

# Operations Manual for SDRF Funding Windows

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This Operations Manual is not a legally binding document. Its purpose is to describe the governance structure and establish the operating principles, guidelines, and procedures for the day-to-day operations of the funding windows under the SDRF. For more detail on the SDRF, refer to the establishment arrangements for the revised aid architecture under the NDP.

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# 1 Objectives and Principles

This section presents the rationale for a common governance structure for multiple funding instruments, describing the objectives and principles of this approach.

The Somalia Development and Reconstruction Facility (SDRF) serves as the centrepiece for the partnership between the government and international community. It functions as both a coordination framework and a financing architecture for implementing the Somalia National Development Plan (NDP), in line with the principles of the New Partnership for Somalia (NPS). The aid architecture builds on and reinforces the mechanisms that were set up for the implementation of the Somali Compact.<sup>1</sup>

The key objectives of the SDRF as the financing architecture are to:

- Align resources behind the critical priorities set out and agreed under the NDP;
- Develop sustainable institutional capacity by placing Somali institutions in the lead;
- Facilitate a transition towards increased use of country systems;
- Increase transparency and accountability of the delivery of aid in Somalia;
- Reduce transaction costs through pooling funds;
- Mitigate risks through innovative, collective approaches to risk management;
- Improve coordination and avoid parallel and duplicative efforts.

The SDRF brings together three multi-partner trust funds under common governance arrangements to promote: (a) coordination across activities and instruments, (b) alignment with national priorities, and (c) reduced transaction costs for government. The funds have different thematic focuses and comparative advantages; the mix of financing instruments available under the SDRF allow for delivery on urgent needs as well as laying the foundations for longer-term institutional development. The windows are being administered by three technical agencies in areas based on comparative advantage: the United Nations (UN), the World Bank (WB) and the African Development Bank (AfDB).

Contributions to the funds are made by bilateral and multilateral development partners. Private sector partners, foundations, and non-governmental organizations may also contribute resources to the funds. Contributions to windows are governed by contribution agreements<sup>2</sup> reached between the respective fund administrators and the contributing window donors.

The SDRF also aims to promote coordination across financing instruments: the SDRF funds, bilateral activities, other pooled funding instruments, etc. Over time, financing may increasingly transition towards the SDRF framework as a preferred channel (as outlined in NPA),<sup>3</sup> based on the track record of the SDRF funds.

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<sup>1</sup> The SDRF was established in 2014 to serve as a platform for government and development partners to provide strategic guidance and oversight for development activities in Somalia over a ten-year period. The closing date for the SDRF funding windows is December 31, 2024. The process for handling unspent balances or extending the duration of the multi donor funds is described in the fund-specific sections in the annex.

<sup>2</sup> The term “contribution agreement” in the common sections of the SDRF Operations Manual refers to Standard Administrative Arrangements in the context of the UNMPTF, Administration Agreements in the context of the World Bank MPF, and Donor Contribution Arrangements in the context of the AfDB SIF.

<sup>3</sup> This preference was originally articulated in the original Partnership Principles of the Somali Compact.

## 2 Overview of the Funding Windows

This section provides an overview of the three funds: their areas of focus, delivery modalities and links for finding additional resources. It also maps out the alignment of the current portfolios with the Pillars of the National Development Plan (NDP).

### Box 1. Overview of SDRF Funds

	<b>UN Multi Partner Trust Fund (MPTF)</b>	<b>WB Multi Partner Fund (MPF)</b>	<b>AfDB Somali Infrastructure Fund (SIF)</b>
<b>Thematic focus</b>	Flexible financing instrument across all thematic pillars of the NDP	Coordinated financing primarily focused on core state functions, socioeconomic recovery and sustainable development. <sup>4</sup>	Rehabilitation and development of infrastructure, and related skills development and institutional capacity building
<b>Delivery modalities</b>	<p><i>UN execution:</i> Participating UN organizations are eligible to receive funding. Financing may be provided to Government institutions, national and international NGOs or other civil society organisations, academia and the private sector as implementing partners of the recipient UN agency.</p> <p><i>Government execution:</i> Under the National Funding Stream, financing are provided directly to the national entities.</p> <p><i>CSO execution:</i> The UN MPTF will also enable fund transfer to the civil society and youth organizations through UN funds and programs as main implementing partners or pass-through mechanism</p>	<p><i>Government execution:</i> The majority of MPF projects are recipient-executed, which supports the Somali authorities to be the leaders of their own reconstruction and development and ensures that reforms and knowledge transfer are sustainable and replicable by Somali institutions.</p> <p><i>WB execution:</i> The MPF also funds small-scale Bank-executed activities, for which the World Bank has implementation responsibility.</p>	<p><i>Government execution:</i> Recipient execution by the federal or regional governments or their agents, which is the preferred modality.</p> <p><i>Third party execution,</i> where a non-state actor such as an NGO, private company or UN agency implements the project component with the consent of the Government.</p> <p><i>AfDB execution</i> on behalf of the government, when the government is unable to implement efficiently and effectively itself, and explicitly requests the AfDB to execute the project for them.</p>
<b>Links</b>	<a href="http://mptf.undp.org/factsheet/fund/4SO00">http://mptf.undp.org/factsheet/fund/4SO00</a>	<a href="http://www.somaliampf.org">www.somaliampf.org</a> <a href="https://www.twitter.com/mpfsomalia">www.twitter.com/mpfsomalia</a>	Website under development

<sup>4</sup> If the FGS determines that emergency conditions have risen to a critical level during the implementation of the project, funds can potentially be allocated for emergency works or activities required by natural disasters.

### 3 Governance and Administration

This section describes the governance structure for the funds, detailing the roles and responsibilities of the different entities. It also describes the roles and responsibilities of the fund administrators.

#### 3.1 GOVERNANCE ARRANGEMENTS

The governance structure of the SDRF Funds is fully integrated within the SDRF framework, which is comprised of the High Level Partnership Forum (HLPF), the SDRF Steering Committee and working groups (WGs). The secretariat functions of the SDRF are performed by the Aid Coordination Unit (ACU) in the Office of the Prime Minister. The AfDB, UN, and WB manage their respective funding windows in accordance with window contribution agreements and their institutional mandates, policies, and procedures.

