

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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GRANT NUMBER D212-SO

## Financing Agreement

(Somalia Emergency Drought Response and Recovery Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL COMMITTEE OF THE RED CROSS  
(for the benefit of the people of the Federal Republic of Somalia)

Dated

JUNE 2, 2017

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**GRANT NUMBER D212-SO**

**FINANCING AGREEMENT**

AGREEMENT dated JUNE 2, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and INTERNATIONAL COMMITTEE OF THE RED CROSS (“Recipient”).

WHEREAS (A) the Federal Republic of Somalia in response to the immediate emergency arising as a result of drought and food insecurity crisis in its territory (“Emergency”), has through a letter dated April 3, 2017, requested the assistance of the Association to finance specific costs associated with the Emergency;

(B) pursuant to the Headquarters Agreement between the Recipient and the Federal Republic of Somalia dated December 2, 2014 (the “Headquarters Agreement”), the Recipient accredited its delegation to operate and implement programs within the territory of the Federal Republic of Somalia for the benefit of the people of Somalia (“ICRC Delegation”) consistent with the Recipient’s Documents and the laws and regulation in force within the territory of the Federal of Somalia;

(C) the Federal Republic of Somalia has through a letter dated April 3, 2017, to the Association endorsed the Recipient as the recipient of the Financing to be provided by the Association for purposes of implementing Component 1 of the Project described in Schedule 1 to this Agreement (the “Project”), and also expressed no objection to the Food and Agriculture Organization of the United Nations (“FAO”) as the recipient of financing to be provided by the Association for the purpose of FAO’s implementation of Component 2 of the Project; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend to the Recipient a grant for the benefit of the people of the Federal Republic of Somalia upon the terms and conditions set forth in 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) 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 General Conditions or in the Appendix to this Agreement.

## **ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to fourteen million six hundred thousand Special Drawing Rights (SDR 14,600,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

## **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Component 1 of the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) The Recipient’s Documents have, in the opinion of the Association, been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
  - (b) The Recipient has failed to comply with its obligations under the Headquarters Agreement relating to the operations of the ICRC Delegation; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that alternative arrangements for the operations of the Recipient in the Federal Republic of Somalia are in place so as to enable the Recipient to comply with its obligations under this Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement shall terminate is five (5) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is Head of Resource Mobilization, ICRC.
- 6.02. The Recipient's Address is:

International Committee of the Red Cross  
19 Avenue de la Paix  
1202 Geneva  
Switzerland

Facsimile:

+41 22 730 28 99

- 6.03. The Association's Address is:

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

Telex:            Facsimile:

248423 (MCI) 1-202-477-6391

AGREED at 1, JUNE 2, 2017., as of  
the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



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Authorized Representative

Name: BELLA BIRD

Title: COUNTRY DIRECTOR

INTERNATIONAL COMMITTEE OF THE RED CROSS

By



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Authorized Representative

Name: CARLA CARDINI

Title: HEAD OF DIVISION  
RESOURCE MOBILIZATION

## SCHEDULE 1

### Project Description

The objective of the Project is to address the immediate needs of the drought affected people within the territory of the Federal Republic of Somalia, and support resilient recovery through the provision of livelihood opportunities and the restoration of agricultural and pastoral production.

The Project consists of the following components:

#### **Component 1: Programmatic Support to ICRC for Immediate Drought Response**

Supporting and scaling up ICRC's ongoing response to the Emergency, in particular:

1. Meeting urgent food security needs by carrying out distribution of food and essential non-food household items, especially in hard to reach areas, and in areas with functioning markets, provision of unconditional cash ("ICRC Cash Transfers") to cover food and non-food items, all to targeted populations ("ICRC Eligible Beneficiaries").
2. Improving access to water, sanitation and hygiene by carrying out repairs and rehabilitation of existing boreholes and water points (including, deepening of hand-dug wells and enhancing water storage and distribution to communities and livestock); ICRC Cash Transfers to purchase water; and promotion of hygiene practices (including mass water treatment) among the drought-affected populations and in the health facilities (including provision of sanitation).
3. Improving access to healthcare and nutrition by, *inter alia*, carrying out emergency and primary health care, including: (a) provisioning of treatment campaigns against cholera and malnutrition, especially among children, pregnant women and lactating mothers; (b) provisioning of curative care and rehabilitation; and (c) provisioning of supplementary food rations to prevent relapse and enable better recovery.
4. Supporting implementation of this Component 1 by financing the cost of the ICRC's management of said implementation, third party technical review, and ICRC Indirect Costs.

