H.E. Abdirahman Duale Beileh  
Minister of Finance  
Federal Government of Somalia  
Mogadishu, Somalia

Re: SOMALIA: Advance Agreement for Preparation for the Proposed Somali Integrated Statistics and Economic Planning Capacity Building Project  
Project Preparation Advance No. V3390-SO

Excellency:

In response to the request for financial assistance made on behalf of Federal Republic of Somalia (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million seven hundred sixty-six thousand Dollars ($ 1,766,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to strengthen the national statistical system in the collection, processing and dissemination of poverty and selected macro-economic data to inform development policy and poverty reduction activities (“Project”) in support of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within thirty (30) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.
Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By ____________________________
Hugh Riddell
Country Manager
Somalia

AGREED:
FEDERAL REPUBLIC OF SOMALIA

By ____________________________
Abdirahman Duale Beileh
Authorized Representative
Abdirahman Duale Beileh

Name ____________________________
Title ____________________________
Date 14-Jun-2020

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
Article I  
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including the Appendix to this Agreement.

Article II  
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

(a) Establishing the Project implementation unit (“PIU”) within the Directorate of National Statistics (“DNS”) for the carrying out of the Project, including hiring and training PIU staff, providing office and transport equipment therefor, and preparing and adopting the Project Operations Manual, a grievance redressal mechanism and a Stakeholders Engagement Plan for the Project pursuant to the ESCP;

(b) Carrying out preparatory work for strengthening coordination, statistical infrastructure and data development of the Recipient’s national statistical system, including designing a Somali integrated household budget survey, reviewing DNS organizational structure and preparing/developing DNS organizational change strategy;

(c) Carrying out studies to determine the training and information and communication technology (“ICT”) needs of the Recipient’s national statistical system and initiate related procurement activities; and

(d) Providing support to: (i) the Monitoring and Evaluation Directorate (“MED”) in developing and implementing nation-wide monitoring and evaluation framework; and (ii) to the National Economic Council (“NEC”) in carrying out evidence-based economic research studies and analysis on selected issues relate to the NDP9.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through MoPIED (with the financial assistance of the EAFS Unit in the MoF), in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. **Environmental and Social Standards.**
(a) The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.

(b) Without limitation upon paragraph (a) 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 World Bank. To this end, the Recipient shall ensure that:

(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;

(iii) 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

(iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the World Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

(c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall ensure that:

(i) all measures necessary are taken to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World 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 World Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) the World 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.

(e) 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 World Bank.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.
2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions:

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement.** All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated May 21, 2020 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is September 30, 2020.

**Article IV**

**Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V**

**Recipient's Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its Minister of Finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

   Ministry of Finance  
   Corso Somalo Street  
   Shangani District  
   Mogadishu, Somalia; and

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services, Workshops &amp; Training and Incremental Operating Costs under the Activities</td>
<td>1,766,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,766,000</td>
<td></td>
</tr>
</tbody>
</table>
5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:  
248423 (MCI) or  
64145 (MCI)

Facsimile:  
1-202-477-6391
APPENDIX

Definitions

1. “Directorate of National Statistics” and the acronym “DNS” mean the Directorate of National Statistics at MoPIED, and/or any successor to it, acceptable to the Association.

2. “EAFS Unit” means the Recipient’s external assistance fiduciary section unit established within MoF’s Office of the Accountant General, to carry out the overall financial management in respect of the external developmental assistance including proceeds received from the Association.

3. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 19, 2020, 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.


5. “ICT” means information and communication technology.

6. “Incremental Operating Costs” means reasonable incremental Project-related costs incurred by the Recipient on account of the carrying out of the Project, including: (a) office rental; (b) office consumables; (c) utility fees; (d) operation and maintenance of office equipment and vehicles; (e) bank charges; (f) advertising and media projections costs; (g) newspaper and periodical subscriptions; (h) printing and stationery costs; (i) in-country travel costs, boarding/lodging and per-diems for Project staff; and (j) salaries of contractual staff (other than consultants) required for Project management, but excluding salaries of civil servants.

7. “MoF” means the Recipient’s Ministry of Finance, and/or any successor to it.

8. “Monitoring and Evaluation Directorate” and the acronym “MED” mean the Monitoring and Evaluation Directorate at MoPIED, and/or any successor to it.
9. “MoPIED” means the Recipient’s Ministry of Planning Investment and Economic Development, and/or any successor to it, acceptable to the Association.

10. “National Economic Council” and the acronym “NEC” mean the Recipient’s National Economic Council, established pursuant to Presidential Decree LR 98, on July 12, 2018.

11. “NDP9” means the Recipient’s National Development Plan 2020-2024, as approved by the Recipient’s Cabinet, on September 26, 2019.

12. “PIU” means the Project implementation unit to be established by the Recipient within the DNS pursuant to Section 2.01(a) of the Annex to this Letter Agreement and in conformity with the provisions of the Project Operations Manual.

13. “Project Operations Manual” means the Project operations manual to be developed and adopted by the Recipient, in a manner and substance satisfactory to the Association, pursuant to Section 2.01(a) of the Annex to this Letter Agreement, which manual shall set forth, inter alia: (i) roles and responsibilities for Project implementation including job descriptions/terms of reference and allocation of functions and responsibilities, reporting and accountabilities lines for implementation units and Project staff; (ii) detailed guidelines and procedures for the implementation of the Project, including administration and coordination, monitoring and evaluation, procurement and contract management, environmental and social risks mitigation measures (ancillary to those of the ESCP), fraud and corruption mitigation measures, the administrative structure and procedures of the Project grievance redress mechanism; (iii) any financial management requirements, including detailed arrangements and procedures for financial approvals hierarchies and segregation of duties; management of bank accounts and payment processes; management and accounting of assets, and preparation of internal audits and annual Financial Statements, including the terms of reference for the external auditor; (iv) procedures for the preparation and approval of the annual work plans and budgets; (v) detailed guidelines and procedures for data collection, protection and processing in accordance with applicable national laws and good international practices; (vi) the Project’s results framework and monitoring indicators; and (vii) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association.

14. “Workshops & Training” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient, or, subject to prior approval by the Association, attended abroad by the Recipient’s officials and staff in connection with the Project, including the purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainees.