
GRANT NUMBER E179

Financing Agreement

(Eastern Africa Regional Digital Integration Project)

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF SOMALIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”).

WHEREAS:

- A. the Participating Countries, including the Recipient, and the Regional Bodies have agreed to participate in the Project;
- B. the Recipient, having satisfied itself as to the feasibility and priority of the Project, has requested the Association to assist in the financing of the Project;
- C. by a financing agreement to be entered into on or about the date hereof between the Republic of South Sudan and the Association (the “South Sudan Financing Agreement”), the Association will extend to the Republic of South Sudan financing to assist the Republic of South Sudan in financing part of the cost of activities related to the Project on the terms and conditions set forth in the South Sudan Financing Agreement;
- D. by a financing agreement to be entered into on or about the date hereof between the East African Community and the Association (the “EAC Financing Agreement”), the Association will extend to the EAC financing to assist the EAC in financing part of the cost of activities related to Parts 1.3(c), 2.1(e), 2.2(f), 3.1(d) and 4.2 of the Project on the terms and conditions set forth in the EAC Financing Agreement; and
- E. by a financing agreement to be entered into on or about the date hereof by between the Intergovernmental Authority on Development and the Association (the “IGAD Financing Agreement”), the Association will extend to IGAD financing to assist IGAD in financing part of the cost of activities related to Parts 1.3(c), 2.1(e), 2.2(f), 3.1(d) and 4.2 of the Project on the terms and conditions set forth in the IGAD Financing Agreement.

Therefore, 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 fifty-nine million five hundred thousand Special Drawing Rights (SDR 59,500,000) (“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 April 15 and October 15 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. 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 Additional Conditions of Effectiveness consists of the following:
 - (a) The Recipient has established the PIU with the mandate, terms of references and resources satisfactory to the Association, and has recruited to the PIU a Project coordinator, a financial management specialist, and a procurement specialist, all with experience, qualifications, and under terms of reference acceptable to the Association, and in accordance with the Procurement Regulations.
 - (b) The Recipient has prepared and adopted the Project Implementation Manual, in form and substance acceptable to the Association.
 - (c) The Recipient has prepared, adopted and disclosed the Environmental and Social Management Framework, including (i) the Labor Management Procedures; (ii) the Resettlement Policy Framework, (iii) the SEA/SH

Prevention and Response Action Plan; and (iv) the E-Waste Management Plan, all in form and substance acceptable to the Association.

- (d) The Recipient has prepared and adopted the Security Risk Assessment Management Framework, in form and substance acceptable to the Association.

- 4.02. The Effectiveness Deadline is ninety (90) days after the Signature Date.
- 4.03. 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 responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:

Ministry of Finance
Corso Somalo Street
Shangani District
Mogadishu, Somalia; and
 - (b) the Recipient's Electronic Address is:

info@mof.gov.so
- 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:

Telex: 248423 (MCI) Facsimile: (+1) 202 477 6391

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF SOMALIA

By

Dr. Elmi Mahmoud Nur

Authorized Representative

Name: Dr. Elmi Mahmoud Nur

Title: Minister

Date: 21-Jun-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Boutheina Guermazi

Authorized Representative

Name: Boutheina Guermazi

Title: Director, Regional Integration

Date: 05-Jun-2023

SCHEDULE 1

Project Description

The objectives of the Project are to advance digital market integration in the Eastern Africa region by increasing affordable access to regional broadband connectivity and strengthening the enabling environment for cross-border digital services.

The Project consists of the following parts:

