

**جمهورية الصومال الفدرالية**

**ديوان المراقبة العامة**

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**Terms of Reference**

**Independent Verification Agent For RCRF Expenditure Program For FY 2022/2023**

**1. Introduction**

* 1. The Federal Government of Somalia (FGS) has entered into agreements for grants and financing with the World Bank for the Recurrent Cost and Reform Financing, Phase II (RCRF II) and Phase III (RCRF III) Projects (“Projects”). The Projects are a central instrument in the World Bank Somalia Project portfolio and are an important source of financing and support to the FGS and FMS. For 2020 under RCRF II, up to USD 10 million of Project financing was planned to be made available should FGS perform satisfactorily the following: -
     1. demonstrate reform progress and results as measured through Disbursement-Based-Indicators (DLI) agreed to between the FGS and the World Bank. World Bank support through this modality is planned through 2022, and 2023
     2. incur sufficient eligible costs not otherwise funded under the Project, known as the Eligible Expenditure Program (EEP).
  2. The RCRF II Project Paper for Additional Financing[[1]](#footnote-1) (“Project Paper”), which was approved by the World Bank Board in August 2018, describes the Project approach to DLIs, including considerations for the IVA verification of DLIs as well as the EEP.
  3. The RCRF III Project became effective in December, 2020. Similarly, the eligible expenditures and achievement of the Performance-Based Conditions (PBCs) will be independently verified by the FGS Auditor General with support of technical assistance, and in the case of newly introduced Federal Member State (FMS)-level PBCs, in a collaborative manner involving the FMS-level OAGs in verification.
  4. The Project Appraisal Documents (PADs) and financing agreements state that the primary responsibility for verifying government actions with respect to DLIs/PBCs will be the responsibility of` the Office of the Auditor General of Somalia (OAGS) as the Somalia’s Supreme Audit Institution (SAI), and in the case of FMS-level PBCs working in collaboration with FMS-level OAGs. This direction stems from the desire to realize the benefits of Government ownership of development assistance programming as well as leveraging the competence and objectivity of the OAGS as an institution.
  5. The Project Papers anticipate that the OAGS should be supported through technical assistance (TA) in carrying out this responsibility. As the capabilities of the OAGS have not been recently assessed, and because the, OAGS operates under capacity constraints. Generally accepted considerations of such safeguards are articulated in ISSAI 10 *Mexico Declaration on SAI Independence* and ISSAI 11 *Guidelines and Good Practices Related to SAI Independence*.

1. **Assignment objectives**
   1. The objective of this ToR is to enable the OAGS to effectively take responsibility for verification activities and deliver reports to the World Bank on: a) verification of FGS actions and performance on DLIs, and the sufficiency of the EEP, under RCRF II and; b) verification of FGS and FMS actions and performance on Performance Based Conditions (PBCs) and eligible expenditures under RCRF III.

Attached Annexes A and B refer to the specific activities of the DLI’s and PBC’s including the newly added deliverables under the RCRF restructuring. The IVA will be required to use these matrices to be well informed of the activities and their respective timelines, and also illustrates the conditions or verification protocols for each deliverable.

1. **Scope of work**
   1. The Auditor General, as the head of the OAGS, will be responsible for approving and issuing reports. Over time, it is expected that the OAGS will take increasing responsibility for the DLIs/PBCs verification with support of an independent Technical Assistance (TA) for such an appropriate time. In the interim, substantive DLI/PBC verification work will be performed by an appointed TA in collaboration with and supervision of the OAGS. The verification of the eligible expenditures, DLIs and PBCs will be undertaken in strict adherence to the verification protocol as outlined in the Project Operations Manuals (POMs) for RCRF II and RCRF III.
2. **Timeframe**
   1. The assignment will be from date of contracting through to 31st March 2023.
3. **Responsibilities**
   1. To initiate the work and close consultation with the Auditor General, the TA, within two weeks following the contract signature, will develop the structure, policies, procedures and tools to carry out the work to ensure competence and safeguard independence of the function. This will substantively entail the TA establishing a functional organization to carry out the IVA work as follows: -
      1. Design and document roles, responsibilities and workflows within the TA team, as well as interfaces with the Auditor General, as well as the FMS-level OAGs in the case of the FMS-level PBCs.
      2. Establish and operationalize an information technology (IT) enabled secure document management system suitable to support the verification work.
      3. Design and document approach to safeguarding independence of team members and of the verification function guided by principles, safeguards and guidance articulated in ISSAI 10 *Mexico Declaration on SAI Independence* and ISSAI 11 *Guidelines and Good Practices Related to SAI Independence*. Residual threats to independence should be documented in the same document.
      4. Design and document a quality management system considering guidance and considerations articulated in ISSAI 40 *Quality Control for SAIs*.
      5. Design and document policies and procedures to ensure confidentiality of data obtained through the IVA activities.
      6. Design and document the approach to the verification activities, including:
         1. the strategy to be adopted to carry out the assignment, including details of the planning, execution and completion cycles;
         2. an assessment of areas for verification work focus;
         3. reporting arrangements for when and how the IVA will report; for the IVA activities the Auditor General and FMS-level OAGs will undertake, to the World Bank RCRF Project Task Team Leader through the RCRF Project Implementation Unit (PIU) housed in the Ministry of Finance
         4. communication plan for engagement with management and other individuals subject to the IVA work
         5. Plan a capacity building and skills transfer mechanism to enable theOffice of the Auditor General staff to undertake such verification exercises on its own in the near future;
         6. Provide on the job training for the OAG staff during the verification exercise and the reporting stage;
         7. Validate the structure, policies, procedures and tools developed with the Auditor General.
   2. In the operational phase:
      1. The TA will plan and perform verification activities for two cycles: one in 2022 and one in 2023 and will prepare reports on findings for review and approval by the Auditor General. The DLIs/PBCs for 2022, together with verification protocols, are included in this TOR.
      2. The work will be carried out primarily on-site at ministries of the FGS in Mogadishu, but with some travel to FMS administrative centers as needed. The need for travel outside of Mogadishu can be understood from the verification protocols
      3. Document both evidences collected and procedures performed (collectively referred to as Working Papers) in a manner such that an independent third party, with knowledge of the DLI/PBC subject matter as well as the DLI/PBC verification approach prescribed under World Bank financing, can review and understand the conclusions reached.
      4. Recommend areas of policy/system and procedures improvement on the gaps that have been noted during the verification activities/cycles
4. **Level of effort** 
   1. The days’ input required for the IVA is estimated as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Aug.-Sept. 2022  Verification | Feb. - Mar. 2023  Verification | 2022 + 2023  2 cycle of verifications |
| Estimated days input (RCRF II & III) | 30 | 30 | 60 |

1. **Reporting**
   1. The TA primarily reports to the Auditor General. Written reports to be delivered are:
      1. Verification plans for each cycle, including timing, roles, and approach
      2. Draft verification reports (ready for approval and delivery contingent upon approval of the Auditor General) are to be submitted to the Auditor General within 21 calendar days of receiving a data/documentation package for review from the Ministry of Finance. Each report will:
         1. For eligible expenditures and each DLI/PBC, state whether the DLI/PBC have been achieved or not or whether the IVA TA was unable to reach a conclusion on the achievement of results
         2. Describe the methodology and tasks undertaken by the IVA TA in verifying the DLI/PBC.
         3. Confirm eligible expenditures under the EEP program and application of DLI/PBC protocols as defined in the RCRF Project Operations Manual and clause 33 of the Project Paper
         4. State whether the value of the EEP value at the time of the IVA report and state whether this exceeds or is less than the total values assigned to all DLI/PBC found achieved, and by how much
         5. State the amount of dollars that the Government should claim to be disbursed under the Project with respect to achieving the DLI/PBC
         6. Include a statement of any outstanding issues, and the responsibilities, timelines and documentation of the process of resolving any issues
      3. Memoranda on significant issues including on disagreements with individuals in Government with respect to the work or impediments to performing the work
      4. Working paper files, which will be made available electronically, in whole, to the Auditor General. Such working papers will provide sufficient detail of evidence gathered, procedures performed, and judgements made to enable independent scrutiny; i.e., a professional, experienced in public sector finance and verification techniques to independently understand the conclusions reached in the verification report.
      5. At the completion of each verification cycle, a report to the Auditor General detailing lessons learned and related recommendations.
2. **Team**
   1. Size of the team must be sufficient to provide the competencies required, to ensure quality and to recognize safeguards to independence.
   2. Competence
      1. Collectively, the TA should have sound knowledge of auditing, research design, evaluation techniques and social science methods, and personal abilities such as communication and writing skills, analytical capacity, creativity and receptiveness. The TA should have a sound knowledge of government organizations, programmes, and functions related to the subject matter of the audit, and may require expertise in social, physical, computer, or other sciences, as well as legal expertise, government organizations, programs and functions.
      2. The Team Leader should have a minimum of a degree in Economics, or Public Financial Management, or Finance. Additionally, should be a qualified accountant in good standing with a recognized accountancy institute which is a full member of the International Federation of Accountants (IFAC). This team leader should also have a minimum of ten (10) years’ work experience in public financial management out of which 5 years are with a Supreme Audit Institution.
      3. In addition to the Team Leader, there shall be a team member; the team member should be a qualified accountant in good standing with an accountancy institute that is full member of the International Federation of Accountants. This team member should have a minimum of ten years’ work experience, of which 3 years of working with a Supreme Audit Institution.
3. **Office of the Auditor General contributions and undertakings**
   1. The OAGS will provide appropriate office space to the IVA TA, including internet access Office
   2. The Auditor General will provide the IVA TA with the formal and substantive mandate to undertake the verification work
4. **Duty of care and security arrangements**
   1. The location where the work is to be performed is extremely dangerous, with a complex and hostile environment that presents logistical and security challenges. Offerors certify that they understand and accept the inherent risk for their business and assets (personnel and materiel) with working in this environment.
   2. The IVA TA will be an independent contractor under this contract. As an independent contractor, the TA will have complete and exclusive control of the management and operation of their business and will be exclusively responsible for the insurance, duty of care, security arrangements, and withholding of income and other taxes in connection with (i) their employees, their partners and/or their agents or subcontractors; as well as (ii) the operation and conduct of their business.
   3. The World Bank expects the IVA TA to accurately disclose the threat environment of the contract place of work toward its employees in all aspects of the proposed contract work. In so defining Duty of Care, the Bank will seek to establish:

