Green Climate Fund
Financing Agreement

(Pacific Resilience Project II under the Pacific Resilience Program; or
Pacific Resilience Project Phase II for RMI)

between

REPUBLIC OF THE MARSHALL ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as an Accredited Entity of the Green Climate Fund
GCF GRANT NUMBER TF0B2404

GCF FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE MARSHALL ISLANDS ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION acting as an Accredited Entity of the Green Climate Fund ("Bank").

WHEREAS:

(A) under the IDA Financing Agreement (as defined in the Appendix to this Agreement), the International Development Association ("IDA") agreed to extend to the Recipient a grant in an amount equivalent to fourteen million five hundred thousand Special Drawing Rights (SDR 14,500,000) (Grant Number D183-MH to assist in financing the IDA Project (as defined in the Appendix to this Agreement);

(B)(a) the Recipient, through the International Bank for Reconstruction and Development and IDA (collectively, the "World Bank"), acting in their capacities as an accredited entity of the Green Climate Fund, has requested the Green Climate Fund to provide additional assistance towards the financing of certain activities under the IDA Project, and the Green Climate Fund intends to make a contribution in an amount of twenty-five million Dollars ($25,000,000) to the World Bank for such purpose, in accordance with the provisions of the funded activity agreement, dated February 1, 2019, between the Green Climate Fund and the World Bank; and (b) the Bank has agreed, on the basis, inter alia, of the foregoing and upon receipt of the grant proceeds from the Green Climate Fund, to extend a grant to the Recipient upon the terms and conditions set forth in this Agreement; and

(C) the Recipient has further requested IDA to provide additional assistance towards the financing of certain activities under the IDA Project, and IDA has agreed, on the basis, inter alia, of the foregoing, to extend an additional grant (Grant Number D569-MH) to the Recipient, pursuant to provisions of the IDA Financing Agreement for Additional Grant (as defined in the Appendix to this Agreement).

NOW, THEREFORE, the Recipient and the Bank hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.
ARTICLE II — PROJECT

2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Finance in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

ARTICLE III — GCF FINANCING

3.01. The Bank agrees to extend to the Recipient a non-reimbursable grant in the amount of twenty-five million Dollars ($25,000,000) (variously, “GCF Grant” and “GCF Financing”), to assist in financing the Project.

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

3.03. The GCF Financing is funded out of the GCF Accredited Entity Trust Fund for which the Bank receives periodic contributions from the GCF. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the GCF under the GCF Accredited Entity Trust Fund, and the Recipient’s right to withdraw the GCF Financing proceeds is subject to the availability of such funds.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Agreement Providing for the Amendment and Restatement of the Financing Agreement has been executed and delivered on behalf of the Recipient and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

(b) The IDA Financing Agreement for Additional Grant has been executed and delivered on behalf of the Recipient and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
4.03. For purposes of Section 8.05 (b) of the Standard 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 9.01 of the Standard 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 9.01 of the Standard Conditions: (a) The Bank’s address is:

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

(b) the Bank’s Electronic Address is:

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

REPUBLIC OF THE MARSHALL ISLANDS

By

[Signature]

Authorized Representative

Name: Alfred Alfred, Jr.
Title: Minister of Finance
Date: 5-13-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as an Accredited Entity of the Green Climate Fund

By

[Signature]

Authorized Representative

Name: Michel Kerf
Title: Country Director, PNG & Pacific Islands
Date: 30-Apr-2020
SCHEDULE 1

Project Description

The objectives of the Project are to strengthen early warning systems, climate resilient investments in shoreline protection, and to provide immediate and effective response to an Eligible Crisis or Emergency.

The Project consists of Parts 1.1, 2.1.1 and 4 of the IDA Project, as reproduced below:

**Part 1: Institutional Strengthening, Early Warning and Preparedness**

1.1 Institutional strengthening, central agency capacity building in risk governance, and early warning modernization of the National Disaster Management Office’s facilities

1.1.1 Carrying out a program of activities to strengthen the capacity of the Recipient to integrate climate change with disaster risk management, including implementation of Joint National Action Plan for Climate Change Adaptation and Disaster Risk Management activities, and operationalization of working groups at national and local government levels.

1.1.2 Carrying out a program of activities to strengthen multi-hazard early warning systems, including preparation of a roadmap for outer island communications, upgrade of communications systems in remote locations and training of personnel to operate these systems.

1.1.3 Carrying out a program of activities to strengthen the institutional capacity of the National Disaster Management Office to prepare for and respond to disasters, including training, planning, and coordination activities, such program of activities shall include the development of a plan to upgrade facilities and implementation of priority improvements in accordance with said plan.

**Part 2: Strengthening Coastal Resilience**

2.1 Coastal vulnerability assessment and protection investments

2.1.1 Carrying out a program of activities to strengthen coastal resilience in Ebeye and other areas identified using the criteria and procedures detailed in the Project Operations Manual, including investigations, assessments, design, construction, and construction supervision of coastal protection work investments.
Part 4: Project Management

Carrying out a program of activities to strengthen the capacity of the Recipient for Project management, coordination, communications and outreach, monitoring, evaluation, and reporting, and to support the Recipient in Project procurement, financial management, auditing, and social and environmental safeguard oversight.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. Section I.A.3 (National Steering Committee), Section I.A.4 (Ministry of Finance), Section I.A.5 (Project Implementation Unit), Section I.C (Project Operations Manual), Section I.D (Safeguards) and Section I.F (Annual Work Plans and Budgets) of Schedule 2 to the IDA Financing Agreement are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (a) the references to the “Association” in any of the said Sections shall be construed as references to the Bank; and (b) the references to “Financing” in any of the said Sections shall be construed as references to the GCF Financing.

Section II. Project Monitoring, Reporting and Evaluation

1. Project Reports

The Recipient shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. Mid-term Review

The Recipient shall: (a) not later than one (1) month prior to the mid-term review date determined pursuant to sub-paragraph (b) below, prepare and furnish to the Bank a mid-term report, in such detail as the Bank 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 Section II.1 of this Schedule 2, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Bank such mid-term report and carry out a mid-term review of the Project, not later than November 13, 2021 (or such other date as the Bank may agree in writing), and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Bank’s views on the matter.
Section III. Withdrawal of the Proceeds of the GCF Financing

A. General

Without limitation upon the provisions of Article II of the Standard Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the GCF 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 GCF Financing Allocated (expressed in USD)</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 and Training and Workshops for the Project</td>
<td>25,000,000</td>
<td>45%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>25,000,000</strong></td>
<td><strong>45%</strong></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 five hundred thousand Dollars ($500,000) may be made for payments made prior to this date but on or after February 7, 2020, for Eligible Expenditures under Category (1).

2. The Closing Date is February 12, 2024.

Section IV. Other Undertakings

A. Cooperation with GCF

Without limitation upon the provisions of Sections 2.10 and 2.11 of the Standard Conditions, the Recipient shall cooperate with the Bank and GCF and facilitate the conduct of any reviews, ad hoc checks, verifications or evaluations related to the Project and the GCF Financing as may be requested by GCF.
APPENDIX

Definitions

1. "Agreement Providing for the Amendment and Restatement of the Financing Agreement" means the agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and IDA of even date herewith, providing for an amendment and restatement of the IDA Financing Agreement (Grant Number D183-MH).

2. "Annual Work Plans and Budgets" means the annual work plans and budgets (including related cash forecasts) for the implementation of the Project, referred to in Section I.F of Schedule 2 to the IDA Financing Agreement, as incorporated and applied to this Agreement pursuant to Section I.1 of Schedule 2 to this Agreement.


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

5. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

6. "IDA Financing Agreement" means the financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and IDA, dated June 30, 2017, as amended and restated by the Agreement Providing for the Amendment and Restatement of the Financing Agreement, and as such financing agreement may be further amended from time to time (Grant Number D183-MH).

7. "IDA Financing Agreement for Additional Grant" means the financing agreement for a Pacific Resilience Project II under the Pacific Resilience Program between the Recipient and IDA of even date herewith, providing an additional grant to assist in the financing of certain activities under the IDA Project, as such financing agreement may be further amended from time to time (Grant Number D569-MH).

8. "IDA Project" means the project described in Schedule 1 to the IDA Financing Agreement.

10. "Ministry of Finance" means the Recipient's ministry responsible for finance, or any successor thereto.

11. "National Disaster Committee" means the Recipient's disaster committee established pursuant to Section 1008 of the Recipient's Disaster Assistance Act (1987).

12. "National Disaster Management Office" means the office established by the Recipient's cabinet to assist and support the operation of the National Disaster Committee.

13. "Operating Costs" means reasonable incremental expenditures incurred on account of the implementation of the Project and based on Annual Work Plans and Budgets accepted ex ante by the Bank, 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, subsistence and lodging expenses, and other administrative costs directly related to the Project, exclusive of salaries of the Recipient's civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.


15. "Project Operations Manual" means the Recipient's manual, referred to in Section I.C of Schedule 2 to the IDA Financing Agreement, as incorporated and applied to this Agreement pursuant to Section I.C of Schedule 2 to this Agreement, in form and substance satisfactory to the Bank, adopted by the Recipient in accordance with the provisions of the said section of the IDA Financing Agreement; as said manual may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to the manual.

16. "Signature Date" means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to "the date of the GCF Financing Agreement" in the Standard Conditions.


18. “Training and Workshops” means the reasonable cost of expenditures incurred by the Recipient, based on terms of reference acceptable to the Bank and Annual Work Plans and Budgets accepted ex ante by the Bank, 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.