Part 1. Connectivity Market Development and Integration

- 1.1 Cross-border and national backbone network connectivity including by:
 - (a) (i) Supporting the Recipient's broadband network infrastructure deployment, including the construction of cross-border terrestrial links and national backbone network infrastructure, through the implementation of Sub-Projects; and (ii) providing associated technical assistance to support said broadband network infrastructure deployment.
 - (b) (i) In Somaliland, supporting the broadband network infrastructure deployment in Somaliland, including the construction of cross-border terrestrial links and backbone network infrastructure, through the implementation of Sub-Projects; and (ii) providing associated technical assistance to support said broadband network infrastructure deployment.
- 1.2 Last mile connectivity including in border land areas, including by:
 - (a) Supporting the Recipient to: (i) connect public institutions along fiber routes; (ii) providing the Recipient with financing for the construction of new access networks in borderland area, refugee, and internally displaced persons ("IDP") camps and host communities, related IT equipment and technical assistance; and (iii) financing the Recipient's government connectivity, including upgrading and expanding the government network, and network operations center, prepurchase of internet bandwidth capacity for public institutions, fiber deployment, IT equipment, and related technical assistance to support said network deployment.
 - (b) Supporting Somaliland to: (i) connect public institutions along fiber routes; (ii) providing the Recipient with financing for the construction of new access networks in borderland area, refugee, and IDP camps and host communities, related IT equipment and technical assistance; and (iii) financing the Recipient's government connectivity, including upgrading and expanding the government network, and network operations center, prepurchase of internet bandwidth capacity for public institutions, fiber deployment, IT equipment, and related technical assistance to support said network deployment.

- 1.3 Enabling legal, regulatory, and institutional ICT environment including by:
- (a) Providing technical assistance to the Recipient, towards development of new national and subnational ICT policy strategy (2024-2029) embedding a gender lens and climate resilience.
 - (b) (i) Supporting the Recipient with purchasing and installing equipment and software for quality of service monitoring, spectrum monitoring and management, strengthened complaints handling mechanism, and with training and technical assistance to strengthen the regulatory framework for mobile roaming, infrastructure sharing, number portability, type approval, consumer protection, greening digital infrastructure and e-waste management through the development of new regulatory instruments; and (ii) providing support in Somaliland, in hiring a regulatory advisor to assist in adapting and contextualizing similar frameworks in Somaliland, and providing related training and tools.
 - (c) Enabling the legal, regulatory, and institutional ICT environment of EAC and IGAD by: (i) supporting the development and implementation of a strategy to enhance and expand the One Network Area, including the elimination of cross-border data roaming charges, expansion to new countries in the region and capacity building towards implementation; (ii) supporting development of regional legal and regulatory frameworks to increase competition and investment for broadband internet infrastructure; (iii) carrying out feasibility studies on establishment of a regional ICT regulatory association for the Horn of Africa subregion; (iv) supporting development of a regional spectrum strategy and enhancement of coordination mechanisms, standards and guidelines for spectrum management based on international best practices; (v) supporting preparation of regional policies, guidelines and standards to enhance regional connectivity infrastructure; (vi) supporting the development of regional guidelines for increasing digital inclusion and universal access; and (vii) capacity building for select sub-regional institutions and technical working groups under the EAC and IGAD to support policy and regulatory coordination and knowledge sharing for connectivity market integration.

Part 2. Data Market Development and Integration

- 2.1 Cyber-security frameworks, infrastructure, and capacity including by:
- (a) Supporting the Recipient's cyber-security governance by facilitating capacity building and meetings of new national advisory council on cybersecurity, industry consultations, and strengthening of the MoCT cyber department.
 - (b) Providing technical assistance and operationalization support to the Recipient, to enhance critical information infrastructure compliance and auditing, including

development of related frameworks and guidelines, penetration testing and risk assessments.

- (c) Providing the Recipient with technical assistance and financing the purchase and installation of hardware and software for cybersecurity business continuity and incident response, including support for developing related plans, conducting drills, and training exercises to test and strengthen response.
- (d) Providing the Recipient with technical assistance and financing the purchase and installation of hardware and software for building cybercrime investigation and prosecution capacity, including support for a forensic laboratory, and training for judiciary, law enforcement, and other government entities.
- (e) Supporting the establishment of a basic computer security incident response team in Somaliland including providing related technical assistance, hardware, and software.
- (f) Promoting cybersecurity frameworks, infrastructure, and capacity in IGAD and EAC by: (i) providing technical assistance and training to establish and operate a regional cybersecurity coordination platform for officials at EAC and IGAD; (ii) purchasing and installing IT hardware and software and cybersecurity subscription services for setting up a regional virtual cybersecurity platform; (iii) supporting development of a regional cybersecurity guidelines for regulation and interoperability standards; (iv) providing legal advisory services to inform regional principles and rules on cyber security including a needs assessment towards accession to existing regional and international framework for cybersecurity and capacity building for government officials in the implementation of such frameworks; (v) supporting awareness raising and Training for the private sector stakeholders regarding compliance with international practices in cybersecurity; (vi) supporting Training and knowledge sharing workshops on cybersecurity principles, policies, international practices for regional and national policymakers; and (vii) convening regional and technical working groups and supporting capacity building for cybersecurity professionals, in public and private sector on implementation of international cybersecurity standards.