**Component 2: Programmatic Support to FAO for Strengthening Rural Food Security and Livelihoods Resilience**

Increasing immediate access to food, restoration of livelihoods and assets, and support to sustainable recovery of agricultural livelihood systems in target communities, in particular:

1. Scaling up the FAO's cash-for-work program to provide targeted vulnerable households ("FAO Eligible Beneficiaries") cash to purchase food, and engage them for twelve weeks of paid work to strengthen community infrastructure ("Cash-for-Work Program"); and provision of unconditional cash ("FAO Cash Transfers") to targeted vulnerable households who are not able to participate in the Cash-for-Labor Program due to age, health, or other considerations.
2. Scaling up of the FAO's ongoing "Cash+ program", including the provision of unconditional cash transfers and emergency livelihood inputs to targeted families ("FAO Eligible Beneficiaries"), including provision of redeemable vouchers at community markets.
3. Safeguarding livestock assets and pastoral livelihoods, including: (a) provision of vaccination and/or treatment for livestock against a variety of debilitating diseases and conditions that threaten livestock productivity, value, health and survival; (b) carrying out livestock restocking; (c) carrying out training of veterinarians; and (d) improving fodder production.
4. Improving current and future response to drought and famine prevention activities, including: (a) developing community-level drought preparedness and response plans; and (b) strengthening the FAO's Water and Land Management Information System initiative, and the Food Security and Nutrition Analysis Unit.
5. Facilitating implementation, administration and management of Component 2 of the Project, including: (a) the FAO's Operating Costs; (b) independent third party technical review (Third Party Monitoring) of activities under Component 2 of the Project; and (c) FAO's Indirect Costs.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. ICRC Headquarters Office**

The Recipient shall carry out Component 1 of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, environmental and social standards and practices, and in accordance with the Procurement Plan, the ESMF and the PMP, if applicable, and the provisions of this Agreement, and shall promptly provide the funds, facilities, services and other resources required for the Project.

##### **2. ICRC Delegation and Somali Red Crescent Society**

1. The Recipient shall at all times during the implementation of Component 1 of the Project:

- (a) maintain the ICRC Delegation in Nairobi with the day-to-day responsibility for implementation of Component 1 of the Project;
- (b) maintain direct presence and deploy staff in adequate numbers, as may be required for the purpose of Component 1 of the Project within the territory of the Federal Republic of Somalia, including a multidisciplinary team involving its economic security, water and health staff to conduct field assessments, as may be required, to determine the scope of the interventions on the ground; and
- (c) maintain its implementing partnership with the Somali Red Crescent Society, and such contracts and/or agreements as may be required for effective implementation of Component 1 of the Project within the Federal Republic of Somalia, all in form and substance satisfactory to the Association.

2. The Recipient shall at all times during the implementation of the Project ensure:

- (a) compliance with any applicable laws and/or regulations of the Federal Republic of Somalia in all its operations within the territory of the Federal Republic of Somalia; and



- (b) that all governmental clearances and approvals, as may be required to allow its staff to operate and undertake activities under Component 1 of the Project within the Federal Republic of Somalia, are obtained.

**B. Cooperation with Somali Red Crescent Society**

- 1. The Recipient shall, not later than forty-five (45) days after the Effective Date, enter into an agreement (the "Cooperation Agreement") with the Somali Red Crescent Society, including clarifying the role and partnership arrangements with said Somali Red Crescent Society in the execution of any activities under Component 1 of the Project.

**C. Third Party Review**

- 1. The Recipient shall hire Third Party Monitoring Agent(s) with terms of reference and experience satisfactory to the Association and to be financed out of the proceeds of the Financing as set forth in the table under Section IV.A.2. of Schedule 2 to this Agreement.