* that the IVA TA fully understands and accepts the risks and threats of the work environment, and will assure the same full understanding and acceptance of all of its employees (i.e., direct employees, third-party contractors, and consultants) under the contract; and
* that the IVA TA fully accepts its primary accountability and responsibilities for the operational security and safety (Duty of Care) toward its employees under the contract, and has presented to the World Bank its capability to manage the risks by implementing the security measures identified for the duration of the contract.
* the IVA TA maintains its primary accountability and responsibilities for the operational security and safety Duty of Care toward its employees under the contract, and will assume the implementation of the security measures needed for the duration of the contract including adequate transportation and lodging as required.
  1. The IVA TA shall provide security requirements as part of the response to this Terms of Reference and the same will be discussed and agreed during the contract negotiations. The cost associated with the security arrangements has to be made part of the Financial Proposal and shown as a separate line item.

1. **Consideration of the impact of COVID-19**
   1. Given the COVID-19 pandemic, the TA should provide elaborate methodologies and approaches that will allow them to conduct their audits in a safe and effective manner.
2. **Performance management**
   1. Auditor General, as the head of the OAGS, will be responsible for the work and deliverables of the IVA TA.
3. **Deliverable’s schedule**
   1. Inception phase deliverables within 30 calendar days of contracting
   2. Verification plans for each cycle 30 days prior to DLIs/PBCs measurement date
   3. Draft verification reports, Memoranda on significant issues and working paper files within 30 days subsequent to the DLIs/PBCs measurement date
   4. Report to the Auditor General detailing lessons learned and related recommendations within 30 days subsequent to the DLIs/PBCs measurement date

**Annex A:**

**RCRF II Disbursement Linked Indicators (DLIS), RCRF III Performance Based Conditions (PBCs) and Associated Verification Protocols[[2]](#footnote-2)**

**Table 1: RCRF II DLI Matrix (Under AF Approved in 2018)**

| **DLI and Problem Statement** | **Year 0 (2018)** | **Indicative timeline for achievement** | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Baseline** | **6 months** | **12 months** | **18 months** | **24 months** | **30 months** | **36 months** |
|  | **(March 2019)** | **(August 2019)** | **(February 2020)** | **(August 2020)** | **(February 2021)** | **(August 2021)** |
| **DLI 1 Strengthen customs administration as per the customs reform action plan:** Poor systems capacity: organizational, technology, and workflows to support effective and efficient customs management and collection | Draft customs reform action plan prepared by FGS |  |  |  |  |  |  |
| **4.29** |  |  | **1.43** |  | **1.43** | **1.43** |  |
| **DLI 2 Strengthen tax administration systems and staffing:** Poor systems capacity: organizational, technology, and workflows to support effective and efficient tax collection of both large and smaller tax payers | Companies registered as government suppliers and with the valid business license, must have clearance by the tax authority before payments on services are made |  |  |  | Targeted automation for collection of sales tax, excise duty, road tax, stamp duty, and registration tax deployed. |  |  |
| **4.29** |  | **1.43** |  | **1.43** | **1.43** |  |  |
| **DLI 3 Strengthen cash management and Treasury Single Account (TSA):** Limited ability for Treasury to effectively manage cash; limited view of all liquid assets, limited view of commitments, and of revenue accrued but not booked. | SFMIS and Core Banking System interface business requirements and technical design documented, developed, tested and deployed. |  |  |  |  | SFMIS incorporates cash forecasting model, to inform management about commitments, available balances and expected revenues with regular monthly management reports produced by the Accountant General through SFMIS |  |
| **4.29** |  | **1.43** |  | **1.43** |  | **1.43** |  |
| **DLI 4 Strengthen payment process for operational expenditures**: Extensive use of cash advances to finance MDA operational costs, with lack of associated financial controls and unrequited expenditures. | Cash advances to MDAs 56.4 percent of non-salary recurrent cost expenditures (January to March 2018). |  |  |  |  |  |  |
| **4.29** |  | **1.43** |  | **1.43** |  | **1.43** |  |
| **DLI 5 Strengthen inter-governmental fiscal policy framework:** Lack of a rule-based approach to the distribution of funds between FGS and FMS/BRA, with limited assurance that Article 50 I of the Constitution (‘fair distribution of resources’) is being adhered to. | Policy paper outlining Policy Framework for Inter-Governmental Fiscal Transfers Developed and tabled at Finance Ministers Fiscal Forum covering: Budget Timetable; Reporting and disbursement conditions. |  |  |  |  |  |  |
| **4.29** |  | **1.43** |  |  | **1.43** |  | **1.43** |
| **DLI 6: Strengthen FGS transfers to FMS**: Select FMS have minimal sources of revenue in their local economy, and therefore difficulty in sustaining their operations, while FGS collects tax and customs, partly from goods and services that are destined for delivery in FMS. Historically, FGS transfers to FMS have been made on an ad hoc and unpredictable basis. | 2018 fiscal transfers to FMS budgeted at US$12 million, with US$5.4 million for block transfers under 10701 Ministry of Interior and Federal Affairs (US$1.8 million each for GSS, SWSS, and Hirshabelle). Interior transfers transitioned from cash to Electronic Funds Transfer (EFT) direct to Recipient Single Treasury Accounts during 2018. |  |  |  |  |  |  |
| **4.29** |  |  | **1.43** |  | **1.43** |  | **1.43** |
| **DLI 7 Strengthen teacher proficiency testing:** Lack of an established system for teacher proficiency testing hampers merit-based recruitment and promotion, and undermines the effective development and targeting of pre- and in-service teacher training | FGS MoE has developed a basic teacher proficiency test, and plans to apply this test to the recruitment of 300 new government teachers. Existing teachers (financed through RCRF) have not been subject to any proficiency testing. |  |  |  |  |  |  |
| **4.29** |  |  | **1.43** |  | **1.43** |  | **1.43** |
| **30.00** |  | **5.71** | **4.29** | **4.29** | **7.15** | **4.29** | **4.29** |
|  |  | **10.00** | | **11.44** | | **8.58** | |