**Table 1. Overview of SDRF Responsibilities**

	GENERAL RESPONSIBILITIES	RESPONSIBILITIES FOR THE TRUST FUNDS
<b>HLPF</b>	High-level policy dialogue and stock taking of progress in NDP implementation and NPA adherence	<ul style="list-style-type: none"> <li>Strategic oversight of the funds</li> </ul>
<b>SDRF Steering Committee</b>	Strategic oversight and guidance for NDP implementation and NPA adherence	<ul style="list-style-type: none"> <li>Review and endorsement<sup>5</sup> of programs/projects</li> <li>Periodic review of fund performance and results, based on progress updates and reports (programmatic and financial) prepared by the fund administrators</li> <li>Approval of revisions to the SDRF Operations Manual on a rolling basis</li> </ul>
<b>Pillar working groups</b>	Promote sector-level coordination in alignment with the priorities of the NDP; knowledge sharing and policy coherence; and collective monitoring and reporting of progress	<ul style="list-style-type: none"> <li>Review of concepts for pipeline inclusion</li> <li>Strategic review of project/program proposals</li> <li>Discussing progress of projects/programs based on periodic updates by project teams</li> </ul>
<b>Secretariat</b>	<ul style="list-style-type: none"> <li>Maintaining public calendar of meetings</li> <li>Managing mailing lists and invitations</li> <li>Facilitating information sharing</li> <li>Facilitating engagement of FMS by coordinating logistics and travel</li> <li>Maintaining public website</li> </ul>	<ul style="list-style-type: none"> <li>Circulating documents related to concepts and project/programs for review;</li> <li>Documenting decisions related to the funds in meeting minutes and maintaining a record over time</li> </ul>

<sup>5</sup> The SDRF Steering Committee approves programs/project for the UNMPTF, and endorses programs/projects for the WBMPTF and AfDB SIF. However, for the purposes of clarity, the operations manual refers to endorsement throughout.

## 3.2 FUND ADMINISTRATORS

The administration arrangements for the three trust funds is as follows:

- The Somalia UN MPTF is administered by the UNDP Multi-Partner Trust Fund Office (MPTF Office) and coordinated/supported on the ground by UN Somalia Resident Coordinator Office (RCO) in its capacity as the Somalia MPTF Secretariat.
- The International Development Association (IDA) of the World Bank Group is the Trustee and Administrator of the WB MPF. A designated fund manager oversees the fund, with additional support provided by the WB Country Management Unit (CMU).
- The AfDB SIF is housed under the *Transitional Support Facility* (TSF) of the AfDB, and is administered by a unit in AfDB's Eastern Africa Regional Centre

As fund administrators, the AfDB, UN and WB are responsible for the following, in line with the approval of the SDRF Steering Committee and their own organizational requirements and standard procedures<sup>6</sup>.

- Designing the funding windows;
- Negotiating and signing legal agreements related to the fund establishment and contribution agreements;
- Receiving contributions from donors and administering contributions in accordance with the contribution agreements in an efficient, effective and timely manner, including maintaining separate records and ledger accounts with respect to deposited contributions and fund disbursement;
- Transferring funds to approved implementing partners,
- Consolidating and circulating fund-level financial reports, monitoring and reporting fund performance and results and timely and transparent sharing of information of funding window activities;
- Ensuring that activities supported through the funding windows are undertaken in accordance with the terms of funding window contribution agreements, project agreements<sup>7</sup>, and each institution's respective policies and procedures;
- Monitoring and evaluating fund results and performance and providing regular progress reports to the Pillar working groups and Steering Committee. Progress reports will also be publicly available.
- Ensuring oversight and auditing of the funds.

Further details on the roles of the administrators are set out in the fund-specific annexes.

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<sup>6</sup> See annex for fund administrator functions that are specific to each funding window

<sup>7</sup> For the World Bank MPF, project agreements refer to grant agreements in the case of recipient-executed activities.

## 4 Guidelines for SDRF Endorsements

This section describes the steps required for endorsement of pipelines, projects and programs throughout the design phase as well as steps associated with the allocation of funds.

### 4.1 OVERVIEW

All programs/projects financed by the SDRF funds must undergo several important steps designed to improve coordination and communication amongst government authorities and development partners in Somalia: *i)* concept identification; *ii)* pipeline endorsement; *iii)* program/project development; and *iv)* program/project endorsement<sup>8</sup>. Box 4 presents alternate processes for SDRF program/project development, which can be requested by fund administrators and government counterparts under certain circumstances.

#### Box 2. Entities Responsible for Developing Concepts into Projects/Programs

Development of a concept must be undertaken jointly by the relevant government stakeholders and the development partners who propose to lead program/project design and implementation, with guidance and oversight from the relevant Fund Administrator. Specific guidance on who this entails is provided for each of the funds below.

**WB MPF:** Concepts for the MPF pipeline should be developed jointly by a World Bank team and government counterparts, in consultation with the Country Management Unit (CMU) and other relevant stakeholders (e.g. donors, UN agencies, other development partners, etc.).

**UN MPTF:** Concepts for the MPTF pipeline should be developed jointly by a UN team (single agency or multiple agencies in the case of a Joint Programme), government counterparts, and other relevant stakeholders (e.g. donors, other development partners, civil society as relevant etc.), with support from the MPTF Secretariat (Resident Coordinator Office) for quality assurance and alignment with MPTF procedures and requirements.

**AfDB SIF:** Project Concept documents will be prepared by AfDB staff after consultation with Government, Pillar Working Groups and AfDB Country Teams. They would be reviewed and cleared within the AfDB at a Country Team meeting chaired by a Director General.

### 4.2 CONCEPT IDENTIFICATION

**Identification:** Program/project concepts may be identified through different sources, such as bottom-up gap analysis by Pillar Working Groups, or from top-down suggestions, including from the HLPF or SDRF Steering Committee. The government entities and development partners working to develop a concept, should engage with the relevant fund administrator as early as possible to discuss potential inclusion into a fund pipeline proposal.

