



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
MULTISECTORAL EARLY CHILDHOOD DEVELOPMENT PROJECT
APPROVED ON FEBRUARY 28, 2019
TO
THE REPUBLIC OF THE MARSHALL ISLANDS

HEALTH, NUTRITION & POPULATION

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

CCT	Conditional cash transfer
CIU	Central implementation unit
ECD	Early Childhood Development
FM	Financial management
MOCIA	Ministry of Culture and Internal Affairs
MOF	Ministry of Finance
MOHHS	Ministry of Health and Human Services
MOU	Memorandum of understanding
PDO	Project development objective
PIU	Project implementation unit
PSS	Public School System
RMI	Republic of Marshall Islands
RMNCH-N	Reproductive, maternal, newborn, and child health and nutrition services



BASIC DATA

Product Information

Project ID P166800	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 28-Feb-2019	Current Closing Date 31-Dec-2024

Organizations

Borrower The Republic of the Marshall Islands	Responsible Agency Ministry of Finance,Ministry of Culture and Internal Affairs,Ministry of Health and Human Services,Ministry of Education, Sports and Training,Office of Chief Secretary
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Project Development Objective (PDO)

Original PDO

To improve coverage of multisectoral early childhood development services

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-D4240	28-Feb-2019	15-Mar-2019	30-May-2019	31-Dec-2024	13.00	1.86	11.28

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. This restructuring paper seeks an approval to restructure the Republic of Marshall Islands (RMI) Multisectoral Early Childhood Development Project (ECD-I) to: (i) cancel SDR 7,200,000 (US\$9,973,080 equivalent) of the total project amount of SDR 9,400,000 (US\$13.0 million equivalent) which will be recommitted to the proposed Multisectoral Early Childhood Development Project – Second Phase (ECD-II) (P177329), and (ii) advance the closing date of ECD-I from December 31, 2024 to December 31, 2022.

2. The proposed restructuring does not change the project development objective (PDO) and results framework. No additional safeguard policies will be triggered. No changes in the implementation and fiduciary arrangements are expected. The financial management arrangements and key internal controls have been implemented as agreed, and there are no outstanding interim unaudited financial reports and audit reports.

A. Project Status

3. The ECD-I project in amount of US\$13 million equivalent was approved on February 28, 2019 and became effective on May 30, 2019. The PDO is to improve coverage of multisectoral early childhood development services. The project has been rated moderately satisfactory in the implementation status and results reports (ISRs) for both progress towards achievement of the PDO and overall implementation progress since June 2020. After two years and eight months of project implementation, only US\$1.86 million, or 14 percent of the total grant amount was disbursed (as of March 7, 2022).

4. The project experienced significant delays in implementation caused by: i) implementation constraints inherent to the multisectoral nature of the project client and implementing agencies; ii) the small island state context, where weak institutions and the situation of urgent capacity constraints was exacerbated by project management challenges, particularly the departure of the project manager and delay in hiring/onboarding/relocation of the new project manager; iii) limited procurement capacity and coordination challenges with the central implementation unit; iv) delays in fiduciary assessments required for implementation of the conditional cash transfers (CCT) delivery system; and v) limited ability to supervise and provide implementation support because of COVID-19 constraints. Despite these issues, the project has been making progress, as per the latest ISR as of September 30, 2021, and effectively having set a strong foundation for the next phase of implementation. Specifically, implementation progress by component has been as follows:

5. **Component 1 – Improve coverage of essential reproductive, maternal, newborn, and child health and nutrition (RMNCH-N) services** (implemented by the Ministry of Health and Human Services - MOHHS). After several failed rounds of procurement for the International Advisor-Health, the MOHHS has accelerated implementation progress since the hiring of the new Advisor in October, 2022. MOHHS leadership has endorsed the essential package of RMNCH-N services; a primary health care strategic reform committee established to finalize project investments in the infrastructure, human resources, equipment and supplies, and data/IT systems needed to operationalize the package in Majuro/Ebeye. Select project activities, such as the development of an RMI-developmental “milestone passbook”; the upgrade of the Majuro Hospital labor and delivery ward and public health offices; and operational support to the Neighboring Islands outreach teams, have been initiated. The MOHHS is finalizing the scope of work for PIHOA technical assistance.

