

---

---

SMPF GRANT NUMBER TF0A1688

# Somalia Multi-Partner Fund Grant Agreement

(Somali Core Economic Institutions and Opportunities Project - Phase 1)

between

FEDERAL REPUBLIC OF SOMALIA

and

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

Dated February 15, 2016

---

---

**SMPF GRANT NUMBER TF0A1688**

**SOMALIA MULTI-PARTNER FUND  
GRANT AGREEMENT**

AGREEMENT dated February 15, 2016, entered into between the FEDERAL REPUBLIC OF SOMALIA (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Somalia Multi-Partner Fund (“SMPF”).

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 (“Standard Conditions”), constitute an integral 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 to this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Parts 1.A, 1.C, 1.D and 3.A of the Project through the Federal Ministry of Finance and cause the Puntland State of Somalia to implement Parts 1.B and 3.B of the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to three

million three hundred thousand United States Dollars (\$3,300,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World 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**  
**Effectiveness; Termination**

- 4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the condition specified below, namely, that the Recipient has established the Federal Project Steering Committee and the Federal Project Implementation Unit and has engaged the Project staff within the Federal Project Implementation Unit in accordance with the provisions of Section I.A of Schedule 2 to this Agreement.
- 4.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such events have ceased to exist.
- 4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**  
**Recipient’s Representative; Addresses**

- 5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister for finance.

- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Planning  
Villa Somalia  
Mogadishu  
Somalia

- 5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

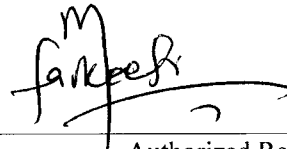
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at *Mogadishu, Somalia*, as of the day and year first above written.

FEDERAL REPUBLIC OF SOMALIA

By:



Authorized Representative

Name: Mohamed Ibrahim

Title: Finance Minister

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

By:



Authorized Representative

Name: Bela Bird

Title: COUNTRY DIRECTOR

## **SCHEDULE 1 Project Description**

The objective of the Project is to: (i) improve the enabling environment for private and financial sector development; and (ii) catalyze private investment and job creation.

The Project consists of the following parts:

### Part 1. Strengthening Core Economic Institutions

- A. Strengthening Central Bank supervision and regulation at the Federal level, in particular:
1. Reviewing the legal, regulatory and institutional set up of the financial sector regulation and supervision and developing policy options for implementation.
  2. Reviewing the policy, regulatory and supervisory capacity of the Central Bank of Somalia and the compliance capacity of financial institutions and developing and implementing capacity building programs to address identified weaknesses.
  3. Drafting laws and regulations to strengthen financial sector development and carrying out public consultations and information campaigns on said laws and regulations.
  4. Building the capacity of the Central Bank of Somalia and its staff in financial institutions regulation and supervision including supplying needed equipment.
  5. Developing a management information system at the Central Bank of Somalia to aid financial institutions supervision.
  6. Supporting the Central Bank of Somalia to carry out outreach and information campaigns on the evolving legal and regulatory framework.
  7. Carrying out a program of activities to support the development and implementation of anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”) regulatory framework, including, the carrying out a diagnostic assessment of money laundering and financing of terrorism to inform legal and policy reforms, developing policies and strategies for combating money laundering and the financing of terrorism, developing of AML and CFT laws and regulations, developing and implementing action plans for the implementation of new AML and

CFT policies and laws, and building capacity for the implementation of AML and CFT policies and laws.

8. Carrying out a program of activities to strengthen the national payment system, including, the carrying out of a needs assessment of the national payment system, developing a national payments system policy and regulatory framework, and building capacity for, and providing implementation support for said policy and regulatory framework.
9. Developing medium and long term plans and strategies for financial sector development and building capacity for their implementation.
10. Developing financial inclusion and microfinance products and service, through the provision of technical advisory services.

B. Strengthening Central Bank supervision and regulation in the Puntland State of Somalia, in particular:

1. Reviewing the legal, regulatory and institutional set up of financial sector regulation and supervision and developing policy options for implementation.
2. Reviewing the policy, regulatory and supervisory capacity of the State Bank of Puntland and the compliance capacity of financial institutions and developing and implementing capacity building programs to address identified weaknesses.
3. Drafting of laws and regulations to strengthen financial sector development and carrying out public consultations and information campaigns on said laws and regulations.
4. Building the capacity of the State Bank of Puntland and its staff in financial institutions regulation and supervision including supplying needed equipment.
5. Developing a management information system at the State Bank of Somalia to aid financial institutions supervision.
6. Supporting the State Bank of Puntland to carry out outreach and information campaigns on the evolving legal and regulatory framework.
7. Carrying out a program of activities to support the development and implementation of anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”) regulatory framework, including, carrying out a diagnostic assessment of money laundering and financing of terrorism to inform legal and policy reforms, developing policies and

strategies for combating money laundering and the financing of terrorism, developing of AML and CFT laws and regulations, developing and implementing action plans for the implementation of new AML and CFT policies and laws, and building capacity for the implementation of AML and CFT policies and laws.

