advocacy activities and reviewing the ECE policy; (b) deploying the PIU consultants in the MOEST (international advisor and local coordinator); (c) planning for preschool expansion by assessing human resource capacity, venue requirements, and options for preschool programs in some NIs; (d) developing the strategy for GESI including data collection and development of inclusive education modules for disability and GBV (in coordination with MOCIA) for teacher training and for the male caregiver pilot program; (e) conducting assessments of existing capacity and developing training plans and strategies for strengthening this capacity; and (f) deepening a culture of literacy in the RMI through the development of a national literacy strategy that includes Marshallese book development. In parallel, with support under Component 4, the MOEST will guide the development of inputs for social and behavior change communication (SBCC) activities particularly on how to strengthen demand and awareness around ECE (table 7).

55. **Subcomponent 2.2: Enhancing delivery of stimulation and early learning activities (US\$4.7 million).** This subcomponent will focus on carrying out a program of activities designed to strengthen the MOEST’s delivery of ECD stimulation and learning activities, including incremental operating cost for service delivery.

- (a) **Preschool expansion:** (i) rehabilitation/renovation and equipping of venues for additional public preschool classrooms (approximately 10–17) and NI preschool venues (for example, NI early learning programs); (ii) consultant teacher assistants and training service delivery providers (for example, teachers, teacher assistants) to deliver preschool programs including

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<sup>34</sup> This activity augments those originally envisaged under the ECD-I Project. Activities will focus on further strengthening the development and distribution of age-appropriate Marshallese reading books. The team has leveraged Global Partnership for Education financing to pilot the Read@Home program. With these World Bank-executed resources, more books have been printed and delivered. A book supply chain analysis has been completed; printing and distribution (in Majuro, Ebeye, and Enewatak) of seven new book titles is completed. Additional project-financed support would ensure broader reach for literacy and literacy support among caregivers in the RMI.



coaching and professional development programs; (iii) eligible operational costs for primary schools hosting the new public preschool classrooms (approximately US\$20,000 per classroom per year, with amount, eligible expenditures, and reporting requirements to be defined in the POM); and (iv) development of appropriate digital materials and edutainment (for example, the development of a Marshallese Early Learning App) to support continuity of learning approaches between home and school.<sup>35</sup> The selection of schools, opening of classrooms, and enrolment will be informed by the NI expansion and CCT rollout criteria, and outlined in the POM.

- (b) **Improvement and expansion of the number and quality of home visits by parent educators** conducted through the existing caregiver education home visit program from 85 to 700 families.<sup>36</sup>
- (c) **Rollout of a male caregiver pilot**<sup>37</sup> to expand early stimulation engagement and involve men in caregiver activities through outreach and ‘Daddy and me’ classes.
- (d) **Improvement in availability and quality of learning materials for stimulation and learning activities:** more and better local language books, toys, ECE kits, Marshallese stories’ development, training, and accessible teaching and learning materials, including adaptation and delivery in Nis.
- (e) **Extension of interventions to children with disabilities,** including training of preschool teachers on inclusive practices combined with development, procurement, and delivery of more accessible materials (large print, audiobooks, Braille, multimedia, and so on).

Table 7. Proposed Activities Supported under Component 2

	<b>Subcomponent 2.1: Strengthening MOEST management and stewardship of ECD services</b>	<b>Subcomponent 2.2: Enhancing delivery of stimulation and early learning activities</b>
Assessments/planning/strategy	<ul style="list-style-type: none"> <li>• Planning for preschool expansion:               <ul style="list-style-type: none"> <li>○ Assessment of human resource capacity for public preschools including for NIs</li> <li>○ Assessment of venue requirements and infrastructure for public preschools including NIs</li> </ul> </li> <li>• Strengthening of GESI and support for children with disabilities               <ul style="list-style-type: none"> <li>○ Data collection on children with disabilities</li> <li>○ Support to MOCIA, as needed, on GBV and inclusive education modules for teacher training</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Improved monitoring tools including digital tools and assessment for project-supported caregiver education home visits</li> <li>• Monitoring of male caregiver engagement pilot</li> <li>• Monitoring of use of books/toys/materials intervention</li> </ul>

<sup>35</sup> Digital materials will help ensure students can continue accessing information when disasters strike.

<sup>36</sup> While the parenting home visit financed under Component 2 is not a formal CCT conditionality, Women United Together Marshall Islands (WUTMI) have agreed to target the same households to maximize program benefit.

<sup>37</sup> The RMI is currently receiving support from the World Bank-executed Early Learning Partnership through a Playful Parenting Grant to support the MOEST to design the pilot for engaging male caregivers in nurturing care.



	<b>Subcomponent 2.1: Strengthening MOEST management and stewardship of ECD services</b>	<b>Subcomponent 2.2: Enhancing delivery of stimulation and early learning activities</b>
	<ul style="list-style-type: none"> <li>• Strategy on the development of a culture of literacy among Marshallese, including active use of books and title development</li> </ul>	
Capacity building/training	<ul style="list-style-type: none"> <li>• Strengthening of PSS advocacy and ECE policy</li> <li>• International advisor and ECD coordinator (PSS)</li> <li>• Strengthening of MOEST staff capacity by finalizing assessments of existing capacity aligned with ECD policy and development of training plans for MOEST staff</li> </ul>	Capacity building and training of service delivery providers: <ul style="list-style-type: none"> <li>• Consultant teacher assistants</li> <li>• Training for service delivery providers (teachers, teacher assistants, parent educators) to deliver preschool and home visits</li> <li>• Training/sensitization on inclusive education and engagement of male caregivers</li> <li>• Training and sensitization on use of reading materials</li> </ul>
Service delivery, infrastructure, and supplies	—	<ul style="list-style-type: none"> <li>• Rehabilitation/renovation of preschool classrooms</li> <li>• Operating costs for preschools</li> <li>• Expansion and improvement of the RMI’s home visit program to 700 families</li> <li>• Male caregiver pilot</li> <li>• Improvement in availability and quality of learning materials—more and better local language books, toys, materials; ECE kits; Marshallese stories’ development</li> <li>• Development, procurement, and/or delivery of accessible materials</li> <li>• Development of digital resources for continuity of learning approaches beyond the classroom</li> <li>• Extension of interventions to children with disabilities, NIs, and male caregivers</li> </ul>

**Component 3: Social assistance for early years families (US\$9.6 million equivalent)**

56. The project will continue its support to the GRMI to introduce a CCT program to provide economic support to households and improve care practice and utilization of ECD services. The component is expected to build MOCIA’s capacity for delivering core social protection services, with a view to enable the Government to design and implement additional social protection interventions. The project will finance two subcomponents, one aimed at strengthening management and stewardship capacity of GRMI to develop and deliver social assistance interventions and the second to provide cash transfer payments to early years households. To this end, the component will finance consultancy activities to develop social assistance systems, the delivery of cash transfers to reduce vulnerability and



improve the uptake of key nutrition and ECD services (table 8).

57. **Subcomponent 3.1: Strengthening the GRMI's capacity to establish and deliver social assistance programs (US\$2.6 million).** Continuing the activities developed under ECD-I, this subcomponent will finance TA to maintain and expand the social assistance delivery system in the RMI, including (a) the PIU consultants for MOCIA; (b) individual consultants to support CCT implementation (CTMIS officer, compliance officer) and fiduciary oversight (International Finance Officer<sup>38</sup>); (c) design and deployment of beneficiary outreach,<sup>39</sup> intake and registration of CCT beneficiaries—both in Majuro and Ebeye (as included in the scope of ECD-I) as well as those residing in NIs (following the project's expansion); (d) carrying out of relevant studies and development of operational tools, guidelines, and training materials including adjustment of eligibility criteria, benefit package, payment modality, and verification processes for the CCT, future expansion of social assistance to the NI context, and possible introduction of community works;<sup>40</sup> (e) support for the continuous implementation of compliance verification, payment management, graduation/exit, and grievance redress mechanism (GRM) and updating of the CTOM (developed under ECD-I) as ECD-II expands geographical coverage areas of CCT, according to an implementation plan;<sup>41</sup> (f) full rollout and maintenance of the CTMIS developed under ECD-I and expansion to social registry functions, as necessary; (g) small office renovation, office equipment, and supplies to improve efficiency of project implementation; (h) establishment of digital<sup>42</sup> and other appropriate payment solutions for NIs (for instance, vouchers, mobile wallets, prepaid cards, and electronic funds transfer at point of sale (EFTPOS) terminals); and (i) payment service fees. The CTMIS will include modules covering each phase of the delivery process and interoperability features to coordinate effective payment management with the project payment service provider and facilitate compliance verification from the implementing partners (MOHHS and PSS); it will further include the functionality to be used as the backbone of a full-fledged social registry<sup>43</sup> to ensure the enrolment of near-poor households in social assistance programs in case of covariate shocks affecting their livelihoods. To this end, studies under this subcomponent will also include support for designing climate-related emergency response plans for communities in the RMI that are most vulnerable to weather-related disasters, while operational tools will incorporate a focus on enhancing the capacity of communities and households to cope with climate risks.

58. **Subcomponent 3.2: Provision of cash transfers to early years families in selected areas (US\$7.0**

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<sup>38</sup> This position will be housed in MOCIA and primarily focus on the implementation of fiduciary oversight and financial control mechanisms of the payments under the CCT program.

<sup>39</sup> The design of the beneficiary outreach will include climate change considerations such as registration of vulnerable communities and climate risks of the location.

<sup>40</sup> Should the GRMI decide to introduce work opportunities for work-able members of early years' households in local communities, the study will provide recommendations for developing a standard package of support tools for organizing community work (that is, an operational manual, standardized job profiles, and CTMIS module to support program management and administration) to be implemented in close collaboration with local governments.

<sup>41</sup> The implementation plan will include guidance on adjustments to the delivery process during weather events.

<sup>42</sup> By establishing digital payment solutions, the RMI will strengthen the resilience of communities to cope with weather disasters as digital payment services will avoid service disruptions during weather events, which can affect cash delivery.

<sup>43</sup> Social registries are information systems that support outreach, application, registration, and determination of potential eligibility for one or more social protection programs. In addition to supporting core operational procedures in the social protection delivery system, social registries also have a key social policy role as inclusion systems, by providing a gateway for potential inclusion of intended populations into social programs, including when a rapid scale-up is needed, such as in case of economic shocks or natural disasters.



million). The second subcomponent will provide enhanced cash transfers for up to 3,500 early years families in Majuro, Ebeye, and NIs. This subcomponent will expand the breadth, depth, and geographical reach of CCT beyond that envisaged in ECD-I. Beneficiaries will include families with pregnant women and/or children ages 0–5 years<sup>44</sup> who have been found eligible based on a needs-based targeting process established in ECD-I: the program will extend to other early years families, as per Government request. Co-responsibilities will include an adjusted set of conditionalities, as outlined in table 4, including participation in scheduled MCH appointments, regular growth monitoring and awareness sessions, enrolment in preschool, and attendance compliance, as set out in the CTOM.

**Table 8. Proposed Activities Supported under Component 3**

Dimension	Subcomponent 3.1: Strengthening the GRMI’s capacity to establish and deliver social assistance programs	Subcomponent 3.2: Provision of cash transfers to early years families in selected areas
TA and Systems Development	<ul style="list-style-type: none"> <li>• TA to develop and adapt operational manuals, training modules and CTMIS investments (software and hardware) for social protection delivery system and NI expansion</li> <li>• Implementation of outreach, intake, registration, eligibility criteria and processes, compliance verification, payment, graduation, and GRM</li> <li>• Expansion of CTMIS to house a future social registry</li> <li>• Development of digital payment solutions in NIs</li> <li>• TA to develop a standard package of support tools for community work with the involvement of early years households</li> </ul>	—
Capacity building or training	<ul style="list-style-type: none"> <li>• International advisor and ECD coordinator (MOCIA)</li> <li>• Training activities on service delivery processes and CTMIS in the GRMI and local government counterparts</li> <li>• Capacity building and training activities related to livelihood support</li> </ul>	—
Cash transfers or grants	<ul style="list-style-type: none"> <li>• Payment fees</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of enhanced cash transfers to up to 3,500 early years families in Majuro, Ebeye, and NIs</li> </ul>

**Component 4. Strengthening the multisectoral ECD system and Project management (US\$5.4 million equivalent)**

59. **Component 4 will finance the system functions and activities necessary to sustain an effective multisectoral ECD program and project management.** The system functions include (a) development of

<sup>44</sup> Women and children are particularly vulnerable to weather events and climate change. In particular, women in the Marshall Islands (similar to other Pacific countries) generally bear the burden of productive and reproductive activities, all of which are significantly affected by climate change. As droughts and storms intensify, resources become scarcer, and women often have to travel further to collect enough food, water, and other resources for their families. In fulfilling these duties, women may not have enough time to engage in income-generating activities or to take on extra roles in their communities. (UNDP 2019)



a multisectoral national ECD strategy and approach to program implementation; (b) development of a national monitoring, evaluation, and learning framework; implementation of the system; and conducting of routine monitoring, process, and impact evaluations; (c) the preparation of a national SBCC strategy for ECD and the delivery of public awareness and SBCC campaigns; and (d) project management. The component will support the Office of the Chief Secretary (OCS) in leading and coordinating the ECD program with evidence-based best practice through TA activities and support for operational costs. It will aim to increase program effectiveness by ensuring line ministry activities are underpinned by a strategic approach to program implementation, creating and using data for decision-making, and harmonizing communication activities and messages across various channels.

60. **Subcomponent 4.1: National Multisectoral ECD Strategy and Governance (US\$1.25 million).** Subcomponent 4.1 will support dissemination and adaptation of the National ECD Policy (prepared with support from UNICEF) and TA for the National Multisectoral ECD Strategy and Action Plan, to be prepared with support of the project in coordination with development partners, once the National ECD Policy is adopted. The strategy will define clear objectives for the national ECD program, describe key activities and interventions, and clearly delineate the roles and responsibilities of the main actors, governance mechanisms, and M&E indicators and arrangements. It will further support the OCS and the CC in leading ECD program governance and coordinating implementation across key line ministries, such as the MOF, MOEST, MOCIA, and MOHHS. The subcomponent will finance TA and operational costs needed to develop the strategy, convene annual ECD summit/implementation reviews, and conduct regular coordination within government and across agencies/partners, including through the ECD Working Group. The subcomponent will support the development of an ECD Action Plan in the NIs, including (a) phasing criteria; (b) the essential service package of both routine and mobile outreach services; (c) the adapted service delivery approaches required for NI service delivery; (d) the human resource strategy; (e) a mapping of the financing available to support the ECD activities in NIs across ministries, donor partners, and so on; and (f) a timeline for rollout.

61. Subcomponent 4.1 will also finance background assessments and/or TA on specialized topics (such as ECD resource mapping, budget tagging, and expenditure tracking; strengthening birth registration; food fortification; nutrition-sensitive food systems and so on). The POM will outline the process for selecting and reviewing TA topics in coordination with the World Bank. This subcomponent will finance consultants and operational costs for data collection, coordination, and dissemination of results and key messages. Implementation of recommendations from the studies could be supported under Subcomponents 1.2, 2.2, 3.1, 4.2, and 4.3, depending on the availability of project funds and no-objection of the World Bank.

62. **Monitoring, Evaluation, Accountability and Learning (MEAL).** Subcomponent 4.1 will also finance the development and operationalization of a comprehensive ECD MEAL framework. This subcomponent will finance a local MEAL Coordinator in the PIU and international advisors, as requested. The subcomponent will support the GRMI in the development of a management information system (MIS) and data dashboard which can support the cross-sectoral monitoring of ECD financing; service utilization, quality, and coverage; and child development outcomes over time (either through surveillance methods or appending appropriate child health, nutrition, and development modules to population-based surveys,



as feasible).<sup>45</sup> The subcomponent will finance a midline and endline household survey to support the ECD-I/ECD-II plausibility evaluation. It will also provide TA to each line ministry to conduct rapid/process/qualitative assessments during implementation, including beneficiary assessments of knowledge and practice.

63. **Subcomponent 4.2: ECD Awareness and SBCC Campaign (US\$1.2 million).** This subcomponent will finance communications, advocacy, and awareness-raising activities for the ECD program. A centralized approach to the development of communications and advocacy materials is intended to promote links across the components and ensure consistency of messages.<sup>46</sup> It is anticipated the SBCC will be comprehensive and multisectoral and include elements such as antenatal and early childhood health and nutrition, positive parenting and nurturing care, and others. The subcomponent will finance an SBCC and Advocacy Coordinator; the recruitment of a UN agency to develop contextually, culturally, and linguistically relevant SBCC strategy and associated campaign content; the deployment of SBCC content through mass and social media channels; cross-sectoral coordination and advocacy; and monitoring to increase the intensity of intervention and exposure to campaign messages. The SBCC and Advocacy Coordinator will work with the relevant line ministries to ensure buy-in and consistency of messages and activities across channels. The development and coordination of SBCC activities for ECD will be the responsibility of the OCS with support from the ECD PIU and the SBCC and Advocacy Coordinator. Each implementing line ministry (and associated component) will be responsible for financing the delivery of SBCC activities through their respective channels (table 9). Attention will be paid to reinforcing nutrition and stimulation messages across Components 1 and 2.

**Table 9. Potential SBCC Activities and Channels across Project Components**

Component	Activities and Channels
Component 1	<ul style="list-style-type: none"> <li>• Production of materials for the health sector; training of health personnel in delivery of the Component 1 SBCC package</li> <li>• One-to-one interpersonal communication during ANC, delivery, PNC, and well/sick child visits</li> <li>• Group interpersonal communication at health facilities and in communities</li> </ul>
Component 2	<ul style="list-style-type: none"> <li>• Production of materials for the education sector; training of education personnel in delivery of the component 2 SBCC package</li> <li>• One-to-one interpersonal communication during home visits</li> <li>• Community-based activities for home visit beneficiaries and for male caregiver engagement</li> <li>• Materials for Early Childhood Education Week</li> </ul>
Component 3	<ul style="list-style-type: none"> <li>• Production of materials for MOCIA; training of cash transfer personnel in delivery of the Component 2 SBCC package</li> <li>• Community gatherings linked to cash transfer payouts</li> </ul>
Component 4	<ul style="list-style-type: none"> <li>• Development of SBCC strategy</li> <li>• Development of SBCC content for all channels</li> <li>• Development of SBCC monitoring, supervision, and coaching guides</li> <li>• Development of social and community mobilization approaches</li> </ul>

<sup>45</sup> Including ongoing discussions to assess anthropometric status and child development in a subset of the 2019 HIES sample, to use as a project baseline.

