Financing Agreement

(RMI COVID-19 Emergency Response Project)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
AGREEMENT dated as of the Signature Date between REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one million nine hundred thousand Special Drawing Rights (SDR 1,900,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the MPA Program. To this end, the Recipient shall carry out the Project through its Ministry...
of Health and Human Services ("MOHHS") in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.02. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister at the time responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance
P.O. Box D
Majuro
Republic of the Marshall Islands 96960; and

(b) the Recipient’s Electronic Address is:

E-mail:
secfin.rmi@gmail.com

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 cdpngpacific@worldbank.org
AGREED as of the Signature Date.

REPUBLIC OF THE MARSHALL ISLANDS

By

Authorized Representative

Name: Alfred Alfred, Jr.
Title: Minister
Date: 4-24-20

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Michel Kerf
Authorized Representative

Name: Michel Kerf
Title: Country Director, PNG & Pacific Islands
Date: 19-Apr-2020
SCHEDULE 1

Project Description

The objective of the Project is to prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in the Republic of the Marshall Islands.

The Project constitutes a phase of the MPA Program and consists of the following parts:

Part 1: Emergency COVID-19 Response

1.1 Carrying out activities to assist the Recipient to:

   (a) enhance its disease prevention measures for COVID-19, including, *inter alia*, supporting disease prevention efforts, and developing and implementing strategies, focused on communication, behavior change, containment measures and physical distancing; and

   (b) strengthen its core epidemiological functions to respond to COVID-19 and future public health emergencies, including, *inter alia* (i) providing technical assistance and conducting training to prepare and implement protocols on disease investigation, case detection and contact tracing; (ii) improving the Recipient’s laboratory capacity and case confirmation capacity for COVID-19, including, *inter alia*, hiring lab staff, providing laboratory reagents and consumables, supporting relevant Operating Costs and Logistics Costs, carrying out minor lab facility upgrades and supporting costs of emerging diagnostics as agreed with the Association; (iii) strengthening communications, interoperability and disease recording and reporting capacities in the short and medium term, including, *inter alia*, carrying out related technical assistance, training and capacity building activities, supporting information management and reporting system upgrades and providing small information and communications technology hardware; and (iv) supporting community engagement in disease surveillance and early warning systems.

1.2 Carrying out activities to strengthen the Recipient’s health care system by:

   (a) enhancing clinical care capacity to manage COVID-19 cases and sustain routine health service delivery, including, *inter alia*, providing clinical surge support; conducting relevant training for health professionals; providing medical equipment, commodities and supplies for COVID-19 case management; and supporting relevant Logistics Costs, as agreed with the Association; and
(b) improving infection prevention and control ("IPC") measures to minimize the risk of infection in communities and health facilities, including, *inter alia*, providing technical assistance on IPC; conducting targeted risk communication and IPC training and monitoring for frontline workers and health providers; providing relevant supplies and consumables (such as personal protective equipment, IPC consumables and hand sanitizers); carrying out minor facility refurbishment or upgrades to enhance IPC in health facilities and/or personal protective equipment storage facilities; carrying out minor health care waste management system upgrades; and providing technical assistance to assist with monitoring, recording and reporting of inventories.

**Part 2: Implementation Management and Monitoring and Evaluation**

Providing technical, operational and administrative assistance to the Recipient on Project management and implementation, including, *inter alia*, carrying out audits and monitoring and evaluation activities; supporting activities of MOHHS and the National Disaster Management Office ("NDMO") in relation to emergency response management, coordination and communication across sectors and stakeholders; providing technical assistance to develop and revise policies, strategies and guidelines for a multisectoral health response and strengthen health management processes; providing secretariat support to NDMO and its clusters; strengthening capacity on data collection, use and reporting; and supporting the Recipient’s organization of and/or participation in relevant domestic and overseas meetings, trainings, workshops and short courses.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Steering Committee

1. The Recipient shall maintain, throughout the Project implementation period, a Project Steering Committee, with terms of reference, composition and resources satisfactory to the Association, which shall be composed of members of the National Disaster Committee and responsible for, inter alia, providing oversight and guidance on Project implementation, facilitating Project coordination and reviewing Project's reports, all in accordance with the provisions of this Agreement and the Project Operations Manual.