8. Carrying out a program of activities to strengthen the national payment system, such activities to include: carrying out of a needs assessment of the national payment system, developing a national payments system policy and regulatory framework, and building capacity for, and providing implementation support for said policy and regulatory framework.
9. Developing medium and long term plans and strategies for financial sector development and building capacity for their implementation.

C. Improving the Investment Climate, in particular:

1. Carrying out a program of activities to improve the investment climate regulatory framework, such activities to include: reviewing business laws and regulations and providing support for their drafting and enactment; carrying out of public consultations on said laws, undertaking a capacity and training needs assessment and supporting implementation of capacity building and training plans including undertaking specialized training, and carrying out of outreach and public information campaigns on the new laws.
2. Carrying out of a program of activities to develop and implement a business registration system, such activities to include: developing and installing a business licensing and registration system, expanding the system to provide for operability by other line ministries and linkage with the tax registration database, and building the capacity of staff to monitor and enforce business laws.

D. Developing the Port sector, in particular:

1. Carrying out of a strategic assessment of the port sector and identifying strategic policy priorities.
2. Carrying out of rapid assessment of Mogadishu Port and other selected ports.
3. Preparing a master plan for the development and rehabilitation of the Mogadishu Port and other selected ports.



4. Reviewing the private sector's role and opportunities for participation in the port sector.
5. Reviewing and updating tariffs, customs laws and regulations.
6. Carrying out studies and preparing detailed designs for the repair and rehabilitation of the Mogadishu Port including carrying out of an assessment of environmental and social impacts and developing mitigation measures.
7. Carrying out of a program of activities to strengthen institutional and regulatory capacity for maritime safety, security and environmental protection, such activities to include: capacity building of port authorities, supporting the review and adoption of updated maritime legislation, support for measures to strengthen civilian port state control, and support for measures and activities to promote adherence with international maritime conventions.

Part 2. Expanding Economic Opportunities

Part 2 of the Project shall be as set forth in the Letter Agreement between the Recipient and the International Development Association (IDA).

Part 3. Project Management

- A. Strengthening the capacity for Project management at the Federal level, in particular:
  1. The provision of operating costs to finance activities associated with Project management and implementation.
  2. Carrying out of audits and monitoring and evaluation activities of the Project
  3. The provision of training to Project staff including, conducting study tours and exchange visits.
  4. Carrying out the supply, and acquisition of office furniture and equipment.
- B. Strengthening the capacity for Project management at the Puntland State of Somalia, in particular:
  1. The provision of operating costs to finance activities associated with Project management and implementation.

2. Carrying out of audits and monitoring and evaluation activities on the Project
3. The provision of training to Project staff including, conducting study tours and exchange visits.
4. Carrying out the supply, and acquisition of office furniture and equipment.

**SCHEDULE 2**  
**Project Execution**

**Section I. Institutional and Implementation Arrangements**

The institutional and implementation arrangements for the Project (except Part 2 of the Project) shall be as set forth in this Section I.A, and Part 2 of the Project shall follow the arrangements set forth in the Letter Agreement between the Recipient and IDA.

**A. Institutional Arrangements**

*Institutional Arrangements at the Federal Level for the Project*

1. Federal Ministry of Finance

The Federal Ministry of Finance shall be responsible for overall coordination and implementation of the Project (except Part 2 of the Project).

2. Federal Project Implementation Unit

(a) The Recipient shall: (i) maintain throughout Project implementation, the Federal External Assistance Fiduciary Section (FEAFS) with institutional framework, terms of reference and staffing satisfactory to the World Bank, and with resources adequate to perform their functions under the Project; (ii) (A) establish the Federal Project Implementation Unit (FPIU) with institutional framework, terms of reference and staffing satisfactory to the World Bank, and with resources adequate to perform its functions under the Project; and (B) engage within the FPIU and thereafter maintain through-out Project implementation, a project coordinator, a financial management specialist and a procurement specialist with qualifications, experience, and terms of reference satisfactory to the World Bank; and (iii) with the prior agreement of the World Bank, engage such other staff as may be necessary for the proper implementation of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the World Bank.

