

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
THE MINISTRY OF PLANNING, INVESTMENT AND ECONOMIC DEVELOPMENT (MOPIED)
ON THE EXECUTION OF THE PIP – CAPACITY FOR INVESTMENT PROMOTION AND ECONOMIC DEVELOPMENT (CIPED)
PROJECT WHEN UNDP SERVES AS EXECUTING ENTITY**

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as “UNDP”) in Somalia and officials of MOPIED with respect to the realization of activities by MOPIED in the Execution of the project **PIP – Capacity for Investment Promotion and Economic Development (CIPED) Atlas ID 108944**, as specified in Attachment 1: Project Document, to which UNDP has been selected as executing entity.
2. In accordance with the Project Documents and with the following terms and conditions, we confirm our acceptance of the activities to be provided by MOPIED towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as “Activities”). Close consultations will be held between MOPIED and UNDP on all aspects of the Activities.
3. MOPIED shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial regulations, rules and other directives, only to the extent they are consistent with UNDP’s Financial Regulations and Rules. In all other cases, UNDP's Financial Regulations and Rules must be followed.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of MOPIED shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of MOPIED or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by MOPIED, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with MOPIED, shall work under the supervision of the designated official of MOPIED. These subcontractors shall remain accountable to MOPIED for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to MOPIED, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. MOPIED shall open an account with the financial services provider identified by UNDP in the name of the grant or project or activity. No other contributions are to be received in that specific account. The account must have a minimum of two signatories. In the event of change of any of the signatories, MOPIED and the financial services provider undertake to notify UNDP immediately. UNDP reserves the right to request a bank statement from the MOPIED or, if necessary, from the financial services provider, for scrutiny and authentication.
8. MOPIED shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. MOPIED shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when MOPIED is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide MOPIED with any funds or to make any reimbursement for expenses incurred by MOPIED in excess of the total budget as set forth in Attachment 3.
9. MOPIED shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the UNDP Country Director or UNDP Resident Representative within 30 days following those dates. The format will follow the standard UNDP expenditure report a model copy of which is provided as Attachment 4. UNDP will include the financial report by MOPIED in the financial report for PIP – Capacity for Investment Promotion and Economic Development (CIPED) project Atlas ID 108944.
10. MOPIED shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.
11. MOPIED shall furnish a final report within 12 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by MOPIED and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.

12. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and MOPIED.
13. Any changes to the Project Documents which would affect the work being performed by MOPIED in accordance with Attachment 2 shall be recommended only after consultation between the parties.
14. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Documents and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the MOPIED and UNDP.
15. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of MOPIED according to Attachment 2, or until terminated in writing (with 30 days' notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by MOPIED unless it receives written indication to the contrary from UNDP.
16. Any balance of funds that is undispersed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP. The balance of funds should also be returned in case the project is closed or is terminated early at the request of either of the parties.
17. Any amendment to this Letter shall be effected by mutual agreement, in writing,
18. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to:

*George Conway,
Country Director
UNDP Somalia
UN Common Compound, Airport Road,
Mogadishu, Somalia*

19. MOPIED shall keep the UNDP Country Director/Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.
20. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
21. Any dispute between the UNDP and MOPIED arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.
22. UNDP has a zero tolerance policy against fraud and other corrupt practices that are inconsistent with the UN Standard of Conduct or involve a loss to UNDP funds. UNDP does not charge fees at any stage of a procurement/contracting/agreement process, whether supplier registration, bids/proposal submission, contract/agreement award, or payment issuance. UNDP takes all reports of alleged wrongdoing seriously. UNDP's Office of Audit and Investigations (OAI) has established an Investigations Hotline and other measures to ensure that persons wishing to report fraud may do so, free of charge, using a number of different options. Anyone with information regarding fraud against UNDP programmes or involving UNDP staff is strongly encouraged to report this information through the Investigations Hotline: hotline@undp.org. UNDP's Anti-Fraud Policy and other options for reporting wrongdoing are available at UNDP's website: http://www.undp.org/content/undp/en/home/operations/accountability/audit/office_of_audit_and_investigation.html

23. Funding detailed in this LOA is directly contingent upon actual commitments made by respective donor partners, transfers of funding to the UNDP SIP project account and general access to and availability of funds.
24. The present Letter of Agreement replaces previous Letters of Agreement with reference to the PIP – Capacity for Investment Promotion and Economic Development (CIPED) project Atlas ID 108944 project.
25. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for your MOPIED participation in the execution of the project.