MOHHS

2. The Recipient shall vest in MOHHS the overall implementation responsibility of the Project, including the responsibility for carrying out day-to-day management and implementation of the Project and coordinating with other government ministries/agencies and relevant stakeholders on all aspects of Project implementation.

3. The Recipient shall provide MOHHS at all times with adequate funds and other resources, mandate/functions, and with qualified and experienced personnel in adequate numbers, as shall be necessary to accomplish Project objective as further detailed in the Project Operations Manual.

4. Without limitation to the generality of Sections I.A.2 and I.A.3 above, the Recipient, through MOHHS, shall:

   (a) nominate and maintain, throughout the Project implementation period, a Project director, who shall be a deputy secretary or assistant secretary level personnel of the Recipient, to lead Project management and implementation, and such Project director shall at all times be supported by specialists in MOHHS and/or from the Ministry of Finance and consultants and specialists recruited or appointed under the Project, each with terms of reference, qualifications and experience satisfactory to the Association, including, at a minimum, the following positions: (i) a Project administrator, once recruited or appointed pursuant to paragraph (b) immediately below; (ii) a financial management specialist, a procurement specialist and an environmental specialist from the Ministry of Finance;
and (iii) a social specialist from the Ministry of Finance, once recruited or appointed pursuant to paragraph (c) immediately below;

(b) ensure that a Project administrator, with terms of reference, qualifications and experience satisfactory to the Association, shall be recruited or appointed, by not later than one (1) month after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), to assist with Project management and implementation; and

(c) ensure that a social specialist, with terms of reference, qualifications and experience satisfactory to the Association, shall be recruited or appointed within the Ministry of Finance, by not later than two (2) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), to assist with Project implementation.

B. Project Operations Manual

1. By not later than three (3) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), the Recipient shall:

(a) prepare and furnish to the Association, for its review and no-objection, a Project operations manual, which shall set forth, *inter alia*, the following detailed arrangements and procedures for the implementation of the Project: (i) institutional arrangements for the day-to-day execution of the Project; (ii) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Environmental and Social Commitment Plan ("ESCP") and the environmental and social instruments; (iv) budgeting, disbursement, auditing and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; (vi) Personal Data collection and processing; (vii) arrangements and conditions for engagement with military or security force on Project implementation; and (viii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objective ("Project Operations Manual");
(b) afford the Association a reasonable opportunity to review the proposed Project Operations Manual; and

(c) adopt the Project Operations Manual as accepted by the Association.

2. The Recipient shall thereafter ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association may otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.

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

C. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association, by not later than ninety (90) days after the Effective Date and February 1 of each subsequent year during the implementation of the Project (or such later interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan and Budget, which shall, inter alia: (a) list all activities (including Operating Costs, Logistics Costs and Training and Workshops) proposed to be included in the Project for the following calendar year; (b) provide a budget for their financing; and (c) describe the measures and actions taken or planned to be taken in accordance with the provisions of Section I.D of this Schedule 2.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the respective calendar year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets, unless the Association has provided its prior no-objection thereof in writing.

D. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon Section I.D.1 above, the Recipient shall ensure that the Project is implemented in accordance with the ESCP, in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
(b) sufficient funds are available to cover the costs of implementing the ESCP;
(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:
   (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
   (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including any case of sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. **Project Monitoring, Reporting and Evaluation**

1. The Recipient shall furnish to the Association each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. **Withdrawal of the Proceeds of the Financing**

A. **General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Operating Costs, Logistics Costs and Training and Workshops for the Project</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,900,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed seven hundred sixty thousand Special Drawing Rights (SDR 760,000) may be made for payments made prior to this date but on or after April 5, 2020, for Eligible Expenditures under Category (1).

