



SOMALIA UN MPTF

PROGRAMME ANNUAL PROGRESS REPORT

Period: 2016

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| Project Name | Pilot Project to Strengthen Service Delivery Through Federal Government Systems, Federal Member States and Interim Regional Administrations (National Window) |
| Gateway ID | 00100391 |
| Start date | 17 th February 2016 |
| Planned end date (as per last approval) | 17 th September 2017 |
| Focal Person | (Name): Ali Haji Aden, Programme Coordinator |
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| | (Tel): +252-615746161 |
| PSG | PSG 5: Revenue & Service |
| Priority | <p>(1) Building legitimate public sector institutions and the strengthening of central-regional links, by showing that the FGS is investing in its regions and its people.</p> <p>(2) Strengthening government systems to demonstrate they can work and increase donor trust in, and use of country systems.</p> <p>(3) Supporting creation of essential rule of law and other public infrastructure in one of the most war-affected parts of the Somali territory.</p> |
| Milestone | <ol style="list-style-type: none"> The PIU of the Ministry of Finance (PIU) successfully assessed and developed detailed designs and bill of quantities (BoQs) (in Q3 & Q4) for construction of two small scale infrastructure projects respectively installation of solar street lights in three streets in Mogadishu - and construction of the district and regional court house in Kismayo. Tendering process of the projects is underway and the launching of project activities is expected early April 2017. A third sub-project is identified and will be implemented in Mudug region, which includes two small projects: Construction of district offices with annexed district courthouse, Galmudug State and Construction of Mayor's Office, Puntland State. The PIU developed a successful communication campaign to promote the work of the FGS/IRAs in rehabilitating and construction of infrastructures PIU and FMSs/IRAs civil servants use participatory monitoring tool to measure the satisfaction of citizens with the rehabilitated infrastructures. The PIU's project cycle management and financial management systems are strengthened through tailored trainings and on the job coaching. |
| Location | Somalia: Banadir, Kismayo and Mudug regions |
| Gender Marker | 2 |

| | | | |
|-----------------------------------|----------------------------|---|------------------|
| Total Budget as per ProDoc | | US\$ 2,062,083 | |
| MPTF: | | US\$ 2,062,083 | |
| Non MPTF sources: | | PBF: US\$ 2,062,083 (all funding from PBF channeled through MPTF) | |
| | | TRAC: N/A | |
| | | Other: N/A | |
| PUNO | Report approved by: | Position/Title | Signature |
| 1. | | | |



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| Total MPTF Funds Received | | | | Total non-MPTF Funds Received | | |
|---------------------------|----------|----------------|----------------|-------------------------------|------------|-------------|
| PUNO | Q4 2016 | Cumulative | Annual 2016 | Q4 2016 | Cumulative | Annual 2016 |
| FGS MOF | 0 | 760,000 | 760,000 | 0 | 0 | 0 |
| UNDP | 0 | 139,408 | 139,408 | 0 | 0 | 0 |
| Total | 0 | 899,408 | 899,408 | 0 | 0 | 0 |

| JP Expenditure of MPTF Funds ¹ | | | | JP Expenditure of non-MPTF Funds | | |
|---|---------------|------------------|------------------|----------------------------------|------------|-------------|
| PUNO | Q4 2016 | Cumulative | Annual 2016 | Q4 2016 | Cumulative | Annual 2016 |
| FGS MOF | 46,128 | 73,416.28 | 73,416.28 | 0 | 0 | 0 |
| UNDP | 0 | 12,517.28 | 12,517.28 | 0 | 0 | 0 |
| Total | 46,128 | 85,933.56 | 85,933.56 | 0 | 0 | 0 |

SITUATION UPDATE

The Pilot project under the national funding stream has started its implementation in February 2016. The political situation in Somalia, especially during the second half of the year, has not directly affected the project during the reporting period. The project has been progressing well with the assessment and design of the sub-project, capacity development activities and the consultation process on identification/prioritizing of the third infrastructure sub-project.

The consultations, which took place during Q4 in Mudug, Gedo, Bakool and Nugal covering a number of district within each region based on the conflict history such as land disputes and community disputes with charcoal traders in Bandiiradley district of Galmudug State; armed conflict between Galmudug and Puntland administration over Galkacyo town and land disputes in Puntland. In order to avoid any further conflict between the two states, the team from the PIU identified small scale projects from both states, hence the intervention will do no harm and contribute to the peace building between the two states.