**Document Preparation:** If the Fund Administrator agrees to put the proposal forward as part of the pipeline, the Administrator updates a Fund Overview document (1-2 pages) to show how the proposed

<sup>8</sup> In addition to these common steps, fund-specific procedures are provided in the relevant annexes.

concept would fit into the overall fund portfolio. To accompany this overview, a 1-2 page Project Brief should be prepared jointly by relevant government counterparts and the development partners that will be involved in implementation summarizing the key elements of the concept, using the Project Brief template in Annex **Error! Reference source not found.**<sup>9</sup>

### 4.3 PIPELINE ENDORSEMENT

**Document Submission:** The Fund Administrator will submit required documents – the updated Fund Overview accompanied by any Project Briefs for newly proposed concepts – to the SDRF Steering Committee via the Secretariat. Multiple concepts for inclusion in the pipeline may be considered in the same session.

**Review by SDRF Steering Committee:** The SDRF Steering Committee is responsible for reviewing new programmatic concepts for inclusion in fund pipelines. When discussing new concepts, it is important for the Steering Committee to consider existing and planned support outside of the funding windows to avoid duplication, encourage coordination, and better target gaps with available resources. Concepts must be aligned with the strategic objectives of the NDP to be considered for pipeline inclusion.<sup>10</sup> The SDRF funding windows will also have fund-specific eligibility requirements (see annexes) based on their organizational standards.

**Decision for Pipeline Endorsement:** At the end of the consultation, the Steering Committee decides whether to endorse the revised pipeline. In cases where multiple new concepts have been submitted for consideration, the Steering Committee may decide to endorse all, some, or none of the newly proposed concepts for inclusion. Endorsement enables further program/project development. If a given concept is not endorsed, it may be re-submitted for consideration with revisions, based on the feedback from the Steering Committee. The SDRF Secretariat is responsible for recording Steering Committee decisions and circulating meeting minutes electronically within one week after the meeting.

Decision-making is determined on a consensus basis (agreement by most members), except for virtual reviews, which are done on a no-objection basis (see Box 2). The process for pipeline endorsement takes place on a rolling basis.

### 4.4 PROGRAM/PROJECT DEVELOPMENT

**Design:** Once a concept has been endorsed, the responsible entities (team of government counterparts and development partners designing project) draft the program/project document using the formats and procedures required by the relevant funding window, which are based on organizational requirements. The design phase shall involve consultations with relevant stakeholders.

**Document Preparation:** In addition to the project document required by the relevant funding window, the project/program design team is responsible for updating the previously endorsed Project Brief. The team will be responsible for explaining any significant changes to the relevant Pillar Working Group. The brief should highlight information relevant for the strategic review process, enabling a more efficient, focused review by the pillar working groups.

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<sup>9</sup> The Project Brief template will be used at different stages of approval and reporting. As such, project teams should maintain an updated version of the project brief.

<sup>10</sup> Proposed concepts must target specific priorities and milestones of the NDP, with the exception of special circumstances deemed necessary by the SDRF.

## 4.5 PROGRAM/PROJECT ENDORSEMENT

**Document Submission:** As the program/project nears finalization, the responsible entities should contact the Pillar Working Group Co-Chairs and Secretariat to set a date for the strategic review process. Prior to the meeting (ideally 10 days in advance), the responsible entities should submit the updated Project Brief and fully elaborated project document to the Co-Chairs and Secretariat for circulation to the members.

**Strategic Review:** The relevant NDP Pillar Working Group reviews funding requests for each program/project developed in alignment with the endorsed funding window pipelines through a process referred to as a Strategic Review. The responsible entities – both government and development partners who worked to design the project – should attend the Strategic Review to present the project and answer questions.

The purpose of the Strategic Review is to ensure that the programs/projects address agreed strategic priorities, are coordinated with existing and planned activities, and have been developed in consultation with the relevant counterparts. The strategic review focuses on the following set of criteria (See Strategic Review Cover Note in Annex 3.1.):<sup>11</sup>

- Alignment with national priorities
- Coordination with ongoing and planned activities
- Consultation with relevant stakeholders
- National ownership and leadership
- Capacity development
- Gender and conflict sensitivity

The choice of whether to hold the consultation at the pillar or sub-sector level is left to the discretion of the working group and requesting entities. The entire duration of the strategic review should be completed within **30 days** (the Steering Committee may establish deadlines for expedited procedures).

**Endorsement Decision:** For each program/project under consideration, a Pillar Working Group decision consists of the following three options: *i*) endorsement, *ii*) endorsement with requested revisions or *iii*) request for change of program/project concept to the SDRF Steering Committee with justification<sup>12</sup>.

Allowing that such requested revisions are: 1) acceptable to the fund administrators from a technical perspective, and 2) do not conflict with the policies, procedures, and Trustee and Administrator obligations of the AfDB, UN, and WB respectively, revisions will be made to the program/project document in consultation with the relevant stakeholders for re-submission to the Pillar Working Group<sup>13</sup>.

**Record Keeping a Reporting:** Pillar Working Group decisions must be recorded in the meeting minutes and consolidated by the Secretariat in a fund allocation matrix. The Secretariat electronically shares the minutes of the meeting and approved allocations.

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<sup>11</sup> The strategic review criteria are in addition to, and do not alter or substitute for, the program/project design standards, policies, and procedures of the respective window administrators.

<sup>12</sup> In case the Pillar Working Group considers substantive changes to the program/project area are necessary, it can recommend a change of the program/project concept with justification to the plenary SDRF SC for endorsement.

<sup>13</sup> Whether the re-submission is to be done virtually lies in the discretion of the SDRF SC.



**Reporting:** Pillar Working Group decisions on endorsement should be reported to the SDRF Steering Committee.

### Box 3. Funding Considerations

**While all programs/projects should be designed based on needs, these needs must be prioritised taking into consideration available funding.** The available budget envelope for a specific program/project should be considered throughout the phases of its development: pipeline development & endorsement, program/project development, and program/project endorsement. While estimated funding availability may fluctuate throughout this process, programs/projects presented to the SDRF Steering Committee for endorsement should have a realistic budget based on the availability of resources.

**Applications are not required to have full funding secured at the time of review and endorsement;** however, the Steering Committee should take the likelihood of funding into consideration. Should only partial funding be available at the endorsement phase, the program/project must be presented with either: *i)* a resource mobilization strategy outlining the planned steps to mobilize the remaining funds required for the activities or *ii)* a plan for scaling up implementation based on the availability of resources. Proposals should include information on the outlook for financing to inform this discussion. The Steering Committee and Pillar Working Groups must apply consistent standards for funding requirements across program/projects.

