



Somalia Recurrent Cost & Reform Financing Project - Phase 2 (P154875)

AFRICA | Somalia | Governance Global Practice |
 Recipient Executed Activities | Investment Project Financing | FY 2015 | Seq No: 2 | ARCHIVED on 29-Jun-2016 | ISR23686 |

Implementing Agencies: Ministry of Finance, Ministry of Finance, Interim Jubba Administration

Key Dates

Key Project Dates

Bank Approval Date:25-Jun-2015

Effectiveness Date:02-Jul-2015

Planned Mid Term Review Date:05-Sep-2016

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2020

Revised Closing Date:30-Jun-2020

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Development Objective of the project is to support the government to provide credible and sustainable payroll and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in FGS and eligible interim and emerging states.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Support to Core Government Functions of MDAs in FGS:(Cost \$81.00 M)

Intergovernmental Fiscal Transfers to Core Functions of Sub-National Authorities:(Cost \$34.00 M)

Support of Recurrent Costs in the Health and Education sectors:(Cost \$20.00 M)

Project Management and Coordination:(Cost \$9.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● High	● High



Implementation Status and Key Decisions

Component 1: Support to core government functions of MDAs in FGS:

Financing of eligible civil service salaries in non-security sectors in FGS –this sub-component aims at supporting the payment of salaries for non-security civil servants at a declining balance. As designed, it is expected that the contribution to salary payments by the project under this sub-component would be zero by 2020. This declining scale of support to salary payments is already on course. Since March 2015 (i.e. the commencement of the RCRF II), the FGS has progressively taken onboard an increased percentage of salary payments from 24 percent in March 2015 to 48 percent in October 2015.

Financing of eligible non-salary recurrent costs of MDAs in the FGS: Payments for non-Salary recurrent cost for MDAs has commenced though at a very slow pace. The first US\$2,000 of non-salary recurrent cost expenses incurred and paid was claimed on Withdrawal Application 2. This was largely due to lack of capacity within the government to meet the eligibility criteria based on 4 principles: money appropriated in the budget; recorded in the SFMIS; vendor registered and direct payment effected. The Bank in collaboration with the USAID-financed Somalia Sustainable Governance project is supporting the FGS in these areas and a major progress indicator is the ability of the FGS to meet 100% of the reimbursement criteria for the US\$2MM allocated under this sub-component required to meet the SMP structural benchmark.

Component 2: Intergovernmental fiscal transfers to core government functions of eligible federal member states, interim and emerging administrations –

Transfers to interim and emerging states for core government functions: The project started expanding services to Puntland and Jubbaland and following the conclusion of the readiness assessment, will soon be expanding support to Galmudug. However, challenges remain including significant delays in honoring commitments to the States - arising from the FGS' fiscal situation. This is likely to reduce the trust level upon which the intergovernmental relations is built and create implementation delays across components 2 and 3. To fast-track the intergovernmental transfers, agreement has been reached with the FGS to file quarterly warrants requisitions with the participating States cash flow projections and work plans used as integral supporting documentation to the warrants requisitions at FGS EAFS level. This differentiated approach will mitigate against labor/ capacity intensive transaction based warrants requisitions and related delays.

Intergovernmental Fora: An important objective of RCRF is that it should support government to lay the foundations for a simple system of inter-governmental dialogue, and associated resource transfers. This is intended to strengthen inter-governmental trust, and, ultimately, to promote fiscal arrangements that promote greater equity in resource distribution among federal and sub-national governments. After a meeting between the federal and regional ministers of finance, it was agreed that FGS Minister of Finance would take the lead in initiating follow-on intergovernmental fiscal discussions in October/November 2015. Following the October 2015 ministerial meetings; a set of intergovernmental actions were agreed including the planned workshop on customs and tariff harmonization.

Component 3: Strengthening of recurrent costs in health and education sectors in FGS and eligible member states, interim and emerging administrations

This activities have not commenced because the accountability systems that would be required prior to the support are not in place. Over the past few months, the Bank has been in consultations with representatives of the Ministries of Education, Health and Finance in the FGS, Puntland, and JSS to better understand the payment and accountability systems

Component 4: Project Management and Coordination- Moderately Satisfactory

The FGS project coordination is in charge of the overall coordination of the project. RCRF Managers have been engaged for Puntland and Jubbaland. In addition, a Deputy Project Coordinator was recruited in October 2015 with the primary role of managing the RCRF project at the FGS. Furthermore, and following the successful assessment of the readiness of the IGA, the Permanent Secretary MoF has been designated as "Acting " Manager for the RCRF pending the recruitment of a substantive RCRF Manager.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● High	● High	● High
Sector Strategies and Policies	● Substantial	● Substantial	● Substantial
Technical Design of Project or Program	● Substantial	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial	● Substantial
Fiduciary	● High	● High	● High
Environment and Social	● Low	● Low	● Low
Stakeholders	● Substantial	● Substantial	● Substantial
Other	● High	● High	● High
Overall	● High	● High	● High

Results



Project Development Objective Indicators

► Percentage of eligible civil servants salaries in non-security sectors paid on time (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	80.00
Date	31-Mar-2015	--	15-Jun-2016	30-Jun-2020