The prioritized projects from each state are the following:

1. Galmudug: *Construction of district offices with annexed district courthouse* - The district has experienced enormous growth in the last few years, the administration doesn't have an office to house the officials. Aside from that, all disputes are settled in a customary court. To curb this the administration asked for courthouse to provide justice service.
2. Puntland: *Construction of Mayors office* - The main administration block got destroyed following a terrorist attack. Currently the officials have no office, which has slowed down the delivery of public service.

To mitigate potential risks that may be encountered during the project implementation, the PIU is managing and updating the risks identified in the initial risk management plan.

The government, the World Bank (WB) and the UN are working together to coordinate the intervention and cooperate to avoid any overlapping and apply an integrated approach to address issues and ensure a smooth implementation of the parallel projects that are being implemented by the PIU at the Ministry of Finance.

¹ **Uncertified expenditures.** Certified annual expenditures can be found in the Annual Financial Report of MPTF Office (<http://mptf.undp.org/factsheet/fund/4SO00>)



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QUARTERLY & ANNUAL PROGRESS REPORT RESULTS MATRIX

OUTCOME STATEMENT

The objective of the project is to enable the Federal Government of Somalia to independently deliver tangible services to its citizens by developing its capacity to conduct community consultations, design, manage, and implement small scale infrastructure projects. Testing the use of national systems to channel the funds is one of the main objectives of this project in order to build the capacity of the FGS to effectively manage funds and to pave the way for other donors to use its systems. The Ministry of Finance will assume full programmatic and financial accountability for the funds disbursed to them in line with the principles of national ownership enshrined in the New Deal Compact. The main deliverable of this project will be the rehabilitation of two small scale infrastructures each in a different Federal Member State or Interim Regional Administration. This pilot project will run concurrently to the World Bank Special Financing Facility for Local Development Project which will support the core staffing structure and capacity building needs of the PIU during the implementation period of this IRF project

SUB-OUTCOME 1 STATEMENT

Outcome 1.1: Somali citizens in the target locations perceive their Regional Authorities and the Federal Government of Somalia as being more legitimate thanks to the improvement of infrastructures in their communities.

| INDICATOR | TARGET | PROGRESS ON OUTPUT INDICATOR ² | |
|---|--------|---|---|
| | | THIS QUARTER | CUMULATIVE 2016 |
| Outcome Indicator 1 (a) Level of satisfaction with targeted infrastructure | 2 | N/A | Inclusive consultations were conducted in identification of PHASE II sub-projects; a consensus was done around identification of the sub-projects. <ul style="list-style-type: none"> ○ A project oversight committee was established for the sub-projects. ○ PIU did a baseline assessment and the result will be shared soonest. |
| PIU management is finalizing detailed designs and BoQs for the construction of courthouse in Kismayo district, solar streetlights in three districts of Benadir and other small-scale infrastructure projects are identified in Mudug region (Galmudug and Puntland). | 3 | N/A | <ul style="list-style-type: none"> ○ Technical assessment and design of Kismayo court and Banadir street lights have been finalized. ○ Procurement and Bidding processes for the sub-project is ongoing. ○ The third project has been identified and is awaiting the engineering consultancy firm accompanied by PIU engineers to run an assessment and detailed designs for the sub-projects. |

UNDP ONLY: sources of evidence (as per current QPR)

Output 1.2: The PIU developed a successful communication campaign to promote the work of the FGS/IRAs in rehabilitating infrastructures.

| | | | |
|--|---|-----|---|
| Output 1.2.1. Indicator: Number of Public Service Announcements are aired on popular radios/ TV in target locations where infrastructures are being rehabilitated/constructed. | 3 | N/A | <ul style="list-style-type: none"> ○ PIU has aired in national TV the outcome of the consultations done in the identification of the third sub-projects. A joint press release was done by the PIU and local administration. ○ PIU has a broader communication strategy for both UN and WB funded |
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² Fill in only the numbers or yes/no; no explanations to be given here.



