Financing Agreement

(The Pacific Islands Regional Oceanscape Program Project)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 26, 2015
GRANT NUMBER D017-MH

FINANCING AGREEMENT

AGREEMENT dated June 26, 2015, entered into between REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) The Recipient, Federated States of Micronesia, Solomon Islands, Tuvalu and other FFA Member Countries have, pursuant to the FFA Treaty, undertaken to cooperate in the joint and efficient management of oceanic and coastal fisheries within the Western and Central Pacific Ocean; and

(B) In order to assist in the carrying out of activities aimed at strengthening the management of oceanic and coastal fisheries within the Western and Central Pacific Ocean, and the critical habitats upon which they depend:

1. the Recipient has requested the Association to assist in the financing of the project described in Schedule 1 to this Agreement;

2. the Recipient has also requested the International Bank for Reconstruction and Development ("World Bank"), acting as an Implementing Agency of the Global Environment Facility ("GEF"), to provide additional assistance towards the financing of the Project, and the World Bank, acting as an Implementing Agency of the GEF, has agreed to make available a grant to the Recipient from the GEF in the amount equal to one million eight hundred and thirty thousand Dollars ($1,830,000) ("GEF Grant") to assist in the financing of the Project, pursuant to a grant agreement to be entered into between the Recipient and the World Bank ("GEF Grant Agreement");

3. Federated States of Micronesia, Solomon Islands and Tuvalu have each requested the Association and the World Bank, acting as an Implementing Agency of the GEF, to assist in the financing of activities related to the Project that are designed to further the objectives of this Project and the FFA Treaty; and

4. the Pacific Islands Forum Fisheries Agency ("FFA") has requested the Association and the World Bank, as an Implementing Agency of the GEF, to assist in the financing of activities related to the Project that are designed to further the objectives of this Project and the FFA Treaty.

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient as specified in Section 2.01 of this Agreement upon the terms and conditions set forth in this Agreement.
NOW THEREFORE 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 four million six hundred thousand Special Drawing Rights (SDR 4,600,000) ("Grant" or "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 January 15 and July 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project and the Pacific Islands Regional Oceanscape Program. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely the ability of the Recipient and the Project Implementing Entity to perform any of their obligations under this Agreement and/or the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Finance.

6.02. The Recipient’s Address is:
Ministry of Finance
P.O. Box D,
Majuro
Marshall Islands 96960

Facsimile:
692-625-3607
6.03. The Association's Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.

AGREED at ______________ Marshall Islands ______________, as of the day and
year first above written.

REPUBLIC OF THE MARSHALL ISLANDS
By

Authorized Representative

Name: Jack J. Ading
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION
By

Authorized Representative

Name: Franz R. Drees-Gross
Title: Country Director, EACNF
Project Description

The objective of the Project is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

The Project constitutes the first phase of the Pacific Islands Regional Oceanscape Program, and consists of the following parts:

Part 1. Sustainable Management of Oceanic Fisheries

Carrying out a program of activities aimed at strengthening the management of the Pacific region’s tuna fisheries, such program to include:

(a) strengthening the capacity of the Project Implementing Entity for sustainable management of shared tuna fisheries.

(b) carrying out a program of activities designed to strengthen the institutional capacity of the Project Implementing Entity, such program to include: (i) provision of goods and technical assistance for institutional strengthening and review; (ii) the acquisition of hardware and software for real-time monitoring of fishing activity by observers; (iii) the acquisition of hardware and software and the expansion of bandwidth to enhance internet access for the Project Implementing Entity; and (iv) equipment for enhanced maritime surveillance and safety.

Part 2. Sustainable Management of Coastal Fisheries

Carrying out a program of activities aimed at strengthening the management of coastal fisheries, such program to include:

(a) development of monitoring and control systems required for the implementation of the Recipient’s regulations aimed at controlling the harvest and export of sea cucumbers, and marine ornamental species in order to promote sustainable management of coastal fisheries.

(b) strengthening the capacity of the Project Implementing Entity for sustainable management of coastal fisheries.

Part 3. National Program Management, Monitoring and Evaluation

Carrying out a program of activities designed to strengthen the capacity of the Project Implementing Entity’s management and implementation, including financial reporting; procurement; monitoring and evaluation; and safeguards.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A.  Institutional Arrangements.

1. Forum Fisheries Agency

   To ensure proper regional coordination, the Recipient shall, in collaboration with FFA and the other Participating Countries, take all necessary measures on its part to ensure that the Program Support Unit ("PSU"), established within FFA, is maintained throughout the Project implementation period, with mandate and adequate resources, to be responsible for, inter alia, carrying out independent verification of achievement of DLIs under Part 1(a) of the Project; assisting the Recipient with processing of international procurement activities; preparing, in collaboration with the Project Implementing Entity, documentation required for national level Project procurement processing; as well as collaborating on day-to-day implementation and financial reporting as required for the Project.