2.2 Data exchange, governance, and protection including by:

- (a) Providing technical assistance to the Recipient to support strategic and governance frameworks for enhanced data management, based on a comprehensive data inventory, and data classification exercise, grounded in cloud-first and open data principles, exploring optimal solutions for an agile and climate-proof data hosting, and supporting the development of technical specifications/bidding documents to support procurement and quality assurance of the selected data hosting solutions to be deployed.

- (b) Providing the Recipient with financing for upgrading and deploying resilient and agile hybrid (cloud and on-premises) data hosting solutions, consolidating data hosting for government to create efficiency and climate-proofing related solutions to prevent data loss.
- (c) Providing the Recipient with technical support for the operationalization of the existing internet exchange point in the Recipient's territory.
- (d) Providing the Recipient support for operationalizing the new Data Protection Authority, featuring required advisory services, and training to enhance capacity to develop new regulation/guidelines, monitor compliance, assess risk and handle complaints.
- (e) Supporting capacity building of the Recipient on collaborative (regional/global) data governance, through participation in regional meetings, workshops, exchanges, and global conferences and establishing partnerships with other national data agencies.
- (f) Providing support to Somaliland to improve data management and hosting, including: (i) technical assistance to the Recipient to support strategic and governance frameworks for enhanced data management, based on a comprehensive data inventory and data classification exercise, grounded in cloud-first and open data principles, exploring optimal solutions for an agile and climate-proof data hosting, and supporting the development of technical specifications/bidding documents to support procurement and quality assurance of the selected data hosting solutions to be deployed; and (ii) financing for upgrading and deploying resilient and agile hybrid (cloud and on-premises) data hosting solutions, consolidating data hosting for government to create efficiency and climate-proofing related solutions to prevent data loss.
- (g) Promoting data exchange, governance, and protection in EAC and IGAD by:
 - (i) supporting the drafting of regional instruments on data protection;
 - (ii) supporting development of relevant policy instruments to promote data interoperability within the EAC and IGAD regions and development of regional standards for data interoperability;
 - (iii) supporting drafting of an agreement for the establishment of a mechanism for cross-border data flows;
 - (iv) providing technical assistance for regional data centers for situational analysis, demand-and-supply-side assessments, identifying options for attracting private sector investment and strategic partnerships, and capacity building and awareness raising for relevant stakeholders at regional level; and
 - (v) supporting Training, capacity building and peer to peer learning workshops for regional and national policymakers, technical working groups and stakeholders in the EAC and IGAD member states on data governance and compliance with data regulation and procedures for cross-border data transfers.

Part 3. Online Market Development and Integration

- 3.1 Digital enablers for cross-border trade and service delivery including by:
- (a) Supporting the Recipient to develop an e-commerce readiness assessment and strategy, and a consumer protection policy.
 - (b) Providing technical assistance to the Recipient to develop digital postal and addressing policies and related business models and finance the design and deployment of potential related pilot programs.
 - (c) In Somaliland, providing technical assistance to (i) develop a business model for postal services; and (ii) design a government enterprise architecture and interoperability framework in Somaliland to support more integrated delivery of public services.
 - (d) Promoting digital enablers for cross-border trade and service delivery in IGAD and EAC by: (i) supporting legal and regulatory advisory services on digital market regulation and supporting a gap and compatibility assessment of regional and national instruments with relevant international regulation; (ii) supporting legal advisory services for the establishment of a regional framework for mutual recognition of e-signatures in EAC and sharing standards and best practices with IGAD; (iii) supporting technical assistance for the preparation of an eCommerce strategy and digital strategy for IGAD; (iv) carrying out a gap assessment of current regulatory frameworks and business practices for electronic payments and the development of a roadmap to establish interoperable payment system in the region; (v) supporting legal advisory and drafting services for regional policies, rules or guidelines for the interoperability of financial data across EAC and IGAD member states; (vi) financing the development and implementation of pilots of mobile money cross border interoperability; (vii) supporting technical assistance and capacity building for EAC, IGAD and relevant regulators in their member states on monitoring the uptake by member countries of regional or international guidelines for digital trade regulation and cross-border payment interoperability; (viii) convening relevant technical working groups and supporting capacity building for regional and national policy makers and other relevant stakeholders on regional digital market regulation; and (iv) supporting awareness raising and training on digital market regulation, including cross border payments and safeguards for online users.
- 3.2 Regional research and education networks and training for digital skills including by:
- (a) Supporting the Recipient in, *inter alia*: (i) pre-payment of its National Research Education Network (“NREN”) membership in EU Africa Connect 3 Program; (ii) pre-purchase of capacity for selected campuses, upgrade of the network

operation center; (iii) purchase of related equipment; and (iv) financing an e-readiness assessment to enhance the connectivity of higher educational institutions.

- (b) Supporting the Recipient's exchanges with other NRENs in the region and participation in regional capacity building initiatives including study tours, workshops, and short-term secondments.
- (c) Supporting the Recipient in designing and implementing new digital skills programs aimed at expanding the availability of digital skills trainings across Somalia through existing higher education institutions, targeting university students, with minimum targets for female beneficiaries.
- (d) In Somaliland, designing and implementing new digital skills programs aimed at expanding the availability of digital skills trainings in Somaliland.
- (e) Providing technical assistance to the Recipient to carry out a digital skills assessment and development of a national digital skills framework, aligned with regional strategies and plans.
- (f) Providing technical assistance and financing to the Recipient for developing an operational and sustainability plan for the National Telecoms Training Institution, including support for tailored curriculum design, purchase of equipment for training labs, and hiring trainers to enable targeted digital skills training, particularly for public sector employees.
- (g) In Somaliland, providing technical assistance to define a business model and roadmap for the Somaliland innovation zone.

Part 4. Project Management and Implementation Support

- 4.1 Including by supporting the establishment and operations of the respective Project implementing units in implementing the Project including: (a) recruitment of relevant consultants, financial management, procurement, monitoring and evaluation, training and capacity building, communication and translation services, environmental and social management costs; (b) financing of relevant equipment and software; (c) financing consulting services to conduct localized risk assessments and develop detailed mitigation plans, with a particular emphasis on addressing the high security- and gender-based violence-related risks associated with the deployment of infrastructure and civil works; and (d) supporting training, reverse missions, participation in regional fora and exchanges for:
 - (a) The Recipient; and
 - (b) In Somaliland.

- 4.2 Financing Project management and implementation including by: (a) supporting establishment and operations of the Project implementing units in implementing the Project; (b) building capacity of the Project implementing units to coordinate project implementation with member states and each other, strengthening the technical and functional capacity of said Project implementing units, and coordinating, managing and supervising Project activities; (c) supporting development and implementation of a comprehensive citizen engagement strategy to facilitate stakeholder engagement; and (d) supporting development and implementation of a grievance redress mechanism.

Part 5: Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Steering Committee

Not later than ninety (90) days after the Effective Date, the Recipient shall establish and thereafter maintain, throughout the implementation of the Project a Project Steering Committee (“PSC”) with composition, mandate, powers and resources acceptable to the Association. The PSC shall be chaired by the minister in charge of the Ministry of Communication and Technology (“MoCT”) (or as otherwise provided for in the PIM) and shall be responsible for, *inter alia*: (a) approving Annual Work Plans and Budgets; (b) biannual review of Project progress; (c) review of procurement evaluations and approval; and (d) provision of strategic guidance and recommendations to the PIU and the Technical Committee related to project implementation.

2. Technical Committee

Not later than ninety (90) days after the Effective Date, the Recipient shall establish and thereafter maintain, throughout the implementation of the Project, a project technical committee with terms of reference, composition and resources acceptable to the Association, to support any technical-level decisions that require broader agreement, resolve operational issues or facilitate monitoring and evaluation, and supervision. The Technical Committee shall report to the PSC.

3. Project Implementation Unit (“PIU”)

(a) The Recipient shall establish and thereafter, maintain throughout the Project, the PIU with the mandate, composition, terms of references and resources satisfactory to the Association and shall be responsible for *inter alia*: project implementation and facilitating collaboration on designing and implementing common activities with IGAD and EAC.

(b) Without limitation to paragraph (a) of this section I.A.3, the Recipient shall, not later than ninety (90) days after the Effective Date, recruit to the PIU an environment specialist, a social specialist, a security advisor, a gender specialist, relevant technical specialists, focal points for Federal Member States, a procurement officer, a monitoring and evaluation specialist, a communication specialist, and administrative assistant, all with the terms of reference acceptable to the Association and in accordance with the Procurement Regulations.

B. Project Implementation Manual

1. The Recipient shall prepare and adopt an implementation manual acceptable to the Association (“Project Implementation Manual” or “PIM”), which shall contain detailed work flow, methods and procedures for the implementation of the Project, including but not limited to: (a) administration and coordination arrangements, including placement of necessary human resources for Project implementation; (b) performance indicators of the Project; (c) disbursement arrangements, reporting requirements, financial management procedures and audit procedures; (d) monitoring and evaluation; (e) financial management guidelines and procedures; (f) corruption and fraud prevention measures; (g) roles and responsibilities of various agencies and stakeholders in the implementation of the Project; (h) Personal Data collection and processing requirements in accordance with good international practice; (i) environmental and social framework aspect, including a detailed description of the grievance redress mechanism process as well as any process for recording and reporting project-related accidents and incidents; (j) details on approach to operational security including: protocols for assessments of local implementation permissiveness, preparation of site-specific approaches to implement in a secure manner including respective fiduciary and environmental and social requirements of the Association, and decisions of local readiness; and (k) such other arrangements and procedures as shall be required for the effective implementation of the Project.
2. The Recipient shall exchange views with the Association on the Project Implementation Manual prior to adoption, and thereafter ensure that the Project is carried out in accordance with the Project Implementation Manual. Provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual.

C. Annual Work Plan and Budget

1. The Recipient shall, not later than one hundred and twenty (120) days after the Effective Date for the Fiscal Year in which this Agreement shall become effective, and not later than October 31 of each subsequent Fiscal Year, prepare and furnish to the Association for the Association’s no objection, a consolidated annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget, which shall include the funds from the financing (including the portion of Counterpart Funds to be provided), and any other funds which may become available for the implementation of the Project.

2. Without limitation to the provision of Section I.C.1 of this Schedule, each annual work plan and budget prepared under Section I.C.1 of this Schedule shall set forth:
(a) a detailed description of the planned activities, including any proposed conferences and training, under the Project for the period covered by the plan;
(b) the sources and proposed use of funds therefore; (c) procurement and environmental and social management arrangements therefor, as applicable; and
(d) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity.
3. The Recipient shall ensure that in preparing any training plan proposed for inclusion in an annual work plan and budget it shall identify in the training plan:
(a) the objective and content of the Training envisaged; (b) the selection method of the institutions or individuals conducting such Training, and said institutions if already known; (c) the expected duration and an estimate of the cost of said Training; and (d) the selection method of the personnel who will attend the Training, and number and names of such personnel if already known.
4. The Recipient shall exchange views with the Association on each such proposed consolidated annual work plan and budget and take into account comments which the Association may have before finalizing its annual work plan and budget not later than one (1) month after the date referred to in Section I.C.1 of this Schedule (once finalized and approved by the Association, an “Annual Work Plan and Budget”).
5. The Recipient shall carry out the activities included in each of the Annual Work Plans and Budgets during the Fiscal Year to which they related. Annual Work Plans and Budgets may be revised during the Fiscal Year to which they relate, with the prior written agreement of the Association.

D. Somaliland Subsidiary Agreement

1. To facilitate the carrying out Somaliland’s Respective Activities under the Project, the Recipient shall make part of the proceeds of the Financing, allocated from time to time to Category 2 and 4 of the table set forth in Section III.A of this Schedule, available to Somaliland pursuant to an agreement, under terms and conditions approved by the Association (“Somaliland Subsidiary Agreement”).
2. The Recipient shall exercise its rights under the Somaliland Subsidiary Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Somaliland Subsidiary Agreement or any of its provisions.

E. Sub-Projects

1. The Recipient shall ensure that each Sub-Project to be carried out under Part 1.1(a)(i) and Part 1.1(b)(i) of the Project is vetted, appraised and approved in accordance with the standards and procedures set forth in the Commercial Transactions Manual. All such Sub-Projects shall be approved by the Association, as part of the Annual Work Plans.
2. To facilitate implementation of Sub-Projects each operator shall enter into a Sub-Project Agreement with the Recipient or Somaliland (as the case may be) under the terms and conditions provided for in the Commercial Transactions Manual, including: (a) the guidelines for developing the deployment options including public private partnerships or other models with the operators (in particular for ensuring optimization of the Recipient resources in those partnerships); (b) the obligations of the operators in return for the contribution from the Recipient; (c) the principles to follow to ensure open and non-discriminatory access to the infrastructure built through the Project; (d) the principles which ensure reasonable prices for the end-user; (e) the necessary amendments to the regulatory environment; and (f) the template form of the Sub-Project Agreement

F. Contingent Emergency Response Component

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;

- (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
- 2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
- 3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 4. Activities under the Contingent Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

G. Environmental and Social Standards.

- 1. The Recipient shall and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to 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 paragraph 1 above, the Recipient shall and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to 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 and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

- (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall, and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to ensure that:
- (a) all measures necessary are taken 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 environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *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) the Association is promptly notified 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 environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall, and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall, and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractor, subcontractors and

supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

H. Specific Implementation Covenants

1. The Recipient shall, no later than ninety (90) days of the Effective Date, recruit external auditors, under terms of reference and with qualifications acceptable to the Association.
2. The Recipient shall, no later than six (6) months after the Effective Date, prepare and adopt the Social Risks Capacity Enhancement Action Plan in form and substance acceptable to the Association.
3. The Recipient shall, not later than three (3) months after the Effective Date, establish and maintain throughout Project implementation a Grievance Redress Mechanism.
4. The Recipient shall, no later than three (3) months after the Effective Date, update, disclose and adopt the Stakeholder Engagement Plan.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall, and shall cause Somaliland (as per the Somaliland Subsidiary Agreement) to furnish to the Association each Project Report not later than thirty (30) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

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: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Sub-Projects under Component 1.1(a)(i) of the Project	16,700,000	100%
(2) Sub-Projects under Component 1.1(b)(i) of the Project	3,000,000	100%
(3) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project (except Parts 1.1(a)(i), 1.1(b), 1.2(b), 1.3(b)(i), 2.1(e), 2.2(e), 3.1(c), 3.2(d), 3.2(g), 4.1(b) and Part 5 of the Project).	30,800,000	100%
(4) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Somaliland under Parts 1.1(b)(ii), 1.2(b), 1.3(b)(ii), 2.1(e), 2.2(e), 3.1(c), 3.2(d), 3.2(g), and 4.1(b) of the Project.	7,100,000	100%
(5) Emergency Expenditures under Part 5 of the Project (CERC)	0	
(6) Refund of Preparation Advance	1,900,000	Amount payable pursuant to Section 2.07(a) of the General Conditions.
TOTAL AMOUNT	59,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date;
 - (b) under Category (1), unless and until the Association has received the Commercial Transactions Manual (including the template form of the Sub-Project Agreement), duly adopted by the Recipient, detailing the modalities for the Sub-Projects, in form and substance satisfactory to the Association;
 - (c) under Categories (2) and (4) unless Somaliland has:
 - (i) executed the Somaliland Subsidiary Agreement setting forth implementation arrangements for Somaliland's Respective Activities under the Project (including the flow of funds out of the Grant proceeds), and all Somaliland's internal requirements for the agreement to be binding upon Somaliland in accordance with its terms have been duly obtained/secured;
 - (ii) prepared and formally adopted the Project Implementation Manual for Somaliland's Respective Activities under the Project; and
 - (iii) established the Somaliland PIU with the mandate, composition, terms of references and resources acceptable to the Association, and shall recruit to the Somaliland PIU a Project coordinator, financial management specialist, procurement specialist, an environmental and social specialist and a connectivity specialist, all with the terms of reference acceptable to the Association and in accordance with the Procurement Regulations;
 - (iv) prepared all necessary environmental and social risks management instruments in accordance with the ESCP; all in a manner and substance satisfactory to the Association; and
 - (v) in connection with Category (2), the development of a tailored Commercial Transactions Manual, duly adopted by Somaliland, detailing the modalities for Sub-Projects in Somaliland, in form and substance satisfactory to the Association;

- (d) for Emergency Expenditures under Category 5 until:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has requested the Association to address such Eligible Crisis or Emergency under Part E of the Project and in accordance with the provisions of this Agreement; and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is May 31, 2028.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
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. “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Project Implementation Manual.
5. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
6. “Commercial Transactions Manual” means the manual prepared by the Recipient under Part 1.1(a)(i) and Part 1.1(b)(i) of the Project to implement the activities under the said Part of the Project.
7. “Data Protection Authority” means the Recipient’s data protection authority established pursuant to Article 6 of the Recipient’s Data Protection Law 2023.
8. “EAC” means the East African Community, which is a regional intergovernmental organization established by Article 2 of the Treaty for the Establishment of the East African Community and comprising of the 6 Partner States, namely the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda.
9. “Eastern Africa” means Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda, Djibouti, Eritrea, Ethiopia, and Somalia.
10. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

11. “Emergency Action Plan” means the plan referred to in Section I.F of Schedule 2 detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
12. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
13. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 5, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
14. “Environmental and Social Management Framework” means the Recipients environmental and social management framework referred to in the ESCP.
15. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
16. “EU Africa Connect 3” means the third phase of the project co-funded by the European Union whose objective is to support the creation, development and use of advanced, reliable internet connectivity for the teaching, learning and research communities of Africa.
17. “E-Waste Management Plan” means the Recipient’s plan referred to in part 3.1 of the ESCP.

18. “Federal Member States” or “FMS” mean any of the states constituting the Somali federation, as acknowledged in the Recipient’s Provisional Constitution (2012) which participates in the implementation of the Project and term excludes Somaliland, for the focal points hired under Section I.A.3(b) of Schedule 2 to this Agreement.
19. “Fiscal Year” means each fiscal year of the Recipient commencing on July 1 and ending on June 30 of the subsequent year.
20. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
21. “Horn of Africa” means a sub-region of Eastern Africa that includes eight countries, i.e., Republic of Djibouti, State of Eritrea, Federal Democratic Republic of Ethiopia, Republic of Kenya, Federal Republic of Somalia, Republic of South Sudan, Republic of Sudan, and Republic of Uganda.
22. “ICT” means information and communication technologies.
23. “IDP” means internally displaced persons.
24. “IGAD” means Intergovernmental Authority on Development, a regional economic community set up through IGAD Constitutive Agreement, responsible for carrying out the Project.
25. “IGAD Constitutive Agreement” means the agreement establishing the Inter-Governmental Authority on Development of March 21, 1996.
26. “Labor Management Procedures” means the Recipient’s procedures on labor management referred to in part 2.1 of the ESCP.
27. “Ministry of Communication and Technology” or “MoCT” means ministry of communication and technology.
28. “National Research Education Network” or “NREN” means a specialized internet service provider providing universities and research institutes with high-quality network connectivity and related services by connecting campuses and institutions to each other, and to the rest of the internet in a specific country.
29. “National Telecoms Training Institution” means the Recipient’s National Telecoms Training Institution established under the directive of the International Telecommunication Union in 1974.
30. “Operating Costs” means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and consisting of:

costs of office rental, vehicle rental, fuel, routine repair and maintenance of equipment and vehicles, communication costs, internet costs, stationery and other office supplies, utilities, office consumables, travel costs, costs of translation, printing, photocopying and advertising, *per diem*, accommodation expenses, and salaries of Project staff, but excluding the salaries of the Recipient's civil servants, meeting allowances, other sitting allowances, salary top ups and all honoraria to Recipient's civil servants or contracted consultants.