<sup>46</sup> Messages need to be available in both English and Marshallese; printed text must receive approval from the Customary Law & Language Commission.



	<ul style="list-style-type: none"> <li>• Mass and social media campaigns</li> <li>• Social mobilization activities</li> <li>• Multisectoral ECD community gatherings</li> <li>• Targeted ECD advocacy to improve the enabling environment</li> </ul>
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64. **Subcomponent 4.3: Project Management (US\$2.95 million).** A PIU was established under the ECD-I Project and will be sustained to support and coordinate implementation of project activities. The PIU will incorporate expertise, satisfactory to the World Bank, within the MOF’s Central Implementation Unit (CIU) for FM, procurement, safeguards, communications, and M&E. The subcomponent will finance (a) consultancies required for adherence to program operations and procedures (Project Manager, Project Officer, Project Officer - Ebeye, M&E Coordinator, SBCC and Advocacy Coordinator, and procurement specialist support, as needed); (b) office and other equipment; (c) training and capacity development for implementing agencies, PIU, and CIU teams, as needed; and (d) travel and operational costs of integrated mobile outreach for ECD aligned to the ECD Action Plan for NIs, project monitoring and supervision, coordination of multisectoral ECD initiatives, project management in Ebeye, and environmental and social commitment implementation and monitoring. Detailed description of the ECD PIU and multisectoral coordination is in annex 1.

65. **Component 5: Contingent Emergency Response (US\$0).** Following an eligible crisis or emergency, the Government may request the World Bank to reallocate project funds to support emergency response and reconstruction, following the procedures governed by OP/BP 8.00 (Rapid Response to Crises and Emergencies). The component will support a rapid response to a request for urgent assistance if an event that has caused, or is likely to cause, a major adverse economic and/or social impact to the RMI, associated with a natural or man-made crisis or disaster. In an emergency, financial support could be mobilized by reallocation of uncommitted funds from other components to support expenditures on a positive list of goods and/or specific works and services required for emergency recovery. Adoption of a satisfactory CERC Manual and Emergency Action Plan will be a disbursement condition for financing allocated to the CERC.

**Project Cost and Financing**

66. **The project will be financed by an IDA grant, using the IPF lending instrument.** A total amount of US\$27 million equivalent has been allocated for the project. Local ECD coordinators will be hired as project consultants in each line agency; consultant service delivery providers (teacher assistants, surge health providers) will be financed using project funds; plans for institutional and financial sustainability are outlined in Section IV. Table 10 provides the expected project financing details.

**Table 10. Project Financing by Component**

Project Components	IDA Financing (US\$, millions)
<b>1. Improve coverage of essential RMNCH-N services</b>	<b>6.00</b>
1.1 Strengthening MOHHS management and stewardship capacity to deliver essential RMNCH-N services	1.24
1.2 Enhancing delivery of essential RMNCH-N services	4.76
<b>2. Improve coverage of stimulation and early learning activities</b>	<b>6.00</b>
2.1 Strengthening MOEST management and stewardship of ECD services	1.30



Project Components	IDA Financing (US\$, millions)
2.2 Enhancing delivery of stimulation and early learning activities	4.70
<b>3. Social assistance for early years families</b>	<b>9.60</b>
3.1 Strengthening the GRMI's capacity to establish and deliver social assistance programs	2.60
3.2 Provision of cash transfers to early years families in selected areas	7.00
<b>4. Strengthening the multisectoral ECD system and Project management</b>	<b>5.40</b>
4.1 National Multisectoral ECD Strategy and Governance	1.25
4.2 ECD Awareness and SBCC Campaign	1.20
4.3 Project management	2.95
<b>5. Contingent Emergency Response</b>	<b>0</b>
<b>Total Project Costs</b>	<b>27.00</b>

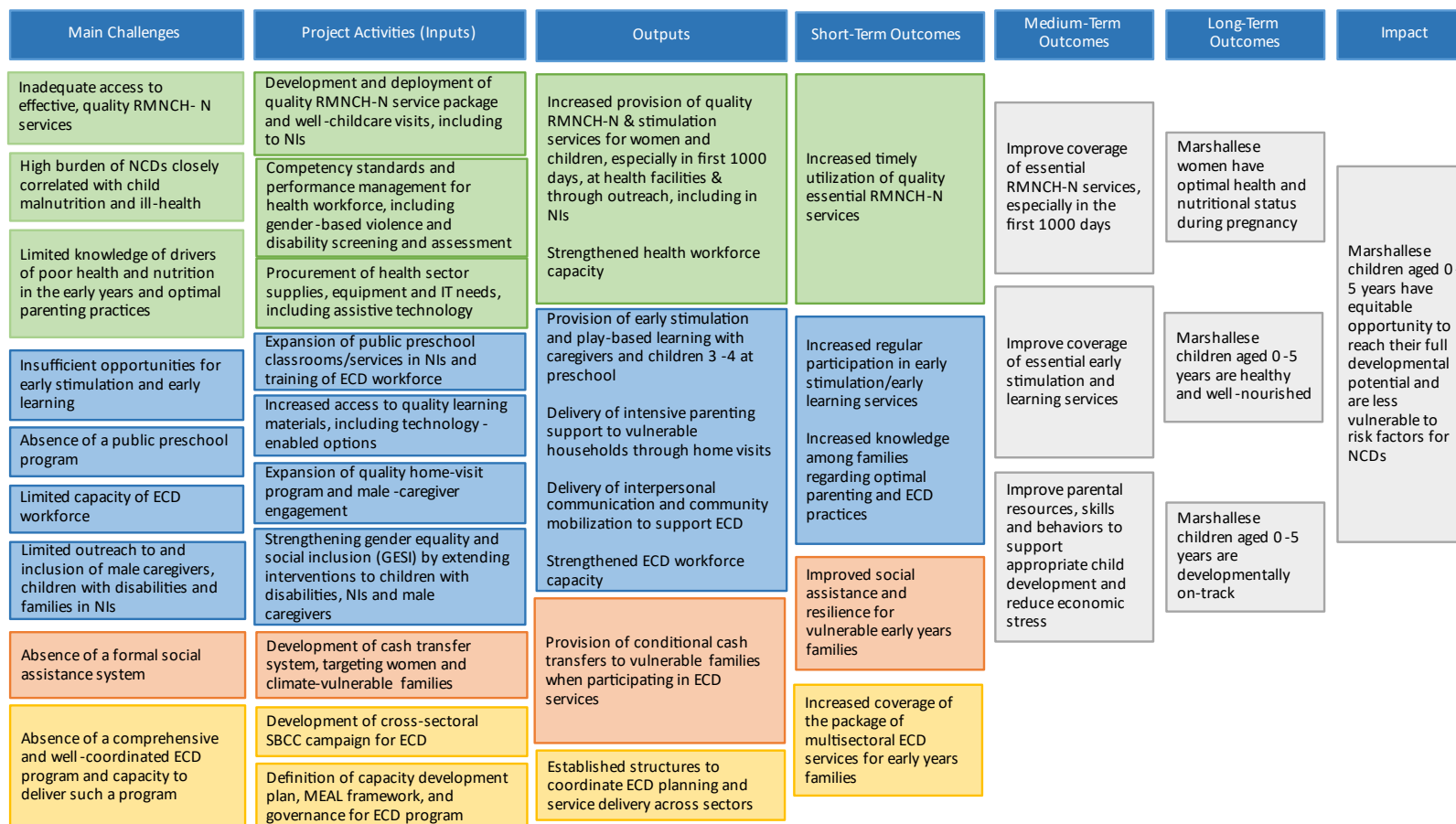
### C. Project Beneficiaries

67. The primary beneficiaries of the project are pregnant women, children under the age of 5 and their caregivers facing hardship, and women of reproductive age in the RMI. The project will reach 3,500 families with pregnant women and/or children under age five with cash transfers. The project intends to reach 2,800 women with antenatal, delivery, and postnatal care services; 4,600 children age 0-2 with well-child care visits, approximately 1,400 families with access to Marshallese language children's books and 700 families with children aged 0-5 years with regular home visits from parent educators. The project will finance activities across the entire RMI, including most populated atolls and islands of the RMI, although some targeting will be done to select/identify NIs based on key implementation indicators. Secondary beneficiaries of the project include the implementing agencies and their staff—Government, private, and nongovernmental organizations—receiving TA and capacity building to strengthen ECD services in the RMI.



**D. Results Chain**

**Figure 4. Results Chain for RMI ECD-II**





## E. Rationale for Bank Involvement and Role of Partners

68. **The World Bank has extensive experience in preparing multisectoral early years programs, focusing on health, nutrition, education, and social protection**, and has brought that expertise to support an active dialogue and engagement in ECD since 2017 when the RMI ECD-I program was prepared. The GRMI request for additional financing to the ECD-I program reflects the Government's appreciation of the TA provided and the predictable, stable financing to ECD (a sector which has traditionally been underfunded and subject to rigid external funding priorities). The World Bank brings global knowledge to the development of nutrition-sensitive operations which use an integrated approach to improving health, nutrition, and child development outcomes. These integrated approaches involve the use of community-based interventions linked to strengthening access and delivery of services and are supported by social and behavioral change interventions. The use of cash transfers in these operations has also been introduced through World Bank financing as an instrument for encouraging family spending on nutritious and healthy choices (Indonesia, Myanmar). Significant analytical work in early learning through the Pacific Early Age Readiness and Learning Program, led by the World Bank from 2014 to 2019 (including Tonga, Tuvalu, and Kiribati) has informed the ECD-II design. The World Bank also prepared a lending operation in Tonga in 2019 (Skills and Employment for Tongans) that includes a CCT for secondary school students, which is in addition to its long-standing TA engagement in the Pacific on social protection, with in-country engagements in Fiji, Tonga, and Papua New Guinea. The World Bank is well placed to continue supporting the expansion of the program and leveraging additional capacity for project management available from its ongoing portfolio in the RMI, especially through the CIU.

69. **The World Bank engagement in ECD also offers opportunities for collaboration and coordination across sectors and government to enhance the effectiveness of the World Bank's development support to the RMI, as outlined in the RPF.** Specific opportunities for portfolio collaboration have been identified in the Digital RMI Project,<sup>47</sup> the Pacific Resilience Project (PREP) I and II,<sup>48</sup> the Urban Resilience Project, and the RMI COVID-19 Emergency Response Project,<sup>49</sup> as follows:

- (a) **Digital RMI Project** is establishing critical foundations for digital government services; the client and Bank have identified opportunities for the health, education, and social protection sectors to be prioritized for digital RMI support to maximize the proposed ECD-II Project's impact.
- (b) **RMI COVID-19 Emergency Response Project** finances a significant share of the country's immediate response needs and enables access to human resources and goods that were urgently required for the emergency response. The proposed project, following the design of the original ECD-I Project, will finance complementary health systems' strengthening initiatives, as well as a cash transfer pilot for vulnerable families.
- (c) **PREP I and II.** The proposed project has several links with the PREP and PREP-II projects, specifically the investments in adapting the social protection registry from a beneficiary

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<sup>47</sup> World Bank. 2021. *Marshall Islands - Digital Republic of the Marshall Islands Project*. Washington, DC: World Bank Group. <https://imagebank2.worldbank.org/search/33345981>.

<sup>48</sup> World Bank. 2017. *Marshall Islands and the Pacific Community - Second Phase of Pacific Resilience Projects*. Washington, DC: World Bank Group. <https://imagebank2.worldbank.org/search/27393374>.

<sup>49</sup> World Bank. 2020. *Marshall Islands - COVID-19 Emergency Response Project*. Washington, DC: World Bank Group. <https://imagebank2.worldbank.org/search/31984078>.



registry to a social registry to support the GRMI ambitions to establish an adaptive social protection system and further aid PREP objectives for disaster responsiveness.

70. **Role of partners.** The GRMI is committed to ensuring that all partners engaged in ECD work closely and in alignment. The US has been a major funder of the health and education sectors in the RMI since the COFA agreement was signed in 1982. UNICEF is a key partner and has carried out significant formative research on the health and nutrition of children and has supported immunization programs. UNICEF and the RISE Institute are supporting the preparation of the RMI ECD Policy which will be used to guide all government interventions in the sector and is providing TA on immunization and high impact nutrition interventions. UNICEF's work in the RMI is co-financed by the Department of Foreign Affairs and Trade of Australia (DFAT) and the ADB. The World Bank has been coordinating closely with UNICEF to agree on areas in which each organization has a comparative advantage and relevant resources under the new ECD program. The ADB is supporting teacher training at the primary level through its Improving Quality of Basic Education Project.

#### **F. Lessons Learned and Reflected in the Project Design**

71. **The project design incorporates lessons learned from global best practices and research in ECD as well as the implementation experience under ECD-I.**

72. **ECD requires multisectoral alignment and collaboration, which is often difficult in low-capacity contexts.** For example, *Chile Crece Contigo* worked over many years to develop an institutionalized system to integrate key sectors and actors in a manner that allowed for smooth implementation. After 10 years of program implementation, the arrangements reflected clear responsibilities, functions, and management by all stakeholders and the use of consultative platforms for sharing information and keeping all sectors involved accountable for ECD outcomes. Although it is at the earlier stages of institutionalizing multisectoral coordination, the RMI aims to maximize existing systems and elevate oversight of ECD to the Cabinet through a high level ECD committee. In addition, the RMI established the PIU office under the OCS, further strengthening leadership for mobilizing different sector resources effectively. Efforts to co-locate teams and conduct regular coordination meetings with all sectors attending is starting to yield results. High-level leadership will need to be matched by stakeholder energy to implement the ECD road map.

73. **Commitment to enhancing the supply of key health and education services requires flexible approaches to address the main challenge of human resources.** Although the global evidence from successful ECD programs places great emphasis on strengthening outreach and community-based delivery of RMNCH-N services, the ECD Program will initially focus on strengthening facility-based delivery of these services in hospitals and clinics in Majuro and Ebeye. With nearly 75 percent of the total population living in Majuro and Ebeye and high population density (295 per km<sup>2</sup> in Majuro; 11,000 people over 0.33 km<sup>2</sup> in Ebeye), physical access to the hospitals and clinics is high. There is a clear opportunity, at least in the initial phase, to maximize coverage by quickly and effectively strengthening service delivery at the facility level. However, TA in the initial phase of the project will develop strategies for strengthening outreach and community-based delivery, especially to expand to the NIs. Likewise, extension of schooling to preschool aged children is essential to improve quality of basic education and student outcomes. Even in the populated areas of Majuro and Ebeye, evidence from the Pacific, Indonesia, and elsewhere shows improved outcomes for children with access to early stimulation/learning before beginning school.



Evidence from Tonga under the Pacific Early-Age Readiness and Learning (PEARL) support demonstrated that a combined effect of community play-based activities and early reading instruction showed the greatest improvements in later primary school reading skills. Home visits have strong evidence of impacts on parental interaction with their children in Jamaica, Rwanda, and multiple studies in the US, with long-term gains observed in stunted children on cognitive, social, educational, and mental health benefits, and eventually increased wages. Therefore, project interventions will include parental education (through the RMI's *Ajiri In Ibwinini* program) and expansion of public preschool.

74. **Facilitating implementation readiness requires building systems for coordination, developing detailed operational guidelines, providing adequate staffing, and embedding strategic technical know-how in the key agencies.** The startup phase often takes more time than envisaged and can be further challenged by a remote working environment. ECD-II will be able to leverage the interventions, staffing, and systems already developed under ECD-I. The POM and implementation guidance are available to proceed with swift disbursements upon effectiveness. The essential health package and procurable items; preschool curriculum, teacher/teacher assistant training, and home visit contract; and CTOM are already in place, as these were developed under ECD-I. This will enable interventions to begin from project effectiveness.

75. **As a small island setting, the RMI faces challenges attracting and retaining qualified expertise (international or national experts), particularly those related to executing World Bank-financed project management and fiduciary compliance (procurement, financial management [FM], and safeguards).** This has caused delays in World Bank-financed projects in the RMI. The ECD-I Project was the first World Bank engagement in the human development sector, and the GRMI counterparts have had a steep learning curve to navigate World Bank processes in the absence of a country office. ECD-I underestimated the time and resources required to learn the new systems, hire consultants to fill gaps, and streamline government approval processes. The expertise of the CIU was expected to support these capacity gaps, yet the CIU has suffered from a lack of clarity on roles and responsibilities in relation to project management teams and line ministries, compounded by a much-expanded country portfolio.

76. **Efforts are under way to finalize SOPs for the CIU, but the ECD program will deploy a multipronged strategy to augment fiduciary capacity,** including mobilizing World Bank-executed TA and exploring use of hands-on support in procurement. The PIU team is looking to bundle procurement of goods, equipment, and supplies across components and under a partner, such as United Nations Office for Project Services (UNOPS), to expedite the procurement process and improve disbursements. This strategy was successfully deployed under the COVID-19 Emergency Response Project and resulted in rapid disbursement and shortened delivery times for the delivery of goods. Engagement of a capacity development firm is also proposed for training and coaching activities across components. This strategy would also include opportunities to leverage strategic World Bank-executed TA to support the GRMI. Several trust funds have been mobilized to expand the TA, analytical, and implementation support (see box 1).