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| | | | sub-projects. |
| Output 1.2.2. Indicator: PIU Facebook page | Targets set on the draft M&E Plan: a) Page created b) Min. 3 posts per week during project implementation c) At least 1000 likes by the end of the project | N/A | <ul style="list-style-type: none"> ○ Facebook page has been set up for the program. ○ Amount of posts p/w is depended on the work being achieved on the ground. ○ Achieved FB Likes: 3800 |
| UNDP ONLY: sources of evidence (as per current QPR) | | | |
| Output 1.3: PIU and IRA civil servants use participatory monitoring tool to measure the satisfaction of citizens with the rehabilitated infrastructures. | | | |
| Output 1.3.1. M&E capacity of PIU and target IRA staff | PIU staffs to undertake 2 M&E trainings. | N/A | <ul style="list-style-type: none"> ○ PIU to date received (2) two M&E trainings (in April and September 2016). The training has helped the unit in developing project M&E plan. |
| Output 1.3.2 Indicator: Number of community consultations held by PIU | Two (2) community consultations were held. | N/A | <ul style="list-style-type: none"> ○ PIU did two (2) community consultations in both Galmudug and Puntland states, which resulted in the identification of small scale projects / one in each state. ○ The report on the consultations will be attached with the annual report for review. |
| UNDP ONLY: sources of evidence (as per current QPR) | | | |
| SUB-OUTCOME 2 STATEMENT | | | |
| National systems strengthened with the Ministry of Finance's PIU established as a sound project management model able to deliver tangible deliverables thereby improving its credibility with the donors. | | | |
| Output 1.3: | | | |
| Output 2.1.1 Indicator: Number of donors who express interest in replicating the PIU model in other FGS and/or IRA line ministries increases by 20% by the end of the project. | 20% increase of number of donors to express interest in replicating PIU MOF | N/A | <ul style="list-style-type: none"> ○ PIU model program has increased and so far we have 10 projects implemented in different line ministries both in FGS and FMS under Norway Grant fund. |
| PIU disbursal rates | At least 85% | N/A | <ul style="list-style-type: none"> ○ The disbursement rate is low due to the slow rate of implementation (10%). The main expenditures are on operational cost and not program activities expenses, training activities and consultancy services. |
| PIU accuracy of financial forecasting | No more than 20% variation on budget lines. | N/A | There is no budget variation on the budget lines for the current expenditure, if necessitate to spend more than 20% of the budget line, prior communication will be given to you and the rational explanation for that variation. A budget revision is being recommended to reflect re-allocation of |



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| | | | funds between budget lines. The total project budget remains unchanged. |
| UNDP ONLY: sources of evidence (as per current QPR) | | | |
| Output 2.2: The PIU’s project cycle management and financial management systems are strengthened through tailored trainings and on the job coaching. | | | |
| Number of narrative and financial reports delivered on time and all information provided | All reports delivered on time and with all information provided Target for 2016: 3 narrative reports and 2 financial reports are accurate. | N/A | <ul style="list-style-type: none"> ○ PIU successfully and on time provided quarter (2) quarterly/year-end report that include both narrative and financial reports. The narrative and financial reports provided had all the information with few comments from UN. ○ All financial reports are system generated from FGS FMIS & ATLAS on the basis of which the MPTF template is filled. Expenditure have been in line with the MPTF/PBF budget allocation |
| UNDP ONLY: sources of evidence (as per current QPR) | | | |

NARRATIVE

The present report focuses on the progress achieved in implementing the pilot project to strengthen public service delivery through federal government systems for the year 2016. The PIU, housed in the Federal Ministry of Finance has been tasked to execute small-scale infrastructural sub-projects on behalf of the Federal Government to prove to the broader stakeholder community, that the country systems are functional and trust worthy and to promote confidence of the government among its population.

In ensuring all the outcomes agreed in the project document are met, the PIU accomplished a series of activities that are both geared towards laying the right foundations and incrementally contributing to the projects core objectives.

Regional consultations during Q-4 of 2016: The SFF-LD team facilitated a two- day consultative sessions in Bandiiradley and Galkacyo districts to identify community development priorities from 16 - 28 Dec 2016; the consultative sessions brought together 30 participants including representative from youth, women, elders, minority groups, business community and local administration. The objective of the consultative sessions was to introduce participants to the approaches and principles of the program. In addition to that, to identify priority development sub-projects through a consultative, participatory and inclusive process. The consultations ended successfully and the community in both districts prioritized below sub-projects;

Bandiiradley:

- 1) Construction of district offices with annexed district courthouse.
- 2) Installation of streetlights

Galkacyo:

- 1) Construction of Mayors office
- 2) Installation of street lights

Of the four projects prioritized, the construction of district offices with annexed district courthouse for Bandiiradley district, Galmudug State and Construction of Mayor’s Office for Galkac’yo district, Puntland State. Assessment, design and implementation of these two projects will be conducted in 2017.



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Identification and implementation of the two sub-projects in both states, Galmudug and Puntland, are expected to contribute to the peacebuilding process and ensure that the intervention will do no harm.

Establishment of program steering committee: As clearly stipulated in the project document, the PIU worked closely with Federal Member States (FMS) and Interim Regional Administrations (IRA) in nominating a representative for the program steering committee. The core responsibility of the SC is to approve SFF-LD plans, annual budget, reviewing SFF-LD performance and provide advice on SFF-LD management and future program operations in light of lesson learned from activity implementation.

