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Date: 06-Jan-2023

H.E. Dr. Elmi Mohamoud Nur
Minister of Finance
Federal Government of Somalia
Corso Somalo Street
Shangani District
Mogadishu, Somalia

Excellency:

***Somalia: Somalia Urban Resilience Project Phase II (Grant No. D531-SO)
Third Letter of Amendment to the Financing Agreement***

We refer to the Financing Agreement between the Federal Republic of Somalia (the “Recipient”) and the International Development Association (the “Association”) dated December 23, 2019 (Grant No. D531-SO) (the “Financing Agreement”), for the financing for the captioned Somalia Urban Resilience Project II (the “Project”).

We further refer to the second additional financing recently approved by the Association’s Board on December 22, 2022 for the Project, whereby it was agreed to restructure the project.

Accordingly, I am pleased to inform you that the Association hereby agrees to amend the Financing Agreement as follows.

The capitalized terms used in this letter of amendment (the “Amendment Letter”) and not defined herein have the meaning ascribed to them in the Financing Agreement.

1. Article III of the Financing Agreement is amended to read as follows:

“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), D and E 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(i) and C by the Benadir Regional Administration; (ii) Parts A.3(ii) and C by Puntland State of Somalia; (iii) Parts A.3(iii) and C by Jubbaland State of Somalia; and (iv) Parts A.3(iv) and C by the Southwest State of Somalia; all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.”

2. Schedule 1 (Project Description) to the Financing Agreement is amended to revise Part D and add a new Part E as provided in the Annex 1 to this Amendment Letter. Former references to Part D in the Financing Agreement for the First Additional Financing shall be understood as references to new Part E (Contingent Emergency Response).

3. Section I.A.3(b) of Schedule 2 to the Financing Agreement is amended to read as follows:

“(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, C, monitoring and

supervision of Part D and E, and providing technical support and guidance to the municipalities as needed.”

4. Section I.A.4 of Schedule 2 to the Financing Agreement is amended to read as provided in Annex 2 to this Amendment Letter.
5. A new subsection G is added to Section I of Schedule 2 to the Financing Agreement to read as follows:

“G. Output Agreement with IOM

1. For purposes of implementing Part D of the Project, the Recipient shall, amend the Output Agreement entered with the International Organization for Migration (“IOM”) in a manner and substance satisfactory to the Association, in order to: (a) extend IOM’s services for the provision of activities under Part D of this Agreement; (b) incorporate the arrangements required for the data collection activities for the Unified Social Registry under Part D of the Project.
2. In furtherance to the provision of paragraph 1 above, the updated Output Agreement shall provide that IOM shall:
 - (a) ensure that any data collected from households or individual under the Project, is provided on an informed and consensual basis by the head of such household or the respective individual; and
 - (b) transfer to the Recipient the database/Personal Data collected for/under the Emergency Cash Transfer and Unified Social Registry, only upon the Recipient’s approval of data privacy and data protection policies and procedures satisfactory to the Association.”
6. A new paragraph 2 is added to Section II (Project Monitoring, Reporting and Evaluation) of Schedule 2 to the Financing Agreement as follows:

“2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Part D of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.”
7. The disbursement table set forth in Section III.A. of Schedule 2 to the Financing Agreement is amended to read as provided in Annex 3 to this Amendment Letter.
8. A new paragraph (c) is added to Section III.B.1 of Schedule 2 to the Financing Agreement as follows:

“(c) under Category (4), unless and until the Recipient has adopted the Environmental and Social Management Framework for Part D of the Project in accordance with the ESCP and in form and substance acceptable to the Association.”
9. The following definitions #4, #6 and #22 in the Appendix to the Financing Agreement are amended to read as follows:

“4. “Baidoa-PIU” means the Project implementation unit for Part A.3(iv), C, D.1 and D.2 of the Project, referred to in Section I.A (4)(d) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities under Parts A.3(iv) and C, and for supporting the day-to-day supervision and monitoring of activities and environmental and social compliance under Parts D.1 and D.2, in the Baidoa Municipality within the Southwest state of Somalia.”