► Number of Payroll verifications undertaken by independent agent (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	6.00	10.00	10.00	30.00
Date	31-Mar-2015	06-Oct-2015	15-Jun-2016	30-Jun-2020

► The share of the salaries of the non-security civil servants financed by the government (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	34.00	55.00	100.00
Date	31-Mar-2015	06-Oct-2015	31-Jan-2016	30-Jun-2020

► Percentage annual increase of intergovernmental transfers to sub-national governments (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	50.00
Date	31-Mar-2015	--	15-Jun-2016	30-Jun-2020

Overall Comments

Intermediate Results Indicators



► Number of monthly payroll reports published on MOF website (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.00	--	0.00	12.00
Date	31-Mar-2015	--	31-May-2016	30-Jun-2020

► Verified reimbursements of non-salary recurrent cost expenditures (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.00	--	2.00	76.00
Date	31-Mar-2015	06-Oct-2015	30-Apr-2016	30-Jun-2020

► Number of annual intergovernmental fiscal transfer dialogues held (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	3.00	13.00
Date	31-Mar-2015	06-Oct-2015	31-May-2016	30-Jun-2020

► Establishment of payment systems by the Central Bank of Somalia/ Dahabshiil International Bank (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	31-Mar-2015	06-Oct-2015	15-Jun-2016	30-Jun-2020




► Fully functional EMIS with integrated teacher profile and HR System (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	31-Mar-2015	--	01-Jun-2016	30-Jun-2020

Overall Comments

Data on Financial Performance

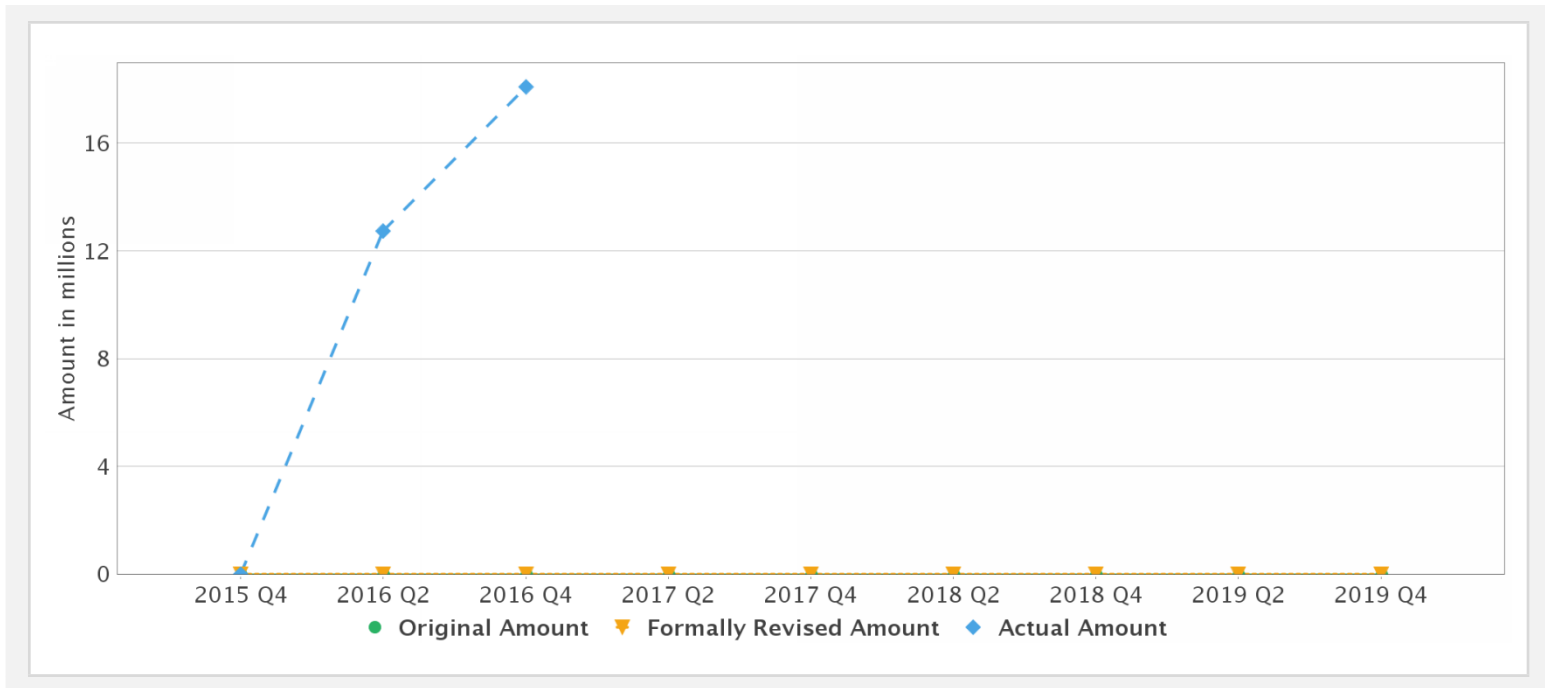
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P154875	TF-A0534	Effective	USD	24.00	24.00	0.00	18.09	5.91	 75%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P154875	TF-A0534	Effective	29-Jun-2015	29-Jun-2015	02-Jul-2015	30-Jun-2020	30-Jun-2020

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.