**D. ICRC Cash Transfers under Component 1.1 and 1.2**

**1. Verification and Technical Audits**

The Recipient shall:

- (a) maintain a list of ICRC Eligible Beneficiaries, *inter alia*, to confirm respective ICRC Eligible Beneficiary identification and targeting. To this end, the Recipient shall maintain its standard targeting and assessment tools for cash distribution, in form and substance satisfactory to the Association.
- (b) ensure verification of the list of ICRC Eligible Beneficiaries by means of a technical audit, in form and substance satisfactory to the Association, and in accordance with the criteria agreed with the Association.
- (c) as part of the audits referred to in Section II.B.3 of Schedule 2 to this Agreement, submit to the Association a technical audit report, related to the use of the proceeds of the ICRC Cash Transfers under Category (1) of the table set forth in Section IV.A of this Schedule.

**E. Anti-Corruption**

1. The Recipient represents and warrants to the Association that none of its contractors, suppliers, consultants or agents is subject to a suspension or debarment by the World Bank Group.
2. The Recipient shall ensure that Component 1 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, including (but not limited to) by:
  - (a) requiring bidders (applicants and/or proposers) and consultants submitting bids and/or proposals to accept the application of, and agree to comply with, the Anti-Corruption Guidelines during the procurement process, selection and/or contract execution, including (but not limited to) the right of the Association to inspect accounts, records and other documents relating to the Project, and to have such documents audited by auditors appointed by the Association, and to sanction any firm or individual that has engaged in fraud and corruption (as defined in the Anti-Corruption Guidelines) in connection with the Financing;
  - (b) in furtherance of its obligation under the Anti-Corruption Guidelines, to cooperate fully with investigations undertaken by the World Bank, permitting, and causing its personnel and agents to permit, the Association to inspect all accounts, records, and other documents relating to the Project, to have such documents audited by auditors appointed by the Association; and
  - (c) consulting and applying the World Bank Group's lists of firms and individuals suspended or debarred. It is agreed and understood that, in the event that the Recipient enters into a contract with a firm or an individual suspended or debarred by the World Bank Group, the Association will not finance the related expenditures and may apply other remedies as appropriate.
3. The foregoing obligations in paragraph (2) above shall not apply to:
  - (a) suppliers to the Recipient's Global Inventory; or
  - (b) contractors, suppliers or consultants under contracts entered into before the date of this Agreement; *provided, however*, that for any such contract with a value exceeding \$100,000 or equivalent, the Recipient shall exercise its best efforts to amend such contract to include, on terms and conditions acceptable to the Association: (i) a representation by the contractor, supplier or consultant that it has not engaged in fraud and corruption (as defined in the Anti-Corruption Guidelines) in connection with the Project, and (ii) an

agreement by the contractor, supplier or consultant to accept the application of, and comply with, the Anti-Corruption Guidelines during the performance of the contract as set forth in paragraph E.2(a) immediately above.

**F. Environmental and Social Safeguards**

1. In the event that there is an Unwithdrawn Grant Balance after payment of Retroactive Payment, the Recipient shall, prior to the commencement of any works under Component 1:
  - (a) prepare, in accordance with terms of reference acceptable to the Association, an Environmental and Social Management Framework (“ESMF”), including a Pest Management Plan (“PMP”); and
  - (b) adopt such ESMF and PMP as shall have been approved by the Association and publish the ESMF and PMP in a manner acceptable to the Association.
2. The Recipient shall carry out all works commenced under Component 1 of the Project after the date of this Agreement in accordance with the ESMF and the PMP.
3. The Recipient shall ensure that all measures required for carrying out any environmental assessment, environmental management plan, or similar safeguard instrument, as may be required under the ESMF, are taken in a timely manner.
4. The Recipient shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the ESMF, PMP, any environmental assessment, environmental management plan or similar safeguard instrument, giving details of:
  - (a) measures taken in furtherance of the ESMF, PMP and, any environmental assessment, environmental management plan, or similar safeguard instrument;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, PMP, or any environmental assessment, environmental management plan or similar safeguard instrument; and
  - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESMF, PMP, any environmental assessment, environmental management plan or similar safeguard instrument.