**Box 1. World Bank-Executed Technical Assistance**

The World Bank Health, Nutrition, and Population (HNP); Education (EDU); and Social Protection and Jobs (SPJ) teams have regional advisory services and analytical engagement in the Pacific, though these have historically focused on the South Pacific. To strengthen the implementation support and quality of interventions supported under ECD-I and ECD-II, the following World Bank-executed resources have been mobilized:

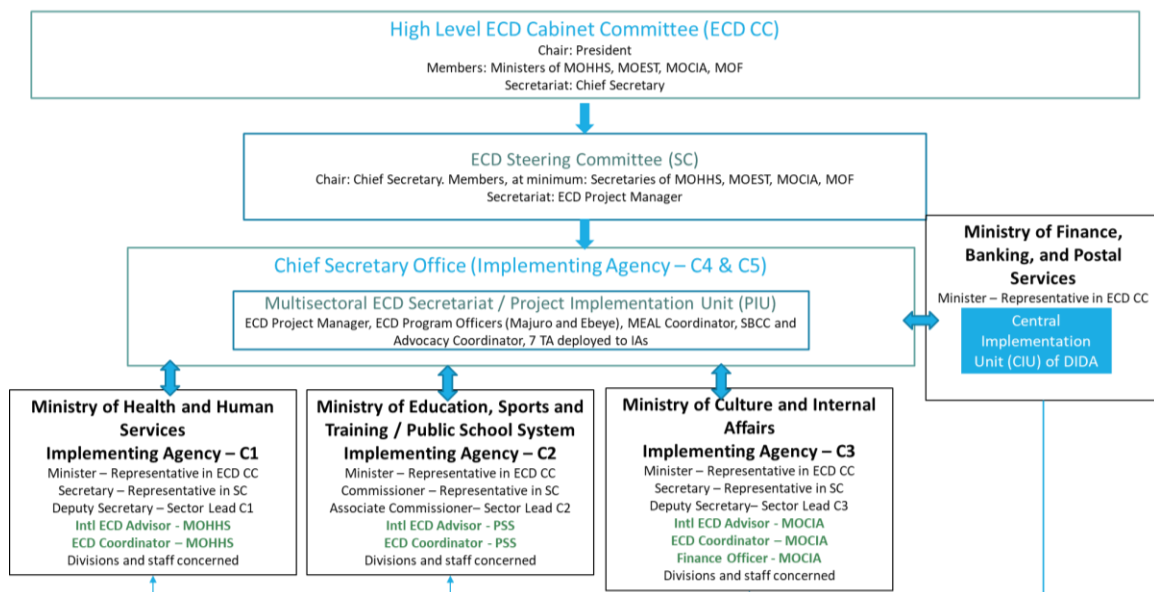
- **Korea Trust Fund for State building and Peacebuilding.** The RMI is included in a multicountry grant aimed at improving the availability and quality of health service delivery in Outer Islands. The grant supports diagnostic analysis of bottlenecks to health service delivery in the NIs and targeted TA to close prioritized gaps, focused on the use of digital technologies for the same.
- **Early Learning Partnership (ELP): Playful Parenting Grant.** The Early Learning Partnership provides TA to increase the availability of culturally relevant books, toys, and games for Marshallese children; to design a pilot for engaging male caregivers in Nurturing Care; and to strengthen M&E of play-based caregiving and child outcomes.
- **Read@Home.** The RMI received support from Read@Home, a global initiative to get reading and learning materials into homes. The RMI’s support through Read@Home included a book chain analysis and the upgrading and printing of Marshallese language books for young children.

**III. IMPLEMENTATION ARRANGEMENTS**

**A. Institutional and Implementation Arrangements**

77. **The proposed ECD-II will adapt the implementation arrangements established for the ECD-I Project (figure 5).** The MOF, MOHHS, MOEST, and MOCIA and their relevant divisions will be the implementing agencies for the core project activities as follows: (a) MOHHS for Component 1; (b) the PSS of the MOEST for Component 2; (c) MOCIA for Component 3; and (d) MOF and OCS for Components 4 and 5, as well as the disbursement and replenishment of the program’s Designated Account (DA). The National Disaster Management Office of the OCS will support implementation of the CERC (Component 5).

**Figure 5. Project Implementation and Governance Arrangements**





78. **The PIU established for ECD-I, under the oversight of the OCS, will be maintained with responsibility for all core functions of the project's implementation, management, coordination activities of the implementing agencies, results monitoring, and communication with the World Bank on project implementation.** The PIU includes (a) an ECD project manager, internationally recruited; (b) ECD program officers for Majuro and Ebeye, locally recruited; (c) international advisors for the MOHHS, PSS, and MOCIA; (d) locally hired ECD coordinators for the MOHHS, PSS, and MOCIA; (e) a locally hired MEAL coordinator; (f) a locally hired SBCC and Advocacy officer; and (g) a finance officer (FO) in MOCIA. The PIU works in close coordination with a national ECD advisor recruited by UNICEF. The PIU's multisectoral functions are coordinated by the OCS, whereas each line ministry will appoint a sector lead (at least Deputy Secretary/Associate Commissioner level) to serve as the main government focal point within the implementing agency (with responsibilities to be outlined in the POM). The PIU members assigned to each line ministry will facilitate engagement of line ministry staff and departments to implement the project's activities and facilitate TA and capacity building. Ensuring that local staff take over ECD program coordination responsibilities within the line ministries at a later stage of the project is a key goal of the project and is an explicit objective in the terms of reference (TOR) of the international advisors. ECD advisors and coordinators will have a direct reporting line to the relevant line ministry Secretary and dotted line reporting to the Chief Secretary through the project manager.

79. **The CIU, housed within the Division of International Development Assistance (DIDA) in the MOF, will be responsible for FM aspects and will support communication, procurement, and environmental and social management needs.** The CIU is a centralized entity, which will provide periodic training, guidance, and support to the PIU project team. The World Bank will monitor and supervise this through implementation support missions which will include reviewing the effectiveness of internal controls and unaudited interim financial reports (IFRs) and following up on the status of issues raised in audit reports and supervision missions.

80. **While all NIs are eligible for project support, the expansion to NIs will be sequenced and phased.** Each phase of rollout to NIs for expansion will be based on a mapping of criteria endorsed by the Government: (a) population, (b) implementation feasibility and logistics (especially with respect to banking access), (c) greatest need (for instance, as evidenced by at-risk school status, immunization service delivery gaps, and water, sanitation, and hygiene [WASH]), (d) ownership, and (e) climate risk. The rollout plan will be confirmed through endorsement of local governments and consider vulnerability and climate risk, as feasible. The action plan for ECD in NIs will be included in the POM to document the necessary operational details of NI expansion.

81. **Governance arrangements for the ECD-II Project will largely follow those for ECD-I:** (a) a High Level ECD CC and (b) an ECD Steering Committee (SC). The High Level ECD CC provides high-level strategic leadership and guidance for the RMI's flagship ECD program. It includes the President and the Ministers of the MOF, MOHHS, MOEST, and MOCIA. The ECD SC provides oversight, coordination, and implementation support for the IDA-financed project and other ECD efforts; ensures non-duplication of tasks and good articulation of mandates and thematic focus across the actors and sectors involved in the planning and implementation; and provides regular reports and updates on ECD to the President and the CC. The ECD SC is composed of, at the minimum, Chief Secretary (Committee Chair), MOHHS (Secretary or designee), MOEST (Commissioner or designee), MOCIA (Secretary or designee), and MOF (Secretary or designee), with the option to include additional representatives, as necessary. Other representatives from relevant entities involved in project implementation may be added, as needed, with CC approval.



Consultants from the IDA-financed PIU, World Bank, and other development partners/stakeholders will remain an important part of the ECD Working Group for sector wide coordination, but the Working Group will not have a specific role in the ECD-II project governance.

82. **The GRMI will prepare and adopt, by no later than three months after the effective date, a comprehensive POM for ECD-II, which builds on the ECD-I POM, and includes:** (a) the institutional arrangements for day-to-day execution of the project and involvement of implementing agencies; (b) the arrangements for the implementation and monitoring of the environmental and social commitments and risk management; (c) planning, budgeting, disbursement, and FM arrangements and specific roles and responsibilities for the PIU and CIU; (d) procurement arrangements and contract management, with the process for consulting and authorizing contractor and consultant TORs and invoices and specific roles and responsibilities for the PIU and CIU at each stage of the procurement process; (e) project monitoring, reporting, and evaluation arrangements; (f) the criteria and procedures for selecting, prioritizing, and approving TA under Subcomponents 1.1, 2.1, 3.1, and 4.1; (g) the criteria and procedures for selecting, prioritizing, and approving investments and facility renovations under Subcomponents 1.1, 1.2, 2.2, 3.1, 4.2, and 4.3 of the project; (h) the CTOM; (i) Action Plan for ECD in the NIs, process for phasing and rollout to NIs, and necessary programmatic adaptations; and (j) any other arrangements necessary to ensure proper coordination and implementation of the project.

83. **The GRMI will prepare and adopt a CTOM including** (a) the modalities for the CCT with beneficiary eligibility, selection, and enrolment as well as the procedures for the verification of the amounts of the CCT; (b) detailed procedures and arrangements for the payment systems; (c) the establishment of a beneficiary registry and enrolment system; (d) beneficiary co-responsibilities; (e) the related compliance verification arrangements, including through the CTMIS; (f) GRM; (g) FM, accounting, and auditing requirements; (h) personal data collection and processing; (i) documentation and information management; (j) M&E; and (k) any other administrative, financial, technical, and organizational arrangements and procedures as shall be necessary for the implementation of the CCT.

84. **The GRMI will also update the memorandum of understanding (MOU), prepared under ECD-I, between the MOCIA, the MOEST, the MOHHS, Marshall Islands Social Security Administration, the Majuro Atoll Local Government, Kwajalein Atoll Local Government, and any other local governments,** as needed, for the ECD-II Project, detailing the division of responsibilities and cooperative arrangements for implementing CCTs. No disbursement for CCTs will be made under the project until the World Bank receives evidence to its satisfaction that (a) the MOU is signed for all relevant stakeholders as outlined above, (b) the CTOM has been adopted and received the no-objection of the World Bank, and (c) the CTMIS and GRM have been developed and maintained.

## **B. Results Monitoring and Evaluation Arrangements**

85. **Progress toward the PDO will be monitored through reporting on the PDO-level and intermediate-level results indicators.** A Results Framework with project-specific indicators and actionable monitoring arrangements has been developed jointly with the MOHHS, MOEST, MOCIA, OCS, and other stakeholders. This will be used for monitoring of implementation progress and results of project implementation. Overall monitoring and coordination of project activities will be performed by the implementing agencies with the support of the PIU. The PIU will have overall responsibility for M&E of the different components/activities in accordance with the indicators included in the Results Framework



(Section VI). The PIU will gather data from the relevant units in the Government. No later than 45 days after each semester (semiannually), the PIU will submit semester progress reports to the World Bank, covering all project activities, including environmental and social, procurement, and financial summary reports. The project will also submit its annual work plan and budget (AWPB) for the World Bank's no-objection by June 15 each year.

**86. Key sources of implementation monitoring data.** The MOHHS collects regular data on key health indicators through the MCH clinic annual reports, WebIZ (immunization) portal, and Vital Records Information Systems. These data systems and processes will be strengthened for NIs. The MOHHS is working on strengthening the MHIS software to compile data from visit templates and summary reports related to ECD essential services, sync data from tablets to RMNCH-N-related registries, verification of CCT-related health conditionalities, and web-based data entry from NIs. The PSS produces an annual report based on data collected through the MIEMIS on key education sector indicators. Further, regular monitoring of parent educator visits may be conducted with support from WUTMI through their annual quality assessment survey. Additional capacity strengthening will be provided for WUTMI officers to improve data collection and digitization of monitoring tools. The proposed project will support the development of a CTMIS application. The web-based CTMIS application will be used to register beneficiaries during their first visit to an MCH clinic or school, record compliance through the duration of the project, and estimate and record cash transfers to each beneficiary.

**87. A baseline (financed under ECD-I), midline, and endline survey will be administered to capture the results of project interventions.** The survey will provide the necessary information on beneficiary behavior, household dynamics, spending behavior, and emerging program impacts which could inform the functioning of the program and support the national rollout of the social assistance program. The survey will include a subsample of the HIES households, targeting poor and vulnerable families, pregnant and lactating women, and women with children ages 0 to 5 years. The baseline instrument was developed under the RMI ECD-I Project. The 2017 ICHNS showed that 78 percent of children ages 36–59 months were developmentally on track. The baseline survey will provide greater nuance using child development assessments (rather than caregiver-reported data) and extend data collection for the targeted population ages 0–59 months (rather than 36–59 months). The baseline and targets for the intermediate indicator on the share of children ages 0–5 years who are developmentally on track will be updated based on this survey. The endline survey could be integrated in the regular HIES planned for 2025 or carried out as a complementary survey in the restricted subsample. In addition, some baseline data for the Read@Home intervention was collected in January 2022, and the TA has provided recommendations for annual data collection to be included in project monitoring.

**88. The proposed project will support the development of an ECD MEAL Framework and accompanying data dashboard.** To determine the effectiveness of these investments, the project will finance the development and operationalization of a comprehensive ECD MEAL Framework. MEAL activities will assess the performance of the ECD program using adequacy and/or plausibility evaluation and promote adaptive learning throughout program implementation. The MEAL platform or data dashboard will consolidate indicators of outcomes (health, nutrition, development) and early learning service provision, quality, and utilization rates. Financed activities can go above and beyond investments in line ministry data and information systems to enable other governmental agencies, such as the Economic Policy Planning and Statistics Office, to support the ECD program MEAL. Where possible, this will be aligned with monitoring the implementation of the Pasifika Call to Action on ECD and Sustainable



Development Goal reporting.

89. **The World Bank will monitor implementation progress during semiannual implementation support visits which will provide a detailed analysis of implementation progress toward achieving the PDOs and include an evaluation of FM and a post review of procurement activities.** During the implementation support visits, the World Bank will work with the MOHHS, MOEST, and MOCIA to obtain feedback on progress and consider any adjustments to ongoing activities. In the COVID-19 context and with travel limitations, regular (at the minimum, monthly) virtual coordination meetings will be held with the PIU team to discuss progress and debottleneck by component. The World Bank is working with the project team to incorporate use of the geo-enabling initiative for monitoring and supervision (GEMS) tools into project monitoring.

90. **No later than three years after project effectiveness (or other date as agreed with the World Bank), the PIU, under the direction of the OCS and in coordination with World Bank, MOHHS, MOEST, MOCIA and MOF, will carry out a midterm review of the project.** The PIU will prepare and furnish to the World Bank a midterm report documenting progress achieved in the implementation of the project during the period preceding the date of such report, including the M&E activities performed and setting out the measures recommended to ensure the continued efficient implementation of the project and the achievement of its objectives during the period following such date. It will also review this midterm report with the World Bank on or about a 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 objectives. At the end of the project, the World Bank will prepare an Implementation Completion and Results Report, which will include an assessment of the project by the Government, to evaluate the project and draw lessons learned.

### C. Sustainability

91. **The project investments set the groundwork for sustainable institutional and implementation arrangements for a multisectoral ECD system.** The GRMI has established the project's implementation and institutional arrangements through high-level political commitments with a view to sustainability. For instance, the project will finance international TA for each of the implementing agencies to support a locally hired consultant, recruited at the Assistant Secretary level, to establish the policy and programmatic foundations of the project investments. The GRMI has agreed to absorb these local consultants into the civil service during/after the life of the project. In addition, preschool teachers are being reallocated from current teaching staff and teaching assistants are being upskilled. With training support from the project, they will be eligible to fill key gaps in the future. Differentiated implementation arrangements are being explored for the NIs and main urban centers to ensure that the service delivery models on NIs are contextually appropriate and can be largely sustained with existing human resources. The project team is coordinating with the OCS to ensure that ECD secretariat functions, quarterly SC meetings, and the CC are integrated in the ECD policy framework and sustained beyond the project.

92. **The project investments are expected to contribute to longer-term institutional and household behavior change toward sustainability.** The first three components support systemwide reform which can strengthen the policy and fiduciary foundations of the line ministries and enhance the quality and efficiency of health and education financing. For instance, Component 1 focuses on strengthening the existing models of RMNCH-N delivery in Majuro and Ebeye. ECD-I project support has galvanized the



MOHHS leadership to leverage project finance to support strategic primary health care reform initiatives which are often overlooked in annual grant cycles but are critical to improving health and reducing overall health expenditure. Component 2 supports an existing home visit program that has been implemented in the RMI for over 20 years but had been scaled down because of lack of funding. While the CCT introduced under Component 3 is a new intervention, it is critical to the Government's strategy to create the demand for social services that will significantly contribute to improved economic activity and formal sector employment while establishing pro-poor social protection systems. Component 4, which is devoted to monitoring, evaluation, and learning will help ensure that whether the project is scaling up existing interventions or introducing new ones, there is an established mechanism to evaluate intervention processes and impacts and modify as appropriate. These reforms are even more pertinent given COVID-19-related slowdowns and the contraction of the domestic budget. In addition, the design of the project introduces enhancements to service availability and quality in the NIs that are intended to reduce migration and enhance quality of life. The behavioral changes promoted in health and education service delivery are likely to persist beyond the project timeline since they entail modification and adaptation of existing processes and roles.

93. **The project is building on the recommendations in the RMI CEM/PER<sup>50</sup> and will coordinate with portfolio-wide efforts to support the GRMI to strengthen fiduciary systems for fiscal sustainability.** The health and education sectors are highly dependent upon CSG support, and systematic efforts to enhance the efficiency and quality of service delivery in these sectors can help guard against the medium-term fiscal contraction that may result from renegotiation. Partial reversal of the recent increase in recurrent spending (by about 4–5 percent of GDP) can be achieved through a reform to the copra subsidy and other state-owned enterprise subsidies. The GRMI subsidy to Tobolar Copra Processing Authority averaged US\$1.1 million from FY04 to FY13 and grew to US\$8.1 million in FY20 (over 3 percent of GDP). The project's support for introducing the CCT—particularly through ECD-II expansion to the NIs—sets the foundation for an alternative formal social assistance for NI residents which can be closely linked with enhanced service delivery and human capital formation in these locations. Even a partial reform of the subsidy would generate sufficient fiscal space for the GRMI to offset the annual costs of the CCT (about US\$1.5–2.0 million per year) while also financing select recurrent expenditures in health and education for the NIs. On the revenue side, implementing growth-friendly tax reform and improving revenue administration can generate an additional 1 percent of GDP. The GRMI is strengthening the legal framework for the budget process and PFM, including the implementation of the Fiscal Responsibility and Debt Management Act (FRDMA) and associated regulations, which include several measures to improve the consistency and sustainability of long-term fiscal management and enhance accountability. Authorities are also preparing a modernized Financial Management Act and regulations to be consistent with current practices in budgeting, accounting, and reporting and a revised Procurement Code and regulations to improve value for money and timely service delivery.

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<sup>50</sup> World Bank. 2021. *Republic of the Marshall Islands Country Economic Memorandum and Public Expenditure Review: Maximizing Opportunities, Enhancing Sustainability*. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/36124>.



