
GRANT NUMBER D856-SO

Financing Agreement

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

between

FEDERAL REPUBLIC OF SOMALIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D856-SO

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the FEDERAL REPUBLIC OF SOMALIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (variously the “Association” or “IDA”) for the purpose of providing additional financing for the Shock Responsive Safety Net for Human Capital Project (as defined in the Appendix to this Agreement). 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 seventy-six million seven hundred thousand Special Drawing Rights (SDR 76,700,000) (“Financing”), to assist in financing the Project (as defined in the Appendix to this Agreement).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule 1 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 1 to this Agreement.
- 3.02. The objective of the Project remains to provide cash transfers to targeted poor and vulnerable households and establish the key building blocks of a national shock-responsive safety net system.

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
Ministry of Finance Bulding
Corso Somalo Street
Shangani District
Mogadishu; 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

Abdirahman Duale Beileh

Authorized Representative

Abdirahman Duale Beileh

Name: _____

Title: _____ Minister _____

Date: _____ 27-Jun-2021 _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Keith E. Hansen

Authorized Representative

Keith E. Hansen

Name: _____

Title: _____ Country Director _____

Date: _____ 23-Jun-2021 _____

SCHEDULE 1

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Recipient shall implement the Project in accordance with the Provisions of Sections I and II of Schedule 2 to the Original Financing Agreement, which sections are incorporated hereto by reference.

B. Updated Output Agreement

Without limitation to Section I.A above, the Recipient shall, immediately 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 extend WFP's services for the provision of Cash Transfers under the Cash Transfer Program ("CTP") to CTP Beneficiaries under this additional financing.

C. Extension of TPM Agreement

In furtherance of Sections I.A above, the Recipient shall, within three (3) months of the Effective Date: (i) amend the terms of reference of, and contract with the TPM Consultant; or (ii) 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.

D. Updated Safeguard Documents

The Recipient shall: (i) update and disclose the Labor Management Procedures and Social Management Plan, within three (3) months of the Effective Date, in a manner and substance satisfactory to the Association; and (ii) thereafter, implement the Project in accordance with the said updated documents.

Section II. 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 of the Project	66,240,910	100%
(2) Goods, works, non-consulting services, and consulting services for Part A.2 of the Project	9,064,550	100%
(3) Goods, non-consulting services, consulting services, Operating Costs, and Training for Part C of the Project.	1,394,540	100%
TOTAL AMOUNT	76,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed: (i) eight million three hundred sixty-seven thousand two hundred and seventy Special Drawing Rights (SDR8,367,270) from Category (1); and (ii) one million three hundred ninety-four thousand five hundred fifty Special Drawing Right (SDR1,394,550) from Category (2), may be made for payments made prior to this date but on or after June 1, 2021, for Eligible Expenditures; or
 - (b) under Categories (1) and (2) until and unless the Recipient has revised the Output Agreement with WFP pursuant to Section I.B of this Schedule, in a manner and substance satisfactory to the Association.
2. The Closing Date is August 31, 2023.

APPENDIX

Definitions

1. “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.
2. “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.
3. “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.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CTP Beneficiary” means a household that meets the eligibility criteria to receive a Cash Transfer under the CTP pursuant to the Project Operations Manual.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 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.
7. “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 Association.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
 9. “Labor Management Procedures” means the labor management procedures prepared and adopted by the Recipient for the implementation of the Original Project as required under the Original Financing Agreement and ancillary documents, and to be updated pursuant to Section I.D of Schedule 1 to this Agreement.
 10. “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 forty-six million eight hundred thousand Special Drawing Rights (SDR 46,800,000) IDA grant to finance the Project (Grant Number D510-SO), as amended from time to time.
 11. “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.
 12. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
 13. “Project” means the Shock Responsive Safety Net Human Capital Project.
 14. “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.
 15. “Shock Responsive Safety Net for Human Capital Project” means the activities described in the Schedule 1 to the Original Financing Agreement.
 16. “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.
 17. “Social Management Plan” means the social management plan prepared and adopted by the Recipient for the implementation of the Original Project as required

under the Original Financing Agreement and ancillary documents, and to be updated pursuant to Section I.D of Schedule 1 to this Agreement.

18. “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.
19. “WFP” means the World Food Programs, a specialized agency/program of the United Nations.