2. Regional Procurement Evaluation Committee

   The Recipient shall, in collaboration with FFA and other Participating Countries, take all necessary action on its part to establish, by not later than six (6) months after the Effective Date, and thereafter maintain, a Regional Procurement Evaluation Committee, comprising representatives from FFA, and each Participating Country, to be responsible for contract award decision-making for regionally packaged procurement activities.

3. Service Agreement

   (a) To facilitate proper and efficient implementation of the Project, the Recipient shall cause the Project Implementing Entity to, by not later than six (6) months after the Effective Date enter into and maintain throughout the Project implementation period, a Service Agreement with FFA, under terms and conditions acceptable to the Association pursuant to which the FFA, through the PSU, shall provide technical, fiduciary, monitoring and implementation support to the Project Implementing Entity, including, inter alia, carrying out verification of achievement of DLIs under Part 1(a) of the Project, and procurement services as detailed in Section I.A.1 of this Schedule 2.

   (b) The Recipient shall cause the Project Implementing Entity to exercise its rights under the Service Agreement, in such manner as to protect the
interests of the Recipient and the Association, and to accomplish the purposes of the Financing, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity, on grant terms, under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D. DLI Monitoring and Reporting

1. The Recipient shall, in accordance with the Service Agreement, make all necessary arrangements for the independent verification agent appointed by FFA, to carry out independent verifications of the status of achievement of all DLI Targets in accordance with the verification protocol and procedures set out in the Program Operations Manual.

2. Without limitation on its other reporting obligations under this Agreement, the Recipient shall: (a) ensure that by not later than January 31 of each year during the implementation of the Project, furnish reports to the FFA on the status of achievement of the relevant DLI Targets; and (b) take all necessary measures on its part to ensure that the FFA furnishes to the Association the reports of the independent verification agent referred to in paragraph 1 above, by not later than March 31 of each year during the implementation of the Project, all in accordance with the verification protocol set out in the Program Operations Manual.
E. Safeguards.

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework ("ESMF") and the Process Framework.

2. Whenever an Environmental Management Plan ("EMP") shall be required for any proposed Project activity in accordance with the provisions of the ESMF, as the case may be, the Recipient shall ensure that:
   
   (a) prior to the commencement of such activity, such EMP is: (i) prepared in accordance with the provisions of the ESMF or the Process Framework, as the case may be; (ii) furnished to the Association for review and no-objection; and (iii) thereafter adopted and disclosed as accepted by the Association, in a manner satisfactory to the Association; and
   
   (b) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such EMP.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF and the Process Framework, unless the Association has provided its prior no-objection thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Project shall be consistent with the Association's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects, and in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.

5. The Recipient shall ensure that:
   
   (a) all monitoring, control and surveillance activities carried out by the Recipient shall be under the control of a civilian fisheries officer or another civilian agency of the Recipient acceptable to the Association, and shall be carried out under terms of reference limited to fisheries surveillance;
   
   (b) each surveillance mission carried out by the Recipient shall be: (A) governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, requiring that such missions be: (i) under the operational command or authority of a civilian fisheries officer; and (ii) conducted during a specific time period that is duly recorded and documented; and (B) be conducted by personnel who have
been properly trained in the operation of any equipment used in the surveillance mission;

(c) where a patrol or surveillance mission has multiple tasks: (i) accounts are maintained in a manner acceptable to the Association which demonstrate that the Financing has been used for the exclusive purpose of financing fisheries surveillance activities; and (ii) that the Association is granted access to such accounts;

(d) all goods, works, services and operating costs for fisheries monitoring, control and surveillance and related enforcement activities financed out of the proceeds of the Financing are used for the sole purpose of enforcing the fisheries laws and regulations and shall not be used for any military purpose, or for enforcement of other non-fisheries laws; and

(e) all fisheries monitoring, control and surveillance and related enforcement activities carried out under the Project, shall be compatible with international law, and specifically, with Article 73 of the United Nations Convention Law of the Sea Treaty (UNCLOS), that: (A) any foreign vessels and crew arrested in the Recipient’s exclusive economic zone shall be immediately released upon posting a reasonable bond or other security; (B) penalties imposed by the Recipient for violations of fisheries laws and regulations may not include imprisonment; and (C) in cases of arrest or detention of foreign vessels, the Recipient shall promptly notify the flag state of the action taken and of any penalties subsequently imposed.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF, Process Framework and the provisions of paragraphs 4 and 5 of this Section I.E; and (b) prepare quarterly reports and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:

(i) measures taken in furtherance of the ESMF, Process Framework and paragraphs 4 and 5 of this Section I.E;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, Process Framework and paragraphs 4 and 5 of this Section I.E; and

(iii) remedial measures taken or required to be taken to address such conditions.
In the event of any conflict between the provisions of the ESMF and the Process Framework, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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

A. **Project Reports**

1. The Recipient shall cause the Project Implementing Entity to 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 Program Operations Manual. 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.