The Steering committee met twice during the year 2016, the SC was convened to discuss and approve key items; PIU annual Work plan, PIU Annual operational budget, PIU procurement plan, suggested next phases of SFF-LD regional interventions, and lastly and most importantly SC TOR. Participation comprised of the Minister for Finance as the chair of the SC, PIU staff and delegates from regions including Jubbaland, Southwest, Hirshabelle, Galmudug, Puntland and Benadir. In the last SC meeting, regional project officers were invited to familiarize themselves with the program structures and to provide the RPO with a platform to engage with respective Federal Member States (FMS) representatives.

Selection of an Engineering consulting firm: In total, 15 firms sent expressions of interest (EOI) for the development of preliminary and detailed engineering designs and bill of quantities (BoQs). The main services with which the selected firms are to provide the program review of the set of investment priorities that the regions have identified, preparation of preliminary designs with detailed engineering designs and associated cost estimates, and administration of environmental impact assessments for the sub-projects. In the absence of a FGS procurement legal framework (FGS Procurement Act was still in draft at the time of acquiring the services of a design and supervision firm), WB procurement processes have been followed, provided that the PIU will be acquiring infrastructure projects for both the WB and UN. To ensure the bid opening and evaluation were undertaken in a fair and transparent manner, the bid evaluation committee members were drawn from PIU, EAFS (External Assistance Fiduciary Support Unit) and Procurement Department of the MOF. After a thorough bid evaluation, mainly encompassing assessing firms' technical capabilities and financial estimates for the service, ECHOTEC was awarded the contract. No-objection from the WB has been obtained.

Prior to the issuance of the Notice of Award to ECHOTEC, a series of meeting occurred between the PIU and ECHOTEC to discuss on how the assignment is to be rolled out in different sub-project locations. The main discussion focused on the practicality of the work schedule prepared by ECHOTEC and deliverables expected from the consultant for the duration of the contract.

PIU Capacity building: In the first phase of SFF-LD program, PIU capacity building was highly prioritized. In light of this, PIU undertook an internal capacity assessment exercise whereby staff was required to list all relevant areas where capacity injection was needed. The consolidated capacity assessment report highlighted capacity within the PIU, types of training each individual PIU staff required to dispense work effectively, appropriate mode of training.

During the reporting period 2016, a team from the UN provided two set of trainings in both at the onset of the project and in the last quarter to PIU staff. The training covered Project Cycle Management, Monitoring and Evaluation of sub projects, Public Procurement, Financial & Progress Reporting, Auditing, Risk Management, and Do No Harm. The same set of trainings has been provided to RPO's so that the project officers could dispense work effectively at the ground.

The training provided had assisted the program staffs to develop an accurate quarterly budget and cashflows projection and it has inculcated among the program staffs especially staffs involved in the procurement processes adherence to best practices of procurement principles when conducting biddings.

Recruitment of Regional project officers: In the project document, recruitment of a regional project officer was prioritized for active FMSs and IRAs to support the PIU team in the development, monitoring, reporting, and to liaise with the local



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administration on all active SFF-LD activities in the region. In the process of engaging regional project officers, PIU developed a ToR for the position and published the vacancy notice. In total, five were shortlisted for each FMS/IRA. PIU staged intense vetting processes for the shortlisted candidates comprising of written and oral assessments following which a candidate was selected to assume the PIU role in each of the five FMSs.

Infrastructural sub-project progress:

Kismayo: On 4 August 2016, a team of engineers led by the SFF-LD engineer visited Kismayo to kick-start the preliminary and detailed design of the Regional Court. The team consisted of engineers, architects and environmental experts from Ecotech, the consulting engineering firm contracted to carry out the design of the new Regional Court.

The team conducted a consultation meeting with all relevant authorities of Jubbaland administration, including the Deputy Minister of Justice and Religious Affairs, Mr. Aden Inshar, Chairman of the Appeals Court, Chairperson Lower Court and Attorney General of Jubbaland State. During the meeting, various design options were discussed and agreement was reached on the design of a 2-storey building consisting of 32 rooms complete with auditoriums, judge platforms, latrines, parking, and entrance and exit gates. A rain-water storage reservoir was also included in the design. The design is both gender and disabled people sensitive. **Banadir:** On 3 August, a kick off meeting for the design work for the Banadir Solar streetlights Projects was held in Banadir Regional Administration (BRA) offices. In an effort to harmonize the Solar projects in Banadir region, an agreement was made for BRA team to provide specifications for the poles, solar panels and batteries. Additionally, it was agreed that the poles to have concrete base to withstand damage.

During Q4 the designs of both projects have been completed along with the bidding documents.

