Somalia Multi Partner Fund
Grant Agreement
(Somali Urban Investment Planning Project)

between

GOVERNMENT OF SOMALILAND

and

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

Dated February 21, 2016
AGREEMENT dated __________, 2016, entered into between the GOVERNMENT OF SOMALILAND ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Somalia Multi-Partner Fund ("SMPF").

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 cause the Project to be implemented by the Hargeisa Municipality 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 seven hundred thousand United States Dollars ($700,000) ("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 conditions specified below have been satisfied:

(a) The Subsidiary Agreement between the Recipient and the Hargeisa Municipality has been executed in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

(b) The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.D of the Schedule 2 to this Agreement.

4.02. As part of the evidence to be furnished pursuant to Section 4.01, 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 Subsidiary Agreement referred to in Section I.B of Schedule 2 to this Agreement has been duly authorized by the Recipient and the Hargeisa Municipality and is legally binding upon each such party in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect 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
Ministry of Finance Headquarters
Hargeisa, Somaliland

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: Telex: Facsimile:

INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Hargeisa, Somaliland, as of the day and year first above written.

GOVERNMENT OF SOMALILAND

By

Authorized Representative

Name: Zamzam Abdi Adan

Title: MINISTER

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

By

Authorized Representative

Name: Beth Bird

Title: COUNTRY DIRECTOR
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 southern Somalia, Puntland and Somaliland, and (ii) enhanced project preparation and implementation capacity of participating agencies.

The Project consists of: (a) the hiring of a project coordinator, financial management specialist, procurement specialist, social and environmental management specialist, a monitoring and evaluation specialist, and such other staff as may be agreed with the World Bank, to support the Hargeisa Municipality and the Hargeisa Water Authority; and (b) training and supply of office furniture and equipment.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

Hargeisa Municipality

1. The Recipient shall maintain throughout Project implementation the Hargeisa Municipality with institutional structure, functions and powers, and resources adequate to carry out its responsibilities under the Project.

2. The Hargeisa Municipality shall be responsible for the overall implementation of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Hargeisa Municipality, on grant terms, under a subsidiary agreement between the Recipient and the Hargeisa Municipality, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), including the right of the Recipient to suspend or terminate the right of the Hargeisa Municipality, to use the proceeds of the Grant, or to obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the failure by Hargeisa Municipality, to perform any of its obligations under the Subsidiary Agreement which shall include the obligation of the Hargeisa Municipality to:

   (a) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;

   (b) provide, promptly as needed, the resources required for the purpose;

   (c) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement;

   (d) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of the Grant’s objectives;

   (e) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) at the
World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(f) enable the Recipient and the World Bank to inspect the Project, its operations and any relevant records and documents; and

(g) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under the 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 Agreement and those of this Agreement, the latter shall prevail.

C. Anti-Corruption

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

D. Project Implementation Manual

1. The Recipient shall: (a) (i) prepare a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including financial management, procurement, coordination, 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.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports; Completion Report

1.  The Recipient shall ensure and cause the Hargeisa Municipality to 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 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 ensure and cause the Hargeisa Municipality to 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 maintain or cause to be maintained a financial management
system in accordance with the provisions of Section 2.07 of the Standard
Conditions.

2.  The Recipient shall ensure and cause the Hargeisa Municipality to prepare and
furnish to the World Bank interim unaudited financial reports for the Project 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 ensure and cause the Hargeisa Municipality to have its
Financial Statements for the Project audited in accordance with the provisions of
Section 2.07(b) of the Standard Conditions. The audit of the Financial Statements
shall cover the implementation period of the Project. The audited Financial
Statements shall be furnished to the World Bank not later than six (6) months after
the end of the Closing Date of the Project.

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 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>
</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:
<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(d) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(e) Selection of consultants under Indefinite Delivery Contract or Price Agreement</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) 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:
### Percentage of Expenditures to be Grant Allocated Financed Category (expressed in USD) (inclusive of Taxes)

<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 the Project</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>700,000</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 June 30, 2017.
APPENDIX


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


4. “Hargeisa Water Authority” means an agency of the Recipient responsible for the supply of water services in Hargeisa Municipality.

5. “Municipality” means a municipal council established and operating in accordance with the Regions and Districts Law, Law No. 23 of 2002 of the Laws of Recipient.


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

8. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 15, 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.

9. “Project Implementation Manual” means the Project Implementation Manual in form and substance acceptable to the World Bank prepared by the Recipient in accordance with the provisions of Section I.D of Schedule 2 to this Agreement, as the same may be amended in accordance with the provisions of said Section.

10. “Training” means the costs of training under the Project approved by the World Bank, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation (excluding consultant services).