#### IV. PROJECT APPRAISAL SUMMARY

##### A. Technical, Economic and Financial Analysis

94. **The project builds on the global evidence surrounding the economic and human capital impact of investing in the early years.** Guaranteeing that every child has adequate access to education, health, nutrition, and protection in the early years ensures that they have the required foundations for developing skills and are ultimately able to access jobs in the future. Improving these outcomes, especially in the first 1,000 days, is critical for addressing the World Bank Group twin goals of reducing poverty and boosting shared prosperity.

95. **The technical design of the program is grounded in a global evidence base supporting the delivery of high-impact, multisectoral interventions to achieving improvements in children’s physical, cognitive, and non-cognitive development.** The program is focused on increasing coverage of multisectoral ECD services. The program consists of a three-pronged approach: initially leveraging the existing services and platforms, sequentially expanding the scope and quality of early years services, and simultaneously strengthening the institutions and systems necessary for the service delivery platforms. Over time, these newly developed platforms will stimulate demand and behavior change among families and communities.

96. **The returns to investments in children’s early years are substantial.** Intervening during early childhood clearly has the potential to mitigate the negative effects of poverty and promote equitable opportunities and better outcomes later in life.<sup>51</sup> Investing in RMNCH-N and ECE services can help promote equitable, inclusive societies, allowing more people to effectively participate in the labor market and contribute to overall economic development. The public sector is the near-exclusive provider of health and education services in the RMI and strengthening its service delivery and efficiency is a high priority. The multisectoral program approach allows for adaptive learning of different service delivery approaches and their applicability to the RMI context. With low coverage rates of these interventions, there is substantial scope for expanding public investment in social and ECE services. Early interventions generate positive benefits that extend beyond childhood. Households from the bottom quintiles and vulnerable groups particularly benefit from public investments in social services. Investments also ensure that children can have decent lives and education, providing them with opportunities for active participation in society. Public financing of health, nutrition, and ECE services are justified on equity grounds and to address existing market failures. International evidence points to significant economic returns of investments in social services in the long run. For a half-day program for low-income children in the Chicago Child-Parent Center, benefits included increasing economic well-being and tax revenues and reducing public expenditures for remedial education, criminal justice treatment, and crime victims. The benefits are estimated to be approximately US\$7.14 per dollar invested. Similarly, a simulation on increasing preschool enrolment in 73 countries found benefits in terms of higher future wages of US\$6.4–US\$17.6 per dollar invested. The simulation indicated potential long-term benefits which range from US\$11 to US\$34 billion. Furthermore, there is rich evidence showing that increased availability of formal childcare options results in improved labor force participation of women in many different contexts—in

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<sup>51</sup> Heckman, J. 2008. “Schools, skills, and synapses.” National Bureau of Economic Research Working Paper. Online: <http://www.nber.org/papers/w14064>.



Brazil, rural Colombia, urban Argentina, Japan, and Canada.

97. **International evidence also shows that cash transfers to poor households have important impacts on human capital accumulation.** There is extensive evidence from numerous impact evaluations on the human capital-related impact of cash transfer to poor households in middle-income countries. These studies find that cash transfers lead to (a) improved health and nutrition outcomes for young children, (b) increased school attainment for older children, and (c) delaying of labor market entry to stay longer in education. Drawing on this evidence, it is expected that the benefits under Component 3 will reduce poverty in the RMI.

98. **The proposed project will finance activities in the public sector for which private provisions do not exist in the RMI.** Government intervention is mandated to ensure access to social and child protection services for the poor and vulnerable. The World Bank can add value through its vast experience in funding and supporting similar projects elsewhere and extensive knowledge on how social services and ECD programs could further enhance the inclusion and effectiveness of social and child protection.

99. **An economic analysis shows that the proposed interventions have significant economic returns and impacts on poverty reduction.** Annex 3 gives the detailed results and methodology of the economic analysis. The analysis quantifies (a) the economic returns of expanding access to ECE, (b) the poverty reduction impact of the proposed cash transfer, and (c) the fiscal multiplier effects of the overall project envelope. The benefits of increasing access to RMNCH-N services are expected to provide high returns in line with global evidence. The ECE intervention of the project is expected to yield a benefit-cost ratio of between 3.9 and 7.1, depending on the discount factor applied. The cash transfer simulations show the poverty headcount decreasing by about 3.3 percentage points. Last, the analysis of fiscal multiplier shows an economic stimulus equivalent to about 20 percent of GDP over the whole project cycle under the baseline scenario.

100. **While the overall envelope (US\$27 million) adds pressure to the RMI's fiscal situation, the investments supported under the project are predicted to have large social as well as financial returns and to drive improvements in the underlying expenditures in health and education.** Human capital is one of the key drivers of long-term economic growth outcomes. The RMI scores low on the HCI (0.42 in 2020) with poor outcomes on both education and health. Increasing human capital is thus one of the key areas where Government intervention can boost long-term economic outcomes. As the outcomes of the economic analysis will show, investing in improved MCH as well as increasing ECD enrolment among young children are interventions with high rates of return. These high social rates of return will also have an impact on long-term government revenue potential as adults with higher human capital outcomes are likely to take on paid employment, thereby broadening the country's tax base.

## **B. Fiduciary**

### **(i) Financial Management**

101. **An FM assessment of the GRMI was carried out in November and December 2021** in accordance with the 'Principles Based Financial Management Practice Manual', issued by the World Bank on February 4, 2015, and further revised on February 10, 2017, and as further elaborated in the 'World Bank Guidance Financial Management in World Bank-Financed Investment Operations', issued by the World Bank on



February 24, 2015. Under the World Bank's Directive: Investment Project Financing (Directive), the borrower and implementing agencies are required to maintain FM systems, including accounting, financial reporting, and auditing systems, adequate to ensure accurate and timely information regarding the project resources and expenditures. Overall, the assessment found that the FM arrangements satisfy the requirements as stipulated in the Directive subject to implementation of agreed actions and mitigating measures.

102. **The CIU in DIDA/MOF is responsible for the FM arrangements for the ECD-II Project.** The CIU has established broad experience and has adequate qualified FM staff in managing the World Bank portfolio. The current CIU staffing includes a program manager, a finance manager, and two FOs for the whole portfolio; the GRMI is reviewing a proposal to add a Senior FO and FO position to further strengthen the CIU's FM capacity. The project Procurement Plan (PP) includes a dedicated FO for the ECD-II Project in MOCIA, supporting the PIU for close monitoring of the CCT and liaising with the CIU FO to ensure smooth execution of the fiduciary role. In addition, as an FM mitigation measure, it is recommended that the CIU hires an internal audit officer to strengthen the internal control of the portfolio of IDA investments, including the ECD-II Project and particularly the CCT component. Alternatively, the GRMI internal audit unit within the MOF could provide internal audit services for the project and the wider portfolio.

103. **The POM will include sections on budgeting, disbursement, funds flows and FM arrangements, M&E, internal controls, internal audits, and independent external audits.** The project CCT MIS for monitoring beneficiary payments should be operational and functional before disbursements under this category. Orientation and training of the PIU staff on fiduciary aspects of the project will be conducted by the CIU. The CIU will also monitor compliance with FM processes of the project. The World Bank fiduciary team will continuously monitor project progress and provide guidance as required. Training on the FM requirements of the project will be conducted and monitoring of compliance with FM processes will be a regular part of the implementation support missions. The project FM risk is rated Substantial. Details of the FM arrangements are presented in annex 1.

## **(ii) Procurement**

104. **Applicable Procurement Framework.** All procurement of goods, works, non-consulting services, and consulting services under the project will be carried out in accordance with the World Bank Procurement Regulations for IPF<sup>52</sup> Borrowers, dated November 2020 (Procurement Regulations), and the provisions stipulated in the Financing Agreement and approved PP. The project will be subject to the World Bank's Anti-Corruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016.

105. **Project Procurement Strategy for Development (PPSD) and PP.** The PPSD was prepared by the PIU with support from the CIU procurement team, and it outlined the appropriate procurement approaches under the project. The PPSD includes detailed assessments of the markets for goods, works, and services required for project implementation, procurement approaches, and procurement risks analysis along with corresponding proposed risk mitigation measures. Based on the PPSD conclusions, the PIU prepared and finalized the PP for the first 18 months of project implementation. The PP will be updated at least annually or as required during project implementation to reflect any substantial changes

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<sup>52</sup> IPF = Investment Project Financing.



in procurement approaches and methods to meet the actual implementation needs, market fluctuations, and improvements in institutional capacity. The updated PP along with the revised PPSD are subject to the World Bank’s prior review and approval.

106. **Procurement risk assessment.** Key risks relating to procurement will largely be mitigated with the CIU procurement team providing support to the PIU and IAs while the World Bank is available to provide further support. Such options for mitigating procurement risk include the mobilization of additional procurement support from the CIU procurement pool as well as exploring the use of hands-on enhanced implementation support (HEIS) in procurement. The POM will include a detailed Procurement Module to guide procurement implementation and includes a prohibition on direct involvement and referring to the full autonomy of the Pacific Islands Health Officers’ Association (PIHOA) Secretariat, to manage and control PIHOA’s activities under the contract. The task of managing and coordinating procurement activities in the project will fall under the project manager, with support of the Project Officer, and the respective sector program coordinators, whose TORs will also include procurement-related functions. The World Bank will provide relevant procurement training and implementation support.

107. **Systematic Tracking of Exchanges in Procurement (STEP)** tool will be used to plan, clear, and update the PP and conduct all procurement transactions for the project. Accordingly, all the procurement activities under the proposed project will be entered, tracked, and monitored online through the system. Details for procurement arrangements are presented in annex 1.

### C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

### D. Environmental and Social

108. **The project is classified as having moderate environmental and social risks and impacts; similar to ECD-I.**

109. **Key environmental risks relate to the renovation of existing education and health buildings:** waste management and disposal and pollution impacts; procurement of imported materials for construction (to avoid unsustainable sources of local aggregates); and risks to the community and workers during renovations, including health and safety, from construction-related activities and disruptions to building use. All technical advisory services and the implementation of health services, education services, and outreach to communities are unlikely to have any environmental impacts, except for the management of small volumes of medical waste.

110. **Key social risks relate to social exclusion of eligible beneficiaries and/or vulnerable or marginalized persons** without typical means to access project benefits, increased demand on project workers (health, education, or CCT workers) leading to fatigue and reduced care, and increased GBV/sexual exploitation and abuse/sexual harassment (SEA/SH) risks to project workers and beneficiaries as a result of workplace SEA/SH incidents or intimate partner violence.



111. **Leasing and deployment of vessels for outer islands service delivery has health and safety risks for operators and passengers.** The project will adopt the Marine Resources Authority SOPs for boat safety. Boat operators and passengers will undergo training on the SOPs. Suitable safety equipment, such as life jackets and communications equipment, will be procured under the project.

112. **Activities funded by the CERC may have environmental and social impacts;** typically, these relate to social inclusion, stakeholder engagement, resource use, and waste management but will be specific to the emergency event and the response that will be funded under the component.

113. **Social risks will be primarily avoided or mitigated through project design.** For all residual environmental and social risks, an Environmental and Social Management Framework (ESMF) is prepared (updated from the ECD-I Project) and includes risk screening processes, templates, waste management protocols, and other tools to manage risks and impacts from all components, including eligible activities under the CERC and technical advisory services. The ESMF was disclosed on the World Bank's website on March 2, 2022. The Labor Management Procedures (LMP) was disclosed on the World Bank's website on March 2, 2022. The draft Stakeholder Engagement Plan (SEP), and draft Environmental and Social Commitment Plan (ESCP) were prepared and disclosed on the [www.ciudidasafeguards.com](http://www.ciudidasafeguards.com) website on February 17, 2022, and on the World Bank's website on April 24, 2022.

#### (i) Gender

114. **The proposed project will contribute to closing gaps in women's endowments in health and economic opportunity outlined in the World Bank Group Gender Strategy and the East Asia Pacific Regional Gender Action Plan.** Several focus areas will be addressed through the project: reducing maternal morbidity and mortality; reducing childhood stunting; strengthening equity (targeting poor, remote, and vulnerable women and children) of reproductive, maternal, and child health services; engaging fathers in parenting and caregiving to balance household productive and reproductive roles; reducing GBV risks by enhancing the availability of training and resources for prevention, identification, treatment, referral, and support; and enhancing opportunities for quality childcare arrangements (table 11).

115. **In the RMI, gaps in women's endowments in health and education contribute to poor MCH and nutrition, as well as poor child development outcomes.** Poor maternal health and nutrition increase the risk of overweight, obesity, and diet-related NCDs that present risks to maternal and infant survival. Further, poor maternal nutrition perpetuates an intergenerational cycle of malnutrition, whereby children of malnourished mothers (defined as underweight or maternal short stature) are at increased risk of low birth weight and child stunting. These risks are amplified for teenage mothers, whose young age further increases the likelihood of high-risk pregnancies and undernourished babies. The project support for increasing access and utilization of early, quality ANC and skilled delivery will help minimize these risks to women's own health and that of the next generation. The project will support the MOHHS to scale up a package of essential RMNCH-N services, supporting investments in human resources, service delivery, equipment, and data systems needed to deliver these and with improved quality. The project will also support operational costs for new service delivery modalities to reach vulnerable women with these services on the NIs as well as through community outreach.

116. **To further stimulate demand for essential RMNCH-N services, the project will provide CCTs to**



families (targeting the female head of the household even when the male head is present) to beneficiaries of the parenting interventions to close gaps in the outcomes for their children. Some concerns have been raised about the social implications (particularly GBV risks) of providing this type of assistance to families. The ECD-I social assessment identified sociocultural and intra-household considerations of providing cash directly to women to minimize risks of GBV and maximize the likelihood of using cash for investments in human development. The World Bank is providing TA to develop a communications campaign to address these issues, while a review of the RMI/World Bank portfolio is under way to identify GBV risks and opportunities for systems strengthening across the projects. As identified under Component 1, the project support to essential health services can help increase the availability of services for GBV survivors, as necessary, and the project will incorporate financing support for other relevant referral/support services as identified in the portfolio review.

117. **The parenting education sessions and preschool classrooms will also support Marshallese women to balance tradeoffs in their productive and reproductive roles.** The World Bank has received an Early Learning Partnership grant to support the design, piloting, and monitoring of parenting interventions targeting male caregivers; the project will support the scale-up of this program. Engagement of male caregivers will help balance caregiving roles and responsibilities within households while opening of preschool classrooms provides alternative care arrangements for 3–4-year-old children, which enables women to engage in economic activities. The parenting education sessions would also benefit from strengthened modules to encourage male participation in child stimulation and to sensitize households in managing the stresses of parenting and family life, conflict resolution, and nonviolent discipline. A recent program in Rwanda (2018-2020) utilizing psychoeducation and active coaching of caregivers to promote nutrition, hygiene, nonviolent interactions, and inclusive caregiving had a large and persistent effect on engaging fathers in childcare. It had a smaller but significant effect on violence reduction including intimate partner violence and harsh discipline as well as child development.<sup>53</sup>

118. **The project will measure its ability to close the gaps in these outcomes** by monitoring the increase in ANC in the early stages of pregnancy (first trimester) and the quality of ANC visits; the number of men participating in parenting sessions (or, if feasible, practicing specific parenting behaviors); and/or increase in the knowledge of service providers in GBV identification, referral, and treatment services.

Table 11. Gender Results Chain in the ECD-II Project

Analysis	Activities	Indicators
<ul style="list-style-type: none"> <li>• Women face morbidity and premature mortality risks due to low availability and quality of ANC/PNC services.</li> <li>• Women’s poor health and nutrition in pregnancy leads to health and nutrition risks for their offspring.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the availability, accessibility, and quality of reproductive and maternal health services (including through inputs, training, and service standards’ monitoring)</li> <li>• Adapting outreach modalities to reach the underserved</li> </ul>	<ul style="list-style-type: none"> <li>• Increased utilization of ANC in the first trimester</li> <li>• Share of ANC clinic encounters complete for all required components (quality of ANC visits)</li> </ul>
<ul style="list-style-type: none"> <li>• Women face physical and mental health risks due to GBV.</li> </ul>	<ul style="list-style-type: none"> <li>• GBV assessment</li> <li>• Training for health, social</li> </ul>	<ul style="list-style-type: none"> <li>• Share of providers reporting adequate knowledge of GBV identification, referral, support</li> </ul>

<sup>53</sup> Jensen, S. K., M. Placencio-Castro, S. M. Murray, et al. 2021. “Effect of a Home-visiting Parenting Program to Promote Early Childhood Development and Prevent Violence: A Cluster-Randomized Trial in Rwanda. *BMJ Global Health* 6:e003508.



Analysis	Activities	Indicators
	assistance, and ECD providers • Male caregiving module on GBV reduction	
• Traditional gender roles in childcare place constraints on women’s economic opportunity relative to men.	• Expansion of public preschool services • Male caregiver pilot to increase male involvement in caregiving	• Children enrolled in preschool • Share of male caregivers engaging in early stimulation activities
	• Targeting female head of households for CCT program	

(ii) Climate Change

119. **The project was screened for climate change and disaster risks and the risk rating was determined as High.** The RMI is a raised atoll island nation located in the North Pacific Ocean at equal distance between Hawaii and Australia. The country comprises 29 atolls and 4 major islands with the average elevation of most islands approximately 2 m above sea level. Its relative isolation and limited resources make the RMI extremely vulnerable to the adverse impacts of climate change. The country’s small land area means that over 99 percent of the population lives along the coastline, rendering a considerable portion of the country’s economy, infrastructure, and livelihoods highly vulnerable to natural hazards such as cyclones and climatic hazards such as sea level rise. According to the Intergovernmental Panel on Climate Change (IPCC) 4th Assessment Report, the effects of rising sea level are “likely to be of a magnitude that will disrupt virtually all economic and social sectors in small island nations.”<sup>54</sup>

120. **The major climate-related natural hazards affecting the Marshall Islands are sea level rise, droughts, and tropical storms and typhoons.** The impacts of natural hazards in the RMI are exacerbated by the underlying conditions of vulnerability, including extremely high population density, high levels of poverty, low elevation, and a weak economic base, among others. Shoreline erosion caused by sea level rise is already a significant problem across the Marshall Islands.