**Annex B: RCRF Restructuring DLI’s introduced in January 2021**

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| **Annex B-1: RCRF Policy Benchmarks, 2021** |

| **DLI** | **Results Indicators** | | |
| --- | --- | --- | --- |
| **Time Line** | **February 2021** | **April 2021** | **December 2021** |
| **Area 1: Strengthened human resource management policies and systems for enhanced performance, efficiency, and equity** | | | |
| DLI 8  Reforming civil service legislation |  | DLR 8.2.1  The Federal Parliament has enacted a civil service law (US$1 mln) | DLR 8.3.1  The MoLSA has issued two consecutive reports covering all Non-Security MDAs on status and applicability of the new Civil Service Law and its Administrative Regulations (US$0.5 mln)  DLR 8.3.2.  The Cabinet has endorsed the Organizational Ordinance (US$0.5 mln) |
| Disbursement (US$, millions) | **2.0** | **1.5** | **1.0** |
| DLI 9  Monitoring staff attendance with biometrics |  |  | DLR 9.2.1  Fifteen Non-Security Ministries have implemented biometric attendance monitoring systems (US$1 mln)  DLR 9.2.2  NCSC has adopted an action plan based on the lessons learnt during the year for implementation of the system and its integration with the payroll, performance and disciplinary system across all Non-Security Ministries of the Recipient (US$0.5 mln) |
| Disbursement (US$, millions) | **n.a.** | **0.5** | **1.5** |
| DLI 10  Promoting opportunities for women in the Recipient’s civil service and leadership |  |  | DLR 10.2  NCSC has published an annual report covering, inter alia: (a) the number of women in various grade levels, including senior leadership positions, in the Recipient’s civil service; (b) the progress achieved as per the measures prescribed and goals set forth in NCSC gender-related guidelines; and (c) an action plan for the next reporting period to eventually achieve the 30% ratio of women in senior leadership positions by December 2024. |
| Disbursement (US$, millions) | **1.0** |  | **0.5** |
| **Area 2: Effective and transparent wage bill management for enhanced fiscal sustainability** | | | |
| DLI 11  Reforming civil service pay and grading |  |  | DLR 11.1  The Cabinet has approved a pay and grade reform as per the technical analysis carried out under the Project (US$0.5 mln).  DLR 11.2  The Cabinet has approved a plan for transitioning Capacity Injection Modality staff and other donor-financed positions into the new pay grading system (US$0.5 mln). |
| Disbursement (US$, millions) | n.a. | n.a. | **1.0** |
| DLI 12  Reforming pensions policy and administration | DLR 12.1  The Cabinet has (a) approved a pension policy; and (b) submitted a draft pension law to the Parliament | DLR 12.2  The Recipient has adopted pension regulations. | DLR 12.3.1  The Recipient has retired, granted pensions, and started paying them as of January 1, 2022, to all civil servants at, or above, the mandatory pension age (US$0.5 mln).  DLR 12.3.2  The MoF has established a pension fund department (US$0.5 mln). |
| Disbursement (US$, millions) | **2.0** | **1.0** | **1.0** |
| DLI 13  Improving wage bill management and transparency |  |  | DLR 13.21  The Cabinet has approved an action plan to improve the transparency and management of a reduced non-formal wage bill |
| Disbursement (US$, millions) | **n.a.** | **n.a.** | **1.5** |
| **Area 3: Enhanced FGS and FMS fiscal and financial reporting** | | | |
| DLI 14  Harmonizing chart of accounts and reliable and timely consolidated fiscal reports |  | DLR 14.2  MoF’s newly established financial reporting unit has developed and adopted: (a) a harmonized/unified budget classification/chart of accounts; (b) control mechanisms to manage the expansion of the unified chart of accounts in line with the requirements of the MDAs at federal, state and local government-levels; and (c) standard reporting formats to collect and consolidate budget results from the SFMIS platforms and/or other financial management information systems at federal and state levels | DLR 14.3.1  The Recipient has (a) prepared the budget for Fiscal Year 2022 using implemented the new unified chart of accounts (“CoA”); and (b) has issued instructions for the use of the new CoA in the SFMIS as well as other financial management information platforms at federal and state levels for the planned budget execution of Fiscal Year 2022 (US$0.25 mln).  DLR 14.3.2  MoF has published monthly fiscal reports using the new CoA and reporting formats in the financial management system platforms of the Recipient and FMSs starting from January 1, 2022 (US$0.25 mln) |
| Disbursement (US$, millions) | **1.0** | **1.0** | **0.5** |
| **Area 4: Enhanced health service delivery systems** | | | |
| DLI 15  Enhancing health service delivery systems | DLR 15.1  MoH has issued instructions to use the mobile phone infrastructure for improved delivery and performance management of the Marwo Caafimaad Program | DLR 15.2  MoH has piloted data gathering from, and training of, female health works (“FHW”) and female health supervisors (“FHS”) in at least two (2) FMSs or one FMS and BRA. | DLR 15.3.1  MoH and the FMoHs have recruited, trained, and deployed at least 700 FHW/FHS (US$0.25 mln).  DLR 15.3.2  FHW/FHS are reporting their activities using mobiles/tablets (US$0.25 mln).  DLR 15.3.3  MoH has reached out to at least 500 pregnant women using mobile phones (US$0.25 mln).  DLR 15.3.4  MoH has: (a) conducted a stocktaking exercise on the lessons learned from the roll-out of the ICT-based data gathering, beneficiary engagement and training of FHW/FHS; and (b) approved an action plan for calendar year 2022 to further strengthen and broaden the ICT-based data gathering, beneficiary engagement and training of FHW and FHS (US$0.25 mln). |
| Disbursement (US$, millions) | **1.0** | **1.0** | **1.0** |
| **Total** | **7** | **5** | **8** |

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| **Annex B-2: 2021 restructuring DLIs Verification Protocol Table** |

| **DLIs** | **Definition/Description of Achievement** | **Scalability of Disbursements (Yes/No)** | **Protocol to Evaluate Achievement of the DLIs and Data/Result Verification** | | |
| --- | --- | --- | --- | --- | --- |
|  |  | **Data Source/Agency** | **Verification** | **Procedure** |
| **DLI 8: Reforming civil service legislation** | | | | | |
| DLR 8.1  The Cabinet has endorsed the First Set of Administrative Regulations for the Civil Service Bill | The FGS Cabinet decision on the endorsement of the following Administrative Regulations for the Civil Service: #1: Duties and Obligations of the Civil Servant; #2: Civil Service Administration; #3: Civil Service Registry and Human Resources Management Information System; #4: Job Description; #5: HR Planning; #6: Recruitment; #7: Employee Mobility and Management; #8: Code of conduct for civil servants. | No | MoLSA | PIU | PIU to obtain documentation |
| DLR 8.2.1  The Federal Parliament has enacted a civil service law | The Civil Service Law approved by the Federal Parliament, which covers, inter alia: the establishment of common principles, consistent with the Constitution and principles of good governance and depoliticized; meritocratic HRM practices, terms, and conditions that define the work relationship between the FGS and its civil servants; and institutional arrangements designed while ensuring fiscal sustainability of the wage bill. | No | MoLSA | PIU | PIU to obtain documentation and make assessment |
| DLR 8.2.2  The Cabinet has endorsed the Second Set of Administrative Regulations for the Civil Service Bill | The FGS Cabinet decision on the endorsement of the following Administrative Regulations for the Civil Service: #9: Leave and Travel; #10: Performance Evaluation of civil servants and senior managers; #11: Promotion; #12: Discipline; #13: Grievances and Appeals Management; #14: Capacity development and Training of the civil service employee; #15: Separation from Civil Service. | No | MoLSA | PIU | PIU to obtain documentation |
| DLR 8.3.1  The MoLSA has issued two consecutive reports covering all Non-Security MDAs on status and applicability of the new Civil Service Law and its Administrative Regulations | Two quarterly reports on the implementation of the Civil Service Law and its administrative regulations that will include: (a) information on sensitization of civil servants on HRM regulations and procedures; (b) Number and percentage of civil service recruitment and selections accomplished through competitive procedures; (c) Average number of qualified candidates per advertised vacancy within the civil service, by job family; (d) Average annual retention rates for recent recruits (within the last three years) within the civil service, by job family; (e) Quarterly turnover rates of civil servants; (f) Percentage of civil servants receiving a formal annual performance appraisal; (g) Percentage of civil servants who exhibit a pattern of repeated, unexcused absences who are subject to formal disciplinary actions; (h) Percentage of pension-age civil servants yet to be retired. | No | MoLSA | IVA | IVA to obtain documentation and undertake assessment |
| DLR 8.3.2.  The Cabinet has endorsed the Organizational Ordinance | The FGS Cabinet decision on the Organizational Ordinance, which addresses, among others: clarity on mandates, vision, mission, functions, accountabilities, structures, staff complement, and establishment ceilings for all MDAs. | No | MoLSA | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 9: Monitoring staff attendance with biometrics** | | | | | |
| DLR 9.1  One Non-Security Ministry has implemented biometric attendance monitoring systems | System reports indicating that at least 90% of staff in one non-security FGS ministry record their attendance using the biometric system at least 15 working days of the month for each staff. | No | MoF FGS, NCSC, MoLSA | IVA | IVA to obtain documentation and undertake assessment |
| DLR 9.2.1  Fifteen Non-Security Ministries have implemented biometric attendance monitoring systems | System reports indicating that at least 90% of staff in 15 non-security FGS ministries record their attendance using the biometric system at least 15 working days of the month for each staff. The biometric attendance monitoring results are used in payroll, performance, and disciplinary systems. | No | MoF FGS, NCSC, MoLSA | IVA | IVA to obtain documentation and undertake assessment |
| DLR 9.2.2  NCSC has adopted an action plan based on the lessons learnt during the year for implementation of the system and its integration with the payroll, performance and disciplinary system across all Non-Security Ministries of the Recipient | NCSC decision on the action plan, which includes: (a) time lines for full integration with the SFMIS; (b) regular technical audits to ensure that the system is functioning; (c) daily biometric attendance monitoring for all staff during 2022; (d) policy guidance to cover those cases if for any legitimate reason biometric attendance is not recorded; (e) the plan to cover all FGS health and education service delivery facilities for attendance monitoring of staff with simpler ICT tools and related processes. | No | NCSC | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 10: Promoting opportunities for women in FGS civil service and leadership** | | | | | |
| DLR 10.1  NCSC has issued guidelines: (a) documenting the number of women in various grade levels in the Recipient’s civil service; (b) detailing measures to attain 30% ratio of women in senior leadership positions; and (c) prescribing annual progress reporting requirements on gender representation in the Recipient’s civil service. | The NCSC notification of approved guidelines on promoting opportunities for women in civil service | No | NCSC | PIU | PIU to obtain documentation |
| DLR 10.2  NCSC has published an annual report covering, inter alia: (a) the number of women in various grade levels, including senior leadership positions, in the Recipient’s civil service]; (b) the progress achieved as per the measures prescribed and goals set forth in NCSC gender-related guidelines; and (c) an action plan for the next reporting period to eventually achieve the 30% ratio of women in senior leadership positions by December 2024. | Annual report published on the NCSC or MoF website | No | NCSC, MoF | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 11: Reforming civil service pay and grading** | | | | | |
| DLR 11.1  The Cabinet has approved a pay and grade reform as per the technical analysis carried out under the Project | Cabinet decision on the approved pay and grading reform option, which includes: (a) consolidation of allowances into base pay endorsed as part of the pay and grading policy; (b) integration of CIM staff grades and salaries as well as donor-financed positions into the new civil service pay and grading system; (c) the new pay and grading structure to be the basis for determining pay and grades for civil servants and adviser positions; and (d) fiscal sustainability of the wage bill. | No | NCSC | IVA | IVA to obtain documentation and undertake assessment |
| DLR 11.2  The Cabinet has approved a plan for transitioning Capacity Injection Modality staff and other donor-financed positions into the new pay grading system | FGS Cabinet decision on a plan for transitioning of CIM staff and other donor-financed positions to the new pay and grading system | No | NCSC | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 12: Reforming pensions policy and administration** | | | | | |
| DLR 12.1  The Cabinet has (a) approved a pension policy; and (b) submitted a draft pension law to the Parliament | FGS Cabinet decision on pension policy and the draft pension law submitted to the Parliament. | No | MoF, NCSC, MoLSA | PIU | PIU to obtain documentation |
| DLR 12.2  The Recipient has adopted pension regulations. | FGS decision on pension regulations | No | MoF, NCSC, MoLSA | PIU | PIU to obtain documentation |
| DLR 12.3.1  The Recipient has retired, granted pensions, and started paying them as of January 1, 2022, to all civil servants at, or above, the mandatory pension age | Pension payroll/registry with benefit calculations | No | MoF | IVA | IVA to obtain documentation and undertake assessment |
| DLR 12.3.2  The MoF has established a pension fund department | Approved ToRs, signed contracts, and recruitment documents | No | MoF | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 13: Improving wage bill management and transparency** | | | | | |
| DLR 13.1  The Cabinet has approved an action plan to improve the transparency and management of a reduced nonformal wage bill | FGS Cabinet approves an action plan including timelines, resources, results and allocation of responsibilities, to improve the transparency and management of a reduced nonformal wage bill  The action plan is based on a study that suggests measures to (a) improve the granularity of the accounting of the wage bill; (b) enhance the format of the reporting and disclosure; (c) reduce the amount and share of the wages and allowances on expenditures for the non-formalized payroll; (d) establish recurrent approach to monthly analysis and reporting of the dollar value and number of individuals for the non-formalized wage bill by MDA, by 6-digit Object Code, disaggregated by cadre; and(e)maps all personnel under the non-formal wage bill | No | MoF | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 14: Harmonizing CoA and reliable and timely consolidated fiscal reports** | | | | | |
| DLR 14.1  MoF has: (a) issued a policy prescribing: (i) the harmonization of the budget codes and chart of accounts; (ii) the standardization of reporting formats, collection and consolidation of budget data; and (ii) generation of financial/budget reports; and (b) established a dedicated financial reporting unit to implement the foregoing policy. | The MoF’s decision on a policy pertaining to harmonization of CoA, consolidation of budget data, and generation of consolidated fiscal reports. MoF decision on the establishment of a Financial Reporting Unit. | No | MoF | PIU | PIU to obtain documentation |
| DLR 14.2  MoF’s newly established financial reporting unit has developed and adopted: (a) a harmonized/unified budget classification/chart of accounts; (b) control mechanisms to manage the expansion of the unified chart of accounts in line with the requirements of the MDAs at federal, state and local government-levels; and (c) standard reporting formats to collect and consolidate budget results from the SFMIS platforms and/or other financial management information systems at federal and state levels. | The MoF’s decision on (i) a harmonized/unified BC/CoA, (ii) control mechanisms to manage the expansion of unified CoA, and (iii) standard reporting formats to collect and consolidate budget results from SFMIS platforms and/or other sources. | No | MoF FGS, BC/CoA, SFMIS | PIU | PIU to obtain documentation |
| DLR 14.3.1  The Recipient has (a) prepared the budget for Fiscal Year 2022 using implemented the new unified chart of accounts (“CoA”); and (b) has issued instructions for the use of the new CoA in the SFMIS as well as other financial management information platforms at federal and state levels for the planned budget execution of Fiscal Year 2022 | (i) 2022 budget documentation prepared using the new unified CoA; (ii) SFMIS platform reflects new CoA for 2022 budget execution; (iii) instructions for the use of the new CoA in the SFMIS as well as other financial management information platforms at federal and state levels for the planned budget execution of Fiscal Year 2022 | No | MoF | IVA | IVA to obtain documentation and undertake assessment |
| DLR 14.3.2  MoF has published monthly fiscal reports using the new CoA and reporting formats in the financial management information system platforms of the Recipient and FMSs starting from January 1, 2022 | Monthly fiscal reports are prepared in line with the Policy Pertaining to Harmonization of the CoA, Consolidation of Budget Data, and Generation of Consolidated Fiscal Reports and published on the MoF website | No | MoF | IVA | IVA to obtain documentation and undertake assessment |
| **DLI 15: Enhancing health service delivery systems** | | | | | |
| DLR 15.1  MoH has issued instructions to use the mobile phone infrastructure for improved delivery and performance management of the Marwo Caafimaad Program | MoH instructions on the use of mobile phone in reporting for improved delivery and performance management | No | MoH FGS | PIU | PIU to obtain documentation |
| DLR 15.2  MoH has piloted data gathering from, and training of, female health works (“FHW”) and female health supervisors (“FHS”) in at least two (2) FMSs or one FMS and BRA. | Monthly reports submitted by FHSs in at least two jurisdictions using smartphones.  Messages sent once a week for two weeks to at least 100 FHWs/FHSs using mobile phones for guidance/training in a minimum of two states or one state and Benadir. | No | MoH FGS | IVA | IVA to obtain documentation and undertake assessment |
| DLR 15.3.1  MoH and the FMoHs have recruited, trained, and deployed at least 700 FHW/FHS | Contracts, training, and attendance records for 700 FHWs/FHSs | No | MOH FGS | IVA | IVA to obtain documentation and undertake assessment |
| DLR 15.3.2  FHW/FHS are reporting their activities using mobiles/tablets | 300 FHWs/FHSs report their activities on at least a fortnightly basis for the last one month using mobiles/tablets.  An additional 300 FHWs/FHSs report their activities on a daily basis using mobiles/tablets. | No | MOH FGS | IVA | IVA to obtain documentation and undertake assessment |
| DLR 15.3.3  MoH has reached out to at least 500 pregnant women using mobile phones | The register/voice records of mobile phone based calls made to a minimum of 500 pregnant women. | No | MOH FGS | IVA | IVA to obtain documentation and undertake assessment |
| DLR 15.3.4  MoH has: (a) conducted a stocktaking exercise on the lessons learned from the roll-out of the ICT-based data gathering, beneficiary engagement and training of FHW/FHS; and (b) approved an action plan for calendar year 2022 to further strengthen and broaden the ICT-based data gathering, beneficiary engagement and training of FHW and FHS | A report stocktaking what worked and what did not, and an MoH approved action plan for 2022 based on the instructions issued as part of DLR 15.1 for further strengthening and broadening of the ICT based data gathering, beneficiary engagement, and training systems. | No | MOH FGS | IVA | IVA to obtain documentation and undertake assessment |

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| **ANNEX 3: Verification Protocols** |
| **Federal Republic of Somalia: Somalia Recurrent Cost & Reform Financing Project** |

**DLI 8: Reforming civil service legislation**

1. By February 2021, the PIU will acquire the relevant set of regulations accompanied by documentation evidencing Cabinet endorsement and will verify that the follow subject matters are addressed and that each set of regulations is complete and consistent with the regulation topics enumerated as follows:

* First set of regulations
* Regulation # 1: Duties and Obligations of the Civil Servant
* Regulation # 2: Civil Service Administration
* Regulation # 3: Civil Service Registry and Human Resources Management Information System
* Regulation # 4: Job Description
* Regulation # 5: HR Planning
* Regulation # 6: Recruitment
* Regulation # 7: Employee Mobility and Management
* Regulation # 8: Code of conduct for civil servants.

1. By April 2021, the PIU will acquire the relevant Parliament decision on enactment of the Civil Service Law and the World Bank team will verify that it addresses, among others, the following topics: the establishment of common principles, consistent with the Constitution and principles of good governance and depoliticized; meritocratic HRM practices, terms, and conditions that define the work relationship between the FGS and its civil servants; and institutional arrangements designed while ensuring fiscal sustainability of the wage bill.
2. By April 2021, the PIU will acquire the relevant set of regulations accompanied by documentation evidencing Cabinet endorsement and will verify that the following subject matters are addressed and that each set of regulations is complete, consistent with the regulation topics enumerated as follows:

* Second set of regulations
* Regulation # 9: Leave and Travel
* Regulation # 10: Performance Evaluation of civil servants and senior managers
* Regulation # 11: Promotion
* Regulation # 12: Discipline
* Regulation # 13: Grievances and Appeals Management
* Regulation # 14: Capacity development and Training of the civil service employee
* Regulation # 15: Separation from Civil Service.

1. By December 2021, the IVA will acquire the Cabinet-endorsed Organizational Ordinance and verify that it addresses, among others, the following topics: clarity on mandates, vision, mission, functions, accountabilities, structures, staff complement, and establishment ceilings for all MDAs.
2. By December 2021, the IVA will acquire two quarterly reports on the implementation of the Civil Service Law and its administrative regulations that will include the following:
   1. **Sensitization of civil servants on HRM regulations and procedures.** Report on the sensitization activities.
   2. **Competitive recruitment and selection.** Number and percentage of civil service recruitment and selections accomplished through competitive procedures.
   3. **Attraction of needed skill sets.** Average number of qualified (that is, long-listed) candidates per advertised vacancy within the civil service, by job family. These should get better over time.
   4. **Retention of needed skill sets.**Average annual retention rates for recent recruits (within the last three years) within the civil service, by job family.
   5. **Depoliticized HRM practices.** Quarterly turnover rates of civil servants.
   6. **Performance-focusing HRM practices:** 
      1. Percentage of civil servants receiving a formal annual performance appraisal (minimum 75 percent)
      2. Percentage of civil servants who exhibit a pattern of repeated, unexcused absences who are subject to formal disciplinary actions (for example, pay is docked, temporary suspension, and dismissal)
      3. Percentage of pension-age civil servants yet to be retired (maximum 5 percent).
3. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 9: Monitoring staff attendance with biometrics**

1. By April 2021, the IVA will verify implementation of the biometric system in at least one non-security FGS ministries by collecting evidence that at least 90 percent of staff record their attendance using the biometric system at least 15 working days of the month for each staff. Staff on authorized leave, duly certified, will be deemed to have marked their attendance.
2. By December 2021, the IVA will verify implementation of the biometric system in at least 15 non-security FGS ministries. In addition to the details provided for March 2021, implementation will include links with the payroll, performance, and disciplinary systems.
3. By December 2021, the IVA will acquire and review the action plan adopted by the NCSC, as well as evidence of adoption by the NCSC, and will verify that it includes time lines for full integration with the SFMIS, regular technical audits to ensure that the system is functioning, daily biometric attendance monitoring for all staff during the second year, policy guidance to cover those cases if for any legitimate reason biometric attendance is not recorded, the plan to cover all FGS health and education service delivery facilities for attendance monitoring of staff with simpler ICT tools and related processes.
4. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 10: Promoting opportunities for women in the civil service**

1. By February 2021, the PIU will acquire the NSRC guidelines on promoting opportunities for women in civil service and verify that the guidelines
2. Explain the number of existing women in various FGS grade levels and provide definition for “senior leadership positions”;
3. Include measures to achieve the goal of 30 percent of women in senior leadership positions. The measuresfor the active promotion of opportunities for more female participation in the civil service positions should include, among any other options deemed necessary, special provision of in-service training and mentoring opportunities, creation of women in service forum and its meetings once every six months, affirmative action at the time of recruitment, HR regulations on recruitment and selection; and
4. Prescribe annual progress reporting requirements, including the format and contents of the annual progress report, responsibilities for its preparation, and publication requirements.
5. By December 2021, the IVA will obtain the annual report from a public resource and verify that it covers, among others, the following topics: the number of women in various grades in FGS disaggregated by MDAs; the current status of measures, specific for various grade brackets and general measures that apply to all, being taken to achieve the NDP goals; and the general promotion of women in government positions and action plan for the next reporting period to promote opportunities for women. The action planmust include measures for the active promotion of opportunities for more female participation in the civil service positions with clearly assigned responsibilities and time frames.
6. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 11: Reforming pay and grading**

1. By December 2021, the IVA should acquire a Cabinet decision on the approved pay and grading reform option and determine whether the following are included: (a) consolidation of allowances into base pay endorsed as part of the pay and grading policy, (b) integration of CIM staff grades and salaries as well as donor-financed positions into the new civil service pay and grading system, (c) the new pay and grading structure to be the basis for determining pay and grades for civil servants and adviser positions, and (d) fiscal sustainability of the wage bill. (Note: Both Stream A and Stream B CIM positions are to be mapped to the new pay and grading structure.) Donor-financed positions include advisers hired by the Government and are to be placed in the new structure as scarce and high priority skills. These exclude project staff hired as consultants to facilitate implementation of donor-financed projects.
2. By December 2021, the IVA should acquire a Cabinet decision approving the plan for transitioning CIM staff and other donor-financed positions into the new pay and grading system. (Note: Both Stream A and Stream B CIM positions are to be mapped to the new pay and grading structure.) Donor-financed positions include advisers hired by the Government and are to be placed in the new structure as scarce and high priority skills. These exclude project staff hired as consultants to facilitate implementation of donor-financed projects.
3. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 12: Reforming pensions policy and administration**

1. By February 2021, the PIU will obtain a Cabinet decision on the approval of the pension policy and verify that the Pension Law submitted to the Parliament is fully aligned with the pensions policy and includes the following provisions:
2. Award for future and past service shall be equal to 1/800th of his/her basic salary of each completed month of future and past service, but total pension granted is not to exceed 70percent of basic salary.
3. Fair treatment of those above retirement age in 2021, that is, credit for full length of service—on average 30 years.
4. Fair, but fiscally sustainable survivor benefits, that is, survivors include daughters and sons receiving benefits until age 18 unless disabled, widows until remarriage and widowers only if not remarried and having no other spouse, and parents receiving among them not more 70 percent of old age pension.
5. Fair treatment of those totally incapable of work as determined by Competent Medical Commission (may require examination and monitoring); those injured at work to receive a benefit same as if person had continued working until retirement age; those whose injuries are not work-related, to receive a benefit same as if person had continued working until retirement age.
6. Contribution rates equal 5 percent of employee’s salary contributed by the employee and 5 percent of employee’s salary contributed by the Government.
7. By April 2021, the IVA to obtain adopted pension regulations that will provide detailed guidelines for implementing the pension policy. At minimum the following regulations must be in place, i.e. approved/enacted by relevant authorities: on recordkeeping and reporting, on Pension Fund operations and responsibilities; on registration for pension benefits; on qualification of survivors for benefits; and on qualifications and registration for disability benefits.
8. By December 2021, the IVA to verify that:
9. All civil servants above pensionable age as of December 31, 2021, are registered and their pension benefits are calculated;
10. All civil servants who have reached or were above the retirement age (i.e. 65 years of age or above) age as of December 1, 2021, received their first pension benefit payments for January 2022.
11. IT systems are in place (deployed and tested) to begin collecting contributions from employees and the Government.
12. By December 2021, the IVA to verify that
13. The Pension Fund Department is established and staffed with competitively hired:
    1. Department director
    2. Applications for benefits division manager
    3. Payment of benefits division manager
    4. Contributions division manager, liaison with other MDAs
    5. Appeals officer
    6. Client relations and public information officer
    7. Counsel, compliance officer
    8. IT division manager
    9. IT officer, database of records
    10. Financial officer, accountant (can also be responsible for internal audit)
    11. Office manager
    12. A separate set of ToRs will need to be developed for the Competent Medical Commission for disability and age discrimination; commission will have MDA representatives (ex-officio) as members and at minimum one medical officer and one legal officer on staff.