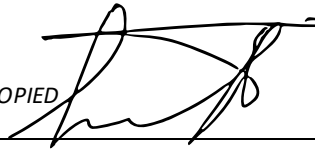
Yours sincerely,
Signed on behalf of UNDP



Digitally signed by George Conway
DN: cn=George Conway, o=UNDP,
ou=UNDP Somalia,
email=george.conway@undp.org,
c=SO
Date: 2018.05.30 14:15:49 +03'00'

George Conway, Country Director
[Date]

Signed on behalf of MOPIED



H.E Honorable Minister Gamal Hassan,
Minister of Planning, Investment and Economic Development
[Date]

United Nations Development Programme
Country: Somalia
Project Document Extract

Project Title:	PIP – Capacity for Investment Promotion and Economic Development (CIPED) project Atlas ID 108944
NDP Pillar:	Economic Development
Overall Strategic Objective:	The main objective of this project initiation plan is to support the Ministry of Planning, Investment and Economic Development (MoPIED) to strengthen three (new and interrelated) main functions: a) establishing national advisory economic development functions (NEC and EPAU, and technical support to the Pillar Working Group on Economic Development), b) establishing an appropriate investment promotion function and c) developing a supporting function allowing project ideas to be transferred into bankable investment proposals/projects.

Short Description of the Project

Somalia is a complex political, security and development environment, and much of its recent past has been marked by poverty, famine and recurring violence. Despite significant improvements in the past few years, most Somali citizens still live in a difficult situation with high levels of poverty, high levels of insecurity and high levels of vulnerability to disasters and marginalization. As a result, all efforts must focus on maximizing rates of investment return to growth, revenue and jobs.

All major economic activities were disrupted by the civil war, which led to the collapse of agriculture, manufacturing and related activities. It is estimated that during 1991 – 2005 GDP fell on average by about 4% annually, falling by 12% in 1992 and 20% in 1994. By 1996 growth had returned to positive territory but stayed flat at around 2-3% for a decade. The High Frequency Survey of 2016 indicated that 69% of the Somali live below the poverty line of \$1.9 per day, with the bottom quintile experiencing extreme periodic malnutrition. Poverty cuts across sectors, location, groups and gender, and its forms and causes vary.

Despite strong gains in recent years, growth remains volatile and is cyclically hijacked by drought. Economic activity is projected to decelerate in 2016–17. Growth is projected to remain subdued at 1.8 percent and inflation to pick up to 3.7 percent in 2017, compared to 2.4 percent and 1.3 percent, respectively in 2016. As the drought started receding, growth is expected to recover to 2.5–3.0 percent and inflation to decline to 2.0-

2.5 in 2018–19. Somalia’s trade deficit is 55.5% of GDP in 2014–15, and has been largely finance by remittances and grants. For the same period, the current account registered an annual deficit of 8.6 percent of GDP and was covered mostly by foreign direct investment, mainly by Somali diaspora.

The National Development Plan (NDP) describes the priorities for development in investment in the political and security arena, the government and governance areas as well as in the different service and productive sectors in the country. In an overall effort to unlock the economic recovery, improve resilience and reduce abject poverty, the core priorities underlying the NDP include:

- Political settlement and improvement in security through open politics and reconciliation, and the reestablishment of the Somali National Armed forces and reform of the security sector;
- Federal political and economic framework that empowers the federal member states to deliver services and economic opportunities to the citizens of Somalia;
- More resilient communities that can withstand internal and external ‘shocks’ like cyclical droughts and other natural disasters, including development and implementation of a comprehensive approach to displacement from a development point of view;
- Vibrant economic sector, focusing on agriculture, livestock and fishing, leading among other things to increased employment opportunities and decent work particularly for the youth and women;
- Increased availability and accessibility of quality of basic education, health, water and sanitation services, leading among others to improved health outcomes, reduced maternal and child mortality, reduction in malnutrition rates as well as prevention and control of communicable and noncommunicable diseases

It is against the background described above that the Ministry of Planning, Investment and Economic Development (MoPIED) has developed a number of initiatives that will be further supported through the present project.