6. **Component 2 – Improve coverage of stimulation and early learning activities** (implemented by the Ministry of Education, Public School System - PSS). Significant progress has been made on initiating the early learning activities. Three pre-school classrooms in Majuro have been established including the recruitment of the three teachers and three teacher aides. Two additional classes are being established in Ebeye after recently identifying a church facility for use. Daily



routine and learning standards have been developed and the plans for continued bottom-up curriculum development during the first year are laid out. Furniture, toys, kits, books, ukuleles, and other learning materials have been procured. The book supply analysis was completed, and seven quality and age-appropriate titles have been shipped to the RMI. Distribution of these and other caregiver engagement materials is ongoing. Training of 218 kindergarten to grade 3 teachers and PSS staff, including teachers that will be transferred to preschool classes, on ECD-relevant topics were completed in 2021. The Women United Together Marshall Islands (WUTMI) contracting process for expansion of their parenting home visiting program from 85 families to 250 families is being finalized and provide a critical entry point for linking households with the social assistance interventions and healthy behaviors.

7. **Component 3 – Social assistance for early years’ families** (implemented by the Ministry of Culture and Internal Affairs - MOCIA). The MOCIA’s progress on developing the CCT delivery system has been notable, despite some implementation and fiduciary challenges. Achievements include remarkable progress on the development of the modules of the management information system; in-depth technical discussions on developing and deploying a grievance redress mechanism; initial discussions on conditionalities and outreach campaign; and progressing preparation of the MOU with implementing partners. However, some critical implementation details for the CCT Operational Manual and implementation plan are still in development. Discussions with the Bank of Marshall Islands on the MOU are in an advanced stage, yet critical areas of fiduciary oversight and control are still missing. Notably, the hiring of a dedicated financial management (FM) expert to support the CCT and establish internal audit procedures has been delayed

8. **Component 4 - Strengthening the multisectoral ECD system and Project management.** The project has benefitted from sustained support of the ECD Cabinet Committee, the Chief Secretary, and the project’s steering committee. With the recruitment of the replacement project manager and the International Advisor-Health, the full complement of the project implementation unit (PIU) staff has improved implementation over the past six months. Second project manager started working remotely on March 1, 2021, and arrived in Majuro in mid-August, 2021. The consultant has been working on pending critical issues, such as: (a) the preparation and submission of annual workplans and budgets covering the 2021/22 period (including counterpart financing and Ebye needs); (b) updating the project operational manual to incorporate adequate roles and responsibilities of the PIU and central implementation unit (CIU) and governance arrangements; (c) regular sector-wide coordination of government entities and local and international development partners; and (d) coordination between the PIU and the procurement, financial management, and safeguards teams of the CIU to address operational challenges.

9. **Legal covenants.** All of the dated legal covenants, that have been due by the time of the preparation of this restructuring, are met.

10. **Safeguards Policies.** The overall safeguards rating of the project has been satisfactory, as well as the performance of the Environmental Assessment (OP) (BP 4.01).

B. Rationale for restructuring

11. The proposed restructuring is in response to the request received from the Government of RMI on March 4, 2022 to cancel SDR 7.2 million (about US\$10 million equivalent) from ECD-I and to recommit this cancelled amount to the ECD-II. On May 24, 2021, the Bank received a request from the MOF for additional financing of US\$10 million from IDA19 to the original ECD-I project. However, the ECD-I project was prepared under the World Bank’s Safeguard Policies and is ineligible for additional financing for scale up, according to the World Bank guidance.¹ Accordingly, a new ECD-II project is under preparation in order to comply with the new operational policies and the Environmental and Social Framework (ESF). The GRMI have expressed a preference for a single project, as was intended in the additional financing request. In

¹ <https://worldbankgroup.sharepoint.com/sites/news/announcement/pages/use-of-additional-financing-for-scaleup-of-ongoing-operations-governed-by-safeguard-policies-20122018-145013.aspx>



light of the limited capacity of the implementation agencies and ongoing delays, implementation of two projects with similar PDO, separate fiduciary management, and different environmental and social policies could result in unnecessary complexity and increase risks for successful achievement of PDOs for both operations.