121. **Wet season rainfall supplies the majority of freshwater to the RMI.** However, EL Niño conditions in this part of the Pacific can shift rainfall patterns, bringing significantly less rainfall than in normal years and leading to drought conditions. Droughts are especially damaging in the atolls lacking sufficient rain-water harvesting/storage capacity to withstand dry periods, as is the case with most of the outer atolls of the dry North (Utrik, Ailuk, Likiep, Wotho, Lae, and Namu). Strong winds, wave run-up, and overtopping of beach berms and protective structures are significant sources of flooding and damage across the RMI. Such was the case in 2008, when one of the worst recorded disasters in the nation’s history took place. A combination of factors, including three major storms in two weeks and high tides, together flooded (via storm surges) a large part of the Majuro atoll, damaging more than 300 homes and forcing 10 percent of the population to temporary shelters.

122. **The natural hazard and climate change risks are particularly high for Majuro and Ebeye islands due to their large populations and extensive public infrastructure.** Majuro is the most populated atoll, with a narrow land area of 9.7 km<sup>2</sup> and a lagoon area of about 295 km<sup>2</sup>. Majority of the atoll’s population

<sup>54</sup> The World Bank Climate Change Knowledge Portal <https://climateknowledgeportal.worldbank.org/country/marshall-islands/vulnerability>.



(20,000 out of 28,000) lives in three islets on the eastern coast of Majuro, Delap-Uliga-Djarrit (DUD). According to a study of Majuro atoll conducted in 1992 by the National Oceanic and Atmospheric Administration, a sea level rise of three feet would completely inundate the atoll, and defense mechanisms to protect the atoll from a 1-in-50-year storm event would be impossible. Ebeye is a small islet on the south-eastern side of Kwajalein Atoll, about 2 km long and 250 m wide, bordering a large lagoon to the east and the open ocean to the west. The islet is covered entirely with buildings and infrastructure and is densely populated, with around 12,000 inhabitants living in an area of merely 0.36 km<sup>2</sup>, resulting in a population density of one person per 30 m<sup>2</sup>. Any rise in sea level and change in weather patterns will have significant effects on the living conditions and infrastructure of these two islands.

123. **A 2021 World Bank-funded study (*Adapting to Rising Sea Levels in Marshall Islands*) has assessed the spatial distribution of major climate change hazard risks and their potential impact levels in the RMI.** The RMI is expected to incur US\$3 million average annual losses due to tropical cyclones and earthquakes. In the next 50 years, it has a 50 percent chance of experience a per-event loss exceeding US\$53 million and a 10 percent chance of an event exceeding US\$160 million. Climate change will exacerbate existing conditions. Climate change effects include sea level rise, increasing frequency and intensity of tropical cyclones, heavier precipitation events, increased freshwater shortages, and increased occurrence of extreme heat events.

124. **Climate change is recognized as a key policy issue in the RMI.** Disaster and climate change resilience remain central components of various government policies and strategies for sustainable development including the following: Tile Til Eo 2050 Climate Strategy: Lighting the Way (2018); Nationally Determined Contributions (2018); National Strategic Plan (NSP) 2020–2030; and Joint National Action Plan for Climate Change Adaptation and Disaster Risk Management (JNAP) 2014–2018. In addition, the RMI is finalizing a National Adaptation Plan which is being supported by the World Bank’s Pacific Resilience Project II under the Pacific Resilience Program (P160096).

125. **The project’s main beneficiaries (pregnant women and newborns, children 0–4 years, and economically vulnerable early years families) suffer the most from the negative impacts of climate change and natural disasters.** Children in the RMI, especially children from vulnerable families, suffer from limited availability, affordability, and consumption of nutritious diets. Drought would lead to further malnutrition, stunting, and food insecurity. Drought also leads to increased prevalence of infections (that is, pink eye) and increased absences from school. Tropical storms and typhoons may damage the infrastructure and/or roads and, consequently, hamper the MCH service delivery, parenting home visits, and preschool service provision. The disruption of these services would hinder the health outcomes of pregnant women and children and cognitive and socio-emotional development of young children. Water shortage is a serious problem in the RMI, which depends heavily on rainwater as the source of water. Lack of safe water supplies is an important factor in poor hygiene and diarrheal disease. Diarrheal disease is a significant health risk to children in the RMI and is the cause of around 3 percent of all under-five deaths in RMI. The impact of these climate shocks is also higher for poor and vulnerable households, which are forced to resort to a variety of negative coping strategies that make it difficult to escape a downward cycle of poverty and vulnerability. In the absence of effective social protection programs, climate shocks through droughts or floods contribute to maternal and child malnutrition and trigger decisions to take children out of school, thereby perpetuating and deepening inequities in human capital.

126. **To reduce the country’s vulnerability to the identified risks, the project will support several**



important adaptation and mitigation measures that will address climate vulnerability and improve system resilience to climate change, as discussed in table 12.

Table 12. Climate Change Adaptation and Mitigation Efforts

Subcomponents	Financing Allocation	Adaptation/Mitigation Measure
<b>Component 1: Improve coverage of essential RMNCH-N services (IDA: US\$6.0 million)</b>		
<b>1.1: Strengthening MOHHS management and stewardship capacity to deliver essential RMNCH-N services</b>	US\$1.24 million	<ul style="list-style-type: none"> <li>• <b>TA on climate-smart cold chain and infrastructure</b>, identifying opportunities for reducing energy consumption and moving toward lower carbon/clean renewable power sources, climate-friendly refrigerants, and others (integrating findings from designs under the resilience projects)</li> </ul>
<b>1.2: Enhancing delivery of essential RMNCH-N services</b>	US\$4.76 million	<ul style="list-style-type: none"> <li>• <b>Rehabilitation and renovation of hospitals/clinics, offices, and NI dispensaries, as well as small facility equipment and supplies to ensure readiness to deliver RMNCH-N package.</b> Climate-resilient design measures will be incorporated and will include (a) climate-specific adaptive design features (shutters for cooling; flood protection; safe water systems; (b) energy efficiency improvements, including retrofitting generators, switching refrigeration to ones with lower global warming potential, and ensuring energy efficient design and low energy lightbulbs (LEDs); (c) lifecycle equipment assessment as part of evaluation criteria for any procurement.</li> <li>• <b>Contracting vessels for NI service delivery:</b> vehicles with low carbon emission, use of low-carbon fuels.</li> <li>• <b>Procurement of climate-smart immunization cold chain equipment</b> aligned with TA recommendations.</li> <li>• <b>Delivery of capacity building, training, and coaching packages.</b></li> <li>• <b>Digital health system improvement including providing remote consultations.</b> Remote consultations will help the country strengthen its climate resilience, as it will avoid service disruptions during weather events when physical access to hospitals and other health infrastructure becomes an issue for pregnant women and children.</li> </ul>
<b>Component 2: Improve coverage of stimulation and early learning activities (IDA: US\$6.0 million)</b>		
<b>2.1: Strengthening MOEST management and stewardship of ECD services</b>	US\$1.3 million	<ul style="list-style-type: none"> <li>• <b>Assessment of venue requirements/infrastructure availability for public preschools including plans for establishing and operationalizing public preschools in Nis.</b> Assessment will include considerations for ensuring that buildings are climate resilient.</li> </ul>
<b>2.2: Enhancing delivery of stimulation and early learning activities</b>	US\$4.7 million	<ul style="list-style-type: none"> <li>• <b>Capacity building.</b> The project will raise awareness of climate crisis by ensuring the ability of ECD programs to build resilience and adaptability capacity in support of young children and their families in the context of the climate crisis, as well as ensuring that the national adaptation plans include a focus on the youngest children.</li> <li>• <b>Rehabilitation and renovation of preschool classrooms and NI preschool venues.</b> The project will support physical spaces to be equipped and resilient to natural hazards and climate change by applying standards in energy efficiency improvements in building</li> </ul>



Subcomponents	Financing Allocation	Adaptation/Mitigation Measure
		<p>design, lighting, ventilation, and the use of energy and resource efficient appliances, among others.</p> <ul style="list-style-type: none"> <li>• <b>Development of digital resources for families to use at home.</b> Digital resources will help the delivery of learning activities at home during weather events when physical access to preschools becomes an issue for children.</li> </ul>
<b>Component 3: Social assistance for early years families (IDA: US\$9.6 million)</b>		
<b>3.1: Strengthening the GRMI’s capacity to establish and deliver social assistance programs</b>	US\$2.6 million	<ul style="list-style-type: none"> <li>• <b>Establishment of digital and other appropriate payment solutions (mobile wallets, prepaid cards, and EFTPOS terminals).</b> By establishing digital payment solutions, the country will strengthen its resilience by ensuring communities can cope with weather disasters as digital payment services will avoid service disruptions during weather events which can affect cash delivery.</li> </ul>
<b>3.2: Provision of cash transfers to early years families in selected areas</b>	US\$7.0 million	<ul style="list-style-type: none"> <li>• <b>Provision of enhanced cash transfers to up to 3,500 early years families in Majuro, Ebeye, and Nis.</b> According to HIES data, families with young children are overrepresented among the vulnerable population, and it is the poorest families that are most prone to the poverty impact of natural disasters, as well as, possibly, a share of households residing in areas at risk of inundation from 1 m sea level rise. As a result, income support from the cash transfers will directly contribute to climate resilience.</li> </ul>
<b>Component 4: Strengthening the multisectoral ECD system and Project management (IDA: US\$5.4 million)</b>		
<b>4.2: ECD Awareness and SBCC Campaign</b>	US\$1.2 million	<ul style="list-style-type: none"> <li>• The project will undertake awareness raising and behavior change initiatives to improve nutrition practices and to prevent the spread of vector-borne diseases exacerbated by climate change (for example, promotion of good hygiene and sanitation and so on).</li> </ul>

**(iii) Citizen Engagement**

127. Citizen engagement activities in the proposed ECD-II Project will build upon the experience of ECD-I and continue stakeholder consultations, targeted outreach, and behavioral change communications, as well as multistakeholder engagement to establish and implement a GRM. The ECD-I Project is based on a model of inclusive, adaptive management of activities and emphasizes beneficiary outreach and awareness raising. The project’s M&E methodology is intended to facilitate adjustments in education, health, and social affairs programs based on feedback from beneficiaries and the broader public. The MOHHS is incorporating beneficiary feedback into its quality monitoring and improvement process under the project. ECD-II will conduct public consultations in accordance with the SEP to increase awareness of all stakeholders and collect their feedback throughout the project cycle. The project will ensure that consultative activities are adapted to the sensitivities and concerns of the disadvantaged or vulnerable individuals or groups and ensure complete understanding of project activities and benefits. In addition to these activities, the project will carry out targeted outreach and behavior change communication activities on two interconnected tracks—one to raise general awareness around parental support and ECD services and another focused on the CCT—focusing on the target population. Additionally, the project will establish a robust GRM system to ensure early identification, assessment, and resolution of complaints. The GRM system will initially focus on Component 3, to ensure that beneficiaries’ complaints related to eligibility or payments are identified and resolved early on, and any



necessary adjustments in procedures or systems are addressed as soon as possible. To ensure citizen engagement is appropriately mainstreamed into project design, two intermediate results indicators have been included: “Share of grievances recorded through the GRM that are resolved within agreed timeframes” and “Share of parents that report awareness of ECD SBCC activities.”

#### (iv) Disability and Inclusion

128. **The proposed project will include a focus on increasing access to and quality of ECD services for children with disabilities.** This is in alignment with the GRMI’s National Policy on Disability Inclusive Development, approved in 2014, and the GRMI’s ratification of the Convention on the Rights of Persons with Disabilities in 2015. The GRMI also has Special Education Policies and Procedures, revised in January 2017, which lay out the procedures to identify, locate, and evaluate children with disabilities to ensure that a free, appropriate public education is available to all children ages 3–21 years who are in need of special education services. Despite this framework of laws and policies ensuring the rights of children with disabilities, in practice, few such children are identified and have access to the health and educational services they require.

129. **The project will take a multisectoral approach to disability and inclusion.** In keeping with the World Bank’s 10 commitments on disability inclusion made in 2018, which include the commitment that all World Bank-financed education projects and programs will be disability inclusive by 2025, the project will leverage multiple entry points across components. This will include capacity building of the ECD workforce across sectors (health service providers, preschool teachers/assistants and home visitors, social workers, and so on) on early screening, early intervention, professional specializations, and disability inclusion and procurement of equipment needed to carry out these functions, as contextually appropriate. It will also incorporate disability information while upgrading the MHIS. Under Component 2, the project will support early intervention materials: audio books in Marshallese, video books with sign language, Braille books for young children, assistive technology and/or communication tools, magnifying glasses, puzzles, art supplies, and tactile and other relevant items, as well as a twinning consultant with specialization in autism spectrum with the Special Education Unit to provide capacity building. Component 4 will finance intersectoral initiatives, such as a focus on disability awareness and increasing of community understanding of developmental delays, information on disability-related services, and so on within SBCC activities, and enhanced support to children with disabilities ages 0–3 years (including Individual Family Service Plans). The MEAL Framework will reinforce the availability of information on disability in the MHIS, MIEMIS, strengthening data sharing between the MOEST, MOHHS, and MOCIA for a robust referral program and monitoring of progress. Consultations with organizations such as the Marshall Islands Disabled Persons Organization, the Center for All People with Disabilities, the Early Hearing Detection Initiative program in the MOHHS, the Mental Health Unit in the MOHHS, and the Special Education Unit in the MOEST will be included in the SEP.

## V. GRIEVANCE REDRESS SERVICES

130. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may



submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VI. KEY RISKS

131. **The overall risk rating for the Project is assessed as Substantial.** This rating reflects the mitigation measures. Key risks are (a) limited human resource capacity, including number of staff and technical experience, coupled with weak institutional capacity of the implementing agencies; (b) limited ongoing coordination between the CIU and PIUs in the implementation of World Bank-financed projects in the RMI, particularly on procurement and FM aspects; (c) the social and fiduciary risks associated with the introduction of a CCT program which has only recently been rolled out; (e) increased implementation, monitoring, and supervision risks associated with expansion to remote NIs; and (f) the considerable investment on a per capita basis for the RMI.

132. **Institutional capacity risks for implementation and sustainability are Substantial.** While progress has been made under ECD-I to strengthen institutional capacity for implementation, challenges remain. ECD remains a relatively new subsector and staff technical skills, though improving, are not yet sufficient to sustain the project's activities. The project's approach to mitigating the institutional capacity risk is to invest heavily in technical capacity building from early on, partnering of international consultants with local staff, and consultants to translate much-needed global knowledge into local skills. Experience with other World Bank-financed projects has shown that securing good-quality and sustained TA inputs is expensive in the RMI, leading to relatively high TA costs. The fiscal sustainability issues have been magnified by the project's strong support for social assistance and the contracted fiscal space due to COVID-19 economic slowdowns. The World Bank is looking to provide TA through World Bank-executed funds, where appropriate and feasible, to enhance quality and oversight of these activities while also increasing the fiscal space for investments in service delivery. The Bank is also embarking on the fiscal space analysis necessary to support the GRMI in identifying options for sustained intervention beyond the life of the project.

133. **Fiduciary risk is Substantial.** FM and procurement for the project will be supported by the CIU, which is establishing SOPs for implementation of World Bank-financed projects and coordinating with the PIU teams. The scale-up of World Bank-financed projects in the RMI has increased the number of projects implemented by the MOF, overextending the Ministry's limited project management resources. The GRMI has demonstrated challenges in establishing the payment and fiduciary controls necessary for the CCT rollout and identifying the appropriate institutional arrangements. An FM officer will be hired to support the project and to help establish an internal audit function (which is not yet present in the RMI). The FM risk of the project is assessed as Substantial primarily because of this risk, which could prove a constraint for the implementation of this project without additional project support. In addition, multiple line ministries (MOHHS, MOEST, MOCIA) implementing their respective components further contribute to the



complexity of the FM arrangements for the project.

134. **Risks related to procurement are primarily due to the Government's limited experience with implementing procurement following the World Bank procedures and inconsistent coordination between the implementing agencies, PIU, and CIU.** The PIU's familiarity with World Bank procurement processes is improving, but the PIU/CIU relationship remains a persistent implementation challenge. To mitigate these risks and strengthen the procurement capacity of the project, the following measures have been established and agreed to be implemented: (a) have a dedicated procurement specialist in the CIU at the MOF to provide TA and support to the project; (b) the PIU TORs will include specific procurement related functions: the project manager will provide procurement oversight, while the project officer will carry out day-to-day procurement functions in support of the ECD coordinators and implementing agencies, among others; (c) project staff will be continuously provided with relevant procurement training and implementation support by the World Bank; (d) the STEP tool will be used to prepare, clear, and update PPs and conduct all procurement transactions for the proposed project (accordingly, all the procurement activities under the proposed project will be entered into the system and tracked and monitored online); (e) the CIU will mobilize additional dedicated procurement support from the procurement pool, to support the PIU and the project, as needed; (f) explore the use of HEIS in procurement for the project; and (g) a POM with a detailed Procurement Module will be prepared to guide the project in carrying out procurement and it will include a prohibition on direct involvement and referring to the full autonomy of the PIHOA Secretariat to manage and control PIHOA's activities under the contract.