1. The Pension Fund Department collects contributions from all the registered employees.
2. The Pension Fund Department receives government contributions in regular and timely manner.
3. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 13: Improving wage bill management and transparency**

1. **Scope.** This series of DLIs is focused on wage bill expenditures that are not on formalized systems and which are reported in the ‘non-payroll summary report’ as part of the Government’s ECF monthly reporting package.
2. By December 2021, the IVA will acquire the review of the non-formalized wage bill, which must include the presentation of the dollar value and number of individuals for the non-formalized wage bill, by month, by MDA, and by six-digit Object Code, disaggregated by cadre, being a group of individuals that are managed under similar policies, processes, or practices. The IVA will also acquire the reform action plan, prepared based on the said review, and documentation evidencing Cabinet endorsement. The reform plan must include actions to (a) improve the granularity of the accounting of the wage bill, (b) enhance the format of the reporting and disclosure; (c) map all personnel under the non-formal wage bill to the existing cadres as per the human resources and formal payroll policies and practices, and (d) reduce the amount and share of wages and allowances on expenditures for the non-formalized payroll. The action plan is to include establishing a recurrent approach to monthly analysis and reporting of the dollar value and number of individuals for the non-formalized wage bill, by MDA, by six-digit Object Code, disaggregated by cadre.
3. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 14: Harmonizing CoA and reliable and timely consolidated fiscal reports**

1. By February 2021, the PIU will obtain from the FGS MoF an issued policy for the harmonization of BC/CoA; standardization of reporting formats, collection, and consolidation of budget data; and generation of reliable and timely financial/budget reports for different needs.
2. By February 2021, the PIU will verify that the functions of the Financial Reporting Unit of the MoF are defined and responsibilities for key positions in the unit are drafted and approved by the respective authority. The Financial Reporting Unit is expected to be composed of a unit head and two specialists from GGS MoF Budget Department and FGS Accountant General’s Office to start with. This team could be expanded in the future, if there is a need.
3. By April 2021, the IVA will obtain from the Financial Reporting Unit duly adopted documents that describe (a) a harmonized/unified BC/CoA (b) version control mechanisms to manage the expansion of unified CoA in line with the requirements of the public bodies in the FGS, FMSs and local governments, and (c) standard reporting formats to collect and consolidate budget results from the FMIS platforms of the FGS and FMSs and other sources/platforms.
4. By December 2021, the IVA will obtain relevant budget documentation and verify that the new CoA is used in 2022 budget preparation. The IVA will also review FMIS platforms of the FGS and FMSs to verify that they are adjusted to use new CoA for 2022 budget execution and that at least one monthly report using the new COA is produced through the FMIS platforms and is published on the MoF website in line with the policy document starting from January 1, 2022.
5. The implementation details not mentioned here will be agreed and reflected in the POM.

**DLI 15: Enhancing health service delivery systems**

1. By February 2021, the PIU will verify that the FGS Minister of Health has endorsed instructions to use widely available mobile phone infrastructure for improved delivery and performance management of the Marwo Caafimaad program. The PIU will verify that the policy addresses the following elements:
2. The use of smartphones or feature phones and solar chargers, as appropriate, for data gathering, training, and beneficiary engagement and use of the information collected for disclosure, performance management, and planning.
3. The use of such technologies for the supervisors of the community health system, in addition to the FHSs, who may be required to visit the field for supervision activities, to monitor their field visits.
4. The procurement of phones and solar chargers, provision of data, contracting of third-party vendors for beneficiary engagement, and provision of training content.
5. The privacy, data management, and general security concerns are based on the ‘do no harm’ principle.
6. Use of ICTs for beneficiary engagement and data gathering will be extensively covered in the residential training.
7. Any matter, including format and periodicity of reporting, training and beneficiary engagement, use of the appropriate ICT instruments, funding, resources, hiring of third parties, and any other matter not elaborated here, will be covered in the POM.
8. By April 2021, the PIU will verify that piloting for data gathering and training has started in a minimum of two states or one state and Benadir. Data gathering means submission of a monthly form using smartphones by at least two FHSs in each of the two jurisdictions. The data may include one or all of the following: community health chart, family register, treatment register, referral information, FHWs’ attendance. Training means sending messages once a week for two weeks to at least 100 FHWs/FHSs using mobile phones for guidance/training in a minimum of two states or one state and Benadir.
9. By December 2021, the IVA will verify that

* MoHs of FGS and FMSs have recruited, trained in residence, and deployed 75 percent of 930 FHWs/FHS
* 300 FHWs/FHSs report their activities on at least a fortnightly basis for the last one month using mobiles/tablets. An additional 300 FHWs/FHSs report their activities on a daily basis in addition to reporting the community health chart, family register, treatment register, referral information;
* Mobile phone based calls are made to a minimum of 500 pregnant women as recorded by FHWs and reported to MoH, at least twice over the last three months, to check on their health, whether they were attended by FHWs and how many times, and whether they were satisfied with the service.

1. The MoH has conducted a stocktaking exercise on the lessons learned from the roll-out of the ICT-based data gathering, beneficiary engagement and training of FHW and FHS and approved an action plan for 2022, based on the guideline first issued, for further strengthening and broadening of the ICT based data gathering, beneficiary engagement, and training systems. The action plan must contain the elements mentioned in the verification protocol of the guidelines issued in March as part of the DLR 15.1.1.
2. The implementation details not mentioned here will be agreed and reflected in the POM.

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| **Annex 4: The costs of DLIs** |
| **Federal Republic of Somalia: Somalia Recurrent Cost and Reform Financing Project - Phase 2** |

| **Reform Areas** | **DLIs** | **Disbursement Plan (US$ millions)** | | | |
| --- | --- | --- | --- | --- | --- |
| **February 2021** | **April 2021** | **December 2021** | **Total Disbursement for the DLI** |
| Area 1: Strengthened human resource management policies and systems for enhanced performance, efficiency, and equity | HR regulations | 2.0 | 1.5 | 1.0 | 4.5 |
| Attendance monitoring | — | 0.5 | 1.5 | 2.0 |
| Women in civil service | 1.0 | - | 0.5 | 1.5 |
| Area 2: Effective and transparent wage bill management for enhanced fiscal sustainability | Wage control | — | - | 1.5 | 1.5 |
| Pay and grading | — | - | 1.0 | 1.0 |
| Pensions | 2.0 | 1.0 | 1.0 | 4.0 |
| Area 3: Enhanced FGS and FMS fiscal and financial reporting | Fiscal reporting | 1.0 | 1.0 | 0.5 | 2.5 |
| Area 4: Enhanced health service delivery systems | Community Health | 1.0 | 1.0 | 1.0 | 3.0 |
| **Total** |  | 7.0 | 5.0 | 8.0 | 20.0 |

**Table 2: RCRF III PBCs (for FGS, Sub-Component 1.2)[[3]](#footnote-3)**

| **PBC and Problem Statement** | **Year 0 (2020)** | **2021 (RCRF II)** | | **2022 (RCRF III)** | | **2023 (RCRF III)** | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **(February 2021)** | **(August 2021)** | **June** | **November** | **June** | **November** |
| **1. Strengthen customs administration as per the customs reform action plan** | Poor systems capacity: organizational, technology, HR and workflows to support effective and efficient customs management. |  |  | 1.1. MoF has developed and operationalized the new IT system, as well as its manuals of procedures |  | 1.2. MoF has completed a simplified functional review of FGS customs to better allocate HR in customs. |  |
| **1.3** |  |  |  | **1.0** |  | **0.3** |  |
| **2. Strengthen payment process for operational expenditures** | Payment process involves parallel manual and electronic steps, multiple approval steps are required, new PFM law not yet reflected in business processes. |  |  |  | 2.1. MoF has: (i) completed a business process review for FGS’ payment; and (ii) prepared/issued a business process review report including the processing of fiscal transfers and education and health sector payments. |  | 2.2. MoF has approved comprehensive procedures aligned with the business process review for following areas: (i) planning and budgeting; (ii) internal controls; and (iii) accounting procedures. |
| **1.3** |  |  |  |  | **1.0** |  | **0.3** |
| **3. Strengthen inter-governmental fiscal policy framework** | While Inter-Governmental Fiscal Transfer Policy Paper has been agreed, it still requires operationalization. Current approach to distribution of funds between FGS and FMS/BRA is inequitable. |  |  | 3.1. FGS’ FY 2022 budget provides for appropriations for FGS’ fiscal transfers to FMS/BRA as per an inter-governmentally agreed formula. |  | 3.2. FGS’ FY 2023 budget provides for appropriations for FGS’ fiscal transfers to FMS/BRA as per an inter-governmentally agreed formula. |  |
| **1.3** |  |  |  | **1.0** |  | **0.3** |  |
| **4. Strengthen FGS transfers to FMS** | Selected FMS have minimal sources of revenue, and therefore difficulty in sustaining their operations, while FGS collects tax and customs, partly from goods and services that are destined for delivery in FMS. FGS transfers to FMS have been made on an ad hoc basis. |  |  |  | 4.1. FGS’ fiscal transfers execution rate for the 1st half of FY 2022 to FMS/BRA is equal to, or greater than, the out turn rate for FGS’ domestic revenues. |  | 4.2. FGS’ fiscal transfers execution rate for the 1st half of FY 2023 to FMS/BRA is equal to, or greater than, the out turn rate for FGS’ domestic revenues. |
| **1.3** |  |  |  |  | **1.0** |  | **0.3** |
| **5. Strengthen Public Administration** | Lack of an established system for civil servants’ pensions |  |  | 5.1. FGS has: (i) enacted a pension law; (ii) adopted regulations on pensions for civil servants (including those guiding collection); and (iii) established a pension secretariat with the participation of all relevant MDAs. |  |  | 5.2. FGS has established, staffed and operationalized a pension unit within six (6) months from the commencement of pension collections. |
| **1.3** |  |  |  | **1.0** |  |  | **0.3** |
|  |  |  |  | **3.0** | **2.0** | **0.6** | **0.9** |
| **6.5** |  |  | | **5.0** | | **1.5** | |