## 4.6 ALLOCATION OF FUNDS

The allocation procedures differ based on the organizational requirements of the three fund administrators.

For the **AfDB SIF**, once a proposed program/project is endorsed by the SDRF Steering Committee, disbursement applications will be processed for recipient executed programs/projects in accordance with the terms of the grant agreement and AfDB's disbursement policies and procedures. For AfDB executed programs/projects, disbursements will be in accordance with AfDB's disbursement policies and procedures.

For the **UN MPTF** (UN funding stream and the National funding stream), the MPTF Secretariat must prepare a Fund Transfer Request for each program approved by the SDRF Steering Committee. For contributions earmarked to a flagship program approved by the SDRF Steering Committee, the fund transfer request is approved by the Joint Program Steering Committee. The MPTF Office transfers approved funding as per Fund Transfer Request to the participating UN organization or national entity within 3-5 business days. The transfer is supplemented by email notification to the representative of the submitting UN organization/national entity and the DSRSG/RC/HC.

For the **WB MPF**, once a proposed program/project is endorsed by the SDRF Steering Committee; receives all necessary internal World Bank approvals; and, in the case of recipient-executed activities, the associated grant agreements have been signed, MPF funds will be committed from the WB MPF Parent Trust Fund to the program/project's Child Trust Fund/s, up to the amount specified in the endorsed project documents. Disbursements from the project child trust funds will be done in

accordance with the terms of the project grant agreement in the case of recipient-executed projects, or the Bank's policies and procedures for bank-executed activities in the case of a bank-executed project.

For more detailed information on the specific procedures of the respective funding windows, see the annex.

#### **Box 4. Alternate Processing for Programs/Projects**

To ensure that the SDRF governance structure performs efficiently amid a challenging operational and logistical environment and that it responds flexibly to urgent needs, alternate processing procedures can be requested by window administrators and government counterparts. Alternate processing allows for 1) virtual review, and, in the case of urgent needs, 2) expedited timelines. Alternate processing can be applied, as required, to all SDRF review stages. Virtual reviews are conducted on a no-objection basis issued by the SDRF Steering Committee co-chairs and fund administrators.

A request citing the rationale for using alternate processes must be submitted by the relevant government counterparts and project team and/or fund administrator to the co-chairs of the SDRF Steering Committee, copying the Secretariat. The deadline for approval/rejection to use expedited procedures is 5 working days after the request has been issued.

Below are the alternate processes for each stage of the SDRF process:

##### 1. Pipeline Endorsement by Virtual Review:

- a) *Consultation:* The Project Brief is distributed by the SDRF Secretariat to SDRF Steering Committee members for review. Deadline for comments is 10 working days after circulation. If necessary, development partners and government counterparts can revise the Project Brief based on Steering Committee comments within an agreed timeframe, provided that proposed changes are acceptable to the project teams and fund administrators from a technical perspective, and do not conflict with the policies, procedures, and Trustee and Administrator obligations of the relevant fund administrator.
- b) *Pipeline Endorsement:* Endorsement of the concept for inclusion into the pipeline by the SDRF Steering Committee is done on a "no-objection" basis. The co-chairs circulate the decision 1 day after the end of the review period. The decision should be recorded in the next set of meeting minutes.

##### 2. Program/Project Endorsement by Virtual Review

- a) *Strategic Review:* Program/Project documents are distributed by the SDRF Secretariat to Pillar Working Group members for review based on pre-agreed criteria in strategic review template (Annex 3.1). The deadline for submitting comments is 10 working days after circulation. If necessary, development partners and government counterparts can revise the program/project document based on working group comments within an agreed timeframe, provided that proposed changes are acceptable to the project teams and fund administrators from a technical perspective, and do not conflict with the policies, procedures, and Trustee and Administrator obligations of the relevant window administrator.
- b) *Program/Project Endorsement:* Endorsement of the Program/Project by the designated Pillar Working Group is done on a "no-objection" basis. The co-chairs circulate the decision 1 day after the end of the review period. The decision should be recorded in the next set of meeting minutes.

## 5 Adjustments to Projects After Endorsement

This section presents guidance for decision making on program/project funding after initial endorsement related to scale-up, scale-down, realignment and no cost extension.

**Program/project scale up:** The procedures depend on the volume of the proposed scale up and whether the scale up involves a change in thematic or geographic scope.

**Scale-up or costed extension of activity without significant change in components or geographic focus and with secured funding:**

- Under the threshold of US\$ 3 million, fund administrators may make decisions for scale-up in consultation with key project stakeholders (government counterparts and contributing donors – more detail in Box 5). Fund administrators are required to provide an update of such decisions to the SDRF Steering Committee at its next meeting.
- Above the threshold of US\$ 3 million, the requesting entities and/or the fund administrators should provide an updated project brief and any supporting documents explaining how the funds would be spent to the relevant Pillar Working Group for review and endorsement. Documents should be circulated via the Secretariat.

**Scale-up or costed extension of activity with significant change to components or geographic focus and/or without secured funding:**

- Regardless of scale, the requesting entities or the fund administrators should provide an updated project brief along with supporting documents explaining how the funds would be spent to the relevant Pillar Working Group for review, followed by submission to the SDRF Steering Committee for review and endorsement. Documents should be circulated via the Secretariat.

**Program/project scale down:** For various reasons, a specific program/project may not be scaled up to the full approved value.

- Under the threshold of US\$ 3 million, fund administrators may make decisions not to bring a project to scale with key project stakeholders (government counterparts and contributing donors – more detail in Box 5). Fund administrators are required to provide an update of such decisions to the SDRF Steering Committee at its next meeting.
- Above the threshold of US\$ 3 million, the requesting entities or the fund administrators should provide an update to the relevant Pillar Working Group and the SDRF Steering Committee for discussion before fund administrators make final decision with key project stakeholders (government counterparts and contributing donors). Any related documents should be circulated via the Secretariat.

**No-cost extension:** Such extensions are left to the discretion of the fund administrators. Project teams should include information on delays in implementation to the Pillar Working Groups.