The procurement process for both projects is ongoing and the construction work is expected to start in April 2017.

Other Key Achievements

- A businesswoman in Bandiiradley district voluntarily provided a piece of land where the district offices will be built. Aside from that, the consensus group drawn from different segment of the community promised to provide an oversight role during sub-project implementations.
- Support provided to other PIUs: PIU has been supporting BRA in its urban investment project funded by the World Bank. PIU has provided significant advisory support to BRA on the recruitments of staff. Moreover, PIU has given BRA guidance on setting up of project structures, efficient channels of engaging project stakeholders and shared lessons learned recorded by SFF-LD throughout implementation of its infrastructure sub-projects.
- SFF-LD completed the process of revamping of SFF-LD website. This website will support SFF-LD in two-way communication with its stakeholders and increases transparency for the program. As a result of this, the website is more user friendly and functional (users' feedback). Transparency has been improved considerably by including a procurement section in the new website design. In addition to the International media outlets, Procurement Notices and Bid documents were advertised under the procurement tap.

Challenges (incl: Delays or Deviations) and Lessons Learned:

Delays in project implementation:

The project had a strong start and key deliverables were achieved during the reporting period in accordance with the planned timeline, with some delays from the initial workplan. These included the recruitment of core staff, establishment of project steering committee, engagement of engineering consulting firm, recruitment and training of project officers, and during last quarter (Q4) completion and review of engineering designs, drawing and BoQs and regional consultations for phase II projects.



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Challenges encountered thus far mainly relate to the Engineering detailed design work. The review cycle for the detailed design, drawings and BOQs has taken longer than the anticipated timeline. The cause of the prolonged review cycle was twofold. First, the Engineering Consulting Firm lacked experienced with projects financed by the UN and as a result an adjustment of its work standards and forms required unforeseen extra time. Second, the review cycle for the engineering detailed design work has taken more than the anticipated timeline.

In an effort to benefit from lessons learned from Phase I projects, the PIU scheduled a meeting with Ecotech Ltd, the Engineering Consulting firm to discuss ways to improve efficiency and also agree on improved quality of work as the firm has currently gained familiarity to certain extent with the expected standards for the World Bank / UN funded projects.

Additionally, another measure that the PIU will adhere to is to closely monitor the timeliness and quality of key deliverables from Ecotech Ltd. as well as the turnaround time with respect to the review and approval of the detailed engineering design, drawings and BOQs documents from all parties

Peacebuilding impact

The pilot project was designed as part of the larger effort to rebuild the state-citizen relations. The use of the national window for channeling the funding and for the implementation of these small scale infrastructure projects will contribute to this objective as Somali citizens in the target locations will be able to associate improved access to services thanks to the Federal Government's actions. During the reporting period, assessments to construct the Kismayo regional and district court house were undertaken. The construction of the courthouse will contribute to improve the delivery of and access to justice in Kismayo district and Lower Jubba region at large and thus to the realization of PSG 3 on Justice. Similarly, an assessment was conducted to rehabilitate streetlights in Benadir. This installation of the streetlights is expected to reduce insecurity and improve economic activity in the neighborhoods targeted by this activity. This will contribute to the realization of PSGs 2 and 4 & 5.

The most recently identified sub-projects for phase II of implementation, Construction of district offices with annexed district courthouse in Galmudug, Bandiiradley district & Construction of Mayor's Office, Puntland, Galkacyo district have taken into consideration the ongoing armed conflict on land disputes between the two Federal Member States of Galmudug and Puntland and are expected to contribute to the peacebuilding process between the two states, to the improved service delivery and access to justice and ensure that the UN intervention will cause no harm.

Catalytic effects

The pilot project has demonstrated to some level the capacity of FGS's national systems to implement and manage small-scale infrastructure projects. This has triggered donor community to channel more funds into country systems/UN MPTF National Window (PBF) This is evident in the additional PIU project model that has come up including SCORE, Urban Investment funded through WB MPF.

Gender

In an effort of encouraging female candidates to show interest in the Regional Project Officer position, PIU added a clause in the advert to incentivize more female candidates to apply. Apart from that, PIU provided guidelines to the regional administration to ensure the consensus group members engaged in the consultations are also drawn from the women groupings and female youth. The designs are gender sensitive and do provide easy access and with separate space for females.



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| Proportion of gender specific outputs in Joint Programme ³ | Total no. of Outputs | Total no. of gender specific Outputs |
| | 4 | 0 |
| Proportion of Joint Programme staff with responsibility for gender issues (as of end of 2016) ⁴ | Total no. of Staff | Total no. of staff with responsibility for gender issues |
| | 9 | 1 |

Communications & Visibility

SFF-LD has developed a communication strategy for the UN MPTF and WB programs to reach the local population, raise awareness, build relationship with various stakeholders and to set standards for clear and consistent messaging and promote transparency. The strategy also aims to raise awareness about SFF-LD’s objectives, activities and contribution to the local community, as well as the MoF/FGS’s initiatives/intentions to strengthen state legitimacy and government effectiveness.

Two project Steering committee meetings have taken place in 2016, one in July and the second one in October 2016, both Steering Committee meeting were held in Mogadishu. To cover this important event and in an effort of raising awareness about SFF-LD activities, Somali National TV (SNTV) and Universal TV were invited. The event was also broadcasted on Mogadishu and Goobjoog Radio. In addition, a press release was also widely distributed to diverse stakeholders.

During the regional consultations, the local media outlets (TV, radio, website) were invited to cover the gatherings and as result increase awareness for SFF-LD on local level.

Furthermore, SFF-LD completed the process of revamping of SFF-LD website. This website will support SFF-LD in two-way communication with its stakeholders and increases transparency for the program.

There are some limitations in measuring public perception due to safety concerns and therefore SFF-LD will not be able to approach ordinary citizens, for instance in Kismayo, to measure public perceptions. The only opportunities SFF-LD has to measure perception or the image of SFF-LD is through community consultations. The program has set up social media platform (Facebook and Twitter) to engage with the public.

Looking ahead

The actual implementation of two infrastructure projects is planned to start in April 2017 and this will be an opportunity for communications to show the local community that tangible results are being achieved and raise awareness and gain legitimacy for program, SFF-LD and the Ministry of Finance. The plan is also to write Q&A story with the engineers, develop FAQs sheet for SFF-LD website, publish RPO story in the SFF-LD website and FB page.

³ Gender Specific Outputs are those that are specifically designed to directly and explicitly contribute to the promotion of Gender Equality and Women’s Empowerment.

⁴ Staff members are those contracted to undertaken work for the Joint Programme including full time staff, consultants, advisors, interns, etc. Staff members with responsibility for gender issues are those who have gender related activities included in their Terms of Reference.



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ANNEX 1. RISK MANAGEMENT

| Type of Risk ⁵ | Description of Risk | Mitigating Measures |
|--|--|--|
| Security | | |
| Risk assessment as per project Doc. | Security incidence at the project location; clan conflict, armed conflict and terrorist activities. | <ul style="list-style-type: none"> ○ Regular review of security measures. ○ Local authority to maintain security of project area as per project agreement. ○ Recruit project officers who are conversant with the locality. |
| Risk reporting for Q3 | No risk reported during this reporting period. | |
| Environmental and Economic shock | | |
| Risk assessment as per project Doc. | This can be informing of inflation and natural calamities. | <ul style="list-style-type: none"> ○ SFF-LD has taken into account possible economic shock during budget allocation for sub-projects. ○ PIU through a consulting firm to conduct environmental impact assessment prior commencement of subproject implementation. |
| Risk reporting for Q3. | No risk reported during this reporting period. | |
| Political Risk: Strained FGS and Regional relations | | |
| Risk assessment as per project Doc. | Overlapping governmental structures and absence of guidelines on governments (FGS and FMS's role and responsibility on project formulation, design, implementation and monitoring. | <ul style="list-style-type: none"> ○ Close coordination between MOF and project counterpart ministries at FMS's. ○ Clear guideline on the roles of different offices in both FGS and regional entities. ○ Regional authorities participating in steering committee meetings. |
| Risk reporting for Q3 | In some cases, Confusion aroused around which department/ organ in the FMS and IRA to host the SFF-LD project. | SFF-LD management reached out to the highest office in the FMS and IRA to provide guidance and nominate a representative for the project SC members. |
| Financial | | |
| Risk assessment as per project Doc. | Risk of losing financial resources / Fiduciary risk, this could happen through mismanagement of funds by the implementing agency and failure of the government to implement transparent measures and systems | <ul style="list-style-type: none"> ○ Share with our partners the relevant policy on UN supplier's code of conduct. ○ Check the complaining mechanisms and be prepared to address any complaint on timely manner ○ EA/FS/PPM/PPM control systems of checking through financial documentations, to ensure there are no misappropriation of funds and resources are used for intended purpose. |
| | Risk of Asset loss, this can happen in form of; misplacement of assets, lack of regular physical | <ul style="list-style-type: none"> ○ Establish strong asset management systems; ○ Transfer of assets to the beneficiaries to be made on timely manner and |

⁵ Environmental; Financial; Operational; Organizational; Political; Regulatory; Security; Strategic; Other.