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

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of Component 1 of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than ninety (90) 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 Association.
3. The Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each 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 Association not later than six (6) months after the end of such period.
4. The Recipient shall, in form and substance satisfactory to the Association: (a) prepare and submit to the Association a list of all eligible expenditures to be financed out of the proceeds of the Financing; and (b) submit to the Association, a declaration statement to confirm that the Recipient has exercised its best efforts to ensure that ICRC Eligible Beneficiaries and contractors, suppliers, consultants or other party to the contracts in said list of expenditures excludes entities that are listed in the United Nations Security Council Sanctions List: (<https://scsanctions.un.org/r/?keywords=car>).

**Section III. Procurement**

1. All works, goods, non-consulting services and consultants' services required for Component 1 of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the applicable procurement rules and procedures of the Recipient, as such procurement rules and practices have been assessed and found to be acceptable by the Association.

2. All contracts for works, goods, non-consulting services and consultants' services that are eligible for Retroactive Payments shall be subject to post-review of the Association, on a sample basis.
3. If the Association determines that the procurement rules and procedures of the Recipient have been modified, suspended, or waived such that they are no longer acceptable to the Association, the Association may, in addition to the Association's other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the Association 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 Financing ("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 SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) (a) ICRC Cash Transfers, goods, works, non-consulting services, consultants' services, Third Party Review, and Operating Costs under Component 1 of the Project	13,708,900	100%
(b) ICRC Indirect Cost (6.5% of the total financing of Component 1 of the Project)	891,100	
<b>TOTAL AMOUNT</b>	14,600,000	

**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 date of this Agreement, except that withdrawals up to the aggregate amount of \$20,000,000 may be made for payments made prior to this date but on or after January 1, 2017, for Eligible Expenditures under Category (1)(a), subject to the following:

- (a) The Recipient shall have carried out the following, in form and substance satisfactory to the Association:
  - (i) furnished to the Association a list of expenditures (“List of Expenditures”), including their related contracts, being claimed by the Recipient for reimbursement out of the proceeds of the Financing, consisting of ICRC Cash Transfers and contracts for goods, works, non-consulting services, and consultants’ services procured in accordance with Section III of this Schedule, for implementation of Component 1 of the Project;
  - (ii) submitted a signed statement of declaration confirming that the Recipient has exercised its best efforts to ensure that ICRC Eligible Beneficiaries and contractors, suppliers, consultants or other party to the contracts in the List of Expenditures excludes entities listed in the United Nations Security Council Sanctions List: (<https://scsanctions.un.org/r/?keywords=car>);
  - (iii) with respect to the List of Expenditures, has confirmed in writing, that contracting parties of related contracts are not subject to any suspension or debarment by the World Bank Group;
  - (iv) an environmental impact audit of works as well as technical and fiduciary audits, relating to the activities is carried out in connection with Component 1 of the Project and for which expenditures are claimed in the List of Expenditures; and
  - (v) submitted, in form and substance satisfactory to the Association, a letter of acceptance from the Somalia Red Crescent Society, communicating said Somalia Red Crescent Society’s acknowledgement and agreement to abide by the Anti-Corruption Guidelines in connection with Component 1 of the Project.
- (b) The Association has confirmed in writing to the Recipient that actions set out in sub-paragraph 1(a) immediately above have been completed to the satisfaction of the Association and are eligible for reimbursement from the proceeds of the Financing (“Retroactive Payment”).