**VII. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

COUNTRY: Marshall Islands

RMI Multisectoral Early Childhood Development Project - II

**Project Development Objectives(s)**

To improve coverage of multisectoral early childhood development services in the Republic of the Marshall Islands and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

**Project Development Objective Indicators**

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>To improve coverage of multisectoral early childhood development services</b>							
Share of women who have had at least one ANC visit by a skilled provider during the first trimester (Percentage)		34.00	34.00	40.00	45.00	50.00	55.00
Share of children aged 0-2 years who have received all required well-child care (WCC) visits to date (Percentage)		0.00	5.00	15.00	25.00	40.00	50.00
Number of families with children aged 0-5 years receiving home visits from parent educators (Number)		0.00	95.00	275.00	360.00	480.00	700.00
Share of children aged 3 and 4 years enrolled in public preschool (Percentage)		2.00	8.00	15.00	20.00	25.00	25.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Share of children aged 3 and 4 years enrolled in public preschool - female (Percentage)		50.00	50.00	50.00	50.00	50.00	50.00
Beneficiaries of social safety net programs (CRI, Number)		0.00	500.00	2,000.00	2,400.00	3,000.00	3,500.00
Beneficiaries of social safety net programs - Female (CRI, Number)		0.00	400.00	1,600.00	1,900.00	2,400.00	2,800.00
Beneficiaries of social safety net programs - households in areas with climate-related risks (Number)		0.00	200.00	400.00	600.00	800.00	1,000.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>1. Improve coverage of essential RMNCH-N services</b>							
People who have received essential health, nutrition, and population (HNP) services (CRI, Number)		0.00	3,700.00	7,400.00	11,100.00	14,800.00	17,450.00
Number of children immunized (CRI, Number)		0.00	1,000.00	2,000.00	3,000.00	4,000.00	4,600.00
Number of women and children who have received		0.00	2,000.00	4,000.00	6,000.00	8,000.00	9,750.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
basic nutrition services (CRI, Number)							
Number of deliveries attended by skilled health personnel (CRI, Number)		0.00	700.00	1,400.00	2,100.00	2,800.00	3,100.00
Share of ANC clinic encounters complete for all required components (Percentage)		0.00	25.00	35.00	45.00	55.00	65.00
Share of WCC encounters complete for all required components (Percentage)		0.00	25.00	35.00	45.00	55.00	65.00
Share of neighboring islands health assistants completing certification course (Percentage)		10.00	25.00	40.00	50.00	65.00	75.00
Share of neighboring islands health centers that (a) have completed an annual on-site assessment and (b) meet MOHHS standards as defined using an assessment tool (Percentage)		0.00	20.00	30.00	40.00	55.00	75.00
<b>2. Improve coverage of stimulation and early learning activities</b>							
Teachers recruited or trained (CRI, Number)		0.00	135.00	140.00	145.00	150.00	150.00
Teachers recruited or trained - Female (RMS requirement) (CRI, Number)		0.00	78.00	80.00	82.00	85.00	85.00
Share of targeted caregivers engaging in early stimulation activities (Text)		TBD	70.00	75.00	85.00	90.00	95.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Share of early years families with access to Marshallese language children's books (Text)		TBD	20.00	N/A	30.00	N/A	40.00
Share of targeted male caregivers engaging in early stimulation activities (Percentage)		0.00	10.00	25.00	30.00	35.00	40.00
<b>3. Social assistance for early years families</b>							
Share of beneficiary families meeting conditionalities within compliance period (Percentage)		0.00	30.00	40.00	60.00	75.00	80.00
Share of eligible families receiving timely cash transfers (Percentage)		0.00	75.00	77.00	80.00	85.00	90.00
Share of grievances recorded through the GRM that are resolved within agreed timeframes (Percentage)		0.00	20.00	30.00	50.00	65.00	80.00
<b>4. Strengthening the multisectoral ECD system and Project management</b>							
Share of children aged 0-5 years that are developmentally on track (Percentage)		78.90			82.50		85.00
Share of girls aged 0-5 years that are developmentally on track (Percentage)		78.90			82.50		85.00
Share of parents that report awareness of ECD SBCC activities (Percentage)		0.00	0.00	20.00	50.00	60.00	75.00
Strengthened multi-sectoral		Inadequate	Multi-sectoral ECD Policy	ECD Costed Plan and	RMI multi-sectoral ECD	Data on key ECD Policy	Data on key ECD Policy



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
ECD policy and monitoring (Text)			developed and endorsed	MEAL Framework developed and endorsed	MIS data warehouse developed	indicators and ECD financing reported in Annual ECD Summit	indicators and ECD financing reported in Annual ECD Summit
Share of targeted providers reporting adequate knowledge of GBV identification, referral, support (Percentage)		10.00	10.00	25.00	50.00	60.00	70.00

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Share of women who have had at least one ANC visit by a skilled provider during the first trimester	Numerator: Number of women who have one or more ANC visits during the first trimester. Denominator: Number of women with live births	Annual	MCH Program Database/MOHHS Key Performance Indicator report	MOHHS extracts information from ANC encounters and compiles data annually at the end of the year	MOHHS
Share of children aged 0-2 years who have received all required well-child care (WCC) visits to date	Numerator: Number of children who have received all required WCC visits. *WCC visits required at birth-1 mo; 2-3 mos; 4-5	Annual	Project Monitoring Reports. Numerator: Data from	MOHHS compiles data annually at the end of the year.	MOHHS



	mos; 6-11 mos; 12-17 mos; and 18-24 mos. Denominator: All children aged 0-24 mos from vital stats.		WCC encounters. Denominator : Vital Records Information Systems. The baseline is zero as the WCC guideline of minimum activities has just been completed. Data from WCC encounters will begin to be reported at the health clinic level at the time of project initiation.		
Number of families with children aged 0-5 years receiving home visits from parent educators	Number of families supported by the project that receive monthly home visits delivered by trained parent educators. This indicator is measured	Annual	WUTMI database. Baseline is zero as no families are currently receiving	WUTMI submits quarterly reports to PSS. PSS compiles data annually at the end of the year.	PSS



	cumulatively.		home visits under the project. Baseline data will be collected through the first quarterly monitoring report.		
Share of children aged 3 and 4 years enrolled in public preschool	Numerator: Number of children aged 3 and 4 years enrolled in public preschools (early learning program occurring at a public elementary school in the Marshall Islands and led by a certified teacher). Denominator: Number of children aged 3 and 4 years.	Annual	MIEMIS	PSS compiles data annually in September	PSS
Share of children aged 3 and 4 years enrolled in public preschool - female	Numerator: Number of girls aged 3 and 4 years enrolled in public preschools (early learning program occurring at a public elementary school in the Marshall Islands and led by a certified teacher). Denominator: Number of children aged 3 and 4 years	Annual	MIEMIS	PSS compiles data annually in September	PSS



	enrolled in public preschools				
Beneficiaries of social safety net programs		Annual	CCT Beneficiary Registry	Definition: Number of unique families that receive CCT benefits. This indicator will be measured cumulatively. MOCIA compiles semi-annual and annual reports. Baseline is zero as there are not currently any beneficiaries of the project-financed CCT. Will be updated in the first semi-annual report.	MOCIA
Beneficiaries of social safety net programs - Female		Annual	CCT Beneficiary Registry	Number of unique families that receive CCT benefits where the main beneficiary is female. This indicator will be measured cumulatively. MOCIA compiles semi-annual and annual reports	MOCIA
Beneficiaries of social safety net programs - households in areas with climate-related risks	Number of families living in areas with climate-related risks that receive CCT	Annual	CCT Beneficiary Registry	MOCIA compiles semi-annual and annual reports	MOCIA



	benefits. Climate-related risks include floods, king tides, droughts etc. This indicator will be measured cumulatively.				
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**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People who have received essential health, nutrition, and population (HNP) services		Annual	HMIS	Definition: Sum of the number of children immunized, number of women and children who received basic nutrition services, and number of deliveries attended by skilled health personnel. This indicator is cumulative. MOHHS compiles data annually at the end of the year. Baseline is zero as there are no project beneficiaries currently. Will be updated after the 2022 annual report is released.	MOHHS



Number of children immunized		Annual	WebIZ database	<p>Definition: Number of children who had their second birthday during the measurement year who had the complete set of required childhood vaccines by their second birthday. MOHHS compiles data annually at the end of the year.</p> <p>Baseline is zero as there are not currently any project beneficiaries. Will be updated after the 2022 annual report is released.</p>	MOHHS
Number of women and children who have received basic nutrition services		Annual	MCH block grants reporting	<p>Definition: Basic nutrition services refer to direct feeding programs (supplementary feeding for pregnant and lactating women and children under age 5); programs promoting appropriate infant and young child feeding; provision of micronutrient supplements; food</p>	MOHHS



				<p>fortification; deworming; monitoring of nutritional status; nutrition and food hygiene education; nutrition components of ECD programs. Individuals receiving multiple interventions should only be counted once. MOHHS compiles data annually at the end of the year. Baseline is zero as there are not currently any project beneficiaries. Will be updated after the 2022 annual report is released.</p>	
Number of deliveries attended by skilled health personnel		Annual	Vital Records Information Systems	<p>Definition: Number of women who delivered with the assistance of a skilled health provider (specialist or non-specialist doctor, midwife, nurse, or other health personnel with midwifery skills) whether in health facilities or women's</p>	MOHHS



				homes. MOHHS compiles data annually at the end of the year. Baseline is zero as there are not currently any project beneficiaries. Will be updated after the 2022 annual report is released.	
Share of ANC clinic encounters complete for all required components	Numerator: Total number of monitored ANC visits meeting all criteria outlined in the essential service package and quality standards. Denominator: Total number of ANC visits receiving quality monitoring in previous six months	Quality assurance surveys will be conducted every 3 months and aggregated for reporting every 6 months.	Quality assurance surveys	MOHHS will select a representative sample of RMNCH-N clinical charts from Majuro/Ebeye, and NI (as feasible) selected for quality assurance survey. Baseline is zero as the guideline for ANC clinic encounters was just finalized and the system to measure content of care will be established upon project effectiveness. First report expected within six months of effectiveness.	MOHHS



Share of WCC encounters complete for all required components	Numerator: Total number of monitored WCC visits meeting all criteria outlined in the essential service package and quality standards. Denominator: Total number of WCC visits receiving quality monitoring in previous six months	Quality assurance surveys will be conducted every 3 months and aggregated for reporting every 6 months.	MOHHS Annual Reports	MOHHS will select a representative sample of RMNCH-N clinical charts from Majuro/Ebeye, and NI (as feasible) selected for quality assurance survey. Baseline is zero as the guideline for WCC clinic encounters was just finalized and the system to measure content of care is to be established. First report expected within six months of effectiveness.	MOHHS
Share of neighboring islands health assistants completing certification course	Numerator: Number of neighboring receiving certificate of satisfactory completion of the NI Health Assistant training course at College of Marshall Islands (including the requisite RMNCH-N modules) Denominator: Number of neighboring island health assistants	Annual	CMI administrative records and MOHHS registers	MOHHS compiles data annually at the end of the year	MOHHS
Share of neighboring islands health centers that (a) have completed an annual on-site assessment and (b) meet MOHHS	Numerator: Number of Neighboring Islands health centers (a) have completed	Annual	MOHHS monitoring reports	MOHHS compiles data annually at the end of the year.	MOHHS



standards as defined using an assessment tool	an annual on-site assessment and (b) meet MOHHS standards as defined using an assessment tool Denominator: Number of Neighboring Island health centers			Baseline is zero as the guideline for neighboring islands assessment is not finalized. First report expected at the end of the first year of project implementation.	
Teachers recruited or trained		Annual	ECD PIU	Definition: Number of teachers and teaching assistants/coaches recruited for public preschools and number of preschool teachers and TAs trained during the PSS summer training schedule and receiving professional development that leads to professional qualification. This indicator is non-cumulative. PSS compiles data annually at the end of each year. Baseline is zero as no teachers have been trained under the project.	PSS



Teachers recruited or trained - Female (RMS requirement)		Annual	ECD PIU	Definition: Number of teachers recruited or trained – disaggregated by gender PSS compiles data annually at the end of each year.	PSS
Share of targeted caregivers engaging in early stimulation activities	Numerator: Number of All-targeted Share of primary caregivers that report doing at least four of the following with their child in the last 3 days: read; play; sing a song; tell a story; take outside; help with homework; and name, draw or count. Denominator: Number of All-targeted caregivers	Annual	WUTMI annual evaluation	WUTMI submits data at the end of the year. PIU supports data analysis and reporting. Baseline TBD as the true baseline will only be known once WUTMI conducts their first round of evaluation survey data collection. Will be updated at the end of the year.	PSS
Share of early years families with access to Marshallese language children's books	Numerator: Number of early years families (with children aged 0-5 years) that have access to at least three Marshallese language children’s book in their home. Denominator: Number of early years families (with children aged 0-5 years).	Biennial	ECD Project Survey	MIEPI submits report to PIU. Baseline TBD as the true baseline will only be known once the ECD-I baseline survey is completed. Will be updated at the end of the year.	PSS



Share of targeted male caregivers engaging in early stimulation activities	Numerator: Number of male caregivers targeted through male caregiver program that report doing at least four of the following with their child in the last 3 days: read; play; sing a song; tell a story; take outside; help with homework; and name, draw or count. Denominator: Number of targeted male caregivers	Annual	Male caregiver program monitoring tool	ECD Coordinator submits report. PSS compiles data annually at the end of the year.	PSS
Share of beneficiary families meeting conditionalities within compliance period	Numerator: Number of beneficiary families meeting all conditionalities within compliance period. Denominator: Number of beneficiary families.	Annual	CCT Beneficiary Registry	MOCIA compiles semi-annual and annual reports. Baseline is zero as there are not yet any beneficiary families to comply with conditionalities.	MOCIA
Share of eligible families receiving timely cash transfers	Numerator : Number of eligible families receiving cash transfers on time as outlined in the CTOM. Denominator: Number of eligible families receiving cash transfers. Note: Number of eligible families is a subset of total beneficiary families.	Annual	CCT Beneficiary Registry	MOCIA compiles semi-annual and annual reports. Baseline is zero as no families are receiving transfers to date. Data expected after first semi-annual report.	MOCIA
Share of grievances recorded through the GRM that are resolved within agreed	Numerator: Number of CCT-related grievances resolved	Annual	CCT GRM System	MOCIA compiles semi-annual and annual	MOCIA



timeframes	as outlined in the CTOM. Denominator: Number of CCT-related grievances registered			reports. Baseline zero as the CCT GRM is not yet active. Will be updated with the first semi-annual report	
Share of children aged 0-5 years that are developmentally on track	Share of children aged 0-5 years who are developmentally on-track in at least three of the following four domains: literacy-numeracy, physical, socio-emotional and learning.	Baseline, midline, endline	The project baseline and targets are based on ICHNS data. Once the ECD Project Survey is rolled out, the baseline and targets will be updated appropriately	Based on CREDI data for children aged 0-35 months and MDAT data for children aged 36-59 months	PIU
Share of girls aged 0-5 years that are developmentally on track	Share of girls aged 0-5 years who are developmentally on-track in at least three of the following four domains: literacy-numeracy, physical, socio-emotional and learning	Biennial	ECD Project Survey	Based on CREDI data for children aged 0-35 months and MDAT data	PIU
Share of parents that report awareness of ECD SBCC activities	This citizen engagement indicator measures the share of parents/caregivers with children aged 0-5 years	Annual	Parent focus groups and client interviews	TBC Baseline is zero as there are not yet any awareness activities.	TBC



	who find SBCC activities useful to meeting their child's development needs.			Will be updated within six months of activities rolling out.	
Strengthened multi-sectoral ECD policy and monitoring	This is a process indicator that will monitor the development of an ECD policy, costed plan, ECD MEAL framework and data warehouse, and reporting compliance on MIS.	Annual	ECD report	Based on minutes of multi-sectoral ECD steering committee meetings	PIU
Share of targeted providers reporting adequate knowledge of GBV identification, referral, support	The OCS, MOHHS, PSS, and MOCIA will identify target providers for GBV-related training. Numerator: Number of GBV training participants scoring at least 75% on training post-test in the previous one year Denominator: Total number of GBV training participants in the previous one year	Annual	Project monitoring data	Training reports	PIU



## ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Marshall Islands  
RMI Multisectoral ECD - II

### Project Institutional and Implementation Arrangements

- 1. The project implementation requires a multisectoral coordination, involving health, education, internal affairs, justice, agriculture/sustainable food systems, and finance.** The project will require considerable capacity building, both implementing agencies and frontline human resources, to be effective in achieving the PDO. Under ECD-I, coordination responsibility for ECD has been delegated to the OCS. Coordination between sectors has improved, with minimal and ad hoc coordination giving way to regular, quarterly ECD SC meetings.
- 2. The MOF, MOHHS, MOEST, MOCIA, and OCS and their relevant divisions will be the implementing agencies for the core project activities.** The MOHHS is responsible for Component 1, the MOEST/PSS is for Component 2, the MOCIA for Component 3, and the MOF and OCS will be responsible for Components 4 and 5. A PIU will be established within the OCS and will be responsible for overall coordination, results monitoring, and communicating with the World Bank for implementation of all project-related activities. The project will follow the Government's centralized approach to supporting FM, procurement, and safeguards for IDA-financed projects and will engage the CIU, housed in the MOF, to provide support to these functions for the project FM aspects will remain the responsibility of the CIU, including processing required documentation for disbursement and replenishment of the project's DA. The CIU will provide support to the PIU on the procurement aspects during the project implementation.
- 3. The highest level of the program's governance is the CC, established by the President to provide high-level leadership and guidance for the RMI's flagship ECD Program.** The CC is chaired by the President and comprises the ministers of the concerned sectoral ministries, with the Chief Secretary serving as secretariat. The CC will be supported by an ECD SC, chaired by the Chief Secretary, and including secretaries from the relevant line ministries. The SC will provide oversight during project implementation.
- 4. While all NIs are eligible for project support, the expansion to NIs will be sequenced and phased.** Each phase of rollout to NIs for expansion will be based on a mapping of criteria endorsed by the Government such as (a) population, (b) implementation feasibility and logistics (especially with respect to banking access), (c) greatest need (for instance, as evidenced by at-risk school status, immunization service delivery gaps, and WASH), (d) ownership, and (e) climate risk. The rollout plan will be confirmed through endorsement of the CC and consider vulnerability and climate risk, as feasible. The Action Plan for ECD in the NIs will be included in the POM to document the necessary operational details of NI expansion.
- 5. Project management will be operating under direct guidance of the ECD SC and project directors.** The PIU's multisectoral functions are coordinated by the OCS, whereas each line ministry will appoint a sector lead (at least Deputy Secretary/Associate Commissioner level) to serve as the main government focal point within the implementing agency (with responsibilities to be outlined in the POM). As holistic ECD remains a new concept in the country and many interventions, systems, and capacities do



not yet exist, the PIU continues to rely heavily on international TA to set up the project, with the understanding that many of these functions may be readily transferred to line ministry staff in years 3–5 of the project. Key responsibilities of the PIU will include, among others,

- (a) Management of various project activities;
- (b) Provision of implementation support;
- (c) Regular coordination with the relevant stakeholders including the World Bank, MOF, MOHHS, MOEST/PSS, MOCIA, other line ministries, local government and other stakeholders involved in project implementation and the ECD sector in the RMI;
- (d) Coordination with CIU on management of funds and operating accounts;
- (e) Management of consultancy contracts and training;
- (f) Ensuring implementation of the project in accordance with the ESCP and ESF instruments in coordination with the CIU;
- (g) Project monitoring, reporting, and evaluation;
- (h) Coordination with CIU on the financial record keeping, preparation of FM reports, the DAs, and disbursements;
- (i) Coordination with CIU on reporting including the preparation of Financial Monitoring Reports, Progress Reports, and Procurement Management Reports;
- (j) Organizing the various implementation support visits, a mid-term review, and a final review of the project; continuous updates vertically and horizontally within Government, across development partners, and with World Bank representatives;
- (k) Administrative work aligned with the bureaucracy of both the GRMI and the World Bank; and
- (l) Other duties as assigned.