**Box 5. Consultation Procedures for Scale-up Decisions under US\$ 3 million**

**WB MPF:** Such decisions would be taken in consultation with the Ministry of Finance, any other government counterparts relevant to the project and with contribution donors. Decisions with donors would be taken after consultation through one of the regular Consultative Group (CG) meetings for donors.

**UN MPTF:** Such decision would be taken in consultation with the relevant programmes/projects government counterparts, with the MPTF Secretariat, the MPTF Office and with contributing donors. Decisions with donors would be taken after consultation through one of the regular MPTF briefings for donors and/or bilaterally.

**AfDB SIF:** Such decisions would be taken in consultation with the Ministry of Finance, any other government counterparts relevant to the project, and with contribution donors. In addition, a scale-up would require internal AfDB approval, and the authority to grant such approval would be determined by the level of scale-up.

## 6 Monitoring and Reporting

This section describes the approaches for monitoring and evaluation used by the funds, as well as obligations for reporting to the SDRF and contributing donors.

Monitoring and evaluation (M&E) of programs/projects will be conducted according to the organizational standards of the fund administrator as specified in the relevant agreements between the fund administrator and the recipient entities, and in alignment with the national M&E framework for NDP implementation to the extent possible (once established). Fund-level M&E may have a number of common elements across the funding windows (e.g. some common or similar performance indicators); however, specific procedures and indicators will be tailored to the portfolio of each fund.

Fund Administrators are responsible for producing fund-level progress reports, which should be shared with the SDRF Steering Committee and made publicly available on a website. In addition to fund-level reporting, project teams are responsible for reporting to relevant pillar working groups on a bi-annual basis. The scope and frequency of these reports is detailed in the table below.

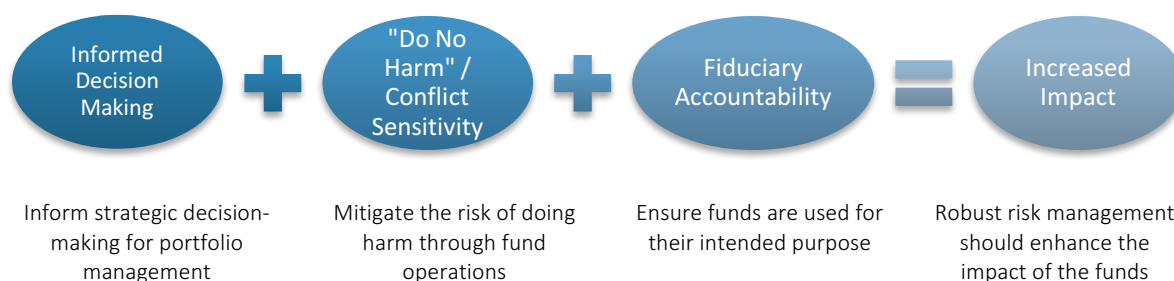
Fund administrators may be requested to provide periodic presentations on the status of funds to the Steering Committee. The Fund Administrators will also call for a meeting with the Co-Chairs of the SDRF Steering Committee, the Federal Minister of Finance and the Federal Minister Planning on a quarterly basis, held before or after an SDRF Steering Committee Meeting, to allow time for more in-depth discussions on fund performance.

## 8 Joint Risk Management Strategy (JRMS)

In early 2015, a Joint Risk Management Strategy (JRMS) was developed by the SDRF fund administrators, with support from the OECD/ODI. Its development was informed by consultations with current and prospective donors, as well as the Federal Government of Somalia (FGS). The strategy is a joint endeavor, with specific processes tailored to the portfolios, institutional requirements and comparative advantages of the different fund administrators. It was endorsed by the SDRF Steering Committee in April 2015.

The purpose of JRMS is to support the delivery of the SDRF strategic objectives, within the risk context in which the funds operate. To maximize the impact of the funds, the strategy promotes fiduciary accountability, conflict sensitivity and informed decision making for portfolio management (Figure 1).

Figure 1. Objectives of the Risk Management Strategy



The strategy addresses risks that extend across or beyond individual projects. As such, this approach is intended to complement, not replace, project-level risk management across the SDRF funds. Project-level risk management is carried out according to the institutional requirements of the respective fund administrators – the AfDB, UN, and WB – and the recipient entities.

The details of the strategy are elaborated in a separate document. An external review of the strategy is currently underway and expected to be finalized in 2017, on the basis of which the JRMS will be revised. As part of the review, the role of the SDRF in risk management will be examined.

## 9 Amendments to the SDRF Operations Manual

This Operations Manual may be amended by consensus of the SDRF Steering Committee, provided such amendments are consistent with the mandates, policies, and procedures of the AfDB, UN, and WB<sup>14</sup> as determined by these institutions, as well as with the Contribution Agreements for the respective funding windows. In the event of any conflict between this Operations Manual (the former), and either the mandates, policies and procedures of the AfDB, UN, or WB, or the Contribution Agreements for the respective funding windows (the latter), the latter will prevail.

<sup>14</sup> For the World Bank, this includes its Articles of Agreement.

## 10 Annexes

### 10.1 Template for Project Brief

The Project Brief is used at the initial stages of pipeline inclusion decisions and updated thereafter to provide a concise overview of the activity for decision-making processes (project endorsement, scale-up, etc.). Brief should not exceed 2 pages.

<b>Title of Concept / Project / Program</b>	
<b>SDRF Funding Window:</b> UN MPTF / WB MPF / AfDB SIF	
<b>Links to past / ongoing projects:</b> (e.g. scale-up of a piloted activity)	
<b>Timeframe for implementation:</b> <i>Start year – End year</i>	
<b>Objective(s)</b>	<i>Specific objective(s) of the activity</i>
<b>Alignment to NDP</b>	<i>Specific priorities and/or milestones towards which the proposed activity would contribute</i>
<b>Relevant working group(s)</b>	<i>Identification of relevant working group(s), specifying sub-working groups where applicable. Working group with decision-making role should be listed first.</i>
<b>Coordination</b>	<i>Explanation of coordination efforts with relevant stakeholders or ongoing/planned activities</i>
<b>Sector context</b>	<i>Justification for the necessity of intervention based on the proposed concept from a sector perspective</i>
<b>Budget</b>	<i>Proposed budget</i>
<b>Outlook for financing</b>	<i>Identified funding sources and gaps</i>
<b>Beneficiaries</b>	<i>Direct &amp; indirect beneficiaries</i>
<b>Government counterparts</b>	<i>Government counterparts that will be involved in program/project development</i>
<b>Implementation Arrangements</b>	<i>Proposed entities for implementation</i>
<b>Geographic coverage</b>	<i>Geographic scope where intervention is needed</i>
<b>Description of components</b>	<i>Brief overview of the components to be developed</i>
<b>Modifications</b>	<i>Brief description of modifications made to the project since the previous circulation.</i>
<b>For more information about this project, please contact the following:</b>	
<ul style="list-style-type: none"> <li>• Government focal points for project/program</li> <li>• Development partner that would develop the concept into a program</li> </ul>	

### 3.1. Template for Strategic Review Cover Note

Pillar working groups may use the cover note to document the strategic review process and their decisions for endorsement, including both support and reservations members of the working group may have regarding the final endorsement of the program/project. The source of any reservations or opposition to endorsement should be clearly identified.

Pillar Working Group: \_\_\_\_\_ Date of Review: \_\_\_\_\_

Co-chairs: \_\_\_\_\_

Decision for Endorsement: \_\_\_\_\_

QUESTIONS	YES	NO	COMMENTS
1. Is the program/project aligned with national priorities?			
2. Are the proposed activities sufficiently coordinated with existing and planned activities?			
3. Has the consultation process for project design been sufficiently inclusive? Have key stakeholders of the program/project been consulted in the identification and design stages?			
4. Does the program/project support meaningful national/government ownership and leadership?			
5. Does the program/project contribute to capacity development?			
6. Are gender considerations adequately integrated in the program/project design? <i>(considering both analytical and operational approach)</i>			
7. Are the needs of vulnerable groups (e.g. displaced populations, marginalized communities) adequately integrated into the program/project design? <i>(considering both analytical and operational approach)</i>			
8. Is the program/project conflict sensitive? <i>(Is conflict analysis adequately used to inform project design, implementation and management to ensure that it does not unintentionally contribute to the escalation or sustainability of violence?)</i>			

Additional comments to inform the SDRF Steering Committee's decision for endorsement:

Additional comments to support endorsement, not already reflected in the questions above	
Reservations about program/project endorsement (Please be specific about the comments as well as their source)	



### 3.2. AfDB Funding Window

Upon receipt of contributions, the donor and AfDB will sign a *Letter of Contribution*, which describes the scope of the contribution (ear-marked or not), timeframe, reporting arrangements and fiduciary risk management responsibilities. Briefly, the following are some of the activities expected of the Fund Administrator through which the Bank will incur direct expenses that will be recovered from donor contributions:

- Receipt and administration of donor funds, and disbursement of funds to recipients (these will be both sovereign and non-sovereign) for SDRF-approved projects/programmes;
- Legal arrangement and *Grant Agreement* with recipients;
- Submission of periodical project/programme progress updates and reports prepared by recipients;
- Monitoring and reporting of fund performance and results (expected to be on a semi-annual basis); and
- Periodic financial reporting and external audits.

Utilization and administration of capital contributions by donors will be in accordance with the Bank's policy, procedures, and operational guidelines. These guidelines cover all aspects of trust fund management, including timing of capital contributions, transaction currency or currencies, procurement, financial management, accounting and treasury functions. The SIF will have an initial tenure of five years with a likely renewal for another five years. However, the tenure may be adjusted if the FGS and participating donors deem this necessary.

Further AfDB-specific requirements will be added to the operations manual at a later date.

### 3.3. UN Funding Window

The following section describes steps and requirements are specific to the UN funding window, in addition to the common steps presented in the main section of the operations manual. All UNMPTF-specific forms and templates are available on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/SOM00>).

The MPTF Office is responsible for:

- Concluding legal agreements with Participating UN Organizations (Memorandum of Understanding) and the Government of Somalia (Memorandum of Agreement) for establishing UN Stream and National Stream, and/or any other funding window, respectively;
- Receiving contributions from donors that wish to provide financial support to the Fund by entering into a applicable Standard Administrative Agreement (SAA) in the forms provided within the Somalia UN MPTF TOR (see SAA for UN Stream with respective accountability and SAA for National Stream with respective accountability);
- Administering received contributions in effective, efficient and timely manner;
- For unearmarked contributions: Subject to availability of funds, transferring such funds to Participating UN Organisations and National Implementing Entities within five business days after receipt of the request for fund transfer from the MPTF Secretariat along with instructions from the SDRF Steering Committee and supporting documents<sup>15</sup>;
- For earmarked contributions (relevant for UN Joint Programmes): Subject to availability of funds and Joint Programme approval by the Steering Committee, transferring funds<sup>16</sup> to Participating UN Organisations within five business days after receipt of fund request from the MPTF Secretariat and supporting documents.
- Consolidating Fund-level annual financial reports based on financial reports provided by Participating UN Organisations, and National Implementing Entities and submitting them to the SDRF Steering Committee and contributing donors;
- Providing a final financial report, including notification that the Fund has been fully expended or has been wound up in accordance with the Fund TOR;
- Providing annual and final Certified financial statements (“Source and Use of Funds”) for the Fund;
- Providing fund operations’ tools to ensure Fund’s transparency: (1) maintaining the Somalia UN MPTF web-site on the GATEWAY with all real-time financial and periodic narrative information and all decisions made by the governance structure of the Fund; and (2) establishing on-line results-based management framework, which will be updated by the Secretariat, which would allow to track progress and link financial flows with programme results;
- Carrying out the Fund’s operational and financial closure and related matters.

#### *UN and National funding stream*

Each stream (UN and National) of the Somalia UN MPTF can receive: (1) un-earmarked contributions that could fund any of the already approved or new programmes of that Stream’s portfolio, and (2)

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<sup>15</sup> Fund Transfer Request, Minutes of the SDRF Steering Committee when the program was approved, Program Document (including Budget) and Program Appraisal Sheet.

