Financing Agreement

(Statistical Innovation and Capacity Building in Kiribati Project under the Statistical Innovation and Capacity Building in the Pacific Islands Program)

between

REPUBLIC OF KIRIBATI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF KIRIBATI (“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 five hundred thousand Special Drawing Rights (SDR 1,500,000) (“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 May 1 and November 1 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 Program. To this end, the Recipient shall carry out the Project 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 and Economic Development  
P.O. Box 67  
Bairiki,  
Tarawa  
Republic of Kiribati; and 

(b) the Recipient’s Electronic Address is:

E-mail: hon.vicepresident@mfep.gov.ki

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:

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

REPUBLIC OF KIRIBATI

By ________________________________

Name: Teuea Toatu
Title: Vice President & Minister of Finance
Date: 03-Jun-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ________________________________

Name: Michel Kerf
Title: Country Director, PNG & Pacific Islands
Date: 25-May-2020
SCHEDULE 1

Project Description

The objectives of the Project are to improve the quality and efficiency of welfare data collection, and accessibility to comparable welfare data in the Recipient’s territory.

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

Part 1: **Innovation and capacity building in data collection**

1.1 Conducting a household income and expenditure survey using innovative methods, analyzing the data collected and publicly disseminating the results of the survey, including, *inter alia*: (a) carrying out training in relation to the survey; and (b) strengthening institutional and technical capacities of KNSO staff to analyze the data and publish the results.

1.2 Conducting price and economic data collection in the Outer Islands.

Part 2: **Institutional strengthening**

Carrying out activities designed to strengthen institutional and technical capacities of KNSO to improve the enabling environment for data collection in the Recipient’s territory, including, *inter alia*: (a) conducting a review to identify constraints in the organizational structure of KNSO; (b) conducting a review of the Recipient’s legal and regulatory framework on statistics; (c) carrying out activities to support data sharing and coordination across the Recipient’s government agencies, including conducting an analysis of KNSO’s role as a data coordinator across the agencies, developing a data sharing platform for usage across the agencies and carrying out training on such data sharing platform; (d) carrying out training on data analysis and dissemination; and (e) improving KNSO’s office and information technology facilities to enable the implementation of Project activities.

Part 3: **Implementation support**

Providing operational and technical assistance to the Recipient on Project management and implementation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the overall Project implementation and management responsibilities in its KNSO.

2. The Recipient shall: (a) by not later than six (6) 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), recruit or appoint a resident advisor within KNSO, with terms of reference, qualifications and experience satisfactory to the Association, who shall be responsible for, *inter alia*, carrying out technical aspects of Project implementation in accordance with the provisions of this Agreement and the Project Operations Manual; and (b) thereafter maintain such position throughout the Project implementation period.

3. The Recipient shall:

   (a) 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), recruit or appoint a Project manager and a Project assistant (and any other consultants and/or staff as may be necessary), each with terms of reference, qualifications and experience satisfactory to the Association, to form a team within KNSO (“Project Implementation Team”), and such team shall: (i) report to the Republic Statistician of Kiribati; and (ii) be responsible for, *inter alia*, carrying out fiduciary aspects of Project management and implementation, including procurement, financial management, accounting, disbursement, monitoring and evaluation, implementation of ESS measures, stakeholder coordination and compliance with reporting requirements, with support from the Kiribati Fiduciary Services Unit, in accordance with the provisions of this Agreement and the Project Operations Manual; and
(b) thereafter maintain the arrangements described in Section I.A.3(a) above throughout the Project implementation period, or until the Kiribati Fiduciary Services Unit is able to support KNSO by assuming the respective functions of the Project Implementation Team members in a manner satisfactory to the Association.

4. The Recipient shall provide KNSO and the Kiribati Fiduciary Services Unit 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 objectives as further detailed in the Project Operations Manual.

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 ESS instruments; (iv) budgeting, disbursement, auditing and financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; and (vi) 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 objectives (“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 September 1 of each year during the implementation of the Project (or such later interval or date as the Association may agree), for the Association’s review and approval, an Annual Work Plan and Budget, which shall, *inter alia*: (a) list all activities (including Operating Costs and Training and Workshops) proposed to be included in the Project for the Recipient’s following fiscal 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 approved by the Association for the respective fiscal 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. Annual Work Plans and Budgets may be revised, as needed, during the implementation of the Project subject to the Association’s prior written approval.