**Table 3: RCRF III Verification Protocol for PBCs (for FGS, Sub-Component 1.2)**

| **Performance Based Condition (PBC)** | **Definition /** | **Scalability of Disbursements** | **Protocol to evaluate achievement of the PBC and data/result verification** | | |
| --- | --- | --- | --- | --- | --- |
| **Description of achievement** | **(Yes/No)** | **Data source/agency** | **Verification** | **Procedure** |
| **1. Strengthen customs administration as per the customs reform action plan** | | | | | |
| 1.1. MoF has developed and operationalized the new IT system, as well as its manuals of procedures | IT system to be deemed “operational” when:  - At least, clearance/manifest/risk management/tariff modules are developed, have been tested and are functional for customs officers and users, and;  - Trainings of customs officers and private operators have been conducted.  Manuals of procedures to contain:  - Customs procedures for import/export processes with the required documentation at each step.  Reports generated from new IT system and SFMIS to demonstrate functionality; manuals of procedures for system; assessment of design and use of system undertaken by VA. | No | FGS (Mogadishu), PSS (Bosaso) and JSS (Kismayo) MoF Revenue Departments | OAuG | VA to assess design and use of system. |
| 1.2. MoF has completed a simplified functional review of FGS customs to better allocate HR in customs. | Simplified functional review to include:  - Analysis of staff numbers/competencies and assignments/job descriptions,  - Recommendations on a revised organogram taking into account organizational structure of a customs department in a low capacity environment,  Functional review undertaken and assessed by VA. | No | MoF Revenue Department | OAuG | VA to obtain documentation. |
| **2. Strengthen payment process for operational expenditures** | | | | | |
| 2.1. MoF has: (i) completed a business process review for FGS’ payment; and (ii) prepared/issued a business process review report including the processing of fiscal transfers and education and health sector payments. | Business process review report to include:  - Definition of all the needs to be met by the work flows;  - Identification of each workflow identified to meet the needs;  - Definition of how activities connect and the assignment of the roles and responsibilities for each (swimlane flow charts);  - Instructions for each activity including how the technology/SFMIS supports the activities;  - Identification of gaps and improvement possibilities, and;  - Definition of workflows and activities to fill gaps, how these connect, assignment of roles and responsibilities for each (swimlane flow charts) and instructions for each activity including how the technology/SFMIS supports the activities.  Business process review report produced and shared with VA. | No | FGS MoF | OAuG | VA to obtain documentation. |
| 2.2. MoF has approved comprehensive procedures aligned with the business process review for following areas: (i) planning and budgeting; (ii) internal controls; and (iii) accounting procedures. | Approved Comprehensive procedures (for Planning and Budgeting, Internal controls, and Accounting) to include:  - Evidence of Minister of Finance approval of documentation;  - Scope of Comprehensive procedures to include:  o Activities;  o How activities connect;  o Assignment of roles and responsibilities for each activity, and;  o Instructions for each activity including how the technology/SFMIS supports the activities for all workflows across the three areas.  VA to asses updated comprehensive procedures against business process review. | No | FGS MoF | OAuG | VA to obtain documentation. |
| **3. Strengthen inter-governmental fiscal policy framework** | | | | | |
| 3.1. FGS’ FY 2022 budget provides for appropriations for FGS’ fiscal transfers to FMS/BRA as per an inter-governmentally agreed formula. | Inter-governmentally /the agreed formula to be evidenced by agreement among FMS and FGS Finance Ministers as reflected in signed Minutes of Finance Ministers Fiscal Forum.  VA to compare fiscal transfer allocations to FMS in draft FGS budget to ensure they reflect agreed formula. | No | FGS MoF | OAuG | VA to obtain documentation. |
| 3.2. FGS’ FY 2023 budget provides for appropriations for FGS’ fiscal transfers to FMS/BRA as per an inter-governmentally agreed formula. | Fiscal transfer allocations to FMS in draft FGS budget reflect agreed formula. | No | FGS MoF | OAuG | VA to obtain documentation. |
| **4. Strengthen FGS transfers to FMS** | | | | | |
| 4.1. FGS’ fiscal transfers execution rate for the 1st half of FY 2022 to FMS/BRA is equal to, or greater than, the out turn rate for FGS’ domestic revenues. | FGS 2022 Approved Budget, and SFMIS expenditure reports for January – June 2022 | No | FGS Budget and SFMIS reports, OAg | OAuG | VA to verify targets. |
| 4.2. FGS’ fiscal transfers execution rate for the 1st half of FY 2023 to FMS/BRA is equal to, or greater than, the out turn rate for FGS’ domestic revenues. | FGS 2023 Approved Budget, and SFMIS expenditure reports for January – June 2023 | No | FGS Budget and SFMIS reports, OAg | OAuG | VA to verify targets. |
| **5. Strengthen Public Administration** | | | | | |
| 5.1. FGS has: (i) enacted a pension law; (ii) adopted regulations on pensions for civil servants (including those guiding collection); and (iii) established a pension secretariat with the participation of all relevant MDAs. | Pensions Secretariat is “established” when:  - Pension secretariat is meeting on regular basis as specified in the law to resolve policy questions, and;  - Public information campaign about the pension system was launched.  Law, Regulations, and VA verifies establishment of Pension Secretariat. | No | FGS MoF | OAuG | VA to obtain documentation. |
| 5.2. FGS has established, staffed and operationalized a pension unit within six (6) months from the commencement of pension collections. | Pension Unit deemed “established, staffed and operational” when:  - Pension unit has been staffed with at least an Administrative Director, an IT person, a benefits person, and a public information person, and;  - Pension unit either has access to the Human Resource Management Information System which contains records of the civil servants who have reached the age of retirement or has these records transferred to its own IT system.  VA confirms through review of HR records. | No | FGS Ministry of Labor and the Civil Service Commission | OAuG | VA to obtain undertake assessment. |