<sup>16</sup> For Joint Program, it will normally be in tranches.

contributions earmarked to a specific PSG Pillar or Joint Programme (e.g Rule of Law Joint Programme or Local Governance Joint Programme, or any other programme). The contribution agreements – Standard Administrative Arrangements (SAA) - are distinct for the UN Stream and the National Stream due to each Stream's accountability framework, and funding contributed to each Stream is not transferable to the other Stream unless fully justified and in consultation with the contributing donor.

### *Programme Development*

Based on the strategic priorities of the UN MPTF Strategy identified through the UNCT, respective Pillar WG and defined in the ISF, the Participating UN Organizations, in consultation with Somali partners, are called to prepare flagship Joint Programmes (template of Joint Programme available on <http://mptf.undp.org/factsheet/fund/SOM00>). The Programmes should be in line with the agreed NDP Pillar priorities, outcomes and milestones.

The convening UN Organization of the Joint Programmes consolidates inputs from all Participating UN Organizations and develops a Programme Document in collaboration with the Government focal point identified through the Pillar WG. The lead UN Organization will also ensure to reflect the roles and accountabilities of all Participating UN Organizations.

In the case of National Stream, the National leading entity in consultation with MPTF Office through MPTF Secretariat and other partners, shall develop the programme in line with the agreed priorities of the NDP and its outcomes and outputs.

### *Programme Approval*

To inform funding decisions by the Steering Committee, the MPTF Office will submit five days ahead of the Steering Committee meeting a Funding Framework, which will include (1) received contributions, (2) approved and transferred funding, including earmarking, and (3) the balance available for programming.

Approved programme documents are signed by the representative of the submitting UN Organization, the UN DSRSG/RC/HC and the assigned Government counterpart.

### *Disbursement of Funds*

In case of approved Joint Programmes, the funding is typically released by the contributing donors in tranches. The day-to-day management of the Joint Programme is done by the JP Management Steering Committee/Board<sup>17</sup>, which oversees the management of Joint Programme and approves fund allocations of individual tranches.

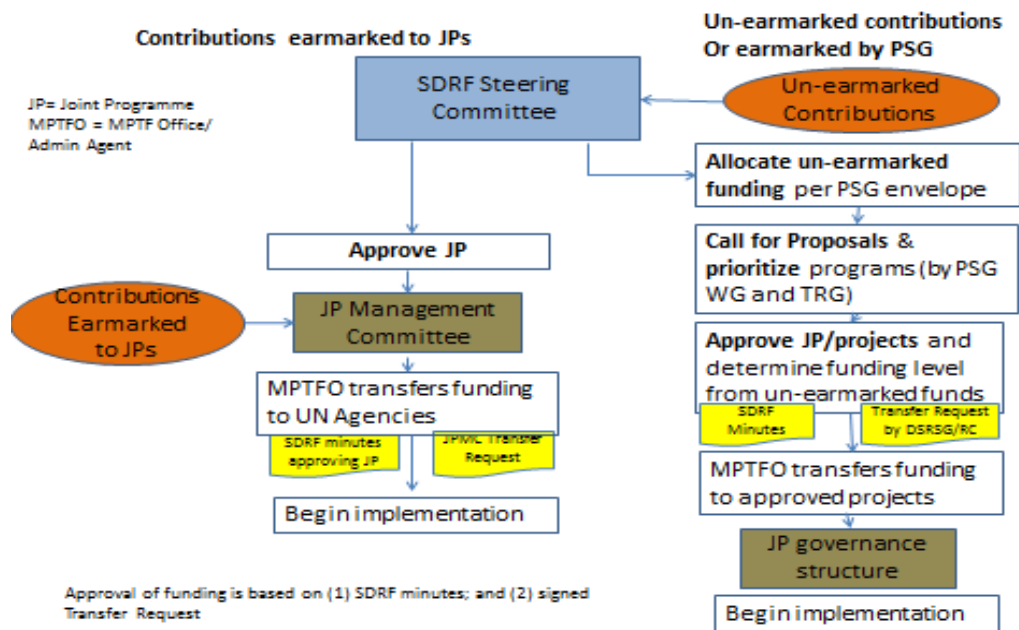
In cases where funding is earmarked to a specific Joint Programme, the JP Management Committee requests the release of tranches of earmarked JP funding, provided that the Joint Programme is approved in principle by the SDRF Steering Committee.

Upon receipt of (1) the FTR signed by the JP Management Committee Chair (UN Stream) or the National Authority (National Stream), (2) approved JP/project Document along with the Programme Appraisal Sheet, and (3) Minutes of SDRF SC confirming JP/project approval, the MPTF Office will transfer the funding to the designated Participating UN Organizations within 5 business days.

The process of fund allocation decisions (the earmarking track and the un-earmarking track) are described in Graph 1.

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<sup>17</sup> The Management Committee normally consists of the convening UN agency, all participating UN agencies, government representatives and 2-3 donors (if more donors contribute, rotating membership is introduced).



### Programme/project Steering Committees

The programme/project specific steering committee or project board is a governing structure of the UN funded programmes and projects, including the joint programmes under the UN MPTF. JP steering committees/boards performs also other tasks such as approval of the progress reports and annual work plans besides project amendments, extensions etc. In those instances when programme amendment requires submission to pillar working group and SDRF, UN MPTF Committees/Boards are encouraged to coordinate their meetings around relevant pillar working group meetings to minimize travel and ensure broad participation within both fora. The scope of Pillar Working Groups should be broader than the projects funded through the SDRF Funds; as such, the need for such steering committees continues under the revised architecture to ensure Pillar Working Groups are not burdened with the detailed oversight and reporting requirements associated with a UN Steering Committee.

### Reporting

#### a) Annual reporting

In accordance with the MOU between the Administrative Agent (AA) and Participating UN Organization(s) and MOA between the Administrative Agent and the Government of Somalia, the latter shall submit, on an annual basis, narrative progress reports to the MPTF Office and the Secretariat by 31 March and financial reports to the MPTF Office by 30 April after the end of the calendar year.

Subsequently and in accordance with the SAA entered between Donors and the AA, the MPTF Office shall in turn submit consolidated Fund-level report to all Donors contributing to the Fund as well as to other SDRF stakeholders by 31 May after the end of the calendar year. Standard narrative and financial reporting formats (available at <http://mptf.undp.org/factsheet/fund/SOM00>) shall be utilised by UN Agencies and National Entities.