**6. The key tasks and responsibilities of the PIU personnel will be outlined in the POM and include the following:**

- (a) **ECD project manager.** He/she will report to the Chief Secretary and provide management support and assistance to the development, coordination, and implementation of the Government-led multisectoral ECD program including support to the high-level ECD SC and the Chief Secretary in the day-to-day management, coordination, and monitoring of the ECD program implementation. This person will be responsible for monitoring adherence to project covenants, including the ESCP, and integrating the requirements into the program.
- (b) **ECD project officer.** Under the direction of the project manager, the project officer is responsible for a full range of activities related to the administration of the ECD project, including supporting the project manager and sector leads in developing, executing, and coordinating the work identified in the annual work plan, this may include the work of consultants (individuals and firms). The project officer acts as a resource person to resolve



implementation bottlenecks and as a key contact with the CIU to facilitate FM, procurement, and environmental and social implementation and support.

- (c) **International advisors (MOHHS, PSS, MOCIA).** The advisors provide day-to-day TA and strategic advice to the implementing agencies to ensure the development and delivery of an evidence-based, contextually relevant, and operationally sound and sustainable ECD program. This includes providing substantive contributions and technical inputs to the AWPB as well as project-financed TORs, assessments, guidelines, plans, strategies, plans, policies, capacity assessment, training/competency building plans packages, materials, consultant outputs, and so on. The advisors will facilitate coordination within the implementing agency and across the project, line ministries, key stakeholders, and beyond. They will also work closely and collaboratively with the ECD coordinator and implementing agency staff to improve two-way transfer of knowledge and skills and proactively identify opportunities for capacity building of implementing agency and PIU teams.
- (d) **ECD coordinators (MOHHS, PSS, MOCIA).** Provide TA to the relevant staff of the line ministry and all concerned stakeholders to ensure project implementation is delivered in accordance with the POM and the World Bank's operation guidelines, in close collaboration and guidance provided by the ECD SC through PIU. Assist the implementing agency to prepare and monitor annual implementation and budget plan for each project year in coordination with the ECD project manager; prepare training plans for the staff involved through project implementation to ensure capacity is built and measured; prepare the project progress reports (relevant activities and component) and ensure consistency in quality of information and timeliness of report submission; assist the respective line ministry with the organization of various implementation support missions and coordination with the World Bank, including a midterm and final reviews of the project; and ensure coordination within the line ministry departments and across relevant development partners on sector-specific ECD activities.
- (e) **MEAL coordinator.** As the project will test various delivery models in the three areas of health, education, and social assistance, it will be important to collect rigorous evidence to inform the Government's decisions. In addition, a single overarching MEAL Framework for ECD will be established, while UNICEF's regional MEAL Framework (that has been agreed at ministerial level across the Pacific) would likely inform this single overarching ECD MEAL Framework. The MEAL coordinator will support the GRMI in providing guidance to the line ministries on executing monitoring activities according to the MEAL Framework and carrying out the MEAL functions of the project implementation (including ensuring adherence to project reporting covenants).
- (f) **SBCC and Advocacy coordinator.** This is an important part of the ECD vision of the Government and there will be a need for engagement by many partners to support this. The coordinator will be a member of the ECD PIU and will help lead/coordinate the different activities under a comprehensive SBCC. This person will be responsible for the stakeholder engagement and GRM activities under the ESCP. This advocacy role involves responsibilities relating to outreach, communications, engagement, and so on for the overall project MEAL communication activities and includes management of grievances and feedback. This will facilitate the adaptive learning basis of the project.



7. **In light of the complexity of project implementation arrangements, the responsibilities of respective implementing agencies will be outlined in the POM.** The POM for the project will be adopted by the Government no later than three months after the project effectiveness. It will be updated periodically as elements of the project evolve but always with the prior written agreement by the World Bank. The POM will endeavor to build on lessons learned in ECD-I to increase the speed of implementation processes in the future and address bottlenecks—such as improving operational arrangements for Ebeye and evolving CIU-PIU coordination. The POM will be used by the PIU and the implementing agencies as a guide to effectively meet their responsibilities under the project. The objectives of the POM will be to (a) provide the necessary tools to guide all relevant stakeholders on their key roles and functions; (b) ensure a uniform level of understanding by all stakeholders involved in the interpretation and application of implementation guidelines to achieve process consistency, timeliness, and accuracy; (c) integrate the ESF responsibilities into project implementation; and (d) facilitate transparency, equity, and compliance.

8. **Environmental and social risk management arrangements.** The PIU is responsible for overall coordination, results monitoring, communications and environmental and social risk management. As with other IDA-financed projects in RMI, the CIU (DIDA/MOF), will support the PIU and implementing agencies in fulfilling the safeguards functions associated with project implementation. The CIU has two international specialists (one environmental, one social) providing remote support and one environmental safeguards advisor based in Majuro. The CIU is familiar with World Bank policies and the ESF from the preparation and implementation of previous projects. Under ECD-I, the CIU provided the PIU with support to prepare ESMPs for small-scale office, medical facility, and school renovations and improvements to the GRM for CCT, as well as initial analysis of GBV and SEA/SH. Integration between the CIU and PIU requires improvement as safeguards assessment and input is not always timely or prioritized but systems have recently been put in place to rectify the issues. CIU support will include training of the project workers in the PIU and implementing agencies, the appointment of environmental and social consultants for surge support, review of documentation and ongoing support during project implementation. The CIU will develop and administer an environmental and social management training needs survey for project workers and implementing agency to assess capacity building requirements and design a responsive training program, within three months of the project effective date. This could include stakeholder mapping and engagement, analysis of environmental and social issues, occupational health and safety, emergency preparedness and response, management of GBV, and child safety issues.

9. **The PIU will employ an SBCC and Advocacy Coordinator who will be responsible for stakeholder engagement, implementing the SEP including project worker and public GRM.** The project team will prepare a GBV Action Plan (incorporating SEA/SH and targeted child safeguarding measures), with the addition of required consultants to the CIU, as needed, to facilitate action plan implementation.

## **Financial Management**

10. **Executive summary.** An FM assessment was carried out in November and December 2021 in accordance with the 'Principles Based Financial Management Practice Manual' issued by the World Bank on February 4, 2015, and as further elaborated in the World Bank Guidance 'Financial Management in World Bank-Financed Investment Operations' issued by the World Bank on February 24, 2015. Under World Bank Policy Investment Project Financing with respect to projects financed by the World Bank, the borrower and the project implementing agencies are required to maintain FM arrangements—including planning and budgeting, accounting, internal controls, funds flow, financial reporting, and auditing



arrangements—acceptable to the World Bank to provide reasonable assurance that the proceeds are used for the purpose for which they were granted. Overall, the proposed project FM arrangements meet the minimum requirement of the World Bank. The existing institutional structure in the CIU, at the MOF, will be used to carry out the FM and disbursement functions for the project. This includes the existing budgeting, accounting, financial reporting, internal controls, and external audit arrangements currently in place for all World Bank-financed projects. The PIU will hire an FO for managing and monitoring the CCT program no later than project effectiveness. The overall project risk is rated **Substantial**.

11. **FM arrangements.** The MOF, through the CIU, maintains the FM of the World Bank portfolio and hence will be responsible for the fiduciary aspects of this project. The CIU has adequate experience for World Bank-financed projects' FM, budgeting, disbursements, procurement, environmental and social risk management, among others. It will also take on responsibility in the near term for M&E. The role of the CIU is to provide core fiduciary support to all World Bank-financed projects PIUs in the RMI. It provides centrally housed expertise for functions that cut across the World Bank portfolio implementation activities including FM. The project will allocate a dedicated FO to support the project and ensure that controls and procedures in the FM are adhered to. The MOHHS, MOEST, and MOCIA will be the three joint implementing agencies. The government counterparts in the MOHHS, MOEST, and MOCIA have the mandate to monitor the project's financial and physical progress.

12. **Staffing.** There are three FM staff within the CIU to manage the World Bank portfolio project funds and disbursements, and one of the CIU FOs will be dedicated for supporting and guiding the ECD-II Project. Additional resources are being added (from outside of this project) to support a growing portfolio in RMI. The designated FO in the MOCIA will lead the CCT fiduciary processing, monitoring, and reporting and preparation of project budget and annual work plan. The PIU FO should be on board before project effectiveness. The CIU FO will provide onboarding, training, and continuous guidance on the FM requirements to the PIU staff.

13. **Budgeting.** The PIU project manager will lead the budget preparation and monitoring of the project. A project budget will be prepared at the start of the proposed project to cover the total expenditure over the life of the project, including separate totals for each financial year of the project. The PIU project manager, in close collaboration with the CIU, will prepare a consolidated AWPB, aggregating AWPBs from the implementing agencies. The project AWPB will have appropriate levels of detail (for example, component or subcomponent) and the CIU will submit periodic financial reports, including monthly reconciliation statements to the implementing agencies (MOHHS, MOEST, and MOCIA). The project manager will be responsible for monitoring the project budget throughout the year using the reports and information provided by the CIU program manager. The budget should be reviewed and amended as required and should be consistent with the PP for procurable items. Project funds will be included in the estimates and in-year reporting, subject to the timely entry of the data into the national accounts of the Government. The CIU FO allocated for the project will provide guidance and support in the budget preparation process. A detailed AWPB will be prepared and submitted to the World Bank for no-objection by June 15 each year.

14. **Accounting arrangements.** The 4-Gov system of the GRMI will allocate a cost center for the project and the project expenditure will be linked to a chart of accounts developed for the project and fully integrated into the national accounts. This system can maintain accounting records that meet the World Bank's reporting requirements for this project. The project accounts will be incorporated in the 4-



Gov system, with separate cost centers for the project and sub-cost centers for the three implementing agencies with all related payments centralized in the MOF.<sup>55</sup> A CCT manual will detail the process and procedures of CCT implementation.

15. **Internal controls.** The GRMI uses an SOP Manual, which outlines the internal controls and procedures. However, compliance within agencies has been moderate. This risk should be mitigated by ensuring that the PIU project team is aware of the SOP Manual requirements and the CIU should ensure that compliance with the manual is included in the TORs of the positions that will be hired by the PIU. The PIU will have mechanisms in place to verify quality of deliverables before submission to the CIU for processing payments with all supporting documents. Such quality assurance will be the responsibility of the implementing agencies prior to processing steps by the PIU project manager. CIU has drafted its own SOP which will be presented to the World Bank for review by June 2022. The POM will include a section on FM arrangements containing details on budgeting, disbursement, funds flow, and other related FM arrangements for ECD-II that will reference relevant government legislation, procedures, and the manual. The POM will be developed and adopted within three months of project effective date. The GRMI FM policies and procedures will be followed by MOHHS, MOEST, and MOCIA, the implementing agencies. However, if there are procedures not in compliance with the World Bank Finance agreement, then the World Bank FM procedure will apply. Such deviations will be clearly covered in the POM.

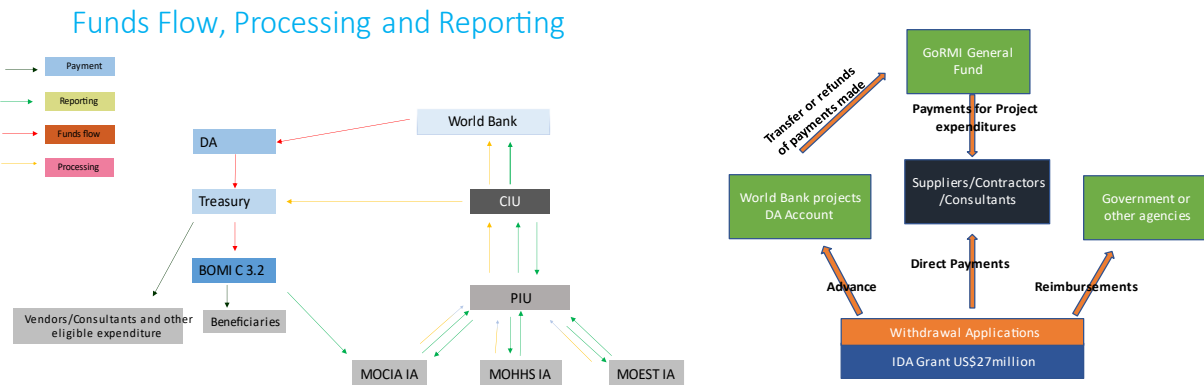
16. **Flow of funds.** Funds will flow from the World Bank directly into the pooled DA opened in US dollars in the Bank of Guam, which is a banking institution accepted by the World Bank. These funds are for the entire World Bank portfolio. As soon as the project becomes effective, funds can be withdrawn up to the ceiling limit (US\$2 million) and the CIU will maintain a current ledger account to manage the project funds movement and reconciliation of bank balances for the project. Before completing a replenishment withdrawal application, the equivalent funds expended from the treasury account will be transferred from the DA into the treasury account; hence, the DA will be replenished with that amount. Adequate documentation will need to be maintained to ensure easy reconciliation of payments made from the treasury account to payments authorized by the project. For the CCT component, the funds will flow from the MOF treasury account to BOMI following the submission of satisfactory and approved beneficiaries list to CIU by MOCIA. See the fund flow chart in figure 1.1.

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<sup>55</sup> The World Bank PFM project is currently being implementing and the new Financial Management Information System (FMIS) will include capability to account for World Bank-financed projects. It is anticipated that there will be a transition period during which both the existing 4-Gov system and the new FMIS will be running in parallel, after which the 4-Gov system will be decommissioned. FM capacity within the CIU will need to change and adapt the changing FM systems and maintain accounts on parallel systems for a short time. They will also be provided with the required skills to identify variances in the information produced by the two parallel systems.



Figure 1.1. Project Funds Flow



17. **Periodic financial reporting.** Since financial reporting will be fully integrated into the government national accounting system (4-Gov accounting system) reports will initially be generated from the 4-Gov accounting system.<sup>56</sup> The financial reports will include an analysis of actual expenditure for the current period, year to date, and the cumulative to date, plus outstanding commitments, compared against total project budget and additional documents on CCT payments and bank reconciliation statements. The project, through the CIU, will be required to prepare semester unaudited IFRs in a format agreed with the World Bank. The IFRs will need to be submitted not later than 45 days after the end of the fiscal year semester. The CIU will also prepare periodic financial reports and submit to the PIU for monitoring of the annual budget and reporting to the implementing agency.

18. **Audit.**

- (a) **External audit.** The audit of project funds will be incorporated in the National Accounts and hence will be disclosed as a note with the National Accounts, with submission due nine months after the end of the fiscal year. Currently, the audit of the National Accounts is subcontracted by the public auditor to a private contractor. The National Accounts will be published on the Office of the Auditor General’s website.
- (b) **Internal audit.** An internal audit function in the CIU will add value and benefit the project and the broader MOF governance structure. Establishing the internal audit function can improve and evaluate the effectiveness of governance, risk management, and control processes of the project. This provides senior government management with assurance that helps them fulfil their duties to the stakeholders. The internal audit function is critical especially for the ECD-II Project which has multiple implementing agencies, a CCT subcomponent, and a design different from the existing World Bank portfolio structure within the RMI’s World Bank portfolio.

19. **Disbursement.** IDA financing of the project will be at 100 percent, inclusive of taxes, and counterpart fund is not anticipated. In addition, no retroactive financing is expected under the

<sup>56</sup> Financial reports will ultimately be generated by the new FMIS, when it is operational.



Project. Project expenditures eligible for IDA financing are listed in table 1.1 (Financing Agreement Disbursement Categories and Amounts). The disbursement method used under this project will be advance, reimbursement, and direct payment. Special commitment can also be used in cases where UN agencies are involved. The DA ceiling will be US\$2 million and the minimum application ceiling for direct payment and reimbursement will be US\$100,000. The POM will further detail disbursement aspects of the project. For larger project payments, the direct payment method can be used by the project, through DIDA/MOF, and withdrawal applications enable funds to flow directly from the World Bank to the supplier. CCT funds will be transferred from the treasury DA to the CCT account with BOMI under the MOU signed between the MOF and BOMI. Adequate documentation will need to be maintained to ensure easy reconciliation of payments made from the treasury account to payments authorized by the project. The CIU will maintain Statement of Expenditures to document eligible project expenditures of the project in Client Connection and submit periodic bank statements in Client Connection. There was a cancellation of SDR 7.2 million from the ECD-I Project which will be part of ECD-II.

**Table 1.1. Financing Agreement Disbursement Categories and Amounts (IDA Financing)**

Category	Amount of the Financing Allocated (US\$)	Amount of the Financing Allocated (SDR)	Percentage of Expenditures to Be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, operating costs, payment service fees, and training for the Project except Parts 3.2 and 5	20,000,000	14,500,000	100
(2) Cash Transfers under Part 3.2 of the Project	7,000,000	5,100,000	100
(3) Emergency expenditures under Part 5 of the Project	0	0	100
<b>Total Amount</b>	<b>27,000,000</b>	<b>19,600,000</b>	<b>100</b>

20. As noted in the Financing Agreement, no disbursement for CCTs can take place under Category 2 unless and until the Association has received evidence to its satisfaction that (a) the MOU is signed for all relevant stakeholders as outlined in the Financing Agreement; (b) the CTOM has been adopted and received the no-objection of the World Bank; and (c) the CTMIS and GRM have been established and maintained.

21. No disbursement can be made for Component 5 for emergency expenditures under Category 3, unless and until the recipient has (a) determined that an eligible crisis or emergency has occurred and has furnished to the Association a request to withdraw financing amounts under Category 3; (b) the World Bank has agreed with such determination, accepted the said request, and notified the recipient thereof; and (c) the recipient has adopted the CERC Manual and Emergency Action Plan that has received the no-objection of the World Bank.