The specific areas that will be supported through this 6-months project are:

- Establishment of the National Economic Council;
- Strengthening investment promotion capacities in Somalia; and
- Establishment of Investment Project Design unit.

While the project support focuses on the Ministry of Planning, Investment and Economic Development, through its coordinating functions, the Ministry will reach out and include other key ministries in the Government and ensure that appropriate alignment concerning the above initiatives is ensured. To this extent, the project may support the organisation of dedicated efforts, including conferences and workshops.

While this project provides the initial support, the activities supported are intended as pilot activities and are expected to lead to longer term engagement with the Ministry in these arenas. It will therefore be critical to inject initial capacity to support the current Sominvest Department, but with a clear exit strategy in mind from kick off. The present project is proposed to allow the Ministry to respond to the urgent requirements and expectations the Somalia society of the Somali Government to deliver on the priorities as documented in the National Development Plan, where economic recovery and increased resilience against natural or socioeconomic shocks are paramount in the overall approach to improve the quality of life of the Somali citizens.

ATTACHMENT 2

DESCRIPTION OF ACTIVITIES

Project Title:	PIP – Capacity for Investment Promotion and Economic Development (CIPED) project
Project number:	108944
Duration:	01 May – 15 August 2018

Results to be achieved by MoPIED

Establishment of the National Economic Council and the Economic Policy Analysis Unit
Establishment of Investment Project Design Unit
Office Space for new units established to house Economic Policy Analysis and Investment Project Design Units

Work to be performed by MoPIED

Hire staff/advisors to perform as per the TORs annexed
Develop the concept of the Investment Project Design Unit, including TOR, staffing, budget and funding requirements
Develop a strategic proposal for 'access to financing' building upon a solid analysis of (global) financing options

- Global market scanning
- Analytics on fit between options and Somalia requirements

Support the Investment Project Design Unit in its operations upon its establishment

- Engage staff
- Provide appropriate equipment
- Work-plan development

Procure and oversee civil works for renovation of office space for new teams under the PIP.

Description of inputs:

Procuring advisory services – individuals, companies and equipment and furniture
Workshop and meetings
Procurement of civil works following implementation of civil works process to be followed by UNDP's implementing partners as per below:

Implementation Process of Civil Works

Responsible Party	Order of Action	Action to be taken
1.		Planning and needs identification:
Counterpart	1.1	Conduct needs assessment
Counterpart	1.2	Determine Civil Works requirements
UNDP Project	1.3	Agrees on the Civil Work request
Counterpart	1.4	Prepare Specifications (BOQ)
*UNDP	1.5	Approve Specifications
Project/Operations/ Engineering Team		
2.		Vendor Sourcing:
Counterpart	2.1	Conduct public advertisement
*UNDP Project	2.2	Monitor public advertisement & document process
3.		Bid solicitation:
Counterpart	3.1	Receipt of bids (in locked bid box placed at counterpart location)
*Jointly	3.2	Bid opening (Public Opening) - The bid opening time and location to be reflected in the RFQ/BOQ.

Responsible Party	Order of Action	Action to be taken
4.		Evaluation of Offers:
Counterpart	4.1	Bid evaluation
*UNDP Project	4.2	Approval of Bid Evaluation
5.		Award of Purchase Order and Signing Civil Works Contract:
*UNDP Project	5.1	Check price against cost benchmarks
*UNDP Project	5.2	UNDP set's up vendor profile in accordance with UNDP audit regulations (prior to award)
Counterpart	5.4	Award of purchase order and signing of civil works contract by authorized officials of counterpart and selected supplier/vendor
Counterpart	5.6	Debrief unsuccessful bidders, when applicable.
7.		Payments Against Milestones in the Contract
Counterpart	7.1	Submits payment request to UNDP Project (including all supporting documents)
*UNDP Project	7.2	UNDP Engineering Team Certifies the civil works against each milestone. Upon UNDP engineering unit certification, Project makes payment directly to supplier
Post Contract Evaluation:		
Counterpart		Evaluate Supplier performance
Jointly		Evaluate and review processes including lesson learned (Document)
*UNDP Control Point		

