
GRANT NUMBER E077-SO

Financing Agreement

(Second Additional Financing for the Shock Responsive Safety Net
for Human Capital Project)

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E077-SO

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the FEDERAL REPUBLIC OF SOMALIA (“Recipient”) and the 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 one hundred six million four hundred thousand Special Drawing Rights (SDR 106,400,000) (“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 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 Effectiveness Deadline is the date ninety (90) days after the Signature Date.

- 4.02. 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 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:

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

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF SOMALIA

By:

H.E. Abdirahman Duale Beileh

Authorized Representative

Name: H.E. Abdirahman Duale Beileh

Title: Minister

Date: 06-Jul-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Keith E. Hansen

Authorized Representative

Name: Keith E. Hansen

Title: Country Director

Date: 29-Jun-2022

SCHEDULE 1

Project Description

The objective of the Project is to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive safety net system.

The Project consists of the Original Project and the following Additional Activities:

Part A. Nutrition-Linked Unconditional Cash Transfer

3. Providing Emergency Cash Transfers to poor and vulnerable households not registered in the Cash Transfer Program, affected by the 2021-2022 drought crisis.

Part D. Household Registration in the Unified Social Registry

Collecting household data from CTP Beneficiaries and ECT Beneficiaries using a common registration form, to establish and populate the database of the Unified Social Registry.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall implement the Project in accordance with the provisions of Section I of Schedule 2 to the Original Financing Agreement, as revised/updated pursuant to Section I of Schedule 1 to the First Additional Financing Agreement, which sections are incorporated hereto by reference.

B. Update of Output Agreement

1. Without limitation to Section I.A above, the Recipient shall, by not later than three (3) months after the Effective Date of this Agreement, update the Output Agreement with WFP in a manner and substance satisfactory to the Association, in order to: (a) extend WFP's services for the provision of Cash Transfers under the Cash Transfer Program ("CTP") to CTP Beneficiaries under this additional financing; (b) expand WFP's services to include the provision of Emergency Cash Transfers to ECT Beneficiaries; and (c) 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 WFP 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, as per the Additional Activities, only upon the Recipient's approval of data privacy and data protection policies and procedures satisfactory to the Association.

C. Third-Party Monitoring Agreement

In furtherance of Sections I.A above, the Recipient shall, within 3 months of the Effective Date: (a) amend the terms of reference of, and contract with, the TPM Consultant to extend the completion date; or (b) hire a new third-party monitoring consulting firm; and thereafter maintain such consultancy throughout the remaining period of implementation of the Project, all in a manner and substance satisfactory to the Association, in order to continue monitoring the

performance of the CTP until the new Closing Date, and incorporate the monitoring of the expanded scope of activities.

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 six (6) calendar months, covering the said semester.
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 Additional Activities described in Part A or D of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to 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) Cash Transfers under Part A.1 and Emergency Cash Transfers under Part A.3 of the Project	90,030,000	100%
(2) Goods, works, non-consulting services, and consulting services for Part A.2 and Part D of the Project	16,370,000	100%
TOTAL AMOUNT	106,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date; and
2. The Closing Date is December 31, 2024.

APPENDIX

Definitions

1. “Additional Activities” means the Project activities described in Schedule 1 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. “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.
4. “Cash Transfers” means the quarterly amounts (cash transfers) provided under the Cash Transfer Program to a CTP Beneficiary, in accordance with the CTP criteria, protocols and regulations set forth in the Project Operations Manual.
5. “Cash Transfer Program” or “CTP” mean the Recipient’s program providing quarterly financial assistance to CTP Beneficiaries and described Part A.1 of the Project.
6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. “CTP Beneficiary” means a household that meets the eligibility criteria to receive a Cash Transfer under the CTP pursuant to the Project Operations Manual.
8. “ECT Beneficiaries” means the beneficiaries of the poor and vulnerable households not registered under the CTP, affected by the 2021-2022 drought, and eligible to receive the cash transfers provided under Part A.3 of the Project, pursuant to the criteria set forth in the Project Operations Manual.
9. “Emergency Cash Transfers” means the short-term emergency cash transfers (to be) provided to poor and vulnerable households not covered under the CTP, who have been affected by the 2021-2022 drought, in the amounts and pursuant to the eligibility criteria, protocols and regulations (to be) set forth in the Project Operations Manual.
10. “First Additional Financing Agreement” means the additional financing agreement entered into by and between the Recipient and the International Development Association, on June 27, 2021, for the provision of a seventy-six

million seven hundred thousand Special Drawing Rights (SDR 76,700,000) IDA grant to finance the Original Project (Grant Number D510-SO), as amended from time to time.

11. “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).
12. “Identifiable Individual” mean 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.
13. “Original Financing Agreement” means the financing agreement entered into by and between the Recipient and the International Development Association, on August 20, 2019, for the provision of a forty-six million eight hundred thousand Special Drawing Rights (SDR 46,800,000) IDA grant to finance the Original Project (Grant Number D510-SO), as amended from time to time.
14. “Original Project” means the Project activities as described in Schedule 1 to the Original Financing Agreement.
15. “Output Agreement” means the agreement entered into by and between the Recipient, acting through its Ministry of Labour and Social Affairs, and WFP for the management/administration of the CTP and the timely payment of Cash Transfers to CTP Beneficiaries (Reference No. SO-MOLSA-145923-CS-UN), as the same shall be amended pursuant to Section I.B of Schedule 2 to this Agreement, to encompass the management/administration of the Emergency Cash Transfers program.
16. “Personal Data” means any information relating to an identified or Identifiable Individual.
17. “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.
18. “Project Operations Manual” means the Recipient’s manual prepared and adopted pursuant to Section I.C.1 of Schedule 2 to the Original Financing Agreement for purposes of implementing the Project, as amended from time to time, with the prior concurrence of the Association.

19. “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.
20. “SNHCP” means the Recipient’s Shock Responsive Safety Net for Human Capital Project, financed by the Association pursuant to Grant No. D510-SO, of August 20, 2019.
21. “TPM Consultant” means the consultancy contract entered into by and between the Recipient and the Center for Consultancy & Research (CCORD) Emerens Consulting on August 26, 2020 (Contract # 1626246), for purposes of monitoring the CTP implementation, as amended from time to time.
22. “Unified Social Registry” means the unified registry for beneficiaries of social programs being developed under Part B.1.(c)(i) of the Project.
23. “WFP” means the World Food Programs, a specialized agency/program of the United Nations.