SOMALIA MULTI-PARTNER FUND
GRANT AGREEMENT
(Additional Grant for Somali Urban Investment Planning Project)

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Somalia Multi-Partner Fund)
AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF SOMALIA ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Somalia Multi-Partner Fund ("SMPF"), for the purpose of providing additional grant for activities related to the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**


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**

**The Project**

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out Part B.1 of the Project; Part B.2 of the Project through the South West State of Somalia, Baidoa Municipality; and Part B.3 of the Project through the Jubbaland State of Somalia, Kismayo Municipality, all in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million sixty thousand United States Dollars ($1,060,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been fulfilled, namely that the Subsidiary Agreements have been executed and delivered, respectively, on behalf of the Recipient and South West State of Somalia, and on behalf of the Recipient and the Jubbaland State of Somalia, and the pertinent Subsidiary Agreement is legally binding upon the Recipient and South West State of Somalia, or upon the Recipient and the Jubbaland State of Somalia, in accordance with the terms of such Subsidiary Agreement; and

4.02. As part of the evidence to be furnished pursuant to Section 4.01(a) immediately above, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

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

(b) that the pertinent Subsidiary Agreement has been duly authorized or ratified by the Recipient and South West State of Somalia, or by the Recipient and the Jubbaland State of Somalia, and is legally binding upon the Recipient and South West State, or upon the Recipient and the
Jubbaland State of Somalia, in accordance with terms of such Subsidiary Agreement.

4.03 Except as the Recipient and the World Bank shall otherwise agree, date on which this Agreement shall enter into effect (Effective Date) shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such events have ceased to exist.

4.04 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.01 The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister for finance.

5.02 The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Villa Somalia
Mogadishu

5.03 The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED as of the later of the two dates written below.

FEDERAL REPUBLIC OF SOMALIA

By

Authorized Representative

Name: 

Title: 

Date: 22/12/2010

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Somalia Multi-Partner Fund)

By

Authorized Representative

Name: 

Title: 

Date: 11/12/2018
SCHEDULE 1
Project Description

The objectives of the Project are to provide: (i) an assessment of the feasibility of, and preliminary plans for selected urban investment and institutional strengthening activities in targeted areas, and (ii) enhanced project preparation and implementation capacity of participating agencies.

The Project consists of the following parts:

PART A: Technical Studies

1. Carrying out preparatory technical studies, including relevant environmental and social frameworks, in particular:

   (a) Carrying out pre-feasibility, feasibility and engineering design studies for priority investments.

   (b) Carrying out: (i) a baseline survey of environmental and social information data issues; (ii) developing an environmental and social management framework; and (iii) developing a resettlement policy framework.

   (c) Carrying out an institutional assessment of Kismayo (Jubbaland State) and Baidoa (South West State) municipal governments.

   (d) Carrying out other analytical studies, including a qualitative socio-economic assessment for Kismayo and Baidoa municipal governments.

Part B. Project Implementation Capacity Support

1. Strengthening the overall capacity for Project management in Baidoa and Kismayo municipal governments and liaison with the Recipient's government at the federal level, including recruiting a program coordinator based in Mogadishu municipality.

2. Strengthening the capacity of the Project Implementation Unit (PIU) for coordination, management, and preparation of urban investments for Baidoa Municipality, including:

   (a) provision of training to Project staff on management of fiduciary (i.e., procurement and financial) aspects of the Project, and the environmental
and social safeguards, including carrying out monitoring and evaluation of the Project; and

(b) recruiting requirement staff, including a project coordinator, procurement specialist, finance specialist, social and environmental management specialist and a Project engineer, and such other staff positions as may be approved by the World Bank.

3. Strengthening the capacity of the Project Implementation Unit for coordination, management, and preparation of urban investments for Kismayo Municipality, including:

(a) provision of training to Project staff on management of fiduciary (i.e., procurement and financial) aspects of the Project, and the environmental and social safeguards, including carrying out monitoring and evaluation of the Project; and

(b) recruiting requirement staff, including a project coordinator, procurement specialist, finance specialist, social and environmental management specialist, monitoring and evaluation specialist, and a Project engineer, and such other staff positions as may be approved by the World Bank.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

Part A of the Project will be implemented by the World Bank as set forth in the Letter-Agreement of the same date herewith, between the Recipient and the World Bank.

A. Institutional Arrangements for Part B of the Project

1. Federal Level Coordination

The Recipient shall recruit, and thereafter maintain at all times during the implementation of the Project maintain at the federal level, a program coordinator in Mogadishu with qualifications, experience and terms of reference, satisfactory to the World Bank. Said program coordinator shall, inter alia, carry out a liaison role between the Federal government, Jubbaland State, South West State, Baidoa Municipality and Kismayo Municipality, respectively.

2. Baidoa Municipality

(a) The Recipient shall take all necessary action to ensure that the South West State of Somalia maintains the Baidoa Municipality throughout Project implementation, with institutional structure, functions and powers, and resources adequate to carry out its responsibilities under the Project.

