H.E. Abdirahman Duale Beileh  
Minister of Finance  
Federal Republic of Somalia  
Villa Somalia  
MOGADISHU

Excellency:

SMPF Grant Nos. TF0A1688 and TF0A8094  
(Somali Core Economic Institutions and Opportunities Project-Phase 1)  
Amendment to the Grant Agreement


We propose to amend the Agreement as set forth in this letter (“Amendment”):

1. The cover page of the Agreement is amended as follows:
   (a) “SMPF Grant Number TF0A1688 and TF0A8094”

   Any reference in the Agreement to, “Grant Number”, shall be reference to, “SMPF Grant Numbers TF0A1688 and TF0A8094”.

2. Section 3.01 of the Agreement is amended as follows:

   “The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant: (a) in an amount equal to three million three hundred thousand United States Dollars ($3,300,000) (“Grant No. TF0A1688”); and (b) in an amount equal to seven million two hundred ninety thousand United States Dollars ($7,290,000) (“Grant No. TF0A8094”), to assist in financing the Project.”

3. Schedule 1 to the Agreement is amended as set forth in the Annex 1 to this Amendment.

4. The table set forth in Section IV.A.2 of Schedule 2 to the Agreement is amended as set forth in the Annex 2 to this Amendment.

All the other provisions of the Grant Agreement, except as herein amended, shall remain in full force and effect.
Please indicate agreement to the foregoing, on behalf of the Recipient, by countersigning and dating the form of confirmation on the two original copies of this letter and returning one original, as countersigned, to us. Upon receipt by the World Bank of the copy of the countersigned letter, the amendment shall become effective as of the date of the countersignature.

Sincerely,

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

[Signature]
Bella Bha
Country Director for Tanzania, Malawi, Burundi and Somalia
Africa Region

CONFIRMED:
FEDERAL REPUBLIC OF SOMALIA

[Signature]
By: [Signature]
Name: Dr. Abdirahman Beka Ahmed
Date: August 25, 2018
Annex 1

SCHEDULE 1
Project Description

The objective of the Project is to: (i) improve the enabling environment for private and financial sector development; and (ii) catalyze private investment and job creation.

The Project consists of the following parts:

Part 1. Strengthening Core Economic Institutions

A. Strengthening Central Bank supervision and regulation at the Federal level, in particular:

1. Reviewing the legal, regulatory and institutional set up of the financial sector regulation and supervision and developing policy options for implementation.

2. Reviewing the policy, regulatory and supervisory capacity of the Central Bank of Somalia and the compliance capacity of financial institutions and developing and implementing capacity building programs to address identified weaknesses.

3. Drafting laws and regulations to strengthen financial sector development and carrying out public consultations and information campaigns on said laws and regulations.

4. Building the capacity of the Central Bank of Somalia and its staff in financial institutions regulation and supervision including supplying needed equipment.

5. Carrying out a program of activities to develop and implement a core-banking and accounting system at the Central Bank of Somalia, including building the institutional and human resource capacity of said institutions for core banking systems and effective use of the banking systems.

6. Supporting the Central Bank of Somalia to carry out outreach and information campaigns on the evolving legal and regulatory framework.

7. Carrying out a program of activities to support the development and implementation of anti-money laundering ("AML") and combating the financing of terrorism ("CFT") regulatory framework, including, the carrying out a diagnostic assessment of money laundering and financing of terrorism to inform legal and policy reforms, developing policies and strategies for combating money laundering and the financing of terrorism, developing of AML and CFT laws and regulations, developing and implementing action plans for the implementation of new AML and CFT policies and laws, and building capacity for the implementation of AML and CFT policies and laws.

8. Carrying out a program of activities to strengthen the national payment system, including, the carrying out of a needs assessment of the national payment system, developing a national payments system policy and regulatory framework, and
building capacity for, and providing implementation support for said policy and regulatory framework.

9. Developing medium and long-term plans and strategies for financial sector development and building capacity for their implementation.

10. Developing financial inclusion and microfinance products and service, through the provision of technical advisory services.

B. Part 1.B is deleted.

C. Improving the Investment Climate, in particular:

1. Carrying out a program of activities to improve the investment climate regulatory framework, such activities to include: reviewing business laws and regulations and providing support for their drafting and enactment; carrying out of public consultations on said laws, undertaking a capacity and training needs assessment and supporting implementation of capacity building and training plans including undertaking specialized training, and carrying out of outreach and public information campaigns on the new laws.

2. Carrying out of a program of activities to develop and implement a business registration system, such activities to include: developing and installing a business licensing and registration system, expanding the system to provide for operability by other line ministries and linkage with the tax registration database, and building the capacity of staff to monitor and enforce business laws.

D. Developing the Port sector, in particular:

1. Carrying out of a strategic assessment of the port sector and identifying strategic policy priorities.

2. Carrying out of rapid assessment of Mogadishu Port and other selected ports.

3. Preparing a master plan for the development and rehabilitation of the Mogadishu Port and other selected ports.

4. Reviewing the private sector's role and opportunities for participation in the port sector.

5. Carry out a program of activities for provision of financial and technical assistance for renegotiation of the Mogadishu Port concession agreement, including institutional and human resource capacity of port authorities.
Part 2. Expanding Economic Opportunities

Part 2 of the Project shall be as set forth in the Letter Agreement between the Recipient and the International Development Association (IDA).

Part 3. Project Management

A. Strengthening the capacity for Project management at the Federal level, in particular:

1. The provision of operating costs to finance activities associated with Project management and implementation.

2. Carrying out of audits and monitoring and evaluation activities of the Project.

3. The provision of training to Project staff including, conducting study tours and exchange visits.

4. Carrying out the supply, and acquisition of office furniture and equipment.

B. Part 3.B is deleted.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant TF0A1688 Allocated (expressed in USD)</th>
<th>Amount of the Grant TF0A8094 Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods (including vehicles), works, non-consulting services, consultant services, Training and Operating Costs under Parts 1.A, 1.C, 1.D and 3.A of the Project</td>
<td>3,099,000</td>
<td>7,290,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods (including vehicles), works, non-consulting services, consultant services, Training and Operating Costs under Parts 1.B and 3.B of the Project</td>
<td>201,000</td>
<td>0.00</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,300,000</td>
<td>7,290,000</td>
<td></td>
</tr>
</tbody>
</table>