- “6. “BRA-PIU” means the Project implementation unit for Part A.3(i), C, D.1 and D.2 of the Project, referred to in Section I.A.4(a) of Schedule 2 to this Agreement, with the responsibility for implementation and management of Project activities under Parts A.3(i) and C, and for supporting the day-to-day supervision and monitoring of activities and environmental and social compliance under Parts D.1 and D.2, in the Benadir Regional Administration.”
- “22. “Garowe-PIU” means the Project implementation unit for Part A.3(ii), C, and D.3 of the Project, referred to in Section I.A.4(b) of Schedule 2 to this Agreement, with the responsibility for implementation of the Project activities under Parts A.3(ii) and C, and for supporting the day-to-day supervision and monitoring of activities and environmental and social compliance under Part D.3 in the Garowe Municipality within the Puntland state of Somalia.”
10. The following new definitions (#49 through #56) are added to the Appendix to the Financing Agreement:
- “49. “Attributes” means information that can be used to identify an individual which include, but is not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
50. “Emergency Cash Transfer” means the short-term emergency cash transfers to be provided to newly arriving drought-induced households of internally displaced persons in Mogadishu and Baidoa in the amounts, duration and pursuant to the protocols and regulations set forth in the Project Implementation Manual and the Output Agreement.
51. “Environmental and Social Management Framework” means the environmental and social management framework for Part D of the Project to be prepared and adopted by the Recipient, in a manner and substance satisfactory to the Association, and to be disclosed in-country and the Bank’s website, setting out the principles, rules, guidelines and procedures to screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues) of Project activities under Part D of the Project, including the risks of gender-based violence and sexual exploitation and abuse, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Projects’ risks and impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.
52. “Identifiable Individual” means an individual who can be identified by reasonable means, directly or indirectly, by reference to an Attribute or combination of Attributes within the data, or combination of data with other available information.
53. “IOM” means International Organization for Migration.
54. “Output Agreement” means the agreement entered into by and between the Recipient, acting through its Ministry of Public Works, Reconstruction & Housing, and IOM on September 28, 2022, for the implementation of drought response activities (Reference No. SO-MOWPRH-297213-NC-DIR), as the same shall be amended from time to time.
55. “Personal Data” means any information relating to an identified or Identifiable Individual.

56. “Unified Social Registry” means the unified registry being established under the Shock Responsive Safety Net for Human Capital Project/Baxnaano Program, financed by the Association pursuant to IDA Grants D510-SO, D-856-SO and E077-SO. Please confirm your agreement, on behalf of the Recipient, to the amendments and revisions mentioned above by countersigning and dating this letter of amendment.”

Except as specifically amended hereby, all other provisions of the Financing Agreement remain in full force and effect.

The above amendments to the Financing Agreement shall be deemed effective upon the effectiveness of the financing agreement for the Somalia Urban Resilience Project Phase II – Second Additional Financing (Grant No. E1490-SO).

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Isfandiyar Zaman Khan

Isfandiyar Zaman Khan
Acting Country Director
Kenya, Rwanda Somalia and Uganda
Eastern and Southern Africa Region

CONFIRMED AND AGREED:

FEDERAL REPUBLIC OF SOMALIA

By: *H.E. Dr. Elmi Mohamoud Nur*
Authorized Representative

Name: H.E. Dr. Elmi Mohamoud Nur

Title: Minister

Date: 06-Jan-2023

Cc:

Mr. Saleiman S. Umar
Director General
Ministry of Finance
Federal Government of Somalia
Mogadishu, Somalia

Ms. Fatuma Osman Farah
Accountant General
Ministry of Finance
Federal Government of Somalia

Mr. Iraad Abdi Adan
Budget Director
Ministry of Finance
Federal Government of Somalia

Mr. Taufila Nyamadzabo
Executive Director, Africa Group 1
World Bank Group
Washington DC, USA