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 Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
the measures and actions specified in the ESCP are implemented with
due diligence and efficiency, and as further specified in the ESCP;

sufficient funds are available to cover the costs of implementing the
ESCP;

policies, procedures and qualified staff are maintained to enable it to
implement the ESCP, as further specified in the ESCP; and

the ESCP or any provision thereof, is not amended, revised or waived,
except as the Association shall otherwise agree in writing and the
Recipient has, thereafter, disclosed the revised ESCP.

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

3. The Recipient shall:

(a) take all measures necessary on its part 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 management tools and instruments
referred to therein, all such reports in form and substance acceptable
to the Association, setting out, \textit{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) promptly notify the Association 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, in accordance with the ESCP, the
instruments referenced therein and the Environmental and Social
Standards.

4. The Recipient shall maintain and publicize the availability of a grievance
mechanism, in form and substance satisfactory to the Association, to hear and
determine fairly and in good faith all complaints raised in relation to the
Project, and take all measures necessary to implement the determinations made
by such mechanism in a manner satisfactory to the Association.
Section II. Project Monitoring, Reporting and Evaluation

Project Reports

1. The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Mid-Term Review

2. The Recipient shall carry out, jointly with the Association, not later than three (3) years after the Effective Date, or such other period as may be agreed with the Association, a mid-term review of the Project (“Mid-Term Review”) to assess the status of Project implementation, as measured against the indicators acceptable to the Association, and compliance with the legal covenants included or referred to in this Agreement. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of ESS measures; (v) implementation arrangements and Project staffing; and (vi) the need to make any adjustments to the Project to improve performance. To this end, the Recipient shall:

(a) prepare and furnish to the Association, at least one (1) month before the date of the Mid-Term Review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.1 of this Schedule 2, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(b) review jointly with the Association the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association’s views on the matter.
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, non-consulting services, consulting services, Operating Costs, and Training and Workshops for the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>1,500,000</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.

2. The Closing Date is June 30, 2025.
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means each annual work plan and budget (including related cash forecasts) for the implementation of the Project approved 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.

4. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated November 20, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.


7. “Kiribati Fiduciary Services Unit” means the Recipient’s Kiribati Fiduciary Services Unit within the Ministry of Finance and Economic Development, or any successor thereto.


9. “Mid-Term Review” shall have the meaning ascribed to it in Section II.2 of Schedule 2 to this Agreement.

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

11. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of the implementation, management and monitoring and evaluation of the Project, based on the Annual Work Plans and Budgets approved ex-ante by the Association, including rental of office space, bank charges, communications, advertising costs, utilities, stationery, vehicle operation, maintenance, insurance and transportation costs, but excluding salaries, fees, sitting fees, honoraria, bonuses, and any other salary supplements of any of the Recipient’s civil servants.

12. “Outer Islands” means, for the purposes of this Agreement, the Recipient’s islands of Makin, Abemama, Arorae, Kiritimati, Teraina and Tabuaeran.

13. “Pacific Community” means the inter-governmental organization previously known as the South Pacific Commission, established and operating pursuant to the Canberra Agreement of 1947 (establishing the South Pacific Commission), as such agreement may be amended from time to time.
14. “Pacific Island Countries” means, collectively, countries that are members of the Pacific Community and eligible for financing from the Association, which, as of the Signature Date, include the following: the Federated States of Micronesia; the Republic of Fiji; the Republic of Kiribati; the Republic of the Marshall Islands; the Independent State of Papua New Guinea; the Independent State of Samoa; Solomon Islands; the Kingdom of Tonga; Tuvalu; and the Republic of Vanuatu; and “Pacific Island Country” means any of such Pacific Island Countries.

15. “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.


17. “Project Implementation Team” means a team of consultants and/or staff within KNSO, referred to in Section I.A.3(a) of Schedule 2 to this Agreement.

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. “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.

20. “Training and Workshops” means the reasonable costs of training and workshop activities under the Project, based on the Annual Work Plans and Budgets approved ex-ante by the Association, including preparation and reproduction of training materials, rental of facilities, reasonable transportation costs, per diem of trainers and trainees (if applicable), and any other expenses directly related to course preparation and implementation, but excluding fees of consultants.