June 28, 2018

Hon. Brenson S. Wase
Minister of Finance
Ministry of Finance
P.O. Box D,
Majuro 96960
Republic of the Marshall Islands

Dear Minister,

Republic of the Marshall Islands: Advance Agreement for Preparation of Proposed Early Childhood Development and Nutrition Project
Preparation Advance No. V2100

In response to the request for financial assistance made on behalf of the Republic of the Marshall Islands ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed nine hundred twenty five thousand Dollars ($925,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to increase the utilization of priority nutrition and early childhood development services and interventions ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within forty-five (45) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Michel Kerf
Country Director
Papua New Guinea and Pacific Islands
East Asia and Pacific Region

AGREED:

REPUBLIC OF THE MARSHALL ISLANDS

By: Brenson S. Wase
Authorized Representative

Name: Brenson S. Wase
Title: Minister of Finance/Governor
Date: July 9, 2018
Republic of the Marshall Islands -3- PPA No. V2100

Enclosures:

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

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement (including the cover letter to this Agreement and this Section) as follows:

(a) “Operating Costs” means reasonable expenditures directly related to the Activities, incurred by the Recipient (which expenditures would not have been incurred absent the Activities), including consumable materials and supplies, advertising expenditures, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, maintenance of office equipment, operation and maintenance, fuel costs, bank charges required for the Activities, administrative support staff, and staff travel, lodging and per diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient's civil service.

(b) “Ministry of Finance” means the Recipient's Ministry of Finance, or any successor thereto.

(c) “Training and Workshops” means the reasonable costs of goods and services required for the participation of personnel involved in training activities and workshops under the Activities, including travel and subsistence costs for training or workshop participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course or workshop preparation and implementation, but excluding consultants’ fees.

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Article II

Execution of the Activities

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

Carrying out a program of activities to establish the implementation and institutional arrangements necessary for the Project, including establishment of a Project management unit, recruitment and maintenance of consultants to support preparatory activities, including, but not limited to Project management, health system review, survey on school readiness, community consultations, policy assessment, and updated social protection system review.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the Ministry of Finance in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. Institutional and Other Arrangements. The Recipient shall ensure that the terms of reference for any consultancies related to reviews, studies, analyses and technical assistance activities under the Activities shall be satisfactory to the World Bank and, to that end, such terms of reference shall, inter alia, duly incorporate the requirements of the World Bank’s safeguard policies then in force, as applied to the advice conveyed through such to reviews, studies, analyses and technical assistance activities.

2.04. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

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

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

2.06. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated March 19, 2018 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of the Advance**

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

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

3.03. **Refinancing Date.** The Refinancing Date is March 14, 2019.

**Article IV**

**Terms of the Advance**

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

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date,
no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

Article V
Recipient’s Representative; Addresses

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

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

- Ministry of Finance
- PO Box D
- Majuro MH 96960
- Republic of the Marshall Islands

Facsimile:
+692 625 3607

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

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

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