Project Agreement

(Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (Scaled-UP) Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

GARGAARA COMPANY LIMITED
PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and GARGAARA COMPANY LIMITED ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") dated April 10, 2019, between the REPUBLIC OF SOMALIA ("Recipient") and the Association, concerning Grant No. D433-SO. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part B.1 of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — EFFECTIVENESS; TERMINATION

3.01. The Additional Legal Matters consist of the following:

(a) the legal opinion that this Agreement has been duly authorized by or ratified by, and executed and delivered on behalf of the Recipient, and is legally binding upon such the Recipient in accordance with its terms; and

(b) the legal opinion that the Subsidiary Agreement has been duly authorized by or ratified by, and executed and delivered on behalf of parties thereto, and is legally binding upon such parties in accordance with its terms.

3.02. The Effectiveness Deadline is the date sixty (60) days after the Signature Date.

3.03. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer
4.02. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity’s address is:

Chief Executive Officer
Gargaara Company Limited.
Waaberi District, Airport Zone
Mogadishu, Somalia
AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: C. FELIPE JACAMILLO
Title: COUNTRY DIRECTOR
Date: 06/08/2019

GARGAARA COMPANY LIMITED

By

Authorized Representative

Name: ABDURRAHMAN HASSAN
Title: CEO, GARGAARA COMPANY LTD
Date: 06/08/2019
SCHEDULE

Execution of the Project Implementing Entity's Respective Part (Part B.1) of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Implementation Unit (PIU)

The Project Implementing Entity shall, at all times during the Project implementation coordinate with the Project Implementation Unit in carrying out the Respective Part of the Project.

B. Annual Work Plans

1. The Project Implementing Entity shall prepare and furnish to the Recipient, not later than September 30 in each year during the implementation of the Project, for forwarding to the Association for the latter's approval in accordance with the provisions of Section I.D of Schedule 2 to the Financing Agreement, a proposed annual work plan and related budget containing all activities proposed to be carried out under its Respective Parts of the Project in the following calendar year.

2. The Project Implementing Entity shall ensure the implementation, monitoring and evaluation of each Annual Work Plan, in accordance with the provisions set forth in this Agreement.

C. MSME Subproject Manual

1. The Recipient shall carry out the Respective Part of the Project in accordance with the MSME Subproject Manual containing detailed guidelines and procedures for the implementation of the Respective Part of the Project, including monitoring and evaluation, procurement, coordination, financial, administrative and accounting procedures, corruption and fraud mitigation measures, the MSME Sub-project eligibility criteria, due diligence and selection criteria, implementation requirements, and terms and conditions for MSME Sub-Project Agreements, and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of thereof.

2. In case of a conflict between the provisions of the MSME Subproject Manual and this Agreement, the provisions of this Agreement shall prevail.

D. Eligibility Criteria, Terms and Conditions of the MSME Subprojects

1. The Project Implementing Entity shall ensure that each Eligible PFI shall appraise, approve, monitor and evaluate respective MSME Subprojects to be financed under Respective Part of the Project, and administer credits or loans to the respective MSME Beneficiaries, in accordance with the terms and conditions of the pertinent Subproject Agreement between the Recipient and the Eligible PFI, the guidelines and procedures set forth in the SME Subproject Manual.
E. PFI Financing.

1. The Project Implementing Entity shall provide financing to the pertinent PFI in accordance with the Project Operations Manual (including the MSME Subproject Manual) through a PFI Agreement on terms and conditions which shall include:

(a) that the MSME Financing Facility shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right of the Project Implementing Entity to suspend or terminate the right of the PFI to use the proceeds of the PFI Agreement and the obligation of the PFI to refund all or any part of the amount of the financing provided to the PFI upon such PFI’s failure to perform any of its obligations under the pertinent PFI Agreement or under the SME Subproject Manual;

(b) the requirement of each PFI to:

(i) carry out Part B.1 of the Project in accordance with the Operations Manual (including the MSME Subprojects Manual);

(ii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards adequate to reflect its operations, resources and expenditures in respect of the pertinent MSME Subproject; and (B) at the Association’s and Recipient’s request, have such financial statements audited (annual audit) by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(iii) prepare and furnish to the Recipient and the Association all such information as the Recipient and the Association shall reasonably request relating to the foregoing; and

(c) that the Project Implementing Entity shall exercise its rights under each MSME Subproject Agreement in such manner as to ensure that the MSME Subproject is carried out in accordance with the SME Subproject Manual and to protect the interests of the Recipient and the Association.

F. Environmental and Social Safeguards for Part B.1 of the Project

1. The Project Implementing Entity shall ensure that:

(a) the Respective Part of the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the provisions of the Environmental and Social Management Framework (ESMF);
(b) for each MSME Subproject for which the ESMF provides for the preparation of an environmental and social impact assessment, and/or an environmental and social management plan:

(i) proceed to have such environmental and social impact assessment, and/or environmental and social management plan as appropriate: (A) prepared and disclosed in accordance with the ESMF; (B) consulted upon adequately with people affected by the Project as per the ESMF, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and

(ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such environmental and social impact assessment, and/or environmental and social management plan in a manner satisfactory to the Association;

2. The Project Implementing Entity shall ensure that the MSME Subprojects do not include any activities or expenditures on the negative list set forth in the ESMF.

3. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall ensure, that none of the provisions of the ESMF or any environmental and social impact assessment, or any environmental and social management plan be abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the ESMF or any environmental and social impact assessment, or any environmental and social management plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

G. Grievance Redress Mechanism

1. The Project Implementing Entity shall ensure that the Respective Part of the Project is carried out with due regard to the Grievance Redress Mechanism referred to in Section I.H of Schedule 2 to the Financing Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of six (6) calendar months and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.