State and Peace Building Fund
Grant Agreement
(Information and Communication Technology Support Project)

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as acting as administrator of the State and Peace Building Multi-Donor Trust Fund)

Dated March 30, 2014
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 the Project through the Ministry of Posts and Telecommunications 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 eight hundred thousand United States Dollars ($800,000) (“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

Recipient’s Representative; Addresses

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

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Planning
Villa Somalia
Mogadishu

4.03. 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 at Nairobi, Kenya, as of the day and year first above written.

FEDERAL REPUBLIC OF SOMALIA

By

Authorized Representative
Name: Mohamed Hersi
Title: Minister for Telecommunication

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the State and Peace Building Multi-Donor Trust Fund

By

Authorized Representative
Name: BELLA BIRD
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to contribute towards the process of developing a regulatory framework for the telecommunications sector and building an ICT infrastructure in Somalia.

The Project consists of the following parts:

1. **Open Access to international bandwidth**
   
   (a) Developing and setting up an institutional framework to manage bandwidth on an open access.
   
   (b) Establishing an internet exchange point.
   
   (c) Establishing a country code top-level domain (.so) and associated network information centre.
   
   (d) Exploring additional connectivity options for future investment operations.

2. **Communication rooms and facilities**
   
   (a) Developing specifications for government communication rooms.
   
   (b) Setting up communication rooms in selected ministries and government offices.

3. **Project Management Support**
   
   Financing of costs associated with implementation monitoring and evaluation of the Project.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

Ministry of Posts and Telecommunications

1. The Ministry of Posts and Telecommunications shall be responsible for overall coordination and implementation of the Project.

Project Management Unit

2. The Recipient shall maintain throughout Project implementation, the Project Management Unit (PMU) with structure, terms of reference and staffing satisfactory to the Association and with resources adequate to perform its functions under the Project.

3. Without limitation on the foregoing, the PMU shall be responsible for the day-to-day administration of the Project.

B. Implementation Arrangements

Project Implementation Manual

1. The Recipient shall: (a) (i) prepare and furnish to the World Bank, a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including in the areas of 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 (ii) thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the World Bank (Project Implementation Manual); and (b) except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.

2. In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

Annual Work Plan and Budget

3. The Recipient shall, not later than November 15 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.

4. 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.
C. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

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 Project Implementation Manual. Each Project Report shall cover the period of one 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 six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, 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

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and consultants’ 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:
(a) Section I of Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, 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 table specifies the methods of procurement which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Shopping</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank</td>
</tr>
<tr>
<td>(d) Procurement from UNOPS</td>
</tr>
<tr>
<td>(e) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank</td>
</tr>
</tbody>
</table>

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 table specifies the methods of procurement which may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan:
-8-

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(d) Selection of consultants under Indefinite Delivery Contract or Price Agreement</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by 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>Goods, works, non-consulting services, consultants' services, Training and Operating Costs</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>800,000</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 March 31, 2016
APPENDIX

1. "Annual Work Plan and Budget" means a plan and budget referred to in Section I.B.3 of Schedule 2 to this Agreement.


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


5. "Fiscal Year" means the 12-month period from January 1 to December 30; provided, however, that, in the case of the first Fiscal Year of the Project ("First Fiscal Year"), the Fiscal Year period shall run from the date of this Agreement to December 30 next following.

6. "Ministry of Posts and Telecommunications" means the Recipient’s ministry responsible for matters relating to posts and telecommunications.


8. "Operating Costs" means the expenses incurred on account of Project implementation, based on Annual Work Plans and Budgets approved by the World Bank pursuant to Section II.B.2 of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, excluding the salaries of the Recipient’s civil service.

9. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated May 5, 2014 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.

10. "Project Implementation Manual" means the Recipient’s manual, referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

11. "Project Management Unit" means the Recipient’s unit established for purposes of the day-to-day implementation of the Project including financial management, procurement, monitoring and evaluation, and referred to in Section I.A (2) of Schedule 2 to this Agreement.
12. "Training" means the costs of training under the Project, based on the Annual Work Plan and Budget, and attributable to seminars, workshops, and study tours, 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.