



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

AFRICA | Somalia | Governance Global Practice |
 Recipient Executed Activities | Investment Project Financing | FY 2015 | Seq No: 3 | ARCHIVED on 01-Aug-2017 | ISR25158 |

Implementing Agencies: Ministry of Finance, Ministry of Finance, Government of the Federal Republic of Somalia, 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:31-Oct-2017

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.

Financing of eligible non-salary recurrent costs of MDAs in the FGS This is a reform area with many moving parts requiring progress across many different public sector agencies in a number of areas including: (i) budget, (ii) procurement, (iii) treasury authorization, and; (iv) payment mechanism.

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 has already been providing support to Puntland and Jubaland and, following the conclusion of readiness assessments and the signature of inter-governmental agreements with FGS, has expanded support to Galmudug and South West States in late 2016. New Federal Member State – Hirshabelle – is potentially eligible to benefit from RCRF financing in the coming months, pending the completion of satisfactory readiness assessments.

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. Following agreements reached to institutionalize the intergovernmental dialogue, the Finance Ministers' Fiscal Forum (FMFF) was formed, bringing together federal and state finance ministries to discuss issues of mutual interest, comprising both Technical and Ministerial levels.

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

Following extensive preparatory work, support to salary payments to Puntland Government teachers commenced in late 2016. Discussions and preparatory work with both the FGS and Jubaland State of Somalia regarding support to payment of government teachers in the Banadir and Jubaland regions are also now at an advanced stage.

Component 4: Project Management and Coordination- Moderately Satisfactory

The FGS project coordination is in charge of the overall coordination of the project.

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	0.00	80.00
Date	31-Mar-2015	15-Jun-2016	30-Jun-2017	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	16.00	30.00
Date	31-Mar-2015	15-Jun-2016	30-Jun-2017	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	55.00	57.00	100.00
Date	31-Mar-2015	31-Jan-2016	30-Jun-2017	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	12.00	50.00
Date	31-Mar-2015	15-Jun-2016	30-Jun-2017	30-Jun-2020

**Overall Comments**

Percentage of eligible civil servants salaries in non-security sectors paid on time - five of the previous 12 months civil service payruns were delivered within the statutory pay period, i.e. 42%

Number of Payroll verifications undertaken by independent agent - FGS payroll monitored as and when payruns are completed (7 within last 12 months); Jubaland salaries monitored on quarterly basis for one year (4), Galmudug monitored on a quarterly basis for half a year (2), South West monitored on a quarterly basis for half a year (2); Puntland education payroll monitored (1) - total of 16 payroll verifications undertaken.

The share of the salaries of the non-security civil servants financed by the government - this averaged 57% over July 2016 - June 2017. Jul and August 2017 at 47%, no payments for Sept to December, Jan and Feb 2017 at 43%, March to May at 73%, and June currently projected at 57%.

Percentage annual increase of intergovernmental transfers to sub-national governments - 2016 budget provided for USD 16,050,000 in grants to subnational governments (2660), 2017 budget provided for USD 17,918,638 in grants (2660) - an increase of USD 1,868,638 or 12%.

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	6.00	12.00
Date	31-Mar-2015	31-May-2016	30-Jun-2017	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	4.00	76.00
Date	31-Mar-2015	30-Apr-2016	30-Jun-2017	30-Jun-2020



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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	3.00	13.00
Date	31-Mar-2015	31-May-2016	30-Jun-2017	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	Y	Y
Date	31-Mar-2015	15-Jun-2016	30-Jun-2017	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	N	Y
Date	31-Mar-2015	01-Jun-2016	30-Jun-2017	30-Jun-2020

Overall Comments
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Data on Financial Performance

Disbursements (by loan)

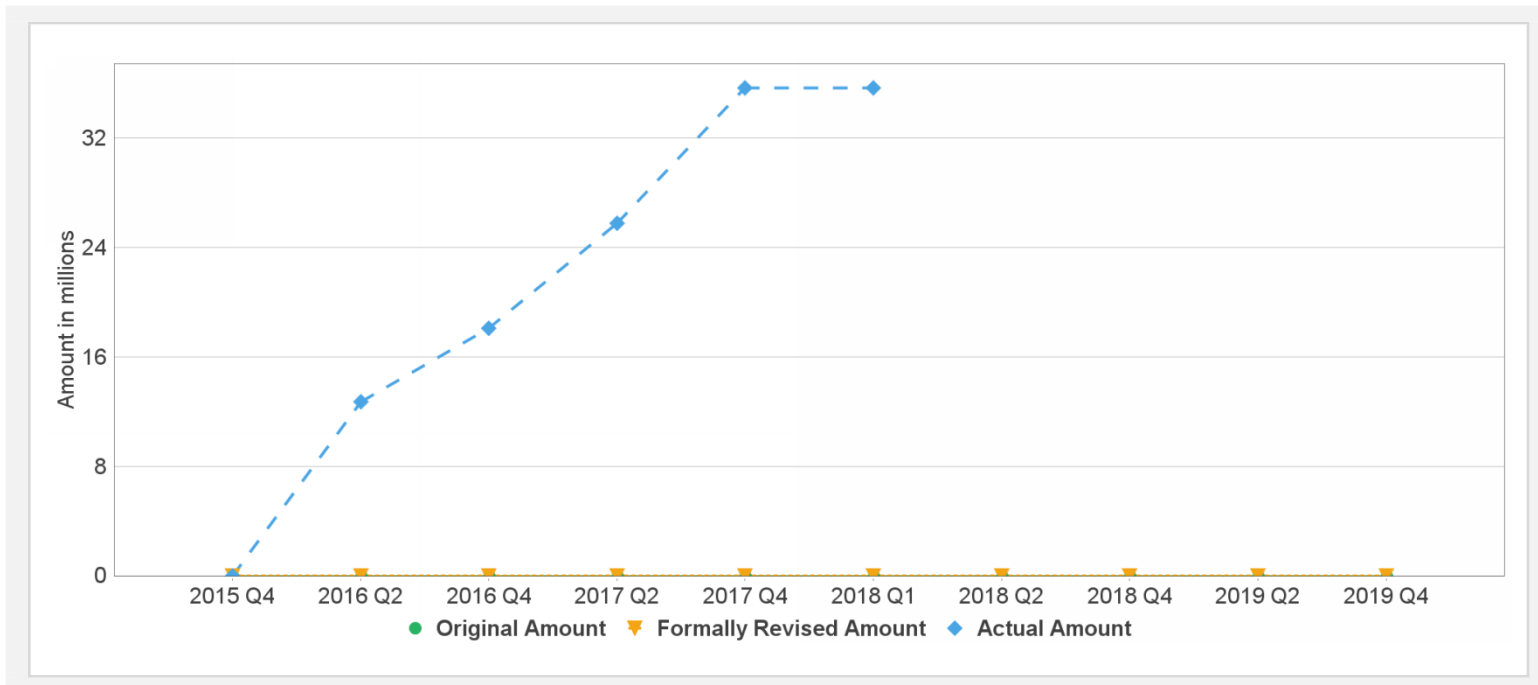
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P154875	TF-A0534	Effective	USD	39.00	39.00	0.00	35.69	3.31	92%

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.