(b) Without limitation to paragraph 1 immediately above: (i) the FPIU shall be responsible for the day-to-day administration of the Project at the Federal level; and (ii) the FEAFS shall be responsible for financial management and procurement for the Project at the Federal level.

3. Federal Project Steering Committee

(a) The Recipient shall establish and thereafter maintain throughout project implementation the Federal Project Steering Committee with terms of

reference satisfactory to the World Bank and with adequate resources to carry out its functions.

- (b) Without limitation to paragraph 1 immediately above, the functions of the Federal Project Steering Committee shall be to provide overall policy and strategic guidance over the Project, in accordance with the provision of the Project Implementation Manual.

*Institutional Arrangements at the Puntland State of Somalia*

4. Office of the Presidency

The Office of the Presidency shall be responsible for overall coordination and implementation of the Project.

5. Puntland Project Implementation Unit

- (a) The Recipient shall ensure and cause the Puntland State of Somalia to:
  - (i) establish and maintain throughout Project implementation, the Puntland External Assistance Fiduciary Section (PEAFS) with institutional framework, terms of reference and staffing satisfactory to the World Bank, and with resources adequate to perform their functions under the Project; (ii) (A) establish the Puntland Project Implementation Unit (PPIU) with institutional framework, terms of reference and staffing satisfactory to the World Bank, and with resources adequate to perform its functions under the Project; and (B) engage within the PPIU and thereafter maintain through-out Project implementation, a project coordinator, a financial management specialist and a procurement specialist with qualifications, experience, and terms of reference satisfactory to the World Bank; and (iii) with the prior agreement of the World Bank, engage such other staff as may be necessary for the proper implementation of the Project; all said staff with qualifications, experience, and terms of reference satisfactory to the World Bank.
- (b) Without limitation to paragraph 1 immediately above: (i) the PPIU shall be responsible for the day-to-day administration of the Project at the Puntland State of Somalia level; and (ii) the PEAFS shall be responsible for financial management and procurement for the Project at the Puntland State of Somalia.

6. Puntland Project Steering Committee

- (a) The Recipient shall ensure and cause the Puntland State of Somalia to establish and thereafter maintain throughout project implementation, the

Puntland Project Steering Committee with terms of reference satisfactory to the World Bank and with adequate resources to carry out its functions.

- (b) Without limitation to paragraph 1 immediately above, the functions of the Puntland Project Steering Committee shall be to provide overall policy and strategic guidance over the Project at the Puntland State of Somalia level.

**B. Subsidiary Agreement**

- 1. To facilitate the carrying out of Parts 1.B and 3.B of Project, the Recipient shall make the proceeds of the Grant available to the Puntland State of Somalia, on grant terms, under a subsidiary agreement between the Recipient and the Puntland State of Somalia, under terms and conditions approved by the World Bank (“Subsidiary Agreement”) including the right of the Recipient to suspend or terminate the right of the Puntland State of Somalia to use the proceeds of the Grant, or to obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Puntland State of Somalia’s failure to perform any of its obligations under the Subsidiary Agreement, and which shall include the obligation of the Puntland State of Somalia to:
  - (a) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;
  - (b) provide, promptly as needed, the resources required for the purpose;
  - (c) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement;
  - (d) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of the Grant’s objectives;
  - (e) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

- (f) enable the Recipient and the World Bank to inspect the Project, its operations and any relevant records and documents; and
  - (g) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
  3. In the event of any conflict between the provisions of the Subsidiary Agreement and those of this Agreement, the latter shall prevail.

**C. Implementation Arrangements**

1. Project Implementation Manual

- (a) The Recipient shall, within forty-five (45) days of the Effective Date:
  - (i) (A) prepare and furnish to the World Bank, a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, financial, administrative and accounting procedures, corruption and fraud mitigation measures and such other arrangements and procedures as shall be required for the Project; and (B) thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the World Bank (Project Implementation Manual); and (ii) except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.
- (b) In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

2. Annual Work Plan and Budget

- (a) The Recipient shall, not later than December 31 of each year prepare and furnish to the World Bank, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

- (b) The Recipient shall exchange views with the World Bank on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the World Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the World Bank (Agreed Annual Work Plan).