2. The Closing Date is October 31, 2022.

Section IV. Other Undertakings

1. In the event that the Recipient intends to engage a military or security force to assist with the implementation of the Project, the following conditions shall be met prior to any such engagement:

   (a) the Recipient has: (i) furnished to the Association a written request setting forth details of the proposed engagement and roles and responsibilities of the military or security force and any other relevant parties, and has provided any information to the Association that the Association may request with respect to such proposed engagement, all to the satisfaction of the Association; and (ii) the Association has agreed to such request and notified the Recipient thereof;

   (b) the Recipient has ensured that appropriate legal arrangements and risk mitigation measures for said engagement have been put in place for the purposes of the Project, in a form, substance and manner satisfactory to the Association; and

   (c) the Recipient has ensured the preparation and disclosure of the ESCP and all environmental and social instruments, and/or an update to any such instruments, as may be required for said engagement in accordance with the provisions of Section I.D of this Schedule 2, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

2. The Recipient shall ensure that no Financing proceeds shall be used for any activities or expenditures related to law enforcement, security, or military purposes, and unless the Association agreed otherwise in writing, no Financing proceeds shall be used for any expenditures incurred by military or security forces.
Definitions

1. "Annual Work Plan and Budget" means the work plan and budget (including related cash forecasts) for the implementation of the Project accepted by the Association, referred to in Section I.C of Schedule 2 to this Agreement; and "Annual Work Plans and Budgets" means, collectively, all such plans and budgets.

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


5. "Environmental and Social Commitment Plan" or its acronym "ESCP" means the environmental and social commitment plan for the Project, dated April 14, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

6. "Environmental and Social Standards" or its acronym “ESSs” means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries";

APPENDIX
(x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.


8. “IPC” means infection prevention and control.

9. “Logistics Costs” means the reasonable incremental expenditures incurred by the Recipient based on the Annual Work Plans and Budgets accepted ex ante by the Association in relation to logistics and transportation of patients and medical goods and services under the Project, including, inter alia, storage, port fees and charges, rental of vehicles, insurance, taxes and duties, chartering of plane and fuel.

10. “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor thereto.

11. “Ministry of Health and Human Services” or its acronym “MOHHS” means the Recipient’s ministry responsible for health and human services, or any successor thereto.

12. “MPA Program” means the global emergency multiphase programmatic approach program supported by the Bank and the Association, designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

13. “National Disaster Committee” means the Recipient’s disaster committee established pursuant to Section 1008 of the Recipient’s Disaster Assistance Act (1987), as such act may be amended from time to time.

14. “National Disaster Management Office” or its acronym “NDMO” means the office established by the Recipient’s cabinet to assist and support the operation of the National Disaster Committee.

15. “Operating Costs” means reasonable incremental expenditures incurred on account of Project implementation and based on the Annual Work Plans and Budgets accepted ex ante by the Association, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, meeting expenses, travel, transportation costs, subsistence and lodging expenses, and other administrative costs directly related to the Project, exclusive of: (a) salaries of the
Recipient’s civil service, sitting fees, bonuses, fees and honoraria or equivalent payments; and (b) Logistics Costs.

16. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

17. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

18. “Project Operations Manual” means the Recipient’s manual, referred to in Section I.B.1 of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, to be adopted by the Recipient in accordance with the provisions of the said section; as said manual may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to the manual.

19. “Project Steering Committee” means the committee maintained by the Recipient pursuant to Section I.A.1 of Schedule 2 to this Agreement.

20. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

21. “Training and Workshops” means the reasonable cost of expenditures incurred by the Recipient, based on the terms of reference acceptable to the Association and the Annual Work Plans and Budgets accepted ex ante by the Association, in facilitating, conducting, and/or undertaking domestic and overseas training and workshop activities under the Project, including: costs of training or workshop materials; equipment and venue rental; and per diem, accommodation, and transportation for those attending the training or workshop, and honoraria for trainers.