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**GRANT NUMBER E310-SO**

# **Financing Agreement**

**(Somali Sustainable Fisheries Development – “Badmaal” - Project)**

**between**

**FEDERAL REPUBLIC OF SOMALIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF SOMALIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

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 thirty-seven million seven hundred thousand Special Drawing Rights (SDR 37,700,000) (“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 objective of the Project. To this end, the Recipient shall carry out the Project through the Federal Ministry of Fisheries and Blue Economy (MFBE), in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

### **ARTICLE IV – REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, the Member Country's Fisheries Legal Framework has been amended, suspended, abrogated, repealed, or waived in a manner that: (a) makes it inconsistent with article 73 of the United Nations Convention on the Law of the Sea; or (b) makes it impossible to achieve – whether wholly or in part – the objective of the Project.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and adopted the Project Operations Manual, in form and substance satisfactory to the Association; and
  - (b) the PROBLUE Grant Agreement has been duly executed and delivered, and all conditions precedent to its effectiveness, or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement), have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. 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 years after the Signature Date.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 6.02. 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:

Email: [info@mof.gov.so](mailto:info@mof.gov.so)

6.03. 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:

Facsimile:

248423 (MCI)

1-202-477-6391

AGREED as of the Signature Date.

**FEDERAL REPUBLIC OF SOMALIA**

**By**

*H.E. Bihi Iman Egeh*

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**Authorized Representative**

**Name:** H.E. Bihi Iman Egeh

**Title:** Minister of Finance

**Date:** 22-Jun-2024

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Keith E. Hansen*

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**Authorized Representative**

**Name:** Keith E. Hansen

**Title:** Country Director

**Date:** 20-Jun-2024

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the capacity of targeted communities and authorities to benefit from and effectively manage selected fisheries.

The Project consists of the following parts:

#### **Part 1: Increasing the Capacity of Dependent Communities to Benefit from Sustainable Marine Fisheries**

- 1.1. *Climate-resilient fisheries infrastructure*
  - (a) identification, planning, and construction of climate-resilient and gender-responsive small-scale fishing infrastructure at selected sites, including (i) preparation of feasibility studies, technical designs, and infrastructure management/business plans; and (ii) acquisition or construction of such infrastructure and related facilities including, inter alia, cold stores, ice-production facilities, storage facilities, jetties, local markets, and processing facilities; and
  - (b) carrying out a capacity building program for the management, operation, and maintenance of the fishing infrastructure, including financial sustainability.
- 1.2. *Improving fishing, handling, processing, and marketing techniques to enhance quality and value-addition in fish value chains*
  - (a) (i) screening and assessment of various fish value chains in selected communities; and (ii) formulation of climate-resilient improvement plans for selected fish value chains that support fisheries at selected infrastructure sites;
  - (b) (i) strengthening or establishment of sectoral organizations, including cooperatives and associations, and (ii) supporting women to transition into leadership roles through capacity building activities and mentoring;
  - (c) supporting fishers, processors, and related businesses in selected sites, to transition to improved fishing and processing practices including better safety-at-sea and labor conditions, through the provision of, inter alia, new low-carbon technologies and equipment (to make the practices climate informed), training, and advisory services; and

- (d) promotion and marketing of seafood products, based on fish value chain improvement plans and market studies, in consultation with potential beneficiaries.

## **Part 2: Strengthening Marine Fisheries Governance and Management**

### *2.1. Laying a foundation for effective, transparent, and equitable fisheries resource governance and management*

- (a) providing: (i) technical assistance and operational support to the Fisheries Management and Development Council and its meetings, and (ii) legal and technical support to the Recipient and FMS fisheries ministries to develop harmonized legal and regulatory frameworks for implementation of the Law of Fisheries Management and Development of Somalia and supporting sustainable development of the sector, including the finalization and adoption of the fisheries policy, revisions to the FMS fisheries laws for harmonization with the Law of Fisheries Management and Development of Somalia, and adoption of regulations pursuant to the Law of Fisheries Management and Development of Somalia including on licensing, and Monitoring, Control and Surveillance by FMS;
- (b) preparation and initial implementation of ecosystem-based, climate-informed management plans, in a fully consultative and participatory manner;
- (c) establishing a national system for fisher and vessels registration, to help formalize, and enable transparency and investments in the sector; and
- (d) establishing a Fisheries Co-management System in selected communities benefiting from investments under Part 1 of the Project, including development, adoption, and implementation of specific co-management agreements, supporting co-management committee activities, and capacity building activities.

### *2.2. Developing a comprehensive Monitoring, Control and Surveillance (MCS) system to fight Illegal, Unreported, and Unregulated fishing in Somali waters.*

- (a) supporting the implementation of the MCS Strategy; and
- (b) supporting the: (i) Recipient's offshore patrols at sea in the Exclusive and Economic Zone (EEZ), including the chartering of patrol vessels, and capacity building in inspection and risk assessment; (ii) FMS inshore coastal surveillance in territorial waters, including the provision of energy efficient equipment, such as small patrol boats for fisheries enforcement.

2.3. *Fisheries Statistics and Stock Assessments*

Development and deployment, and institutionalization of, tools and systems to generate, analyze and disseminate information essential for effective fisheries management, including: (i) the development and implementation of a national harmonized and decentralized system for the collection of fish catch statistics and related data by the Recipient and FMS, universities and community members; (ii) provision of technical assistance and capacity-building to relevant stakeholders to determine the state of selected stocks, (iii) design of an integrated fisheries information management system, accessible by relevant agencies of the Recipient and FMS, to collect, store and analyze fisheries related data to inform the management of targeted fish stocks.

2.4. *Strategic studies on fisheries development and blue economy*

Carrying out a set of analytical and strategic studies for the Recipient's long-term development of the fisheries sector and the broader blue economy.

**Part 3: Project Management, Monitoring and Evaluation**

Carrying out Project implementation through, inter alia, the provision of equipment, technical assistance, training, and incremental Operating Costs to MFBE to strengthen its capacity to manage, implement, and monitor Project activities, including staffing and operationalizing the Project Management Unit (PMU); establishing adequate financial and procurement management systems; implementing an overall communication plan and grievance redress mechanism; monitoring and evaluation (M&E); preparing and implementing specific environmental and social risks management instruments based on the Environmental and Social Management Framework; coordinating with other relevant ministries and the private sector; and disseminating at the regional level, knowledge and experience related to fisheries management gained through the Project .



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall vest all responsibilities for Project implementation (except for ~~fund~~ transactions handled by the EAFS Unit pursuant to the COAP Manual) in MFBE, in coordination with - and with the assistance of - the Federal Member States (FMS). To this end, the Recipient shall:
  - (a) designate by no later than one month after the Effective Date, and thereafter maintain throughout the period of Project implementation, the Director-General Technical Working Group (DG-TWG) to serve as the Project steering committee, with composition, terms of reference and resources satisfactory to the Association (the "Project Steering Committee" or "PSC"), which shall be: (i) chaired by the director general of the MFBE, and comprised among others, of the directors-general of fisheries of the FMS and Benadir Regional Administration (BRA); and (ii) vested with such powers, functions and competencies, acceptable to the Association as further detailed in the Project Operations Manual, as shall be required to, inter alia: (A) provide policy direction and guidance to the PMU for the implementation of the Project; and (B) review and approve the Annual Work Plans and Budgets and Project Reports;
  - (b) maintain within the MFBE, throughout the period of Project implementation, the Project management unit with composition, terms of reference and resources satisfactory to the Association (the "Project Management Unit" or "PMU"), which shall be: (i) led by a national Project coordinator, and assisted by competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, as further detailed in the Project Operations Manual, such staff to include an environmental specialist, a social development specialist, a procurement specialist, a financial management specialist, marine biodiversity specialist (on need basis), GBV consultant, a monitoring and evaluation specialist, and a communication specialist (on need basis); and (ii) vested with such powers, financial resources, functions and competencies, acceptable to the Association and set forth in the Project Operations Manual, as shall be required to: (A) coordinate all activities under the Project among various stakeholders; (B) carry out the day-to-day implementation and monitoring of the Project including procurement

and contract management, financial management, budgeting and planning, environmental and social risks management and monitoring - including compliance with the ESCP and establishing and operating grievance redress mechanism; (C) prepare the Annual Work Plan and Budget and submitting them for approval to the Project Steering Committee; and (D) serving as secretariat for the Project Steering Committee;

- (c) maintain, throughout the period of implementation of the Project, the EAFS Unit, established within MoF's Office of Accountant General, with competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, and vested with such powers, resources, functions and competencies, acceptable to the Association and set forth in the COAP Manual, necessary to assist the PMU with the day-to-day financial management and fiduciary responsibilities under the Project, including carrying out the internal audit controls, preparing the interim financial reports, preparing the Project's financial statement and coordinating their external audit.

2. Prior to implementing any activities under the Project in, or for the benefit of, any Federal Member State, the Recipient shall cause that Federal Member State to:

- (a) enter into a subsidiary agreement in accordance with Sub-section I.B.1 of Schedule 2; and
- (b) establish within the respective FMS ministries of fishery, and thereafter maintain throughout the period of Project implementation, a state Project implementation unit, with composition, terms of reference and resources satisfactory to the Association (the "Project Implementation Unit" or "PIU"), which shall: (i) be headed by a state coordinator, assisted by competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, as set forth in the Project Operations Manual; and (ii) vested with such powers and competencies, acceptable to the Association and set forth in the Project Operations Manual, as shall be required to carry out the coordination and implementation of Project activities in the respective FMS, and as further elaborated in the Project Operations Manual.

**B. Arrangements between the Recipient and the Federal Member States**

1. For purposes of carrying out the Project, and prior to the provision of any funds for any activities implemented under the Project in/for the benefit of any

Federal Member State, the Recipient shall enter into an agreement with such Federal Member State (the "Subsidiary Agreement"), under terms and conditions acceptable to the Association, setting forth the obligations and responsibilities of the parties thereto (i.e. the Recipient and the Federal Member State) in the implementation of the Project, in accordance with this Agreement, the ESCP and the Project Operations Manual, which shall include:

- (a) the obligation of the FMS to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project or performance of its responsibilities under the Project;
  - (b) the form and specifications of licenses that could be issued by the FMS pursuant to the Law of Fisheries Management and Development of Somalia;
  - (c) the right of the Recipient to suspend flow of funds to/for the benefit of the FMS if it fails to comply with the sub-paragraph (b) immediately above or such other provisions of the Law of Fisheries Management and Development of Somalia, as might have been reflected in the said Subsidiary Agreement.
2. The Recipient shall exercise its right under the pertinent Subsidiary Agreement(s) in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
  3. The Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, whether in whole or in part, any of the terms of the Subsidiary Agreement, without the prior written consent of the Association.
  4. Further to the provisions of sub-paragraphs (1) and (2) immediately above, and for avoidance of any doubts, the Recipient shall ensure that no funds shall be transferred, advanced, applied, or paid out of the Financing for activities implemented in relation to, or for the benefit of, any particular Federal Member State, until and unless such Federal Member State has duly entered into a Subsidiary Agreement to that end. Any funds so transferred, advanced and/or paid, shall be deemed ineligible under this Financing.
  5. In the event of any conflict between the provisions of any Subsidiary Agreement and those of this Agreement, the latter shall prevail.

**C. Project Operations Manual /COAP Manual**

1. The Recipient shall:
  - (a) prepare a Project operations manual, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including inter alia: (i) institutional arrangements including delineation of roles and responsibilities of various entities, institutions and agencies involved in Project implementation and their coordination and inter-relationships including reporting and accountabilities lines for implementation units and Project staff; (ii) disbursement arrangements, reporting requirements, financial management procedures and audit procedures (ancillary to those of the COAP Manual); (iii) the procurement procedures, standard procurement documentation, contracts administration and management procedures; (iv) measures to mitigate fraud and corruption as well as other fiduciary risks; (v) environmental and social risks mitigation measures (ancillary to those of the ESCP) including measures to address risk of gender based violence, sexual exploitation and abuse, sexual harassment, as well as operation of grievance redress mechanism; (vi) arrangements to address community health, safety and security risks and impacts - including measures to avoid or minimize the transmission of communicable diseases, as well as measures to mitigate data/ privacy risks under the Project; (vii) procedures for preparing and reviewing a consolidated annual work plan and budget for each Fiscal Year; (viii) monitoring and evaluation arrangements, reporting and communication, including the Project's performance indicators and results framework; (ix) criteria for selecting Project sites, investments, and beneficiaries; and (x) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; and
  - (b) (i) furnish to and exchange views with the Association on such manual promptly upon its preparation; (ii) adopt such manual as shall have been approved by the Association ("Project Operations Manual" or "POM"); and (iii) thereafter implement, and cause the FMS, to implement the Project, in accordance with the POM.
2. The Recipient shall implement, and cause the FMS, to carry out its Respective Activities under the Project, in accordance with the COAP Manual, prepared and adopted by the EAFS Unit, in a manner and substance satisfactory to the Association.
3. The Recipient shall refrain from materially and/or amending, revising,

waiving, voiding, suspending or abrogating, any provision of the POM and/or COAP Manual, whether in whole or in part, without the prior written concurrence of the Association.

4. In the event of any conflict between the provisions of: (a) the Project Operations Manual or the COAP Manual; and (b) those of this Agreement, the provisions of this Agreement shall prevail.

**D. Monitoring, Control and Surveillance under Part 2.2 of the Project**

1. The Recipient shall ensure that all activities under Part 2.2. of the Project are carried out in a manner consistent with article 73 of UNCLOS and do not support military expenditures.
2. Without limitation to paragraph 1 above and to facilitate the effective implementation of the monitoring, control, and surveillance of its coastal fisheries under Part 2.2. of the Project in a manner designed to achieve the objectives of the Project, the Recipient shall ensure that all goods, works, services and Incremental Operating Costs financed by the Association for fisheries enforcement activities shall be used exclusively by civilian authorities for the sole purpose of enforcing the fisheries laws and regulations and shall not be used for any military purpose, or for enforcement of other (non-fisheries) laws, or for any criminal investigation, prosecution, or proceedings nor shall Association's financing be used to purchase arms or ammunition or to train any personnel in the use of arms or ammunition.
3. The Recipient shall ensure that each surveillance mission carried out by the Recipient shall be governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, which shall include, that:
  - (i) the mission is a fisheries-priority focused mission, and all tasks are duly recorded and documented prior and subsequent to the mission;
  - (ii) memoranda of understanding in a form and substance acceptable to the Association are concluded between the agencies involved in the surveillance operations, including both the Recipient governmental agencies and any civilian contractors involved;
  - (iii) the accounts of the entities receiving or benefiting from the Association funds are maintained in a manner enabling effective and verifiable compliance with the protocols;
  - (iv) the mission is conducted by personnel who have been properly trained in the operation of any equipment used in the surveillance patrol;

- (v) the mission is under the control of an authorized fisheries officer, but subject to the overarching authority of the master of the vessel, in particular with respect to safety and emergency response.
4. The Recipient shall ensure that upon the Association's request, all Monitoring, Control, and Surveillance activities carried out under the Project, are audited by an independent expert or an independent panel of experts, as the Association may deem necessary, whose qualifications, experience and terms of reference are satisfactory to the Association. To this end, the Recipient shall take all measures required on its part, including provision of all information required and access to all relevant sites, to enable the independent expert or panel of experts to conduct the required audits.

**E. Annual Work Plan and Budget**

The Recipient shall:

- (a) prepare and furnish to the Association on an annual basis, by no later than October 31 of each year, the annual work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year, and a proposed financing plan (setting forth the proposed amounts and sources of financing) for expenditures required for such activities; provided that the Annual Work Plan and Budget for the first year of Project implementation shall be prepared and furnished to the Association, not later than one (1) month after the Effective Date;
- (b) afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget, have the Project Steering Committee adopt the work plan and budget before the end of the same calendar year the plan and budget was prepared, and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget");
- (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

**F. Environmental and Social Standards**

1. The Recipient shall 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 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 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 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 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 ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, 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.

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

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. No later than thirty (30) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. To this end, the Recipient shall prepare - under terms of reference satisfactory to the Association - and furnish to the Association not later than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, measures recommended to ensure the efficient completion of the Project and the achievement of the objective as well as any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

## **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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Part 1 of the Project	19,392,090	100%
(2) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Part 2.1 of the Project	8,309,080	75%
(3) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Part 2.3 of the Project	0	N/A
(4) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Parts 2.2, 2.4, and 3 of the Project	8,968,830	100%
(5) Refund of Preparation Advance	1,030,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>37,700,000</b>	

**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; or
  - (b) under Categories (1), (2) and (3) unless and until the Recipient has: (i) prepared, consulted upon, adopted and publicly disclosed the Environmental and Social Management Framework (including the Labor

Management Procedures and the SEA/SH Prevention and Response Action Plan), Resettlement Policy Framework, Security Management Framework, Sectoral Environmental and Social Impact Assessment, and template Environmental and Social Management Plans, in form and substance satisfactory to the Association; and (ii) established an accessible grievance mechanism for the Project, in form and substance satisfactory to the Association.

2. The Closing Date is June 30, 2030.

#### **Section IV. Other Undertakings**

##### **A. Ineligibility of Expenditures Used for Law-Enforcement, Military or Paramilitary Purposes**

1. All amounts withdrawn from the Financing Account shall be used by the Recipient exclusively for the financing of activities agreed with the Association.
2. The Recipient further undertakes that no Financing proceeds or Project resources may be used for law-enforcement, military, or paramilitary purposes or for any payments made to any law-enforcement, security, military, or paramilitary forces without the Association's express approval.
3. If the Association determines, at any time, that an amount of the Financing was used to make a payment for either: (i) ineligible expenditures; or (ii) eventually used for military or paramilitary purposes (other than those consented by the Association under this Financing Agreement), the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such expenditures financed out of the proceeds of the Financing provided by the Association. All amounts so refunded to the Association pursuant to the abovementioned request will be subsequently cancelled.

##### **B. Exclusion of Implementation in Specific Areas**

Notwithstanding the provisions of Schedule 1 to this Agreement, the Recipient shall ensure that no activities under the Project shall be carried out in the maritime area south of the parallel 1° 39' 44.0" S and in the maritime area northwest of the line defined in the list of coordinates delineated in the POM.

## **APPENDIX**

### **Definitions**

1. “Annual Work Plan and Budget” means the yearly work plan and budget to be prepared, approved and implemented by the Recipient pursuant to Section I.E. of Schedule 2 to this Agreement as further elaborated in the POM; and “Annual Work Plans and Budgets” refer to more than one of such work plans.
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. “Benadir Regional Administration” and the term “BRA” means the regional administration in charge of the city of Mogadishu, established pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “COAP Manual” means the comprehensive operation and accounting procedures manual dated December 1, 2018, adopted by the EAFS Unit, MoF Office of the Accountant General, as amended from time to time with the prior written concurrence of the Association.
6. “Director-General Technical Working Group” or “DG-TWG” means the working group within the MFBE, referred to in Section I.A.1(a) of Schedule 2 to this Agreement, which will serve as the Project Steering Committee.
7. “EAFS Unit” means the Recipient’s external assistance fiduciary section unit - referred to in Section I.A.1(c) of Schedule 2 to this Agreement - established within MoF’s Office of the Accountant General, to carry out the overall financial management in respect of the external developmental assistance including proceeds received from the Association.
8. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 12, 2024, 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.

9. “Environmental and Social Management Framework” or “ESMF” means the environmental and social framework to be prepared, consulted upon, adopted and publicly disclosed by the Recipient in a manner and substance satisfactory to the Association pursuant to the ESCP, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities in accordance with the ESSs, including the risks of gender-based violence, and occupational, health and safety hazards, as well as the measures to be taken to offset, reduce or mitigate such adverse impacts, and the protocols and procedures for preparing site-/activity-specific environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written concurrence of the Association.
10. “Environmental and Social Management Plans” means the set of mitigation, monitoring and institutional measures to be taken during the design, construction and operation stages of the Project to eliminate adverse environmental and social impacts, to offset them, or to reduce them to acceptable levels.
11. “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.
12. “Exclusive and Economic Zone” or “EEZ” means the maritime zone adjacent to the Recipient’s territorial sea, extending to a distance of 200 nautical miles from the baselines from which the breadth of the Recipient’s territorial sea is measured, which has the rights, jurisdictions and freedoms described in the Proclamation by the President of the Federal Republic of Somalia dated June 30, 2014.
13. “Federal Member States” and the acronym “FMSs” mean the states of Puntland, Southwest, Galmudug, Hirshabelle, Jubaland and Banadir - which are members of the Somali federation, as acknowledged in the Recipient’s Provisional Constitution (2012) and - which will participate in the implementation of the Project and have

agreed to sign a Subsidiary Agreement; “Federal Member State” refers to one of those states.

14. “Federal Ministry of Fisheries and Blue Economy” or “MFBE” means the Recipient’s ministry responsible for fisheries or any successor thereto.
15. “Fiscal Year” means the Recipient’s fiscal year commencing on January 1 of each calendar year and finishing on December 31 of the same calendar year.
16. “Fisheries Co-management System” means an arrangement that may be established by written agreement in accordance with the Law of Fisheries Management and Development of Somalia for the purpose of exercising rights and responsibilities within a designated area for the conservation, management, development and sustainable use of artisanal fisheries, in accordance with a framework and guidelines for co-management that may be agreed between the Federal Member States and the Ministry.
17. “Fisheries Management and Development Council” means the council established pursuant to section 11 of Law of Fisheries Management and Development of Somalia.
18. “GBV” means gender-based violence.
19. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
20. “Incremental Operating Costs” means reasonable incremental Project-related costs incurred by the Recipient (and Federal Member States) on account of the implementation of the Project, including office equipment and supplies, vehicle operation and maintenance, office maintenance including small office works, communication, advertisement, office administration costs, rental, in-country travel costs, and salaries of Project staff excluding the salaries of the Recipient’s or FMS civil servants.
21. “Labor Management Procedures” means the labor management procedures to be prepared, consulted upon, adopted and publicly disclosed by the Recipient in a manner and substance satisfactory to the Association, pursuant to the ESCP, setting out the Project’s approach and requirements to labor in meeting national requirements as well as the objectives of ESS #2 (on labor and working conditions and ESS #4 (on community health and safety), including procedures on incident investigation and reporting, recording and reporting of non-compliance, emergency preparedness and response procedures, protection of project workers from discrimination, forced labor and child labor, occupational health and safety, codes of conducts and continuous training and awareness for workers, as said

instrument may be updated from time to time with the prior written concurrence of the Association.

22. “Law of Fisheries Management and Development of Somalia” means the Recipient’s law No. 008 of 2023, providing for inter alia, the long-term conservation, management and development of fisheries and aquaculture resources in Somalia.
23. “Member Country’s Fisheries Legal Framework” means the Recipient’s laws, regulations and policies governing the exploration, exploitation, conservation, and management of marine living resources including the Law of Fisheries Management and Development of Somalia.
24. “Mid-Term Review” means the review to be carried out in accordance with Section II. (2) of Schedule 2 to this Agreement.
25. “Ministry of Finance” or “MoF” means the Recipient’s ministry responsible for finance or any successor thereto.
26. “Monitoring, Control and Surveillance” or “MCS” means the amalgamation of activities comprising of: (a) *monitoring* which involves collection, measurement and analysis of fishing activity data including on catch, species, fishing effort, bycatch, discards and area of operations; (b) *control* which involves (i) the specification of the terms and conditions under which fisheries resources can be harvested within the legal framework, which comprises national, international, and regional legal instruments; (ii) application of the legal framework; and (c) *surveillance* involves the supervision of fishing activities to ensure that national legislation, terms and conditions of access, as well as specified management measures are observed.
27. “MCS Strategy” means the Recipient’s strategy developed to promote sustainable fisheries management, including investments in (i) the development and implementation of a national plan of action to prevent, deter and eliminate illegal, unreported and unregulated Fishing , (ii) the upgrading and decentralization of the fisheries monitoring center with equipment, services, technical assistance, standard operating procedures (SOPs) including SOPs for satellite monitoring (iii) boarding and inspection of vessels, (iv) fisheries observers, (v) evidence chain-of-custody, and, (vi) associated training.
28. “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 and Recipient on July 28, 2023.

29. “PROBLUE Grant Agreement” means the grant agreement for the Project between the Recipient and the International Bank for Reconstruction and Development and International Development Association, both acting as administrator of the Global Program for the Blue Economy Multi-Donor Trust Fund, dated the same date as this Agreement, as such agreement may be amended from time to time.
30. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
31. “Project Implementation Units” or “PIUs” means the units to be established by each FMS that will be implementing the Project; and Project Implementation Unit means one of those unit.
32. “Project Management Unit” means the unit established within the MFBE, referenced in Section I.A.1(b) of Schedule 2 to this Agreement.
33. “Project Operations Manual” or “POM” means the manual referred to in Section I.C.1 (b) of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written approval of the Association.
34. “Project Steering Committee” means the steering committee designated pursuant to Section I.A.1(a) of Schedule 2 to this Agreement and in conformity with the provision of the Project Operations Manual
35. “Resettlement Policy Framework” means the framework to be prepared, consulted upon, adopted, and publicly disclosed by Recipient outlining guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to displaced persons as said framework may be amended from time to time with the prior approval of the Association.
36. “SEA” means sexual exploitation and abuse.
37. “SEA/SH Prevention and Response Action Plan” means the plan to be prepared, consulted upon, adopted, and publicly disclosed by the Recipient, in a manner and substance satisfactory to the Association, pursuant to the ESCP, for assessing and managing the risks of SEA and SH, as such instrument may be updated from time to time with the prior written concurrence of the Association.
38. “Security Management Framework” means the framework to be prepared, consulted upon, and adopted, by the Recipient, in a manner and substance satisfactory to the Association, pursuant to the ESCP, setting out measures to ensure that the use of security personnel in the project does not result in adverse consequences to the community health and safety, including in

matters relating to SEAH, as such instrument may be updated from time to time with the prior written concurrence of the Association.

39. “SH” means sexual harassment.
40. “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.
41. “Subsidiary Agreement” mean each of the agreements to be entered into between the Recipient and an FMS, implementing and/or benefiting from Project activities, pursuant to the provisions of Section I.B.1 of Schedule 2 to this Agreement and in conformity with the provisions of the Project Operations Manual.
42. “Training” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient, or, subject to prior approval by the Association, attended abroad by the Recipient’s or Federal Member States’ officials and staff in connection with the Project, including the purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainees.
43. “United Nations Convention on the Law of the Sea” or “UNCLOS” means the international agreement that establishes a legal framework for all marine and maritime activities, adopted in 1982.