**D. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the Anti-Corruption Guidelines.

**E. Donor Visibility and Visit**

- 1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.
- 2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

**F. Safeguards**

- 1. The Recipient shall carry out the Project in accordance with the provisions of the ESMF.
- 2. Further to Part F.1 of this Section I, the Recipient shall ensure that all terms of reference for all studies or other technical assistance to be carried out under Part 3 of the Project are consistent with and pay due attention to the ESMF and the Recipient's own laws relating to the environment and social aspects. To this end, the Recipient shall, prior to undertaking studies included under Part 3 of the Project: (a) prepare and furnish the terms of reference for such study to the World Bank for its review; (b) afford the World Bank a reasonable opportunity to exchange views with the Recipient on said terms of reference; and (c) promptly finalize such terms of reference as shall have been approved by the World Bank.

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

**A. Project Reports; Completion Report**

- 1. The Recipient shall monitor and evaluate, and cause the Puntland State of Somalia to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard

Conditions and on the basis of the indicators acceptable to the World Bank and set out in the Project Implementation Manual. Each Project Report shall cover the period of one quarter and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

**B. Documents; Records**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure, and cause the Puntland State of Somalia to ensure that:

- (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's and Puntland State of Somalia's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's and Puntland State of Somalia's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's and Puntland State of Somalia's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

**C. Financial Management; Financial Reports; Audits**

1. The Recipient shall maintain and cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare, and cause the Puntland State of Somalia to prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.



3. The Recipient shall ensure and cause the Puntland State of Somalia to have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) Limited International Bidding
(b) National Competitive Bidding <i>(subject to the additional provisions set out in paragraph 3 below)</i>
(c) Shopping
(d) Direct Contracting
(e) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank
(f) Procurement from UNOPS

3. **Additional Provisions relating National Competitive Bidding.** National Competitive Bidding (NCB) shall follow the Recipient's procurement procedures acceptable to the World Bank, provided that the principles of economy, efficiency, transparency, and fair competition are adhered to, and subject to the following additional procedures:

Participation in Bidding:

- (a) Government-owned enterprises shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Government.
- (b) Foreign bidders shall be eligible to participate under the same conditions as local bidders. In particular, no preference over foreign bidders shall be granted to local bidders in bid evaluation.

Advertising: Time for Bid Preparation

- (c) Invitations to bid shall be advertised in media of wide circulation, and prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. In appropriate cases and with the prior approval of the World Bank, the minimum period of thirty (30) days may be reduced to a minimum period of ten (10) days.

#### Standard Bidding Documents

- (d) Until standard bidding documents acceptable to the World Bank have been introduced by the Government of the FRS, customized version of World Bank's standard bidding documents may be used with the World Bank's prior approval. In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that: (i) The bidders, suppliers and contractors, and their sub-contractors, agents, personnel, consultants, service providers, or suppliers shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the consultant, bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

#### Qualification and Evaluation Criteria

- (e) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. The fact that a bidder meets or surpasses the specified qualification criteria shall not be taken into account in the evaluation of such bidder's bid.
- (f) Evaluation criteria shall be clearly specified in the bidding documents, and all evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation.

#### Bid submission

- (g) Bids shall be submitted in sealed envelopes and shall be accepted whether through post/courier or hand-carried.

#### Bid Opening

- (h) Bids shall be opened in the presence of bidders who wish to attend, and immediately after the deadline for bid submission. Said deadline, and the place of bid opening, shall be announced in the invitation to bid. The name of each bidder, and the amount of his bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid

opening shall be signed by the members of the bid opening committee immediately after bid opening.

- (i) Bids received after the deadline for bid submission shall be returned to the bidders unopened.

#### Bid Evaluation and Award of Contracts

- (j) A bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened.
- (k) The bid evaluation shall be carried out in strict adherence to the criteria specified in the bidding documents, and the contract shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.
- (l) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify his bid as originally submitted.
- (m) There shall be no post-bidding negotiations with the lowest or any other bidder.

#### Publication of Contract Award

- (n) Within two weeks of the award decision of the contract, the contract award is published in a newspaper of wide national circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. Publications shall include the bid, lot numbers, and the following information: (i) the name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) evaluated prices of each bid that was evaluated; (iv) the names of bidders whose bids were either rejected as nonresponsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (v) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

### **C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement which may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan:

<b>Procurement Method</b>
(a) Quality Based Selection
(b) Least Cost Selection
(c) Selection under a Fixed Budget
(d) Selection based on Consultants' Qualifications
(e) Single-source Selection of consulting firms
(f) Selection of consultants under Indefinite Delivery Contract or Price Agreement
(g) Selection of Individual Consultants
(h) Single-source procedures for the Selection of Individual Consultants

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**E. Document Retention**

Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (a) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section IV.B.2 of this Schedule; (b) shall furnish such documentation to the World Bank at any time upon request; and (c) hereby authorizes the World Bank to disclose such documentation to the Donors.