(b) Without limitations upon Section 2.01 of this Agreement, Baidoa Municipality shall be responsible for day-to-day implementation of Part B.2 of the Project including financial management, procurement and monitoring and evaluation.

3. Kismayo Municipality

(a) The Recipient shall take all necessary action to ensure that the Jubbaland State of Somalia maintains the Kismayo Municipality throughout the Project implementation with institutional structure, functions and powers, and resources adequate to carry out its responsibilities under the Project.

(b) Without limitations upon Section 2.01 of this Agreement, the Kismayo Municipality shall be responsible for day-to-day implementation of Part B.3 of the Project including financial management, procurement and monitoring and evaluation.
B. Subsidiary Agreements

1. To facilitate the carrying out of Parts B.2 and B.3 of the Project, the Recipient shall make the proceeds of the Grant allocated under Category 1(b) and 1(c), respectively, in the table set forth in Section IV.2 of this Schedule 2 to the South West State of Somalia, and the Jubbaland State of Somalia, respectively, on grant terms, under respective subsidiary agreements between the Recipient and SouthWest State of Somalia, and between the Recipient and the Jubbaland State of Somalia, each such subsidiary agreement under terms and conditions approved by the World Bank ("Subsidiary Agreements").

2. The Recipient shall exercise its right under the pertinent Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except, as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

3. In the event of any conflict between the provisions of the Subsidiary Agreements and those of this Agreement, the latter shall prevail.

C. Anti-Corruption

The Recipient shall ensure and cause the Project to be carried out in accordance with the Anti-Corruption Guidelines.

D. Project Implementation Manual

1. The Recipient shall: (a) not later than thirty (30) days after the Effective Date, adopt the Project Implementation Manual, in form and substance to the World Bank, and thereafter (b) carry out the Project in accordance with said Project Implementation Manual containing, detailed guidelines and procedures for the implementation of the Project, including monitoring and evaluation, procurement, coordination, financial, administrative and accounting procedures, corruption and fraud mitigation measures and such other arrangements and procedures as shall be required for the Project, and except as the World Bank 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 Project Implementation Manual and this Agreement, the provision of this Agreement shall prevail.
E. **Donor Visibility and Visit**

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

F. **Annual Work Plan and Budget**

1. The Recipient shall, not later than September 30 of each year prepare and furnish to the World Bank, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

2. The Recipient shall exchange views with the World Bank on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the World Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the World Bank (Agreed Annual Work Plan).

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

A. **Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than four months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section III of this Schedule.

B. **Financial Management; Financial Reports; Audits**

1. The Recipient shall maintain a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank 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 World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated October 30, 2018, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant (“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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultant Services, non-consulting services, Training and Operating Costs under Part B of the Project</td>
<td>60,000</td>
<td>100%</td>
</tr>
<tr>
<td>(a) Federal level</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>(b) Baidoa Municipality</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>(c) Kismayo Municipality</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,060,000</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 referred to in Section 3.06(c) of the Standard Conditions is December 31, 2021.
APPENDIX

A. Definitions

1. “Annual Work Plan and Budget” means a plan and budget referred to in Section I.G of Schedule 2 to this Agreement.


3. “Baidoa Municipality” means the municipality established and operating pursuant to Article 48 of the Recipient’s Constitution.

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

5. “Jubbaland State of Somalia” means a state within the Recipient’s federal unit.

6. “Kismayo Municipality” means the municipality established and operating pursuant to Article 48 of the Recipient’s Constitution.

7. “Operating Costs” means the expenses incurred on account of Project implementation, based on Annual Work Plans and Budgets approved by the World Bank, including office equipment and supplies, consumables, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, accommodation, travel and per diem for Project Staff, excluding the salaries of the Recipient’s civil service.

8. “Original Project” means the Project described in Schedule 1 to the Original SMPF Grant Agreement.


10. “Project Implementation Manual” means the manual referred to in Section I.D of Schedule 2 to this Agreement, said manual to be prepared and adopted by the Recipient, in form and substance satisfactory to the World Bank, as said manual may be amended from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such manual.

11. “South West State of Somalia” means a state within the Recipient’s federal unit.
12. "Subsidiary Agreement" means each agreement referred to in Section I.B of Schedule 2 to this Agreement, to be entered into either between the Recipient and Southern Bay State of Somalia, or between the Recipient and the Jubbaland State of Somalia, and the term, "Subsidiary Agreements" means all such agreements.

13. "Training" means the costs of training under the Project, based on the Annual Work Plans and Budgets as approved by the World Bank, and attributable to seminars, and workshops, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

B. Amendment to the Original SMPF Trust Fund Grant Agreement

The Recipient and the World Bank hereby agree to amend the Original SMPF Grant Agreement as follows:

1. The objective of the Project set forth in Schedule 1 to the Original SMPF Grant Agreement is modified as set forth in Schedule 1 to this Agreement.

\[\text{Signature}\]