12. Furthermore, given that initial GRMI's request for additional financing was focused on the increase in scope of the original project, with additional expansion of activities to neighboring islands and increased benefit level of the CCT pilot program, the new ECD-II is being prepared building upon the original activities and current achievements of the ECD-I. Specifically, ECD-I helped establish a foundation for the RMI's multisectoral ECD system, including: (a) establishing the PIU and mobilizing international and national technical assistance to support project implementation; and (b) establishing and ensuring regular convening of the Cabinet Committee on ECD and Program Steering Committee in their governance functions. Technical assistance under ECD-I has supported the development of (a) a new, basic essential RMNCH-N service package and neighboring islands health service delivery standards; (b) preschool renovation, curriculum and standards development, teacher, and teacher assistant training; (c) design and contracting of a home visit provider to expand parent education to more households; (d) the design of a comprehensive CCT pilot program, including a locally relevant targeting mechanism and management information system; and (e) a multisectoral ECD household survey. The ECD-II, as agreed with the GRMI, will continue supporting activities in Majuro and Ebeye, while adding new activities for the neighboring islands. Should the ECD-I remains as originally designed, the proper sequencing of activities under two parallel projects with the same objective of supporting the country's ECD system may be jeopardized by the increased complexity.

13. The preparation of the new ECD-II project is underway, with expected approval date of May 26, 2022; therefore, the restructuring of the ECD-I project is proposed to cancel the undisbursed, uncommitted funds to ensure timely reallocation to the new ECD-II project prior to negotiations. Early closure of the ECD-I is also proposed to align with the objective of implementing one consolidated operation going forward.

II. DESCRIPTION OF PROPOSED CHANGES

C. Proposed Changes

14. **Partial cancellation** of the IDA Grant D424-MH in an amount of SDR 7.2 million (US\$9,973,080 equivalent), as of March 4, 2022 (the date of receipt of the government request by the Bank).

15. **Components and costs.** The revised cost for each component and the proposed budget allocation is provided in Section IV "Detailed Changes." Proposed allocation after the restructuring includes disbursed and committed amounts, as well as expected costs to cover implementation of remaining activities until the proposed closing date of December 31, 2022.

16. **Disbursement categories.** The withdrawal table set forth in Section III.A of Schedule 2 to the Financing Agreement will be revised to reflect the cancelled amount under each category.

17. **Change in Grant Closing Date.** Section III.B.2 of Schedule 2 to the Financing Agreement will be amended to advance the closing date of the grant from December 31, 2024 to December 31, 2022.

18. **Disbursement Estimates** are revised to align with the proposed grant closing date of December 31, 2022 and to reflect the financing envelope after cancellation.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Components and Cost	✓	
Loan Closing Date(s)	✓	
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1. Improve coverage of essential RMNCH-N services	3.66	Revised	Component 1. Improve coverage of essential RMNCH-N services	0.81
Component 2. Improve coverage of stimulation and early learning activities	3.16	Revised	Component 2. Improve coverage of stimulation and early learning activities	0.90
Component 3. Social assistance for early years families	2.91	Revised	Component 3. Social assistance for early years families	0.70
Component 4. Strengthening the multisectoral ECD system and Project management	3.27	Revised	Component 4. Strengthening the multisectoral ECD system and Project management	0.64
TOTAL	13.00			3.05

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D4240	Effective	31-Dec-2024		31-Dec-2022	30-Apr-2023

CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IDA-D4240-001	Disbursing	XDR	9,400,000.00	7,200,000.00	04-Mar-2022	2,200,000.00	BORROWER'S REQUEST FOR COUNTRY REASONS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)
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The World Bank

Multisectoral Early Childhood Development Project (P166800)

			Current	Proposed
IDA-D4240-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: GD, WK, NCS, CS, IOC & TRN			
7,610,000.00	874,889.81	2,167,419.93	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: CASH TRANSFER PT 3.2			
1,120,000.00	0.00	10,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: REFUND OF PPA			
670,000.00	22,580.07	22,580.07		
Total	9,400,000.00	897,469.88	2,200,000.00	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2019	300,000.00	300,000.00
2020	505,785.44	505,785.44
2021	457,682.03	457,682.03
2022	2,000,000.00	800,000.00
2023	4,000,000.00	983,862.53
2024	4,000,000.00	0.00
2025	1,736,532.53	0.00