Annexes:

- BOQ Estimate and Drawings
- TORs

Attachment 3

Scheduled of Activities, Facilities and Payments

Year 2018

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES List all activities to be undertaken during the year towards stated outputs	Timeframe				Planned Budget		Schedule and Mode of payments by UNDP			
		Q1	Q2	Q3	Q4	Budget Description	Amount	Q1	Q2	Q3	Q4
Output 1: Establishment of the National Economic Council and the Economic Policy Analysis Unit supported Indicators: a. NEC and EPAU exists and operational b. Extent of technical support provided to PWG on Economic Development Baselines: a. NEC and EPAU do not exist b. No support for PWG on Economic Development Targets: a. NEC and EPAU are established and are operational b. PWG on Economic Development technically supported	- Formal establishment and launch of the National Economic Council - Finalize TOR - Formal Establishment Decree - Inaugural Conference - NEC meets at least quarterly - EPAU produces at least one strategic economic advisory paper per quarter - Establishment of the Economic Policy Analysis Unit (EPAU) - Develop TOR and mandate - Develop staffing and costing structure - Engage government staff - Provide a appropriate working environment - Support to the operations of the NEC and the EPAU - Bi-monthly meeting of the NEC - Economic Research capacity for EPAU - Coordination arrangements and support					72100 - Advisory Services	10,000		DP	DP	
		75700 - Training, Workshops and Conferences	50,000		CA	CA					
		72100 – Rental and Maintenance Premises	60,000		DP	DP					
		72100 - Contractual Services- Companies	15,000		DP	DP					
		72200 - Equipment & Furniture	10,000		UNDP	UNDP					
		71800 - Contractual Services- Imp Partners Staffing	48,000		DP	DP					
		75700 -Training, Workshops and Conference, conferences	30,000		CA	CA					
		72100 - Contractual Services- Companies Economic research	20,000		CA	CA					
		75700 - Training, Workshops and Conferences arrangements and support (e.g. dedicated meetings)	10,000		CA	CA					
		Total:	\$253,000								

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES List all activities to be undertaken during the year towards stated outputs	Timeframe				Planned Budget		Schedule and Mode of payments by UNDP			
		Q1	Q2	Q3	Q4	Budget Description	Amount	Q1	Q2	Q3	Q4
Output 3: Establishment of Investment Project Design Units supported	- Develop the concept of the Investment Project Design Unit, including TOR, staffing budget and funding requirements - Design work					72100 - Contractual Services-Companies	20,000		DP	DP	
Indicators: No of bankable projects developed by the IPDU Baseline: No bankable projects produced by the IPDU	- Develop a strategic proposal for 'access to financing' building upon a solid analysis of (global) financing options - Global market scanning - Analytics on fit between options and Somalia requirements - Support the Investment Project Design Unit's its operations upon its establishment - Engage staff - Provide appropriate equipment - Work-plan development		X	X		71800 - Contractual Services-Imp Partners Staffing	48,000		DP	DP	
Targets: The Investment Project Design Unit established						72200 - Equipment & Furniture	20,000		UNDP	UNDP	
						Total:	\$88,000				
						Total	\$341,000				

CA: Cash Advance

DP: Direct Payment by UNDP to the vendors/advisors/personnel on request of the government partner (MOPED)

UNDP: UNDP Direct Implementation at the request of the government partner (MOPED)

Note:

- Payments in this LOA will be subject to having received funds from the donors.
- Adjustments within each of the outputs may be made in consultation between UNDP and MOPED. Such adjustments may be made if they are in keeping with the provisions of the Programme and Project Document and if they are found to be in the best interest of the project.