2. **Mid-term Review**

   The Recipient shall: (a) ensure that, by not later than three (3) years after the Effective Date (or such other date as the Association may agree), the mid-term review of the Project is carried out and a mid-term report is prepared and furnished to the Association, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association and the Project Implementing Entity such mid-term report, on or about the 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 objective, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

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 cause the Project Implementing Entity to prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause the Project Implementing Entity to 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 Project Implementing Entity and shall include disclosure of income and expenditure of the Association funds. 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. Goods, Works and Non-consulting Services. All goods, works and 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. Consultants' Services. All consultants' 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. 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, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (b) Direct Contracting; and (c) Shopping.
C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

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 Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Amount of the Grant Percentage of Expenditures to be Financed

<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) Goods, works, non-consulting services, consultants’ services and Incremental Operating Costs for the Project (Except under Part I(a) of the Project)</td>
<td>2,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) DLI Expenditures under Part I(a) of the Project</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,600,000</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:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR100,000 equivalent may be made for payments made prior to this date but on or after November 1, 2014, for Eligible Expenditures under Category (1); or

   (b) for DLI Expenditures under Category (2) until and unless the Project Implementing Entity has: (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable statements of expenditure evidencing the incurrence of eligible DLI Expenditures during the respective DLI Period for which payment is requested; and (ii) furnished evidence satisfactory to the Association, in accordance with the verification protocol to be set out in the POM, that the DLI Target for the respective DLI Period for which payment is requested has been achieved.

2. Withdrawals under Category (2) shall not exceed the lesser of: (a) the DLI Value allocated to each DLI achieved during the respective DLI Period; and (b) the amount of DLI Expenditures incurred but not paid by the proceeds of the Financing as of the DLI Period for which payment is requested.
3. Notwithstanding the provisions of Parts A and B.1 of this Section, the amount of the Financing to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in the Annex to the Schedule to the Project Agreement.

4. Notwithstanding the provisions of Part B.1 (b) of this Section, the Recipient may withdraw as an advance under Category (2) an amount not to exceed the total amount of the DLI Values against the DLI Targets which are set to be achieved during a given Fiscal Year; provided, however, that if any of the DLI Targets for such Fiscal Year, in the opinion of the Association, are not achieved or are only partially achieved by the relevant DLI Target Achievement Date, then: (a) the amount of the advance for any subsequent Fiscal Year shall be reduced by an amount corresponding to the amount of the DLI Value(s) (or portion of such amount as applicable) of the unachieved or partially unachieved DLI Target(s); or (b) in the case any DLI Target(s) remaining unachieved or partially unachieved after the Closing Date, the Recipient shall refund to the Association the amount of the advance corresponding to the amount of the DLI Value(s) (or portion of such amount as applicable) of the unachieved or partially unachieved DLI Target(s), promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded.

5. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association shall determine, based on the evidence furnished by the Project Implementing Entity under paragraph 1 of this Part B, that any DLI Target has not been achieved by its DLI Target Achievement Date, the Association may in its sole discretion, by notice to the Recipient and the Project Implementing Entity: (a) withhold in whole or in part the amount of the Financing allocated to such DLI Target; (b) disburse in whole or in part the amount of the Financing allocated to such DLI Target at any later time if and when such DLI Target is actually completed, to the extent that such completion remains feasible at a later time; (c) reallocate in whole or in part any withheld amount of the Financing allocated to such DLI Target; and/or (d) cancel in whole or in part any withheld amount of the Financing allocated to such DLI Target.

APPENDIX

Section I. Definitions

1. "Annual Work Plan and Budget" means each annual work plan, together with the related budget and updated procurement plan, for the Project accepted by the Association pursuant to the provisions of Section I.C of the Schedule to the Project Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the Association.


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


5. "DLIs" or "Disbursement Linked Indicators" means, collectively, the disbursement-linked targets set forth in Annex of the Schedule to the Project Agreement, and to be accomplished as provided for in Section IV.B.1 of Schedule 2 to this Agreement; and the acronym "DLI" means individually, any one of such targets.

6. DLI Expenditures" means reasonable costs of Incremental Operating Costs and Recurrent Costs (as hereinafter defined) required for Part 1(a) of the Project.

7. "DLI Period" means the calendar period specified in the Annex to the Schedule to the Project Agreement, during which each DLI Target (as hereinafter defined) is set to be achieved.

8. "DLI Target" means the target specified in the Annex to the Schedule to the Project Agreement set to be achieved under the applicable DLI during the respective DLI Period.

9. "DLI Target Achievement Date" means, with regard to each DLI Target, the end of the Fiscal Year during which the relevant DLI Target is set to be achieved as set forth in the table in the Annex of the Schedule to the Project Agreement.

10. "DLI Value" means the amount of the Financing allocated in the Annex to the Schedule to the Project Agreement to each respective DLI Target, or such other
amount as the Association may establish from time to time by notice to the Recipient.

11. “Displaced People” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

12. “Environmental and Social Management Framework” and the acronym “ESMF” each means the Recipient’s framework dated October 2014, setting out the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

13. “Environmental Management Plan” and the acronym “EMP” means a plan, to be prepared or caused to be prepared by the Recipient pursuant to Section I.E.2 of Schedule 2 to this Agreement and agreed with the Association in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of Project activities, offset them, reduce them, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan; and “Environmental Management Plans” means more than one such plan.

14. “FFA” means Pacific Islands Forum Fisheries Agency, an advisory body established pursuant to the FFA Treaty and mandated to provide technical advice and support to its member countries in the management of the fisheries resources

15. “FFA Member Countries” means the 17 Pacific Island Countries that are members of FFA, namely: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.


18. "Incremental Operating Costs" means reasonable expenditures directly related to the Project (which expenditures would not have been incurred absent the Project), based on an annual budget for such costs approved ex-ante in writing by the Association, including expenditures for consumable materials, office supplies, communications services (including postage handling, telephone and internet costs), publication services, translation services, office space rental and utilities, maintenance of Project vehicles and office equipment and operation, travel-related expenses for Project staff but excluding salaries, bonuses, fees and honoraria of members of the Recipient's civil service.


20. "Pacific Islands Regional Oceanscape Program" means the series of projects to be implemented by the Participating Countries and to be financed by the World Bank.

21. "Participating Countries" means for Phase 1 of the Pacific Islands Regional Oceanscape Program, the Recipient, Federated States of Micronesia, Solomon Islands and Tuvalu; and will include any other eligible FFA Member Countries that may join the Pacific Oceanscape Program under subsequent phases of the said program.


23. "Process Framework" means the framework included in the ESMF, setting out the mechanisms through which Displaced Persons living in and around protected areas will participate in determining any restrictions of access to natural resources, the assessment of the impact of any such restrictions, the determination of remedial measures to redress those impacts, and the resolution of any grievances, as well as the definition and implementation of a monitoring program to assess the adequacy of any remedial measures; as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.


25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 4, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. "Program Operations Manual" or "POM" means the Manual referred to in Section 1D of the Schedule to the Project Agreement.

27. "Program Support Unit" means the support unit established within FFA and responsible for assisting the Participating Countries with processing international procurement activities.

28. "Project Implementing Entity" means MIMRA, established pursuant to the Project Implementing Entity’s Legislation, or any successor thereto.


30. "Recurrent Costs" means the reasonable costs of fuel and other operating costs for additional fisheries surveillance and use of an integrated electronic reporting system, including training and development of the Project Implementing Entity staff connected with the carrying out of Part 1(a) of the Project.

31. "Regional Procurement Evaluation Committee" means the committee to be established pursuant to Section I.A.2 of Schedule 2 to this Agreement.

32. "Service Agreement" refers to the agreement between the Project Implementing Agency and FFA referred to in Section I.A.3 of Schedule 2.

33. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part the proceeds of the Financing available to the Project Implementing Entity.

34. "United Nations Convention Law of the Sea Treaty" or "UNCLOS" means the international treaty which came into force on November 16, 1994, and provides a regulatory framework for the use of the world’s seas and oceans, *inter alia*, to ensure the conservation and equitable usage of resources and the marine environment and to ensure the protection and preservation of the living resources of the sea.

35. "VDS" or "Vessel Day Scheme" means a scheme where Parties to the Nauru Agreement agree on a total and limited number of fishing days per year based on scientific advice on the status of the stocks, allocate the days to the respective Parties, and then each Party sells the days.

36. "Training and Workshops" means the reasonable costs, which shall have been agreed by the Association, associated with the training and workshop participation of personnel involved in carrying out the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the
services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation.