
GRANT NUMBER E0520-SO

Financing Agreement

(Somalia Urban Resilience Project II – Additional Financing)

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E0520-SO

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 fourteen million nine hundred thousand Special Drawing Rights (SDR 14,900,000) (“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: (a) carry out Parts A.1; A.2; B, C (partially) and D of the Project, and (b) cause Parts A.3 and C (partially) of the Project to be carried out as follows: (i) Parts A.3.(a) and C by the Benadir Regional Administration (“BRA”); (ii) Parts A.3.(b) and C by Puntland; (iii) Parts A.3.(c) and C by Jubbaland; (iv) Parts A.3.(d) and C by the SW State; (v) Parts A.3.(e)

- 3.02. And C by Galmudug; and (vi) Parts A.3(f) and C by Hirshabelle, all 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 Condition of Effectiveness consists of the following, namely, that the SMPF Grant Agreement has been 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:
- 4.02. The Effectiveness Deadline is the date 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 the Recipient's federal minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions, the Recipient's address is:

Ministry of Finance
Corso Somalia Street
Shangani District
Mogadishu, Somalia; and

- 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:

Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF SOMALIA

By

Keith E. Hansen

Authorized Representative

Name: Keith E. Hansen

Title: Country Director

Date: 23-Jun-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

H.E. Abdirahman Duale Beileh

Authorized Representative

Name: H.E. Abdirahman Duale Beileh

Title: Minister

Date: 23-Jun-2022

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen public service delivery capacity of local governments, increase access to climate-resilient urban infrastructure and services, and to provide immediate and effective response to an eligible crisis or emergency in selected areas.

The Project consists of the following parts:

Part A: Urban Infrastructure and Services

1. Carrying out preparatory activities including, feasibility studies, engineering designs, safeguard instruments, and related analytical work required for infrastructure investment in BRA, Garowe Municipality, Kismayo Municipality and Baidoa Municipality.
2. Carrying out preparatory activities and provision of services in Eligible Municipalities, including: (a) technical studies, engineering designs and bidding documents for priority investments, (b) preparing and/or updating any environmental and social documents required under the ESF, and conducting environment and social due diligence; (c) institutional assessments of implementing agencies and relevant analytical work; and (d) recruiting key PIU staff, and provision of training to PIU staff of the Eligible Municipalities.
3. Supporting city specific infrastructure development in particular:
 - (a) Benadir Regional Administration

Carrying out construction and upgrading of selected urban and interconnectivity roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including: (i) construction of selected community roads; and (ii) rehabilitation and construction of part of an identified drainage under the Drainage Masterplan.

(b) Garowe Municipality, Puntland

Carrying out construction and upgrading of selected urban roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including construction of urban roads and a hospital bridge.

(c) Kismayo Municipality, Jubbaland

Carrying out construction and upgrading of selected urban roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including construction of urban and interconnectivity roads.

(d) Baidoa Municipality, SW State

Carrying out construction and upgrading of selected urban roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including construction of urban and interconnectivity roads.

(e) Dhusamareb Municipality, Galmudug

Carrying out construction and upgrading of selected urban roads, community (tertiary) roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including construction of urban and interconnectivity roads.

(f) Beledweyne Municipality, Hirshabelle

Carrying out construction and upgrading of selected urban roads, community (tertiary) roads, drainage, pedestrian walkways, bridges, streetlighting, public markets, green spaces, and other priority urban infrastructure, as well as provision of technical advisory services for engineering supervision of the civil works contracts including construction of urban and interconnectivity roads.

Part B: Institutional Strengthening and Analytics

1. Provision of technical advisory services to selected Municipalities to, *inter alia*, conduct technical and related studies on informal settlements.
2. Provision of technical advisory services to selected Municipalities on operation and maintenance of road assets, particularly on technical and financial aspects.
3. Provision of technical advisory services to selected Municipalities on subnational governance and service delivery with a focus on solid waste management.

Part C: Project Management and Capacity Building

Strengthening capacity for Project implementation and management, *inter alia*: (a) fiduciary aspects (i.e. procurement and financial management), environmental and social standards, communication, monitoring and evaluation, and reporting; (b) recruitment of PCU and PIU staff; and (c) provision of training to PCU, PIUs and relevant municipal staff.

Part D: Contingent Emergency Response

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

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. **Institutional Arrangements.**

1. Federal Ministry of Finance

The Federal Ministry of Finance shall be responsible for overall oversight of the Project.

2. Federal Steering Committee

(a) The Recipient shall maintain at all times during the implementation of the Project, the federal inter-ministerial Steering Committee with institutional structure, functions and powers, satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph 2(a) immediately above, the Steering Committee shall be responsible for providing strategic guidance to the Project and deciding on the funding allocations across Municipalities.

3. Project Coordination Unit (PCU)

(a) The Recipient shall maintain at all times during the implementation of the Project, the Project Coordination Unit within the MoPW with the composition, mandate, and resources satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph 3(a) immediately above, the PCU will be responsible for implementation of Parts A.1, A.2, B and C, and providing technical support and guidance to the municipalities as needed.

4. Participating FMS' Implementation Units

(a) Benadir Regional Administration

The Recipient shall, for the purpose of Parts A.3.(a) and C of the Project, maintain throughout Project implementation the BRA with institutional structure, functions and powers, satisfactory to the Association, and shall cause the BRA to:

- (i) maintain, throughout the Project implementation period the BRA-PIU, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;
- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(a) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(a).(i) and (ii) above, cause BRA to maintain throughout the period of Project implementation the services of the engineer consultant hired pursuant to paragraph 4.(a).(iii) of Section I.A in Schedule 2 to the Original Financing Agreement.

(b) Garowe Municipality, Puntland

The Recipient shall, for the purpose of Parts A.3.(b) and C of the Project, take all required action to ensure that the Puntland maintains the Garowe Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause Puntland to:

- (i) maintain, throughout the Project implementation period the Garowe-PIU within the Garowe Municipality, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;
- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(b) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(b).(i) and (ii) above, cause the Garowe Municipality to maintain throughout the period of Project implementation the services of

the engineer hired pursuant to paragraph 4.(b).(iii) of Section I.A in Schedule 2 to the Original Financing Agreement.

(c) Kismayo Municipality, Jubbaland

The Recipient shall, for the purpose of Parts A.3.(c) and C of the Project, take all required action to ensure that Jubbaland maintains the Kismayo Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause Jubbaland to:

- (i) maintain, throughout the Project implementation period the Kismayo-PIU within the Kismayo Municipality, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;
- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(c) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(c).(i) and (ii) above, cause the Kismayo Municipality to maintain throughout the period of Project implementation the services of the engineer hired pursuant to paragraph 4.(c).(iii) of Section I.A in Schedule 2 to the Original Financing Agreement.

(d) Baidoa Municipality, SW State

The Recipient shall, for the purpose of Parts A.3.(d) and C of the Project, take all required action to ensure that the SW State maintains the Baidoa Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause the SW State to:

- (i) maintain, throughout the Project implementation period the Baidoa-PIU within the Baidoa Municipality, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;

- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(d) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(d).(i) and (ii) above, cause the Baidoa Municipality to maintain throughout the period of Project implementation the services of the engineer hired pursuant to paragraph 4.(d).(iii) of Section I.A in Schedule 2 to the Original Financing Agreement.

(e) Dhusamareb Municipality, Galmudug

The Recipient shall, for the purpose of Parts A.3.(e) and C of the Project, take all required action to ensure that Galmudug maintains the Dhusamareb Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause Galmudug to:

- (i) maintain, throughout the Project implementation period the Dhusamareb-PIU within the Dhusamareb Municipality, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;
- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(e) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(e).(i) and (ii) above, cause the Dhusamareb Municipality to maintain throughout the period of Project implementation, an engineer with qualification and experience and under terms of reference satisfactory to the Association.

(f) Beledweyne Municipality, Hirshabelle

The Recipient shall, for the purpose of Parts A.3.(f) and C of the Project, take all required action to ensure that Hirshabelle maintains the Beledweyne Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause the Hirshabelle to:

- (i) maintain, throughout the Project implementation period the Beledweyne-PIU within the Beledweyne Municipality, with institutional framework, resources, terms of reference and staffing satisfactory to the Association, including a project coordinator, a financial management specialist and a procurement specialist, environmental and social safeguard specialists, monitoring and evaluation specialist and an engineer, all with qualifications, experience, and terms of reference, satisfactory to the Association;
- (ii) with the prior agreement of the Association, engage such other staff as may be necessary for the implementation of Parts A.3.(f) and C of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the Association; and
- (iii) without limitation upon the provisions of sub-paragraphs 4.(f).(i) and (ii) above, cause the Beledweyne Municipality to, by no later than one hundred and eighty (180) days after the Effective Date of this Agreement, recruit and thereafter maintain throughout the period of Project implementation, an engineer with qualification and experience and under terms of reference satisfactory to the Association.

B. Project Manuals

1. The Recipient shall:
 - (a) by no later than six (6) months after the Effective Date, update the Project Implementation Manual to incorporate: (i) the criteria for the prioritization of urban infrastructure investments, and (ii) the objective formula for the allocation of the proceeds of the Financing among the various Municipalities, all in a manner and substance acceptable to the Association; and
 - (b) thereafter carry out and cause each Participating FMS and their respective Municipalities to carry out, Parts A, B, and C of the Project in accordance with the said updated Project Implementation Manual, as well as the Comprehensive Operation and Accounting Procedures Manual (“COAP Manual”).
2. The Recipient shall ensure that the neither the Project Implementation Manual nor COAP Manual is amended, suspended, repealed or abrogated without the prior written approval of the Association.

3. In the event of any conflict between the provisions of the Project Implementation Manual or the COAP Manual, on the one side, and those of this Agreement, on the other side, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budget

1. The Recipient shall, not later than November 30 of each year prepare and furnish to the Association, a consolidated annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
2. The Recipient shall exchange views with the Association on each such proposed consolidated annual work plan and, shall, and shall cause each Participating FMS to, thereafter adopt and carry out such respective program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association (“Annual Work Plan and Budget”).

D. Subsidiary Agreements

1. To facilitate the carrying out of Parts A.(3) and C of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (2) of the table set forth in Section III.1 of this Schedule available to each Participating FMS, on grant terms, under the respective subsidiary agreement between the Recipient and each such Participating FMS, each such subsidiary to shall be entered under terms and conditions approved by the Association, (“Subsidiary Agreements”).
2. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not, and shall either permit the Participating FMS to, assign, amend, abrogate or waive any Subsidiary Agreement or any of its provisions
3. In the event of any inconsistencies between the provisions of any Subsidiary Agreement and those of this Agreement, the latter shall prevail.

E. Environmental and Social Standards.

1. The Recipient shall, and shall cause the Participating FMS 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 the Participating FMS 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 the Participating FMS 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. Without limitation upon the provisions of paragraph 2 above, if ninety (90) days prior to the Closing Date, the Association determines that there are measures and/or actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall, and/or shall cause the Participating FMS responsible for those measures and/or actions to:
 - (a) by not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and/or actions, including a timetable and budget allocation for such measures and/or actions (which action plan shall be deemed to be considered an amendment of the ESCP); and
 - (b) thereafter, carry out the said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall, and shall cause the Participating FMS 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.
6. The Recipient shall, and shall cause the Participating FMS 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.
7. The Recipient shall, and shall cause the Participating FMS to, 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.

F. Contingent Emergency Response

1. To ensure the proper implementation of the contingent emergency response activities under Part D of the Project (“Contingent Emergency Response Part”), the Recipient shall:
- (a) prepare and furnish to the Association for its review and approval, a contingent emergency response manual (“CER Manual”) which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing Part D of the Project; (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 Emergency Expenditures; (vi) environmental and social

risk management arrangements and instruments for the Contingent Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Contingent Emergency Response Part;

- (b) afford the Association a reasonable opportunity to review said proposed CER Manual;
 - (c) promptly adopt the CER Manual for the Contingent Emergency Response Part as shall have been approved by the Association;
 - (d) ensure that the Contingent Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without prior written approval by the Association.
2. The Recipient shall, throughout the implementation of the Contingent Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.
3. The Recipient shall undertake no activities under the Contingent Emergency Response Part unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured that: (i) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CER Manual and the ESCP, and in form and substance acceptable to the Association; and (ii) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.

4. The Recipient shall procure the Emergency Expenditures required for the Contingent Emergency Response Part of the Project in accordance with the procurement methods and procedures set forth in the CER Manual.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

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 finance Eligible Expenditures, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training under Part A.1, A.2, B and the Recipient's activities under Part C of the Project	0	100% upon exhaustion and full disbursement of the funds allocated to Categories 1 under the SMPF's grants TF0B1409, TF0B1519 and TF 0B8532 and IDA grant D531-SO, in that order of precedence
(2) Goods, works, non-consulting services, and consulting services, Operating Costs and Training under Part A.3 and the	14,900,000	100% upon exhaustion and full disbursement of the funds allocated to Categories 2 under the SMPF's grants TF0B1409, TF0B1519 and TF 0B8532 and IDA grant

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
Participating FMS' activities under Part C of the Project		D531-SO, in that order of precedence
(3) Emergency Expenditures under Part D of the Project	0	100%
TOTAL AMOUNT	14,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

- (a) for payments made prior to the Signature Date; or
- (b) under Category (3), for Emergency Expenditures under Part D of the Project, unless the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
 - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part and an action plan in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has ensured that all environmental and social instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of Schedule 2 to this Agreement;
 - (iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule 2 to this Agreement, for the purposes of said activities; and

- (iv) the Recipient has adopted the CER Manual in form, substance and manner acceptable to the Association and the provisions of the CER Manual remain, or have been updated in accordance with the provisions of Section I.F of this Schedule 2, so as to be appropriate for the inclusion and implementation of said activities under the Contingent Emergency Response Part.

2. The Closing Date is December 31, 2026.

C. Additional Provision – Eligibility of Participating FMSs Expenditures

Notwithstanding the provisions of Section 2.05 of the General Conditions and Section III.A and B (above) in this Schedule, the Recipient shall ensure that no funds shall be transferred/advanced out of the Financing to any Participating FMS, or paid on behalf of such Participating FMS, out of the Financing prior to such Participating FMS having entered into Subsidiary Agreement with the Recipient. Any funds transferred, advanced and/or paid prior to the signing of the respective Subsidiary Agreement, shall be deemed ineligible for financing under the Financing.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the consolidated plan and budget of the Recipient and each Participating FMS, referred to in 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. “Baidoa Municipality” means the municipality of the city of Baidoa within SW State, established and operating under/pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.
4. “Baidoa-PIU” means the Project implementation unit for Part A.3(d) and C of the Project, referred to in Section I.A.(4)(d)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the Baidoa Municipality.
5. “Beledweyne Municipality” means the municipality of the city of Beledweyne within Hirshabelle, established and operating under/pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.
6. “Beledweyne-PIU” means the Project implementation unit for Part A.3(f) and C of the Project, referred to in Section I.A.(4)(f)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the Beledweyne Municipality.
7. “Benadir Regional Administration” and the terms “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.
8. “BRA-PIU” means the Project implementation unit for Part A.3(a) and C of the Project, referred to in Section I.A.(4)(a)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the city of Mogadishu.
9. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

10. “CER Manual” means the manual referred to in Section I.F.1(a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the Contingent Emergency Response Part in accordance with the provisions of said Section.
11. “Comprehensive Operation and Accounting Procedures Manual” or “COAP Manual” means the comprehensive operation and accounting procedures manual dated December 1, 2018, adopted by the EAFS Unit, of the Office of the Accountant General at the Federal Ministry of Finance, as amended from time to time with the prior written concurrence of the Association.
12. “Contingent Emergency Response Part” means Part D of the Project.
13. “Dhusamareb Municipality” means the municipality of the city of Dhusamareb within Galmudug, established and operating under/pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.
14. “Dhusamareb-PIU” means the Project implementation unit for Part A.3(e) and C of the Project, referred to in Section I.A.(4)(e)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the Dhusamareb Municipality.
15. “Donors” means, collectively, all development partners contributing to the SMPF.
16. “Drainage Masterplan” means the Mogadishu Trunk Drainage Masterplan and Road Interconnectivity Assessment Study which was commissioned by the Bank and prepared by UNOPS for BRA in December 2018.
17. “EAFS Unit” means the Recipient’s external assistance fiduciary section unit established within the Office of the Accountant General of the Federal Ministry of Finance, to carry out the overall financial management in respect of the external developmental assistance including proceeds received from the Association.
18. “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.
19. “Eligible Municipalities” means the Dhusamareb Municipality and the Beledweyne Municipality.
20. “Emergency Expenditures” means any of the eligible expenditures set forth in the CER Manual in accordance with the provisions of Section I.F.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
21. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 4, 2022, 2022, 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.

22. “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.
23. “ESF” means the Association’s environmental and social framework setting forth the ESSs and mandating the preparation of project specific ESCPs and ancillary social and environmental documents.
24. “Federal Member State” and the term “FMS” mean each of the second tiersecond-tier governments acknowledged in Article 48 of the Recipient’s Provisional Constitution of August 1, 2012 (as amended).
25. “Federal Ministry of Finance” means the Recipient’s ministry responsible for finance.
26. “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.
27. “Galmudug” means the Recipient’s Federal Member State of Galmudug.
28. “Garowe Municipality” means the municipality of the city of Garowe within Puntland, established and operating under/pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.

29. “Garowe-PIU” means the Project implementation unit for Part A.3(b) and C of the Project, referred to in Section I.A.(4)(b)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the Garowe Municipality.
30. “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).
31. “Hirshabelle” means the Recipient’s Federal Member State of Hirshabelle.
32. “Jubbaland” means the Recipient’s Federal Member State of Jubbaland.
33. “Kismayo Municipality” means the municipality of the city of Kismayo within Jubbaland, established and operating under/pursuant to Article 48 of the Recipient’s Provisional Constitution of August 1, 2012.
34. “Kismayo-PIU” means the Project implementation unit for Part A.3(c) and C of the Project, referred to in Section I.A.(4)(c)(i) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities within the Kismayo Municipality.
35. “MoPW” means the Recipient’s ministry responsible for public works.
36. “Municipalities” means BRA, Kismayo Municipality, Garowe Municipality and Baidoa Municipality, Dhusamareb Municipality and Beledweyne Municipality.
37. “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans and Budgets approved by the Association, including office supplies, vehicle operation and maintenance, maintenance of office equipment, communication, advertisement and insurance costs, office administration costs, bank charges, translation costs, utilities, rental, consumables, salaries, accommodation, travel and *per diem* of Project staff, but excluding the salaries of the Recipient’s and/or FMS’ civil services.
38. “Original Financing Agreement” means the Financing Agreement, dated December 23, 2019, entered into by and between the Federal Republic of Somalia and the International Development Association for the provision of the IDA Grant D531-SO for financing the Somalia Urban Resilience Project II (as defined in Schedule 1 to such Original Financing Agreement).
39. “Participating FMS” means collectively, BRA, Galmudug, Hirshabelle Jubabland, Puntland and the SW State.

40. “PIU” means each of the Project implementation units of the Participating FMS, namely the BRA-PIU, the Garowe-PIU, the Kismayo-PIU; the Baidoa-PIU, the Dhusamareb-PIU, and the Beledweyne-PIU; and the term “PIUs” means, collectively, all such Project implementation units.
41. “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.
42. “Project Coordination Unit” and the term “PCU” mean the Project coordination unit established by the Recipient within the MoPW pursuant to Section I.A.3 of Schedule 2 to the Original Financing Agreement and referred to in Section I.A.3 of Schedule 2 to this Agreement.
43. “Project Implementation Manual” means the Project implementation manuals adopted by the Recipient and each Participating FMS pursuant to Section I.B.1 of Schedule 2 to the Original Financing Agreement, as said manual may be amended from time to time with the prior written agreement of the Association.
44. “Puntland” means Recipient’s Federal Member State of Puntland.
45. “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.
46. “SMPF Grant Agreement” means the grant agreement for the Project between the Recipient and the Association, acting as administrator of the Somalia Multi-Partner Fund, dated the same date as this Agreement, as such grant agreement may be amended from time to time. “SMPF Grant Agreement” includes all appendices, schedules and agreements supplemental to the SMPF Grant Agreement.
47. “Somalia Multi-Partner Fund” and the term “SMPF” mean the multi-donor trust fund comprised of the following parallel accounts TF072283, TF072600 and TF073249, established by the Association for purpose of channeling and coordinating the Donor’s financing of development activities in Somalia.
48. “Steering Committee” means Project steering committee to be established by the Recipient pursuant to Section I.A.2 of Schedule 2 to Original Financing Agreement and referred to in Section I.A.2 of Schedule 2 to this Agreement.
49. “Subsidiary Agreement” means each of the agreements (to be) entered into by and between the Recipient and each Participating FMS pursuant to Section I.D of Schedule 2 to this Agreement; and the term, “Subsidiary Agreements” means, collectively, all such agreements.
50. “SW State” means Recipient’s Southwest Federal Member State.

51. "Training" means the costs of training under the Project, based on the Annual Work Plans and Budgets as concurred by the Association, and attributable to seminars, and workshops, along with travel and subsistence allowances for trainers and trainees, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
52. "UNOPS" means the United Nations Office for Project Services.