3. The Closing Date is June 29, 2018.

## APPENDIX

### Section I. Definitions

1. “Alternative Procurement Arrangements” or “APA” means the special procurement arrangements set forth in Section III of Schedule 2 to this Agreement, said APA as introduced under the Association’s new Procurement Framework, which came into effect in July 2016.
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 and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Cooperation Agreement” means a memorandum of understanding or a cooperation agreement referred to in Section I.B.1 of Schedule 2 to this Agreement, to be entered into between the Recipient and Somali Red Crescent Society.
5. “Emergency” means the occurrence of an event of emergency within the territory of the Federal Republic of Somalia resulting in famine and food insecurity crisis, for which the following notification has been issued:  
[https://www.unicef.org/media/media\\_95478.html](https://www.unicef.org/media/media_95478.html).
6. “Environmental and Social Management Framework” or “ESMF” means the framework to be prepared pursuant to Section I.F.1 of Schedule 2 to this Agreement, setting out mitigation, monitoring, and institutional measures that have been identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said ESMF.
7. “FAO Cash Transfers” means a cash transfer made by FAO under Component 2.1 and 2.2 of the Project, to a FAO Eligible Beneficiary out of the proceeds of the Financing.
8. “FAO Cash Transfer Beneficiaries” means an eligible vulnerable poor person or household under Component 2.1 and 2.2, included in FAO’s list, as determined by the criteria for FAO Cash Transfer for purchase of food, water and non-food items, established by FAO and acceptable to the Association, and to whom FAO proposes



to provide or has provided with a household food and item kit, or propose to or has made a FAO Cash Transfer.

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
10. “Grievance Redress Mechanism” or “GRM” means the system aimed to receive grievances on alleged fraud or misconduct in mobile or other payments that might be associated with the ICRC Cash Transfer, or other misconduct related to food distribution under Component 1 of the Project.
11. “ICRC Cash Transfers” means cash transfers made by the Recipient under Component 1.1 and 1.2 of the Project to an ICRC Eligible Beneficiary out of the proceeds of the Financing.
12. “ICRC Delegation” means the Recipient’s delegation accredited to the Federal Republic of Somalia, and currently based in Nairobi, Kenya.
13. “ICRC Eligible Beneficiaries” means an eligible vulnerable poor person or household under Component 1.1 and 1.2, included in the Recipient’s list, as determined by the criteria for ICRC Cash Transfers for purchase of food, water and non-food items, established by the Recipient and acceptable to the Association, and to whom the Recipient proposes to provide or has provided with a household food and item kit, or proposes to or has made an ICRC Cash Transfer.
14. “ICRC Headquarters” means the Recipient’s registered office at Avenue de la Paix 19, 1202 Geneva, Switzerland, as recorded in the Geneva Register of Commerce.
15. “ICRC Indirect Cost” means the overhead costs provided by the Recipient’s headquarters’ to its field office in connection with Component 1 of the Project.
16. “List of Expenditures” means the list of expenditures to be submitted to the Association by the Recipient in accordance with the provisions of Section IV.B.1(a)(ii) and (iii) of Schedule 2 to this Agreement.
17. “Operating Costs” means the incremental operating costs arising under Component 1 of the Project on non-staff related cost, including vehicle operation and transport for field teams, rental of office space and supplies, utilities, and communication charges.
18. “Pest Management Plan” or “PMP” means a plan that may be prepared as part of the ESMF pursuant to Section I.F.1 of Schedule 2 to this Agreement, said plan setting out the measures to be taken for the development and implementation of integrated pest management and safe handling of agro-chemicals in the course of Project implementation, as the same may be modified from time to time with the

prior written concurrence of the Association, and such term includes any schedules or annexes to said plan.

