

SMPF GRANT NUMBER TF0B7659

Somalia Multi Partner Fund Grant Agreement

(Civil Service Strengthening Project II)

between

GOVERNMENT OF SOMALILAND

and

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

SMPF GRANT NUMBER TF0B7659

**SOMALIA MULTI-PARTNER FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between GOVERNMENT OF SOMALILAND (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as acting as administrator of the Somalia Multi- Partner Fund (“SMPF”). 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 objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed four million eight hundred and fifty thousand United States Dollars (\$4,850,000) (“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
Effectiveness; Termination

- 4.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the Recipient has prepared and adopted, a Project Implementation Manual, in form and substance satisfactory to the Bank.
- 4.02. Except as the Recipient and the Bank shall otherwise agree, the date on which this Agreement shall enter into effect (Effective Date) shall be the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Agreement. 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 has ceased to exist.
- 4.03. 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 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 V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister of finance.
- 5.02. For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient's address is:
- Ministry of Finance Development
Ministry of Finance Development
Hargeisa, Somaliland; and
- (b) the Recipient's Electronic Address is:
- E-mail:
info@slmof.org
- 5.03. 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) or 1-202-477-6391
64145 (MCI)

AGREED as of the Signature Date.

GOVERNMENT OF SOMALILAND

By

H.E Dr. Saad Ali Shire

Authorized Representative

Name: H.E Dr. Saad Ali Shire

Title: Minister of finance

Date: 03-Feb-2022

**INTERNATIONAL DEVELOPMENT
ASSOCIATION**

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

By

Keith E. Hansen

Authorized Representative

Name: Keith E. Hansen

Title: Country Director

Date: 01-Feb-2022

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen basic functions for payroll, human resources and policy management in selected central government agencies and line ministries, and to establish a pension system for civil servants.

The Project consists of the following parts:

Part A: Strengthening the Policies, Procedures, and Systems for Civil Service Management

Strengthening the foundations for managing the Recipient's workforce and reduce development risks, encompassing:

1. (a) Carrying out of a follow-up human resources audit of public sectors workers with a view of identifying identify control weaknesses, ghost workers and double dippers; (b) technical assistance and equipment for biometric registration of civil service employees; and (c) technical assistance and training activities to improve Human Resources (HR) practices and strengthen the capacity of respective HR units in payroll reconciliation and monitoring, payroll cleaning, and removal of ghost workers and double dippers.
2. Provision of technical support and capacity building for the implementation of the HRMIS, including (a) strengthening digital governance capabilities through interfacing/integrating the HRMIS to pay and grading and pension system; (b) updating the HRMIS with verified HR and payroll data; and (c) updating the SL-FMIS to include results of the follow-up HR audit; (d) bringing more civil service workers under the HRMIS.
3. Development and Implementation of the new pay and grading system, including (a) the finalization of the pay and grading system development and its full deployment; (b) consultations and public awareness campaigns; (c) transitioning of the talent management program staff into the new pay and grading system, and (d) improving wage bill control and sustainability.

Part B: Strengthening Core Capacity at the Center of Government and of Targeted Ministries

Implementation of new human resources management policies and strengthening of distance and online learning, encompassing:

1. Provision of Training and capacity development to targeted ministries, departments and agencies in support of the new reform policies and regulations and of their successful implementation.
2. Expansion of the distance and online learning for civil servants, including

acquisition of necessary hardware and equipment.

Part C: Rollout of the Public Service Pension System

Establishment and roll-out of the public service pension system, including (a) technical assistance for setting-up pension units, the Pension Management Information System (PMIS) and a grievance redress mechanism; (b) Training to staff and hiring of on-site advisors; (c) Development of operational and regulations manual for the implementation of the pension policy; and (d) on-going capacity building support to the newly established pension units.

Part D: Project Management and Support in Delivery

Carrying out of the management, coordination, and monitoring and evaluation of the Project activities including: (a) piloting of innovative approaches on mobilizing teams to support implementation; (b) stakeholder consultations; (c) support to the Project Coordination Unit (PCU); and (d) strengthening the capacity of the Civil Service Commission (CSC).