**Table 4: RCRF III PBCs (for FMS, Sub-Component 2.2)[[4]](#footnote-4)**

| **Reform Benchmark (PBC) and Baseline** | **2020** | **2021** | | **2022** | | **2023** |
| --- | --- | --- | --- | --- | --- | --- |
| **September** | **June** | **November** | **June** | **November** | **June** |
| **6. Strengthen FMS resource management systems for service delivery:** Nascent systems for PFM in early stages of establishment. Expenditures focused on public administration and security with low allocation and execution of funds for assigned education and health service delivery functions. |  | 6.2. The FMS have: (i) signed with FGS an updated Service Delivery Transfer Agreements (2021); and (ii) approved budgetary appropriations for FY 2021 allocating a net aggregate budgetary increase for their respective MoHs and MoEs equal to the aggregated Allocated Amounts for PBCs #6.2; #6.3; #8.1 and #8.2. | 6.3. The FMS have: (i) issued their respective implementation and financial reports on the use of federal (service) transfers covering FY 2020 and the 1st half of FY 2021 in line with provisions Service Delivery Transfer Agreements demonstrating release of funds to MoHs and MoEs; and (ii) submitted the same to MoF. | 6.4. The FMS have: (i) signed with FGS an updated Service Delivery Transfer Agreements (2022); and (ii) approved budgetary appropriations for FY 2022 allocating a net aggregate budgetary increase for education and health sectors equal to the aggregated Allocated Amounts for PBCs #6.4; #6.5; #7.2. | 6.5. The FMS have: (i) issued their respective implementation and financial reports on the use of federal (service) transfers covering FY 2021 and the 1st half of FY 2022 in line with provisions Service Delivery Transfer Agreements demonstrating release of funds to MoHs and MoEs; and (ii) submitted the same to MoF. | 6.6. The FMS have: (i) signed with FGS an updated Service Delivery Transfer Agreements (2023); and (ii) approved budgetary appropriations for FY 2023 allocating a net aggregate budgetary increase for education and health sectors equal to the aggregated Allocated Amounts for PBCs #6.6; #7.4 and #8.5. |
| **5.6** | **2.5** | **0.6** | **0.6** | **1.0** | **1.0** | **0.6** |
| **7. Strengthen education service delivery:** Limited tools to enable Government to improved educational quality at school level. Limited funds available to support service delivery at school level. |  |  | 7.1. Each FMS has adopted a Performance-Based School Grants policy. | 7.2. Each FMS has: (i) maintained a Performance-Based School Grants policy for the financing of recurrent costs; and (ii) approved aggregate FY 2022 budgetary appropriations for MoEs’ Performance-Based School Grants equal to half the aggregated Allocated Amounts for PBCs #6.4; #6.5; #7.2; #7.3, #8.3 and #8.4. | 7.3. All Payroll Supported Schools in the FMS with signed Performance-Based School Grants Agreements have received annual Performance Based School Grants in a timely manner, as per the signed agreements. | 7.4. Each FMS has (i) maintained a Performance-Based School Grant policy for the financing of recurrent costs; and (ii) approved aggregate FY 2023 budgetary appropriations for MoEs’ Performance-Based School Grants equal to half the aggregated Allocated Amounts for PBCs #6.6; #7.4 and #8.5. |
| **3.1** | **0.0** | **0.0** | **0.6** | **0.8** | **0.8** | **0.4** |
| **8. Strengthen health service delivery:** Community health worker programs are small and in the early stages of being (re) established. Limited funds available to support service delivery at community level |  | 8.1. The FMS have: (i) adopted annual community health service delivery plans, including infectious disease measures for FY 2021; and (ii) approved MoHs’ FY 2021 budgetary appropriations for community health service delivery for an amount equal to the aggregated Allocated Amounts for PBCs #6.2; #6.3; #8.1and #8.2. | 8.2. The FMS have executed the community health service delivery plans for FY 2021 in a timely manner, as per the signed Service Delivery Transfer Agreements. | 8.3. The FMS have: (i) adopted annual community health service delivery plans, including infectious disease measures for FY 2022; and (ii) approved MoHs’ FY 2022 budgetary appropriations for community health service delivery for an amount equal to half the aggregated Allocated Amounts for PBCs #6.4; #6.5; #7.2; #7.3; #8.3 and #8.4. | 8.4. The FMS have executed the community health service delivery plans for FY 2022 in a timely manner, as per the signed Service Deliver Transfer Agreements. | 8.5. The FMS have (i) adopted annual community health service delivery plans, including infectious disease measures for FY 2023; and (ii) approved MoHs’ FY 2023 budgetary appropriations for community health service delivery for an amount equal to half the aggregated Allocated Amounts for PBCs #6.6; #7.4 and #8.5. . |
| **3.1** | **0.0** | **0.6** | **0.6** | **0.8** | **0.8** | **0.4** |
| **11.7** | **2.5** | **3.0** | | **4.9** | | **1.3** |

**Table 5: RCRF III Verification Protocol for PBCs (for FMS, Sub-Component 2.2)**

| **Performance Based Condition (PBC)** | **Definition /** | **Scalability of Disbursements** | | **Protocol to evaluate achievement of the PBC and data/result verification** | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Description of achievement** | **(Yes/No)** | | **Data source/agency** | **[[5]](#footnote-5)Verification** | **Procedure** |
| **6. Strengthen resource management systems for service delivery** | | | | | | |
| 6.1. The FMS have: (i) signed Service Delivery Transfer Agreements with FGS, including costed COVID-19 measures, for an aggregate amount equal to the Allocated Amount of this PBC equivalent; and (ii) approved budgetary appropriations for FY 2020 allocating a net budgetary increase for their respective MoHs equal to the amount of the respective Service Delivery Transfer Agreements. | Service Delivery Transfer Agreements to comprise:  - Overview: Statement of overall objectives, costs, and expected results;  - Health: Annual Community Health Service Delivery Plan (annual allocations and costed activities), including costed COVID-19 and infectious diseases measures and;  - Accountability: Agreed reporting formats, and associated reporting procedures.  VA to obtain: i) Signed Service Delivery Transfer Agreement; ii) FMS budget appropriation, and conduct assessment. | Yes | | FGS MoF, FMS MoF, FMS MoH | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| 6.2. The FMS have: (i) signed with FGS an updated Service Delivery Transfer Agreements (2021); and (ii) approved budgetary appropriations for FY 2021 allocating a net aggregate budgetary increase for their respective MoHs equal to the aggregated Allocated Amounts for PBCs #6.2; #6.3; #8.1 and #8.2. (Also applies to PBCs 6.4; & 6.6.) | VA to obtain: i) Signed Service Delivery Transfer Agreement; ii) FMS budget appropriation, and conduct assessment | Yes | | FGS MoF, FMS MoF, FMS MoH, FMS MoE | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| 6.3. The FMS have: (i) issued their respective implementation and financial reports on the use of federal (service) transfers covering FY 2020 and the 1st half of FY 2021 in line with provisions Service Delivery Transfer Agreements demonstrating release of funds to MoHs and MoEs; and (ii) submitted the same to MoF. (Also applies to PBC 6.5) | VA to obtain: i) Implementation and financial reports on use of Service Transfers; ii) FMS FMIS budget execution reports | Yes | | FGS MoF, FMS MoF, FMS MoH, FMS MoE | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| **7. Strengthen education service delivery** | | | | | | |
| 7.1. Each FMS has adopted a Performance-Based School Grants policy. | Performance-Based School Grants policy to comprise:  - Basic quality standards to be achieved;  - School entitlement;  - Fiduciary guidelines, and;  - Reporting requirements.  VA to obtain School Performance Grant Policy. | Yes | | FMS MoE, FMS MoF | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| 7.2. Each FMS has: (i) maintained a Performance-Based School Grants policy for the financing of recurrent costs; and (ii) approved aggregate FY 2022 budgetary appropriations for MoEs’ Performance-Based School Grants equal to half the aggregated Allocated Amounts for PBCs #6.4; #6.5; #7.2; #7.3; #8.3 and #8.4. (Also applies to PBC 7.4) | VA to obtain: i) Signed Service Delivery Agreement; ii) FMS FMIS reports; iii) FMS MoE financial reports; iii) sample of school-level financial reports | Yes | | FMS MoE, FMS MoF, participating schools | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| 7.3. All Payroll Supported Schools in the FMS with signed Performance-Based School Grants Agreements have received annual Performance Based School Grants in a timely manner, as per the signed agreements. | VA to obtain: i) Signed Service Delivery Agreement; ii) FMS FMIS reports; iii) FMS MoE financial reports; iii) sample of school-level financial reports | Yes | | FMS MoE, FMS MoF, participating schools | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| **8. Strengthen health service delivery:** | | | | | | |
| 8.1. The FMS have: (i) adopted annual community health service delivery plans, including infectious disease measures for FY 2021; and (ii) approved MoHs’ FY 2021 budgetary appropriations for community health service delivery for an amount equal to the aggregated Allocated Amounts for PBCs #6.2; #6.3; #8.1. and #8.2. (Also applies to PBCs 8.3; and 8.5.) | Annual Community Health Service Delivery Plan to Comprise:  - Plan for expansion of coverage of FHWs and HR plan for staff to support FHWs (e.g., M&E staff, supervisors);  - Training plan;  - Description of supportive supervision procedures;  - Description of supply chain procedures;  - Community engagement and mobilization;  - Monitoring plan;  - Partner / Government coordination plan;  - Description of how all activities will be adapted for COVID-19 / infectious diseases;  - Timeline, costing of activities, key milestones, and FM procedures, and;  - Consistency with the FHW compendium.  VA and HTP to obtain: i) Service Delivery Transfer Agreement; ii) FMS budget appropriation. | Yes | FMS MoH, FMS MoF | | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |
| 8.2. The FMS have executed the community health service delivery plans for FY 2021 in a timely manner, as per the signed Service Delivery Transfer Agreements. (Also applies to PBC 8.4.) | VA and HTP to obtain: i) Service Delivery Agreement; ii) FMS budget appropriation; iii) FMS Community Health Service Delivery Plan; iv) FMS FMIS reports; v) MoH financial reports | Yes | FMS MoH, FMS MoF | | OAuG and FMs OAuG | VA to obtain documentation and undertake assessment |

1. http://documents.worldbank.org/curated/en/409881538105446194/pdf/SOMALIA-RECURRENT-COST-PAD-08312018.pdf [↑](#footnote-ref-1)
2. Please note that verification protocols may be amended in the RCRF II and RCRF III Project Operations Manuals (POMs), these should be referred to at time of verification. [↑](#footnote-ref-2)
3. Please note that the list may be expanded/revised to include new PBCs as part of the Additional Financing [↑](#footnote-ref-3)
4. Please note that the list may be expanded/revised to include new PBCs as part of the Additional Financing [↑](#footnote-ref-4)
5. [↑](#footnote-ref-5)