



TF0A1755

February 24, 2016

H.E. Mohamed Aden Ibrahim
Minister of Finance
Ministry of Finance and Planning
Villa Somalia
Mogadishu, Somalia

Excellency:

**SMPF Grant No. TF0A1755
(Somali Urban Investment Planning Project)**

I am writing on behalf of the International Development Association (“IDA”) to indicate IDA’s agreement, acting as administrator of the Somalia Multi Partner Fund (“SMPF”), to make a grant in an amount not exceeding three million, five hundred and twenty one thousand United States Dollars (\$3,521,000) (the Grant) to the Federal Government of Somalia (the Recipient).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that IDA carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.

Please note that it is IDA’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by IDA of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by several loops and a long horizontal stroke.

Bella Bird
Country Director for Somalia
Africa Region

AGREED:

FEDERAL REPUBLIC OF SOMALIA

By 

Name Mohamed Ibrahim

Title Minister of finance

Date February 24, 2016

ANNEX

Purposes, Terms and Conditions of the Grant

The purpose of the Grant is to assist in the preparation of the Urban Development Project, which has as main objective the construction and rehabilitation of urban infrastructure in selected urban centers in Somalia (the Project). The activities (the Activities) for which the Grant is provided consist of the following parts.

Part A: Support for Urban Investments and Institutional Building in Benadir Regional Administration and the Federal Ministry of Public Works and Reconstruction

Carrying out a program of preparatory activities for urban investments within the Benadir Regional Administration (BRA) such activities to include: (i) carrying out of feasibility and preliminary design studies for selected primary roads; (ii) carrying out of feasibility and preliminary design studies for secondary and community roads in each District in BRA including identification of priority works to be carried out on the roads and review and development of implementation modalities; (iii) carrying out of an institutional capacity assessment of BRA and the Federal Ministry of Public Works and Reconstruction; and (iv) carrying out of a generic environmental and social impacts study and developing an environmental and social management framework for the management of environmental and social impacts of urban investments

Part B: Support for Urban Investments in Garowe Municipality

Carrying out a program of preparatory activities for urban investments in Garowe Municipality such activities to include; (i) carrying out of feasibility and preliminary design studies for selected roads and bridges; (ii) carrying out of an institutional capacity assessment of the Garowe Municipality; and (iii) carrying out of an environmental and social impacts study and developing an environmental and social management framework for the management of environmental and social impacts of urban investments

Part C: Local Development Fund

Carrying out an institutional and operational assessment of the Local Development Fund including assessing the funding, allocation and fiduciary management processes; performance, monitoring and evaluation, planning and budgeting processes; reviewing the subprojects undertaken by beneficiaries and the environmental and social management approaches of beneficiaries.

Part D: Cross-Cutting Studies

Carrying out of cross-cutting studies, such studies to include: (i) fragility and conflict assessments and studies; and (ii) impact assessments and studies.

Part E: Security

Provision of security services.

Part F: Audit

1. Carrying out of audits on the Recipient executed component of the Project.
2. The Grant shall be used to finance consultants' services required for the Activities.
3. The Bank shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with IDA to the extent necessary to permit IDA to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify IDA against any costs or liabilities incurred by IDA as a result of claims against IDA in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.
4. IDA shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to IDA from the Somalia Multi Partner Fund.
5. The Activities shall be completed by not later than June 30, 2017, or such later date as IDA may establish by notice to the Recipient (the Closing Date). After the Closing Date, IDA may at any time cancel the remaining balance of the Grant.
6. The engagement and supervision of the consultants (the Consultants) required to assist in the carrying out of the Activities shall be the responsibility solely of IDA and shall be done according to the Bank's applicable procedures.
7. The Recipient may at any time request IDA in writing to terminate the Activities. Whether or not the Recipient has made such a request, IDA may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient or any other entity to which the International Bank for Reconstruction and Development (the IBRD) has made a loan with the guarantee of the Federal Republic of Somalia, to make withdrawals under any loan agreement with the IBRD or any development credit, grant or financing agreement with IDA has been suspended. IDA may also terminate the right of the Recipient to receive Grant funds if: (a) IDA has decided, at any time after consultation with the Recipient, to withdraw its support to the Project; or (b) the Recipient has withdrawn its request for IDA's assistance in the financing of the Project.
8. IDA is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by IDA pursuant to this Letter Agreement.