31. "Participating Countries" means the Republic of South Sudan.
32. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
33. "Preparation Advance" means the advance referred to in Section 2.07(a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on December 5, 2022 and on behalf of the Recipient on December 21, 2022.
34. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
35. "Project Implementation Manual" or "PIM" means the manual described in section I.B of schedule 2 to this Agreement.
36. "Project Implementation Unit" or "PIU" means the Recipient's PIU defined in Section I.A.3 of Schedule 2 to this Agreement.
37. "Project Steering Committee" or "PSC" means the Recipients Project steering committee described in Section I.A.1 of Schedule 2 to this Agreement.
38. "Regional Bodies" means IGAD and EAC.
39. "Resettlement Policy Framework" means the Recipient's resettlement framework referred to under part 5.1 of the ESCP.
40. "SEA/SH Prevention and Response Action Plan" means the Recipient's sexual exploitation and abuse and sexual harassment prevention and response plan referred to in the ESCP.

41. “Security Risk Assessment Management Framework” means the Recipient’s security risk assessment management framework referred to in the ESCP.
42. “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.
43. “Social Risks Capacity Enhancement Action Plan” means the Recipient’s social risks capacity enhancement action plan referred to in the ESCP.
44. “Somaliland” means the Recipient’s territory of Somaliland.
45. “Somaliland PIU” means the implementing unit to be established by Somaliland to implement Somaliland’s Respective Activities.
46. “Somaliland’s Respective Activities” means Parts 1.1(b), 1.2(b), 1.3(b)(iii), 2.1(e), 2.2(e), 3.1(c), 3.2(d), 3.2(g), 4.1(b) of the Project being implemented by Somaliland.
47. “Somaliland Subsidiary Agreement” means the agreement described in Section I.D of Schedule 2 to this agreement to be entered into by the Recipient and Somaliland concerning Somaliland’s Respective Activities.
48. “Stakeholder Engagement Plan” means the recipients stakeholder engagement plan described in the ESCP.
49. “Sub-Project” means a project taken on by an operator(s) under Part 1.1(a)(i) or Part 1.1(b)(i) of the Project in order to contribute to the building of the cross-border terrestrial links and national backbone network infrastructure of the Recipient, as described in the Commercial Transactions Manual and each Sub-Project Agreement with such operator(s). the Commercial Transactions Manual will define the guidelines for developing the deployment options including public private partnerships or other models with the operators (in particular for ensuring optimization of the Recipient resources in those partnerships), and the obligations of the operators in return for the contribution from the Recipient (including the principles to follow to ensure open and non-discriminatory access to the infrastructure built through the project, which ensure reasonable prices for the end-user, and the necessary amendments to the regulatory environment.
50. “Sub-Project Agreement” means the agreement to be entered into by qualifying operators and the Recipient with respect to Sub-Projects as described in the PIM and the Commercial Transactions Manual.
51. “Technical Committee” means the Recipient’s technical committee described in Section I.A.2 of Schedule 2 to the Agreement.

52. “Training” means the costs of training under the Project, based on the Annual Work Plans and Budgets as approved by the Association, and attributable to seminars, and workshops, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities/ workshop venues, preparation and reproduction of training materials (including costs of translation, printing, photocopying and advertising), food and materials provided at workshops or seminars, and other activities directly related to course preparation and implementation.
53. “Treaty for the Establishment of the East African Community” means the Treaty for the Establishment of the East African Community (1999) (as amended on 14th December 2006 and 20th August 2007), and any Annexes and Protocols thereto.