
SMPF GRANT NUMBER TF0B5774

Somalia Multi Partner Fund Grant Agreement

**(Additional Grant for the Somalia Capacity Advancement, Livelihoods and
Entrepreneurship through Digital Uplift (SCALED-UP) Project)**

between

FEDERAL REPUBLIC OF SOMALIA

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as administrator of the Somalia Multi-Partner Fund)**

SMPF GRANT NUMBER TF05774.

**SOMALIA MULTI-PARTNER TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF SOMALIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Somalia Multi-Partner Fund (“SMPF”) for the purpose of providing an additional grant to the Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift (SCALED-UP) Project (“Original Project”) (“Original Grant Agreement”), as supplemented by the additional activities described in Schedule 1 to this Agreement (the “Additional Activities”) (the Original Project and Additional Activities collectively referred to hereinafter as the “Project”). The Recipient and the Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

- 1.01. The Standard 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 Standard Conditions or in the Appendix this Agreement.

Article II

The Project

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall: (a) carry out Parts A, B.2, B.3, B.4, B.5, B.6 and C of the Project through the Ministry of Finance; and (b) cause the MSME Financing Facility to carry out Part B.1 of the Project, all in accordance with the provisions of Article II of the Standard Conditions and, Schedule 2 to this Agreement, the Project Agreement and the Subsidiary Agreement.

Article III

The Grant

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed twenty million United States Dollars (\$20,000,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
- (a) Law No. 8/1964 and Law No. 204/1964 pursuant to which the MSME Financing Facility has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the MSME Financing Facility to perform any of its obligations under the Project Agreement; or
 - (b) the Financing has been cancelled or suspended for any reason whatsoever; or
 - (c) the Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

- 5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the condition specified below has been satisfied:
- (a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action; and

- (b) the Financing Agreement dated the same date as this Agreement, between the Recipient and IDA, providing a grant in support of the Project 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 fulfillment of effectiveness of this Agreement) have been fulfilled.
- 5.02 As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Member Country, showing the following matters: on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03 Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.
- 6.02. For purposes of Section 7.01 of the Standard Conditions:
 - (a) the Recipient’s address is:
Ministry of Finance
Ministry of Finance Building
Federal Republic of Somalia
Mogadishu, Somalia; and

(b) the Recipient's Electronic Address is:

E-mail: info@mof.gov.so
minister@mof.gov.so
dg@mof.gov.so

6.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank'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: 16-Jul-2021

**INTERNATIONAL DEVELOPMENT
ASSOCIATION
acting as administrator of Somalia Multi-Partner Fund**

By



Authorized Representative

Name: Kristina Svensson

Title: Country Manager

Date: 16-Jul-2021

SCHEDULE 1
Project Description

The objective of the Project is to support progress towards increased access to basic digital financial and government services targeting entrepreneurship and employment, particularly for women.

The Project consists of the Original Project and the parts set forth in Schedule 1 (Project Description) of the Financing Agreement.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The institutional and other arrangements described in Section I of Schedule 2 to the Financing Agreement are hereby incorporated by reference in this Section and, unless the context otherwise requires, shall apply, mutatis mutandis, to the Grant, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.
2. For greater clarity and the avoidance of doubt, in view of the incorporation of Section I of Schedule 2 to the Financing Agreement in this Agreement pursuant to the preceding paragraph, if the Financing Agreement terminates prior to the termination of this Agreement, such termination shall have no effect for purposes of this Agreement, and the provisions of the Financing Agreement incorporated in this Agreement pursuant to the preceding paragraph shall continue in full force and effect between the Recipient and the Bank for purposes of this Agreement following and notwithstanding such termination of the Financing Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; 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 Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)

(1) Goods, services, consultants' services, non-consultants' services, Training and Incremental Operating Costs under Parts A, B and C (except Parts A.1, B.1 and B.2 of the Project)	12,000,000	100%
(2) Line of Credit: PFI financing under Part B.1 of the Project:		
(a) large loans window for MSMEs	3,000,000	100%
(b) micro and small loans window for MSMEs	5,000,000	100%
TOTAL AMOUNT	20,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2023.

APPENDIX

Definitions

1. “Additional Activities” means the additional Project activities described in Schedule 1 to this Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Financing Agreement” means the financing agreement for the Project between the Recipient and the International Development Association, for the provision of a grant for co-financing the Project, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
5. “Incremental Operating Costs” means the reasonable incremental cost arising on account of Project implementation, based on Annual Work Plans and Budgets, approved by the Association pursuant to Section I.D of Schedule 2 to the Financing Agreement, including office supplies, vehicle operation and maintenance, maintenance of office equipment, communication, advertisement and insurance costs, office administration costs, bank charges, costs associated with translation of documents, utilities, rental, consumables, accommodation, travel and *per diem* of Project staff on official travel, salaries of Project staff and excluding the salaries of the Recipient’s civil service staff.
6. “MSME Financing Facility” means the autonomous entity known as Gargaara Company Limited, a financial institution incorporated in April 2019 by the FGS as a dedicated apex development finance institution to provide Line of Credit to PFIs.
7. “Original Grant Agreement” means the grant agreement between the Federal Republic of Somalia and the International Development Association, dated April 10, 2019 (SMPF Grant No. TF0A9642) for the Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (SCALED-UP) Project.
8. “Original Project” means Project described in the Original Grant Agreement.

9. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
10. “Project Implementing Entity” means the MSME Financing Facility as defined above.
11. “Project Operations Manual” means the Recipient’s manual referred to in Section I.C.1 of Schedule 2 to the Financing Agreement, as said manual may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.
12. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
13. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
14. “Training Costs” means the reasonable costs associated with training under the Project, based on the relevant Annual Work Plan and Budget, and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.