**Section IV. 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; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods (including vehicles), works, non-consulting services, consultant services, Training and Operating Costs under Parts 1.A, 1.C, 1.D and 3.A of the Project	2,300,000	100%
(2) Goods (including vehicles), works, non-consulting services, consultant services, Training and Operating Costs under Parts 1.B and 3.B of the Project	1,000,000	100%
<b>TOTAL AMOUNT</b>	3,300,000	

**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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$50,000 may be

made for payments made prior to this date by on or after December 15, 2015, for Eligible Expenditures under Category (1); or

(b) under Category 2 unless:

- (i) the Subsidiary Agreement referred to in Section I.C of Schedule 2 to this Agreement has been concluded and an opinion or opinions satisfactory to the World Bank of counsel acceptable to the world Bank has been issued attesting that the Subsidiary Agreement has been duly authorized by the Recipient and the Puntland State of Somalia and is legally binding upon each such party in accordance with its terms; and
- (ii) the Puntland State of Somalia has established the Puntland External Assistance Fiduciary Section and the Puntland Project Implementation Unit and has engaged the Project staff within the Puntland Project Implementation Unit in accordance with the provisions of Section I.A of Schedule 2 to this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is April 30, 2019.

## APPENDIX

1. “Annual Work Plan and Budget” means a plan and budget referred to in Section I.C.2 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means 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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Central Bank of Somalia” means the Central Bank of the Recipient established and operating pursuant to the Central Bank Act, 2011.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated November 2015, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the World Bank.
7. “Federal External Assistance Fiduciary Section” or “FEAFS” means a unit in the Recipient’s Ministry of Finance responsible for financial and procurement management under the Project and referred to in Section I.A.2 of Schedule 2 to this Agreement.
8. “Federal Ministry of Finance” means the Recipient’s ministry responsible for finance.
9. “Federal Project Implementation Unit” or “FPIU” means a unit of the Recipient within the Federal Ministry of Finance established for the implementation of this Project and referred to in Section I.A.2 of Schedule 2 to this Agreement.
10. “Federal Project Steering Committee” means a committee of the Recipient established for purposes of this Project comprising the minister of finance as chair, the minister of ports, the minister of commerce, the governor of the Central Bank of Somalia, the head of the Mogadishu Port and the head of the chamber of commerce, and referred to Section I.A.3 of Schedule 2 to this Agreement.



11. “Fiscal Year” means the 12-month period from January 1 to December 31 provided, however, that, in the case of the first Fiscal Year of the Project (“First Fiscal Year”), the Fiscal Year period shall run from the date of this Agreement to December 31 next following.
12. “Letter Agreement” means the Letter Agreement of even date herewith between the Recipient and the International Development Association (IDA), relating to Part 2 of the Project.
13. “Operating Costs” means the expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the World Bank pursuant to Section I.C.2 of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, maintenance small office works and maintenance, of 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, excluding the salaries of the Recipient’s civil service.
14. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 15, 2015, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.
16. “Project Implementation Manual” means the manual acceptable to the World Bank to be prepared by the Recipient, and referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such Manual.
17. “Puntland External Assistance Fiduciary Section” or “PEAFS” means a unit to be established in the Puntland State of Somalia’s Ministry of Finance with the responsibility for financial and procurement management under the Project and referred to in Section I.A.5 of Schedule 2 to this Agreement.
18. “Puntland Ministry of Planning” means the ministry of the Puntland State of Somalia responsible for planning.
19. “Puntland Project Implementation Unit” or “PPIU” means a unit of the Puntland State of Somalia within the Puntland President Office established for the

implementation of this Project and referred to in Section I.A.5 of Schedule 2 to this Agreement.

20. “Puntland Project Steering Committee” means a committee of the Puntland State of Somalia established for purposes of this Project comprising the minister of planning as chair, minister of ports, director general of the State Bank of Somalia and head of the *Bosaso* Port, and referred to Section I.A.6 of Schedule 2 to this Agreement.
21. “State Bank of Puntland” means the State Bank of Puntland established and operating pursuant to the State Bank of Puntland of Somalia Act, of the laws of the Recipient.
22. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Puntland State of Somalia.
23. “Training” means the costs of training under the Project, based on the Annual Work Plan and Budget referred to in Section I.C.2 of Schedule 2 to this Agreement as approved by the World Bank, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
24. “United Nations Office for Procurement Services” or “UNOPS” means an agency of the United Nations established in 1974 to expand the capacity of the United Nations system and its partners to implement peace building, humanitarian and development operations that matter for people in need.