19. “Procurement Plan” means the Recipient’s procurement plan for ongoing and future activities under Component 1 of the Project that may be prepared by the Recipient during Project implementation, upon request of the Association, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.
20. “Recipient’s Global Inventory” means all items (inventory) procured for and held in neutral inventory in an ICRC Warehouse for future operations without being yet allocated to an ICRC General Objective. For the purpose of this paragraph, the term “ICRC General Objective” means a tool for planning, budgeting and financial reporting, for the purpose of the Recipient’s field operational planning, a specified geographical area, or intended outcome that is achieved through a series of activities targeting a specific group of defined beneficiaries.
21. “Recipient’s Documents” means Registration Number CH-660.1.353.006-1 acknowledging the existence of the International Committee of the Red Cross, an association established pursuant to the Civil Code of Switzerland; and registered in the Geneva Register of Commerce; and the Headquarters Agreement between the Federal Republic of Somalia and the Recipient, providing for accreditation of the Recipient’s Delegation to, and authorization to operate in, the Federal Republic of Somalia.
22. “Retroactive Payments” means payments that may be made for Eligible Expenditures as set forth in Section IV.B.1 of Schedule 2 to this Agreement.
23. “Somali Red Crescent Society” means an autonomous national organization in the terms of Article 3 of the Statutes of the International Red Cross and Red Crescent Movement established and operating pursuant to the laws of the Federal Republic of Somalia.
24. “Statutes of the Red Cross and Red Crescent Movement” means the statutes *adopted by the 25th International Conference of the Red Cross at Geneva in 1986, and amended in 1995 and 2006.*
25. “Third Party Technical Review” means review and monitoring of the activities under Component 1 of the Project on behalf of the Recipient (including, *inter alia*: periodic site visits; assessment of local context and conditions; interviews; awareness raising; training and preparation of reports) to be carried out by a Third Party Monitoring Agent with the purpose of carrying out satisfactory technical review and monitoring of the activities of Component 1 of Project in the areas where the Recipient has limited or no access due to the current situation in the territory of the Federal Republic of Somalia.

26. “Third Party Monitoring Agent” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management (accounting and audit), procurement, and environmental safeguards aspects of such development projects, said firm or organization to be engaged by the Recipient for carrying out of Third Party Review in accordance with relevant terms of reference reviewed and confirmed by the Association.
27. “United Nations Security Council Sanctions List” means the list set forth in the following page: <https://scsanctions.un.org/r/?keywords=car>, as such list may be updated from time to time.
28. “World Bank” means either the International Bank for Reconstruction and Development, or the Association, as the case may be.
29. “World Bank Group” means the Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

## **Section II. Modifications to the General Conditions**

The modifications to the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010 are as follows (all references to Sections and the Appendix are to Sections of and the Appendix to said General Conditions):

1. Section 2.06 is modified to read as follows:

### *“Section 2.06. Financing Taxes*

The use of any proceeds of the Financing to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply, if permitted by the Financing Agreement, is subject to the Association’s policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Financing specified in the Financing Agreement, as required to ensure consistency with such policy of the Association.”

2. Sections 3.03, 3.04 and 3.08 are deleted in their entirety, and Sections 3.05, 3.06, 3.07, 3.09 and 3.10 are re-numbered, respectively, as Sections 3.03, 3.04, 3.05, 3.06 and 3.07.
3. Paragraphs (b) and (c) of the newly re-numbered Section 3.07 are modified to read as follows:

“(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration.”
4. Paragraph (a) of Section 4.09 (*Financial Management, Financial Statements, Audits*) is modified to read as follows:

“(a) The Recipient shall maintain or cause to be maintained a financial management system and prepare financial statements (“Financial Statements”) in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Recipient, including the operations, resources and expenditures related to the Project.”
5. In Section 4.11, paragraph (a) is modified to reads as follows:

“Section 4.11. *Visits*

“(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Financing or the Project.”
6. Section 5.01 is deleted in its entirety.
7. Section 6.02 is modified as follows:

(a) Paragraph (j) on *Membership* is modified to read as follows:

“(j) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund.”

- (b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) *Interference.* The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Financing or the Project.”

8. Paragraph (a) of Section 8.01 is modified to read as follows:

“(a) The execution and delivery of each Legal Agreement on behalf of the Recipient which is a party to such Legal Agreement have been duly authorized by all necessary corporate action.”

9. The Appendix (**Definitions**) is modified as follows:

- (a) Paragraph 29 is modified to read as follows:

“29. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country.”

- (b) Paragraph 33 is modified to read as follows:

“33. “Local Expenditure” means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure.”

- (c) A new paragraph 34 with the definition of Member Country is added to read as follows, and the subsequent paragraphs are renumbered accordingly:

“34. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory of more than one such member, “Member Country” refers separately to each such member.”

(d) Renumbered paragraph 46 is modified to read as follows:

“46. “Recipient” means the party to the Financing Agreement to which the Financing is extended.”