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. *Civil Service Commission and Civil Service Institute*

The Civil Service Commission, and the Civil Service Institute, respectively shall be responsible for overall coordination and implementation, and monitoring and evaluation of the Project, in close collaboration with the MoFD and MESAF.

2. *Project Coordination Unit*

- (a) The Recipient shall maintain throughout Project implementation, the Project Coordination Unit with institutional framework, terms of reference and staffing satisfactory to the Bank, and with resources adequate to perform its functions under the Project including a Program Coordinator, Financial Management Specialist, Procurement Specialist, Monitoring and Evaluation Specialist, Communication Specialist; and (b) with the prior agreement of the Bank, engage to the PCU such 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 Bank.
- (b) Without limitation to the provision of Section I.A.2(a) immediately above, the PCU shall be responsible for, *inter alia*: (a) day-to-day administration of the Project; (b) fiduciary (*i.e.*, procurement, disbursement and financial management) aspects under the Project; and (c) overall planning, coordination, monitoring, evaluation, reporting and communication of the activities under the Project.

3. *Public Service Reform Steering Committee*

- (a) The Recipient shall maintain throughout project implementation, the Public Service Reform Steering Committee (PSRSC) with terms of reference satisfactory to the Bank and with adequate resources to carry out its functions.
- (b) Without limitation to the provisions of Section I.A.3(a) immediately above, the PSRSC shall be responsible for providing oversight and overall policy and strategic guidance over the Project.

B. Implementation Arrangements

1. *Project Implementation Manual*

- (a) The Recipient shall carry out the Project in accordance with the provisions of a manual satisfactory to the Bank (“Project Implementation Manual”), containing detailed guidelines and procedures for the implementation of the Project, including the following: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement, eligible activities, and verification mechanism; (iii) financial management, administrative and accounting procedures, and corruption and fraud mitigation measures; (iv) procurement; (v) monitoring, evaluation, reporting and communication of Project activities (including performance indicators, related targets, and Verification Protocols); and (vi) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.
- (b) Except as the Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual, and in case of a conflict between the provisions of the Project Implementation Manual and this Agreement, the provision of this Agreement shall prevail.

2. *Annual Work Plan and Budget*

- (a) The Recipient shall, not later than January 15 of each year prepare and furnish to the 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 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 Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Bank (Annual Work Plan and Budget).
- (c) The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget (provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail).

C. Environmental and Social Standards

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- 2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social

Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall 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 financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient'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 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 Donor(s).

B. 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, Training, Operating Costs, non-consulting services, and consulting services under the Project	4,850,000	100%
TOTAL AMOUNT	4,850,000	

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. “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.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Civil Service Commission” or “CSC” means the Recipient’s commission responsible for the civil service.
4. “Civil Service Institute” means the Recipient’s institution responsible for progressive and continued learning and training of its civil servants.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 3, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
7. “HRMIS” means Human Resource Management Information System, the interface that will consolidate human resource and payroll data.
8. “MoFD” means the Recipient’s Ministry of Finance Development.

9. “MESAF” means the Recipient’s Ministry of Employment, Social Affairs and Family.
10. “Operating Costs” means the incremental expenses incurred by the Recipient, based on the Annual Work Plans and Budgets as approved by the Bank, on account of Project implementation, management, and monitoring and evaluation, including the reasonable costs for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
11. “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.
12. “Civil Service Commission” or “CSC” means the Recipient’s Commission responsible for the civil service.
13. “Project Coordination Unit” or “PCU” means the unit within the Civil Service Commission in charge of coordinating the Project activities.
14. “Public Service Reform Steering Committee” or “PSRSC” means the Recipient’s Committee responsible for public service reform.
15. “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.
16. “SL-FMIS” means the Recipient’s financial management information system.
17. “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.
18. “Training” means the reasonable cost of training under the Project, based on Annual Work Plans and Budgets, including costs associated with seminars, workshops, travel and subsistence costs 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.