Agreement providing for the Amendment and Restatement of the Financing Agreement

(Pacific Resilience Project under the Pacific Resilience Program)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 24, 2017
AGREEMENT PROVIDING FOR THE AMENDMENT AND RESTATEMENT
OF THE FINANCING AGREEMENT

AGREEMENT, dated October 24, 2017, entered into between
REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL
DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) Under an agreement, dated July 24, 2015, between the Recipient
and the Association ("Financing Agreement"), the Association agreed to provide to the
Recipient a grant in an amount equal to one million one hundred thousand Special Drawing
Rights (SDR 1,100,000) to assist in the financing of the Pacific Resilience Project under
the Pacific Resilient Program described in Schedule 1 to the Financing Agreement; and

WHEREAS (B) the Recipient has requested for certain amendments to the
Financing Agreement through its letters to the Association, entitling "Pacific Resilience
Program: Component 3: PCRAFI Premium Finance request for this to be paid to the
Pacific Catastrophe Risk Insurance Company", and the Association has agreed to such
request.

NOW THEREFORE the Recipient and the Association hereby agree as follows:

ARTICLE I — AMENDMENT AND RESTATEMENT

1.01. The Financing Agreement is hereby amended and restated so as to read as set forth
in the Annex hereto.

ARTICLE II — ENTRY INTO FORCE

2.01. This Agreement shall come into force upon signature by the parties hereto.
AGREED at Majuro, Marshall Islands as of the day and year first above written.

REPUBLIC OF THE MARSHALL ISLANDS

By

[Signature]

Authorized Representative

Name: Brenson S. Wase
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Mona Sue
Title: Acting Country Director
Financing Agreement

(Amended and Restated)

(Pacific Resilience Project under the Pacific Resilience Program)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 24, 2015
FINANCING AGREEMENT

AGREEMENT dated July 24, 2015, entered into between REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS: the Participating Countries, the Pacific Islands Forum Secretariat and the Secretariat of the Pacific Community have undertaken to carry out a regional program designed to strengthen climate and disaster resilience in the Pacific region with financing provided by the Association and other donors.

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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to one million one hundred thousand Special Drawing Rights (SDR 1,100,000) ("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 IV of Schedule 2 to this Agreement.

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

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 Program. To this end, the Recipient shall carry out the Project through its Ministry of Finance in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister of Finance.

5.02. The Recipient’s Address is:

Ministry of Finance
P.O. Box D,
Majuro
Marshall Islands 96960

Facsimile:

692-625-3607

5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:
AGREED at Majuro, RMI, as of the day and year first above written.

REPUBLIC OF THE MARSHALL ISLANDS

By /s/ Jack J. Ading
Authorized Representative
Name: Jack J. Ading
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Franz R. Drees-Gross
Authorized Representative
Name: Franz R. Drees-Gross
Title: Country Director, EACNF
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the financial protection of the Recipient.

The Project is part of the first phase of the Program, and consists of the following part:

Part 1: Premiums Financing

Financing of part of the Recipient's Premia for disaster risk financing or transfer products.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

Regional Level

1. Regional Steering Committee

To ensure proper and efficient participation of the Recipient in the Program, the Recipient shall, in collaboration with SPC, PIFS and the other Participating Countries, take all necessary measures on its part to ensure that the Regional Steering Committee is maintained within PIFS throughout the Project implementation period, with a mandate and adequate resources satisfactory to the Association to be responsible for, inter alia, oversight of the Program. To this end, the Recipient shall: (a) by not later than four (4) months after the Effective Date, appoint or nominate representative from within its Ministry of Finance, as its representative at the Regional Steering Committee; and (b) ensure continued participation of the national representative in all meetings of the Regional Steering Committee.

National Level

2. Ministry of Finance

To ensure proper and efficient implementation of the Project, the Recipient shall vest implementation of the Project in its Ministry of Finance.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Insurance Contract

1. In carrying out activities under the Project, the Recipient shall enter into an Insurance Contract with an Eligible Insurer under terms and conditions acceptable to the Association.

2. The Recipient shall exercise its rights and carry out its obligations under an Insurance Contract in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association may otherwise agree, the Recipient shall not assign, amend, terminate,
 waive or fail to enforce any provision of an Insurance Contract. In case of any conflict between the terms of an Insurance Contract and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth in the Results Framework and acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. Non-consulting Services. All non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines.

B. Particular Methods of Procurement of Non-consulting Services

1. Method of Procurement of Non-consulting Services. The following method may be used for procurement of non-consulting services for those contracts specified in the Procurement Plan: (a) Direct Contracting.
C. **Review by the Association of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Premia</td>
<td>1,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,100,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is November 30, 2020.

**Section V. Other Undertakings**

Counterpart Funds
For purposes of Section 4.03 of the General Conditions, the Recipient shall provide its counterpart funding in the amount of not less than forty thousand Dollars ($40,000) for the period commencing November 2015, fifty thousand Dollars ($50,000) for the period commencing November 2016, and sixty thousand Dollars ($60,000) for the period commencing November 2017, such funds to partially finance the Premia.
APPENDIX

Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. “Eligible Insurer” means PCRIC or any other catastrophe risk insurance provider duly established and authorized to provide catastrophe risk insurance services specified in its Insurance Contract with the Recipient under applicable laws and regulations, acceptable to the Association.


5. “Insurance Contract” means an agreement entered into between the Recipient and an Eligible Insurer for catastrophe risk insurance coverage of the disaster and climate-related events as specified in such agreement.

6. “Pacific Island Forum Secretariat” or “PIFS” means the inter-governmental organization established in 1971 pursuant to the Agreement Establishing the Pacific Islands Forum.

7. “Participating Countries” means the Recipient, Independent of State of Samoa, the Republic of Vanuatu, the Kingdom of Tonga, and any other countries that may join the Program.

8. “PCRIC” means the Pacific Catastrophe Risk Insurance Company, a company established pursuant to the Pacific Catastrophe Risk Insurance Facility Act 2016 of the Cook Islands.

9. “Premia” means such amounts as may be payable by the Recipient to an Eligible Insurer from time to time in consideration for the entry into, and coverage under, an Insurance Contract.


11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 5, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines,
as the same shall be updated from time to time in accordance with the provisions of said paragraph.

12. "Program" means the Pacific Resilience Program (PREP), which is a 'Series of Projects,' to be financed by the Association and other donors, designed to strengthen early warning, resilient investments and financial protection of Participating Countries.

13. "Regional Steering Committee" means the committee to be established within the PIFS.

14. "Results Framework" means the Recipient's framework, dated May 5, 2015, setting forth the indicators and targets for purposes of monitoring and evaluation of the Project, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any annexes, appendices, or schedules to such framework.

15. "Secretariat of the Pacific Community" or "SPC" means inter-governmental organization established pursuant to the Canberra Agreement of 1947 (establishing the South Pacific Commission, as the Recipient was previously called).