ANNEX 1
REVISIONS TO PROJECT DESCRIPTION

Part D: Response to Urban Forced Displacement

1. At the household level in Baidoa and Mogadishu, provision of a minimum response package to eligible households consisting of Emergency Cash Transfers, plastic sheets for emergency shelter, and one hygiene kit per household.
2. At the community level in Baidoa and Mogadishu, provision of: (i) emergency water supply including water trucking, and solar powered boreholes rehabilitation and/or construction; (ii) sanitation services including construction of communal latrines and handwashing stations; (iii) camp coordination and camp management including biometric registration of beneficiaries, displacement tracking, and service delivery monitoring through community-based camp management committees; and (iv) health and nutrition assistance including deployment of mobile health teams, strengthening existing community health centers, and training of community health workers and staff.
3. At the community level in Garowe, provision of health and nutrition services through mobile health clinics and/or existing health clinics/centers.

Part E: Contingent Emergency Response

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

ANNEX 2

4. Project Implementation Units (PIU)

(a) Benadir Regional Administration

The Recipient shall, for the purpose of Part A.3 (i) and C, D.1 and D.2 of the Project, maintain throughout Project implementation the Benadir Regional Administration with institutional structure, functions and powers, satisfactory to the Association, and shall cause the Benadir Regional Administration:

- (i) to maintain, throughout the Project implementation period 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 engineering consultant specialist, 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 Part A.3(i), C and D.1 and D.2 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 this paragraph 4(a), cause Benadir Regional Administration to maintain an engineering supervision consultant in accordance with the provisions of the Procurement Regulations.

(b) Puntland State of Somalia and Garowe Municipality

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

- (i) to maintain, throughout the Project implementation period Garowe-PIU within 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 engineering consultant specialist, 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 Part A.3(ii), C and D.3 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 this paragraph 4(b), the Recipient shall cause the Puntland State of Somalia to maintain an engineering supervision consultant in accordance with the provisions of the Procurement Regulations.

(c) Jubbaland State and Kismayo Municipality

The Recipient shall, for the purpose of Part A.3(iii) and C of the Project, take all required action to ensure that the Jubbaland State of Somalia maintains the Kismayo

Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause the said Jubbaland State of Somalia:

- (i) to maintain, throughout the Project implementation period Kismayo-PIU within 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 engineering consultant specialist, 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 Part A.3(iii) 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 this paragraph 4(c), cause the Jubbaland State of Somalia to maintain an engineering supervision consultant in accordance with the provisions of the Procurement Regulations.

(d) Southwest State of Somalia and Baidoa Municipality

The Recipient shall, for the purpose of Parts A.3 (iv), C, D.1 and D.2 of the Project, take all required action to ensure that the Southwest State of Somalia maintains the Baidoa Municipality with the institutional structure, functions and powers, satisfactory to the Association, and shall cause the South West State of Somalia:

- (i) to maintain, throughout the Project implementation period Baidoa-PIU within 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 engineering consultant specialist, 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 Part A.3(iv), C and D.1 and D.2 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 this paragraph 4(d), cause Southwest State of Somalia to maintain an engineering supervision consultant and a monitoring and evaluation specialist in accordance with the provisions of the Procurement Regulations.

ANNEX 3

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services, Operating Costs and Training under Part A.1, A.2, B and the Recipient's activities under Part C of the Project	12,831,500 ¹	100% upon having exhausted and fully disbursed the amounts allocated to Category 1 under the SMFP grants TF0B1409, TF0B1519 and TF0B8532, in that order of precedence.
(2) Goods, works, non-consulting services, and consulting services, Operating Costs and Training under Part A.3 and the Participating FMS' activities under Part C of the Project	9,188,500	100% upon having exhausted and fully disbursed the amounts allocated to Category 2 under the SMFP grants TF0B1409, TF0B1519, and TF0B8532 in that order of precedence.
(3) Emergency Expenditures under Part E of the Project	0	100%
(4) Emergency Cash Transfers and goods, works, non-consulting services, consulting services, Operating Costs and Training under Part D of the Project	14,680,000	100%
TOTAL AMOUNT	36,700,000	