#### b) Quarterly reporting

The Participating Organizations and National Implementing Entities will provide informal and succinct quarterly reports/updates (following the template (available at

<http://mptf.undp.org/factsheet/fund/SOM00>), to keep the Steering Committee abreast of JPs/Projects implementation progress, in line with best practices of UN Multi-Partner Trust Funds. Last quarter report of the year (Q4) is replaced by the year-end annual report with highlights of achievements for Q4.

*JP/Program Revision requests (budget revisions, non-cost extensions, and/or change of scope)*

In case an implemented programme requires a variation (budget revision, cost and non-cost extensions and change of scope), the relevant Participating UN Organization/s must fully complete the required template ((available at <http://mptf.undp.org/factsheet/fund/SOM00>)).

The Participating UN Organization/s must adhere to the below described SC rules in relation to adjustments in project durations, budget revisions (with no cost extension) and/ or project scope:

- Earmarked contributions: For Joint Programmes: UN Organization/s must fully complete the required programme revision templates (including budgets), signed by the Head of UN Organization and submit it to the JP Management Committee for approval through the Somalia UN MPTF Secretariat not less than one month before the date of project completion.
- Budgets must adhere to the undg Harmonised Budget Categories as approved by the High Level Committee on Management (HLCM) and Chief Executives Board for Coordination (CEB). Any movement of funds between the budget categories (for individual Agency budgets), exceeding 20% of the approved allocation, must be approved by the JP Management Committee.

UNDG HARMONISED CATEGORIES
1. Staff and other personal costs
2. Supplies, Commodities, Materials
3. Equipment, Vehicles and Furniture including Depreciation
4. Contractual Services
5. Travel
6. Transfers and Grants Counterparts
7. General Operating and Other Direct
Total Programme Costs
8. Indirect Support Costs
TOTAL

- Unearmarked Contributions – no-cost extension: UN Organization must fully complete the required programme revision templates (including budgets), signed by the Head of UN Organization and submit it to the Pillar WG for endorsement through the Secretariat not less than one month before the date of project completion. The Secretariat will have the delegated authority from the Steering Committee to approve the no-cost extensions which were endorsed by Pillar WG. To exercise this delegation, the Secretariat will inform the SDRF Steering Committee of the new dates of the programmes.
- Unearmarked Contributions – cost extension: If Programme Revision involves budget increase, it shall be submitted to the PSG WG and shall follow procedures indicated under

the SDRF Steering Committee approval in accordance to the Box 4 above, subject to availability of funding in the Fund.

#### *Public Disclosure*

The MPTF Office maintains the GATEWAY (<http://mptf.undp.org>), a knowledge platform providing periodic narrative data on implemented programmes and real-time financial data, with a maximum two-hour delay, coming from the MPTF Office accounting system – ATLAS - on donor contributions, programme budgets and transfers to Participating Organizations and quarterly financial expenditure data.

The MPTF Secretariat will ensure that decisions regarding programme approvals; pipeline of programmes, periodic Fund-level and programme-level reports and associated external evaluations are made available to the public and will post those on the website of the Somalia UN MPTF on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/SOM00>) for public information. The MPTF Office will ensure that financial information (contributions, approved funding, transfers of funds and expenditures), as well as Fund-level and Programme-level periodic financial reports as posted on the web-site. The Secretariat will take steps to ensure the accuracy of such documents and that confidential materials are not disclosed. The Participating UN Organizations will also take steps to ensure the accuracy of their postings on their websites regarding their Fund operations and activities.

#### *Documentation and Information Sharing*

All documentation related to programmes, minutes of the Steering Committee meetings, programme variation requests and/or any other related documents related to the Fund and/or its funded JP/Projects, shall be maintained (in electronic and hard copy format) by the Secretariat. Details of the Fund's documentation plan are provided in the following table:

Document	Managed by	Means of Filing/Storage	Location	Access
Programme Documents	Secretariat and PSG WGs	Hard & Electronic copies	Secretariat and PSG WGs filling system & MPTF Office GATEWAY	Public – MPTF Office GATEWAY
Programme Appraisal Sheets	Secretariat	Hard & Electronic copies	SDRF Secretariat filing system	Limited access: SC, Secretariat, MPTF Office and relevant UN Organization(s)
Annual financial reporting	MPTF Office	Hard & Electronic copies	SDRF Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY
Annual narrative report	Secretariat	Hard & Electronic copies	Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY
Programme Revisions	Secretariat	Hard & Electronic copies	Secretariat filing system	Public – MPTF Office GATEWAY
Six monthly narrative report	Secretariat	Hard & Electronic copies	Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY
Document	Managed by	Means of Filing/Storage	Location	Access
Programme Documents	Secretariat and PSG WGs	Hard & Electronic copies	Secretariat and PSG WGs filling system & MPTF Office GATEWAY	Public – MPTF Office GATEWAY
Programme Appraisal Sheets	Secretariat	Hard & Electronic copies	SDRF Secretariat filing system	Limited access: SC, Secretariat, MPTF Office and relevant UN Organization(s)
Annual financial reporting	MPTF Office	Hard & Electronic copies	SDRF Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY
Annual narrative report	Secretariat	Hard & Electronic copies	Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY
Programme Revisions	Secretariat	Hard & Electronic copies	Secretariat filing system	Public – MPTF Office GATEWAY
Six monthly narrative report	Secretariat	Hard & Electronic copies	Secretariat outreach website and MPTF Office GATEWAY	Public - MPTF Office GATEWAY

### **3.4. WB Funding Window**

Fund-specific details about operational procedures for donors contributing to the fund are shared in the administrative agreements, while guidelines for fund recipients are fully laid out in the grant agreements signed with government. The administrative agreements and grant agreements are the primary documents for fund-specific requirements. However, several fund-specific procedures related to endorsement procedures are provided below:

- For the WB MPF, inclusion of a recipient-executed program/project in the endorsed pipeline allows the WB to commit funding to a bank-executed child fund for project preparation and supervision.
- In the case of knowledge work, technical assistance, or other Bank-executed activities, concept notes are submitted directly to the relevant Pillar Working Group for endorsement after Steering Committee-level endorsement, concluding the SDRF governance body review process and enabling funding to be committed to activities in line with the amounts specified in concept note documents.