Table 1.2. FM Risks and Mitigation Measures

Description of Risk	Mitigation Measure	Responsible Party	By Date
MOHHS, MOEST, and MOCIA will have some knowledge of World Bank FM policies and procedure in managing the budget, monitoring, maintaining contracts and asset registers and reporting as it will be hiring Consultants for project implementation.	<ul style="list-style-type: none"> <li>• CIU within DIDA in MoF will be responsible for the Financing agreement compliances and documenting eligible expenditure in the National accounts.</li> <li>• CIU Finance Manager and FO will organize training sessions with PIU staff and additionally refresher training will be conducted as and when new staff hired in the PIU.</li> <li>• A POM providing instructions on day-to-day FM of the project will be adopted by the project by effectiveness.</li> </ul>	CIU and IA/PIU	<p>From effectiveness</p> <p>From effectiveness and thereafter as and when new staff are hired by PIU.</p> <p>Within three months from project effectiveness.</p>
Implementing agencies and PIU may not have the full knowledge of the roles and responsibilities of CIU and PIU for the project.	<ul style="list-style-type: none"> <li>• CIU will operationalize the Standard Operational Procedure which will provide description of the roles and responsibilities of CIU, implementing agencies, and PIU.</li> <li>• CIU will conduct training on roles and responsibilities.</li> </ul>	DIDA/CIU and PIU	<p>By effectiveness.</p> <p>Within four months from the project effectiveness.</p>
The CIU SOP is still under process.	<ul style="list-style-type: none"> <li>• DIDA has agreed to have the draft sent to the World Bank for review.</li> </ul>	DIDA/CIU	Before effectiveness
Effective implementation of the CCT program requires close management and monitoring.	<ul style="list-style-type: none"> <li>• The project is hiring a qualified and experienced FO, in addition to the dedicated FO in CIU and the CCT manual to guide the implementation will be in place.</li> </ul>	MOCIA/PIU	Within three months of project effectiveness

22. **Implementation Support Plan.** The World Bank will maintain a core task team of dedicated specialists:

- (a) **FM specialist.** The World Bank will conduct regular FM assessments to monitor compliance with fiduciary controls including budgeting and financial planning arrangements; disbursement status, management, and financial flows; internal controls (including quarterly financial reports, annual audited financial statements, and remedial actions, if any); accounting and financial reporting; and FM facilitation.
- (b) Formal supervision of FM will be undertaken as part of each formal implementation support mission. The specialists will complement the training and orientation given to the PIU by the CIU.



## Procurement

23. **Applicable procurement framework for contracts financed in whole or in part by the IDA Grant, procurement would be carried out in accordance with the World Bank's Procurement Regulations** and the provisions stipulated in the Financing Agreement. Under the proposed project, the World Bank's planning and tracking system, STEP, will be used to prepare, clear, and update PPs and conduct all procurement transactions for the project. Accordingly, all the procurement activities under the proposed project will be entered into the system and tracked and monitored online.

24. **Procurement risk assessment for the project was conducted during the pre-appraisal mission in November 2021 and the procurement risk is assessed as Substantial.** There is potential delay in procurement process due to multiple implementing agencies for the project, with the MOEST/PSS and MOHHS having varying degrees of experience including procurement under foreign-assisted projects, while MOCIA has undertaken mostly smaller procurements. All three sectoral agencies are relatively new to the World Bank processes, including its Procurement Regulations and procedures. Therefore, the PIU will be responsible for supporting the IAs to carry out project procurement. The contract management is another challenge under the project. The CIU was establishing its processes and procedures throughout ECD-I and continues to require strengthening to support implementation of the ECD projects according to Procurement Regulations and procedures.

25. **Another risk to the project is the perceived conflict of interest in the contract between the RMI and PIHOA.** The RMI Minister of the MOHHS is one of the Executive Board members of PIHOA. To mitigate this risk, it is agreed with the Recipient that: (a) the Recipient will require the RMI member of PIHOA Executive Board recuse him/herself from all responsibilities/activities related to the approval or supervision of the PIHOA contract. This will be documented in the POM which shall specify details for the management of the contract, such as, the officials connected to the Executive Board will have no direct managerial responsibility for the preparation of TOR, negotiation of the contract with PIHOA, or supervising the implementation by PIHOA including approval of payments, reviews, and day to day management of the contract; (b) the Recipient will request PIHOA to refer to its Conflict of Interest Policy and ask them to provide an outline of the propose measures they will put in place to avoid the perception of the conflicting interest; and (c) the POM will also include a prohibition on direct involvement and referring to the full autonomy of the PIHOA Secretariat<sup>57</sup> to manage and control PIHOA's activities under the contract. The World Bank will review the PIHOA fee when the budget proposal from the Recipient is received. The contract duration should be clearly defined, and the contract should be closely managed to avoid surprises and minimize need for amendments.

26. **To mitigate the above identified risks and strengthen the procurement capacity of the project, the following measures have been established and agreed to be implemented:** (a) CIU procurement team in the CIU in MOF to provide TA and support to the project; (b) the PIU TORs will include specific procurement related functions: project manager will provide procurement oversight, while the project

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<sup>57</sup> PIHOA maintains a Secretariat of full-time staff to fulfill PIHOA's Mission, mandate, and stated goals and objectives. The Secretariat comprises an Executive Director, a Primary Care Office Coordinator, an FO, an Accountant, an Administrative Officer, and a Communications Officer at its Headquarters in Honolulu; an Office and Program Support Officer at its Guam Office; a Human Resources for Health Coordinator at its Palau Office; a Laboratory Coordinator at the Guam Department of Public Health and Social Services Lab; and a Health Information Systems Coordinator co-located at the Honolulu and Guam Office.



officer will carry out day-to-day procurement functions in support of the ECD coordinators and implementing agencies, among others; (c) project staff will be continuously provided with relevant procurement training and implementation support by the World Bank; (d) the STEP system will be used to prepare, clear and update PPs and conduct all procurement transactions for the proposed project (accordingly, all the procurement activities under the proposed project will be entered into, tracked and monitored online through the system); (e) the CIU will mobilize additional dedicated procurement support from the procurement pool to support the PIU and the project, within three months of project effectiveness; (f) explore the use of HEIS ;and (g) a POM with a detailed Procurement Module will be prepared to guide the project in carrying out procurement. In addition, the World Bank will carry out procurement post reviews annually with an initial sampling rate of 20 percent, which will be adjusted periodically during project implementation based on the performance of the Project.

27. **Procurement strategy.** Based on the project requirements, operational context, economic aspects, technical solutions and market analysis, a draft PPSD was developed. The PPSD finalized the appropriate procurement approaches under the project. The PPSD includes detailed assessments of the markets for goods, works, and services required for project implementation, procurement approaches, and procurement risks analysis along with corresponding proposed risk mitigation measures. Based on the PPSD conclusions, OCS prepared and finalized the PP for the first 18 months of project implementation. The PP will be updated at least annually or as required during project implementation to reflect any substantial changes in procurement approaches and methods to meet the actual implementation needs, market fluctuations, and improvements in institutional capacity.

28. **Procurement Plan.** Based on the PPSD, the initial PP for the first 18 months of the project was prepared by the Government. The PP will be updated at least annually by the PIU, with support from the procurement specialist in the CIU and PIU staff and agreed with the World Bank to (a) reflect project implementation updates, (b) accommodate changes that should be made, and (c) add new packages as needed for the project. All PPs, their updates, or modifications shall be subject to the World Bank’s prior review and no-objection through STEP. Details for the procurement arrangements will be provided in the POM. The PP identifies the risk for each activity, and prior review thresholds for these activities is set based on the performance and risk rating; contracts not subject to prior review will be subject to post review.

29. **Procurement methods.** Table 1.3 describes the various procurement methods to be used for activities financed by the proposed IDA Grant.

**Table 1.3. Procurement Methods**

Type of Procurement	Selection Methods
1. Works	RFQ, RFB
2. Goods	RFQ, RFB, UN
3. Consulting Services - Firms	QCBS, QBS, FBS, CQS, CDS, UN
4. Non-Consulting Services	RFB, DIR, RFQ
5. Consulting Services - Individuals	INDV (Open, Limited, and Direct Selection)

Note: RFQ = Request for Quotation; RFB = Request for Bids; QCBS = Quality- and Cost-Based Selection; QBS = Quality-Based Selection; FBS = Fixed Budget Selection; CQS = Selection Based on the Consultants’ Qualifications; CDS = Direct Selection; INDV = Individual Consultant Selection; UN=United Nations.



## ANNEX 2: Economic and Financial Analysis

- 1. The project builds on the global evidence surrounding the economic and human capital impact of investing in the early years.** Guaranteeing that every child has adequate access to education, health, nutrition, and protection in the early years ensures that they have the required foundations for developing skills and are ultimately able to access jobs in the future (World Bank 2018). Improving these outcomes, especially in the first 1,000 days, is critical for addressing the World Bank Group twin goals of reducing poverty and boosting shared prosperity.
- 2. The technical design of the program is grounded in a global evidence base supporting the delivery of high impact, multisectoral interventions to achieving improvements in holistic development across the domains—physical, cognitive, language and literacy, approaches to learning, and social and emotional development.** The program is focused on improving coverage of multisectoral ECD services, including an evidence-based package of RMNCH-N interventions which have demonstrated impacts on decreasing low birth weight, undernutrition, maternal morbidity and mortality, and child health and development outcomes. The program consists of a three-pronged approach: initially leveraging the existing services and platforms, sequentially expanding the scope and quality of early years services, and simultaneously strengthening the institutions and systems necessary for the service delivery platforms. Over time, these newly developed platforms will stimulate demand and behavior change among families and communities
- 3. The returns to investments in children’s early years are substantial). Intervening during early childhood clearly has the potential to mitigate the negative effects of poverty and promote equitable opportunities and better outcomes later in life (Heckman 2008).** Investing in RMNCH-N and ECE services can help promote equitable, inclusive societies, allowing more people to effectively participate in the labor market and contribute to overall economic development. The public sector is the near-exclusive provider of health and education services in the RMI and strengthening its service delivery and efficiency is a high priority. The multisectoral program approach allows for adaptive learning of different service delivery approaches and their applicability to the RMI context. With low coverage rates of these interventions, there is substantial scope for expanding public investment in social and ECE services. Early interventions generate positive benefits that extend beyond childhood. Households from the bottom quintiles and vulnerable groups particularly benefit from public investments in social services. Investments also ensure that children can have decent lives and education, providing them with opportunities for active participation in society. Public financing of health, nutrition, and ECE services are justified on equity grounds and to address existing market failures. International evidence points to significant economic returns of investments in social services in the long run. For a half-day program for low-income children in the Chicago Child-Parent Center, benefits included increasing economic well-being and tax revenues and reducing public expenditures for remedial education, criminal justice treatment, and crime victims. The benefits are estimated to be approximately US\$7.14 per dollar invested. Similarly, a simulation on increasing preschool enrolment in 73 countries found benefits in terms of higher future wages of US\$6.4–US\$17.6 per dollar invested. The simulation indicated potential long-term benefits which range from US\$11 to US\$34 billion. Furthermore, there is rich evidence showing that increased availability of formal childcare options results in improved labor force participation of women in many different contexts—in Brazil, rural Colombia, urban Argentina, Japan, and Canada.



4. **International evidence also shows that cash transfers to poor households have important impacts on human capital accumulation.** There is extensive evidence from numerous impact evaluations on the human capital-related impact of cash transfer to poor households in middle-income countries. These studies find that cash transfers lead to (a) improved health and nutrition outcomes for young children, (b) increased school attainment for older children, (c) delaying of labor market entry to stay longer in education. Drawing on this evidence, it is expected that the benefits under Component 3 will reduce poverty in the RMI.

5. **The proposed project will finance activities in the public sector for which private provisions do not exist in the RMI.** Government intervention is mandated to ensure access to social and child protection services for the poor and vulnerable. The World Bank can add value through its vast experience in funding and supporting similar projects elsewhere and extensive knowledge on how social services and ECD programs could further enhance the inclusion and effectiveness of social and child protection.

6. **An economic analysis was prepared as part of project preparation.** The economic analysis quantifies the cost and benefits of the proposed operation along four dimensions. First, using international evidence on the returns to preschool education, the analysis will estimate the long-term increase in earnings potential of children benefitting from enhanced access to ECD services. Second, the analysis gauges the project’s health benefits by estimating the reduction in stunting and child malnutrition because of the RMNCH-N package under Component 1. Third, the analysis simulates the reduction in poverty headcount and gap resulting from the expansion of social assistance through CCTs under Component 3. Fourth, given the significant injection of cash into the RMI’s economy resulting from the project, the analysis estimates fiscal multiplier effects based on global evidence.

7. **The economic analysis simulated the returns to expanding ECD services under Component 2.** Using international evidence, the returns of expanding preschool education were analyzed under the economic analysis. The analysis estimates the increase to schooling attendance and the resulting increase in earning potential of the beneficiaries of ECD services. The analysis assumes an expansion of 10 additional ECD centers with a total of about 400 students per year. The returns to education are quantified for 20 future cohorts of children receiving access to services. The cost of this intervention is the up-front cost of creating additional ECD services as well as the operational cost of maintaining them. Table 2.1 shows the results for different discount rates. The results are in line with low-income and middle-income country estimates on the returns to expanding preschool access.

**Table 2.1. Simulated Economic Returns of Expanding ECD Services to CCT Beneficiaries (400 Students, 20 Future Cohorts)**

	Net Present Value of Intervention (US\$)	Benefit-Cost Ratio	Internal Rate of Return
Discount rate of 3%	18,800,000	7.1	10.0
Discount rate of 5%	7,600,000	3.9	10.0

8. **International evidence on the benefits of RMNCH-N services in reducing child malnutrition and stunting indicates that Component 1 of the project has a high rate of economic return.** Estimates of the benefits of improved nutrition and health services in reducing child malnutrition and stunting from a variety of low- and middle-income countries point to high rates of economic return. The analysis uses the



median case of Bangladesh (half the countries studies have higher benefit-cost ratios and the other half have lower benefit-cost ratios) as a reference point for estimating the economic return under Component 1. The corresponding benefit-cost ratio implies net benefits of US\$114.5 million at a benefit-cost ratio of 17.9, making the activities under Component 1 a highly profitable investment.

9. **Simulations show that the cash transfer under subcomponent 3.2 will have a positive impact on poverty reduction.** Simulations based on data from the 2019/2020 HIES survey gauge the poverty reduction impact of the conditional cash transfer financed under the project. To this end, the analysis extended the cash transfer to 3,500 households with children under the age of 6 and assigned a bimonthly benefit of US\$90 per adult and US\$30 per child for each beneficiary household. Table 2.2 gives the resulting decrease in poverty of extending the benefit to households with children under the age of 6. Such a benefit would reduce the basic needs poverty rate by about 3.3 percentage points.

Table 2.2. Poverty Reduction of Conditional Cash Transfer Benefits (for US\$45 monthly benefit per adult equivalent)

	Baseline Basic Needs Poverty (percentage)	New Poverty Post Transfer (percentage)	Reduction in Poverty (percentage points)
Overall	7.2	3.9	3.3

10. **Based on a simulation of fiscal multipliers, the amount to be disbursed under components 1-3 is estimated to increase GDP cumulatively by between 15 and 26 percent compared to the 2019 baseline.** The analysis of fiscal multipliers is based on studies of the multiplier of cash transfers in middle-income countries. The average fiscal multiplier is estimated to be in the range of 1.5 to 2.7. The midpoint of this interval (2.1) is used for the baseline scenario; a high (low) scenario is presented using a fiscal multiplier of 2.7 (1.5) (Table 2.3). Under the baseline scenario, the additional financing will increase GDP by US\$49.1 million over the project timeline, a 20.5 percent increase compared to the estimated GDP for 2019. Under the high scenario, GDP increases by 26.3 percent whereas under the low scenario, GDP still increases by about 14.6 percent.

Table 2.3. Estimated Fiscal Multiplier Effects

Scenario	Multiplier	Increase in GDP (US\$, millions)	Increase in GDP (% compared to estimated 2019 GDP)
Baseline	2.10	49.1	20.5
Low	1.50	35.1	14.6
High	2.70	63.1	26.3

### Financial Analysis

11. **Notwithstanding sustained increases in government expenditure in recent years and the revenue drops associated with the pandemic, RMI’s fiscal outlook remains stable.** In recent years both revenue and government expenditure in RMI has increased significantly. This result is largely driven by the increase in fisheries sector revenues that was used to finance increasing government expenditure. The drop in government revenue due to the COVID-19 pandemic was offset by an increase in grants, resulting in a 3 percent overall growth in government revenue in FY20. Moreover, despite the high growth



in government expenditure RMI managed to achieve an average surplus of 2.2 percent of GDP between FY15 and FY20.

**12. Spending on education and health in RMI is high but skewed toward inefficient expenditure. RMI spends about 15 percent of GDP on the education sector.** Despite these high expenditures, education outcomes remain comparatively poor and there is no universal provision of ECD services which have been shown to have the highest rate of return among different educational services provisions. Similarly, RMI spends a high share of GDP on the health sector (about 20 percent of GDP in 2020) but this expenditure does not translate to high human capital outcomes. At the same time there are critical gaps in the delivery of RMNCH-N services. Improving RMNCH-N service coverage is a high return intervention with the potential to significantly boost human capital in the long term. Because of the high reliance on COFA financing and limited domestic finance, the RMI faces considerable uncertainty and fragmentation, there is a need to use opportunities to strengthen routine service delivery systems and quality for resilience in the face of varying donor administrative policies.

**13. While the overall envelope (US\$27 million) adds pressures to RMI's fiscal situation, the investments supported under the project are predicted to have large social as well as financial returns.** Human capital is one of the key drivers of long-term economic growth outcomes. RMI scores low on the HCI (0.42 in 2020) with poor outcomes on both education and health. Increasing human capital is thus one of the key areas where Government intervention can boost long-term economic outcomes. As the outcomes of the economic analysis will show, investing in improved MCH, increasing preschool enrolment among young children, and expanding the RMI's evidence-based<sup>58</sup> home visit program supporting school readiness among young children are interventions with high rates of return. These high social rates of return will also impact long-term government revenue potential as adults with higher human capital outcomes are likely to take on paid employment, thereby broadening the country's tax base.

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<sup>58</sup> The Parents as Teachers evidence-based home visiting model is backed by 36 years of research and recognized by multiple evidence-based clearinghouses including: Home Visiting Evidence of Effectiveness for Maternal, Infant, Early Childhood Home Visiting program, California Evidence-Based Clearing House for Child Welfare, Title IV-E Prevention Clearinghouse for the Families First Prevention Act. The Women United Together Marshall Islands (WUTMI) led home visit program has adapted the Parents as Teachers curriculum and has been continuously serving client families in the Marshall Islands for 20 years.