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| Type of Risk ⁵ | Description of Risk | Mitigating Measures |
|-------------------------------------|---|--|
| | verification, diversion of assets, lack of safeguards. | <p>proper record to be kept for future reference.</p> <ul style="list-style-type: none"> Physical verification of assets under the use of project or UN staff in the field to be organized twice a year. |
| Risk reporting for Q3 | No risk reported during this reporting period. | |
| Operational | | |
| Risk assessment as per project Doc. | Weak Internal Controls and internal audit function, this could possibly arise due to poor documentations and lack of segregation of responsibilities. | Enhanced assurance activities (field monitoring, spot checks, programme monitoring and audit) will be applied to the activities implemented by the RP according to the UNDP Policies. |
| Risk reporting for Q3 | No risk reported during this reporting period. | |
| | Weak procurement processes. | All procurement under the UN National Funding Stream shall follow the FGS Public Procurement Procedures. |
| Risk reporting for Q3 | There was confusion around what type of procurement process has to be made use of in procuring IT equipment. | SFF-LD developed a comprehensive procurement plan and sought guidance from UN to what type of procurement procedure is appropriate in purchasing IT equipment. |
| | Risk of Bid Security Fraud (or fraudulent bidding), fraudulent activities around bidding arising from contractors and corrupt bidding committee members | <ul style="list-style-type: none"> Establish standard procedure for SWIFT verifications of Bid Securities Engage the Monitoring Agent for security bid verification Rigorous reference checking of previous works done by the company. Putting in place a robust and practical complaint handling mechanism. To publish EOI to the public using diverse channels. Clear Specifications of materials and products in the contract. Inspection and approval of project materials prior to usage. Testing and inspection procedures for project output be adopted. Payment be tied to the quality and milestones of work done. |
| Risk reporting for Q3 | No risk reported during this reporting period. | |
| Organizational | | |
| Risk assessment as per project Doc. | Weak capacity and resources within PIU, this may take the form of inadequate staffing and lack of qualified staffs within PIU. | PIU to conduct periodic capacity assessment to gauge the capacity level of PIU staffs, identify the capacity gaps and allocate funds in the project to organize training programs (on the job training, workshops and staff exposure). |
| Risk reporting for Q3 | PIU staffs, through individual assessment reported capacity gaps that existed within the program. | A custom tailored training was developed with UN, a team from UN trained SFF-LD staffs on range of trainings; project cycle management, monitoring and evaluation, risk management, Do no harm, financial reporting, public procurement and reporting. |



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| Type of Risk ⁵ | Description of Risk | Mitigating Measures |
|-------------------------------------|--|---|
| Risk assessment as per project Doc. | Risk of poor quality of project deliverables; this can arise from weak performance of contractors and deviation from TS/TORs. | PIU Develop detailed technical specifications for the infrastructure work (three projects under the pilot project); technical specifications for purchase of equipment to justify the purpose (without identifying the brand); TORs for consultancy work etc. |
| Risk reporting for Q3 | No risk reported during this reporting period. | |
| Risk assessment as per project Doc. | Risk of delay in project implementation, the scenario is mainly caused by inappropriate planning and unforeseen external shocks. | SFF-LD has set- up a detailed project-monitoring plan and has generated quarterly MPTF progress and financial report on time. |
| Risk reporting for Q3 | In this quarter, SFF-LD has recorded delays on some core activities, delays on engineering consulting firm to finalize preliminary designs. This was mainly caused by bureaucracy within the payment procedures that brought about delays on payments of fees to the firm and timely reviewing the deliverables and give immediate feedback. | A bilateral discussion has been initiated by WB with the government to expedite payment processes within the national system. At program level PIU Financial Management Specialist has been trained on usage of FMIS, this is expected to speed up the processes and ensure payments of both vendors and staff remuneration are settled in real time. |
| Regulatory | | |
| Risk assessment as per project Doc. | Conflict of interest, which may arise from SFF-LD staffs and bidding committee. | <ul style="list-style-type: none"> - PIU staff, contractors to signed off declaration of confidentiality or conflict of interest; - The PIU and the MOF to regulate by policy the procedures on the conflict of interest as part of FGS financial and procurement manuals |
| Risk reporting for Q3 | No risk reported during this reporting period. | |



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ANNEX 2. MONITORING AND OVERSIGHT ACTIVITIES

| Monitoring Activity | Date | Description & Comments | Key Findings / Recommendations |
|--|---|---|---|
| Programme oversight field monitoring visit | | No such activity was reported on this quarter. | |
| Program Steering Committee meeting | 19 th July 2016 17 th Oct 2016 | The SC for SFF-LD met for the first time in 2016, to discuss the achievements made and challenges encountered in SFF Norway project and are on the same page on how the SFF-LD program is structured. The second meeting done by the SC was to review budget and work plan developed by PIU. Also agree on the set of areas where project implementations would happen, heavily guided by program criteria for engagement. | In the meeting, SC discussed and approved key items; PIU annual Work plan, PIU Annual operational budget, PIU procurement plan, suggested Next phases of SFF-LD regional interventions and lastly and most importantly SC TOR. |
| Audit | | No auditing exercise happened in this reporting period. | |
| Independent Evaluation | | The program is at its inception stage; independent evaluation will be done once core activities records implemented. The project evaluation is planned for Q3 of 2017. | |
| Engineering site visit (Kismayo) | 4 th August 2016 | A team of engineers led by SFF-LD engineer went to visit Kismayo to kick-start the preliminary and detailed design of the district and regional Court. | In the site visit, Ecotech Engineers, SFF-LD engineers and Jubbaland authorities came to an agreement to the design of a 3 separate buildings composed of offices, auditoriums having judges' platforms, latrines, parking area, entrance and exit gates. Aside from that, it was decided the design should also include rainwater storage reservoir. |
| Engineering site visit (Baidoa) | 3 rd , August 2016 | A kick off meeting was held in BRA offices, for the design of work for Banadir Solar Projects. | What followed the brief meeting was a site visit by SFF-LD staffs accompanied by ECOTECH engineers and Banadir Officials. In an effort to harmonize the Solar projects in Banadir region, an agreement was made, whereby BRA team to provide specifications of the poles, solar panels and batteries. Additionally, it was agreed that the solar poles to have concrete base to withstand damage. |
| Stakeholder Review Consultation | | Consultation activities have taken place during Q4 of 2016 to identify the phase II projects (as mentioned above) | |



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ANNEX 3. TRAINING DATA

| # | Target Group | | Dates | # of participants | | | Title of the training | Location of training | Training provider |
|---|--------------------------------|---|-------|----------------------|---|-------|-----------------------|---|-------------------|
| | Ministry. District or UN staff | Others | | M | F | Total | | | |
| | 1 | PIU, MoF and other government officials | | 18-22 September 2016 | 5 | 3 | 8 | <p>Programme/Project Cycle Management</p> <ul style="list-style-type: none"> ✓ General overview of Programme/Project Cycle ✓ Justifying & defining a project ✓ Initiating a project ✓ Implementing a project ✓ Closing a project <p>FGS Public Procurement procedures</p> <ul style="list-style-type: none"> ✓ General Procurement Overview ✓ Procurement Ethics ✓ Procurement Methods ✓ How to write good Technical Specifications, Terms of Reference and Work requirements ✓ Bidding documents ✓ Bidding process ✓ Bid Evaluations ✓ Contract award and management <p>Monitoring, Evaluation and Reporting</p> <ul style="list-style-type: none"> ✓ Situating M&E in PCM ✓ Results chain ✓ Intervention logic ✓ Log Frame ✓ Theory of Change ✓ Indicators (SMART, KISS) ✓ Monitoring Plan (exercise): designing national window M&E plan ✓ MPTF reporting template <p>Communication and Visibility</p> <ul style="list-style-type: none"> ✓ Introduction | UNSOM compound |



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| # | Target Group | | Dates | # of participants | | | Title of the training | Location of training | Training provider |
|----------------|--------------------------------|--------|---------------|-------------------|----------|-----------|---|---|--|
| | Ministry. District or UN staff | Others | | M | F | Total | | | |
| | | | | | | | | <ul style="list-style-type: none"> ✓ Principles & Guidelines/ Existing Material Exercise: Draft Example Communication & Visibility Plan Do no-harm approach ✓ Introduction ✓ Seven Lessons of DNH Presentation of framework ✓ Case Study Risk Management & Audit ✓ Risk Management Standards ✓ Project Risks & Monitoring ✓ Group work on Risk analysis ✓ General Audit requirements and procedures | |
| 2 | PIU, SFF-LD | | 12 April 2016 | 3 | 3 | 6 | Induction workshop MPTF <ul style="list-style-type: none"> - Project Development & Financial Flow - Financial Management & Disbursement - MPTF National Window Somalia Public Procurement - Monitoring & Evaluation Projects, MPTF national Window Stream - Audit, Oversight and Risk Management - Reporting on MPTF National Window | UN Compound MIA | UN (Merita Jorgo, Ahmed Abdillahi Hashi) |
| Totals: | | | | 14 | 9 | 23 | | | |