**Briefing on the National Window**

**27 January 2017**

The UN National Window Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations was signed in February 2016 and became operational in March 2016 with the completion of the UN National Window Manual followed up by a training on the national window with the Project Implementation Unit of the FGS Ministry of Finance as the main government implementing partner of this project. The capacity of the government institution – MoF has been assessed by UNDP under HACT and the risk level following the micro-assessment has been defined ‘Medium’

This briefing is further to the meeting with the PIU staff, which took place on 23 January in Mogadishu. The following staff participated in the meeting:

1. Ali Haji Aden – PIU programme coordinator
2. Suad Egal – PIU Deputy Programme Coordinator
3. Habiba Ali Hussein – PIU Procurement Specialist
4. Eng Abdinur Ali Farah – PIU
5. Eng Abdullahi Abdinur Hamud – PIU
6. Amir Sirad – PIU M&E
7. Ahmed Abdillahi Hashi – UN RCO
8. Merita Jorgo – UN RMU

B elow is an update on the current status of the project:

1. **Infrastructure projects** 
   1. *Kismayo court house* (funds allocated to this project $700,000) – The design and the bidding documents have been completed and ready to be advertised. The competitive process will be International Competitive Bidding based on the FGS Procurement Act signed by the President of Somalia in August 2016. In the absence of the government bidding documents, WB bidding documents adjusted to reflect the Government as the PBF fund recipient and the Contracting Entity are being used for this project. The Bid will be advertised for a minimum duration of 30 days.

(We would like to highlight also that the FGS has been using the WB bidding documents in the absence of the absence of their own. The WB has contracted E&Y to support the government to operationalize the Public Procurement Act)

* 1. *Benadir street lights* (funds allocated to this project $300,000) – same as above.
  2. *Third infrastructure project* (funds allocated aprox. $700,000) – the PIU had completed the consultative process for identification of the third infrastructure project in consultation with the federal member states and have come up with a number of projects to be implemented during the second phase of the project implementation:
     + *Mudug Region* 
       - Bandiradlay District, Galmudug State of Somalia –

**Construction of district offices with annexed district courthouse.** Justification: The district has experience 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.

* + - Galkaio District, Puntland State of Somalia

**Construction of Mayors office**

Justification: The main administration block got destroyed following a terrorist attack; currently the officials are temporarily housed in the mayor’s residential unit. This situation has slow down the delivery of public service.

1. **Work plans**
   1. *Budget revision* – a budget revision has been prepared to reflect re-allocation of funds between budget lines and splitting funds for 2016-2017. Changes in the budget are minor, without affecting the total amount of the allocation. The revised budget requesting no cost extension until the end of 2017 and reallocation of funds across budget lines will be submitted by mid-February, along with the revised work plan.
   2. *Project work plan* developed by the PIU is a document which represents activities funded by the UN MPTF and WB, indicating the funding source of the activities. Upon updating, it will be shared with the PBF along with the revised budget and the justification.
   3. *Risk Management plan* prepared by PIU in cooperation with the RCO/RMU has been updated in October 2016. This plan is closely monitored with the PIU and is subject of updates on quarterly basis.
   4. *Procurement plan* – similarly to the project workplan, it includes procurement of goods and works for both funding sources – WB and PBF. Timelines will be updated along with the work-plan in February.
   5. *Capacity development plan* – The PIU submitted to both UN & WB PIU staff individual capacity needs assessment in June 2016. Based on the initial assessment conducted by the PIU, the PBF project document and the HACT assessment, action has been taken (a) in conducting comprehensive training activities, as indicated in the paragraph below, and (b) developing a joint UN/WB subject based capacity development plan for the PIU – to be implemented during 2017 (which is being finalized).
   6. *M&E Plan* – the plan is in draft and will be finalized by February 2017.
2. **Capacity development activities**
   1. Activities that have taken place in 2016 – three training sessions have taken place on the national window:
      * April – familiarization with the National Window (one-day workshop)
      * June – Financial and Procurement Management for both some of the staff of PIU and Support to Stabilization project (one-day workshop)
      * September – 5 days’ workshop with participation of the PIU staff and other government officials (total 25) covering areas like: project management cycle, public procurement, monitoring & evaluation, reporting in general and MPTF reporting, do-no-harm, communication, risk management, and audit. A report on this training is available.
   2. Upcoming activities -
      * Follow up with the WB on the capacity development plan
      * Prepare 2017 training calendar for the PIU on specific subject areas. (to be discussed with PIU)
3. **Use of the country procedures/systems**
   1. *Budget allocation* – UN PBF Funds of the National Window have been incorporated into the government budget for 2016-2017 (on budget) and are being disbursed through the sole treasury account. A dedicated fund code has been set up in FMIS (Somalia Financial Management Information System).
   2. *PFM* – the PIU is using government systems for all the transactions through FMIS (government accounting system) and treasury. Q.3 financial reports were all generated from FMIS and summarized in the MPTF financial report template.
   3. *Procurement procedures* – FGS Public Procurement, Concessions and Disposal Act has been signed by the President of Somalia in August 2016. The Act was given 12 months to become fully operational. The Government is being supported by the WB contractor (E&Y) to develop the detailed guidelines, bidding documents templates, setting up the procurement committees and assist in operationalization of the Act.

On the ongoing procurement activities funded through the national window, it has been agreed with the PIU and the Department of Procurement at the FGS Ministry of Finance that in the absence of the government specific biding documents, the procurement procedures will follow the FGS Public Procurement act, the WB bidding documents to be used under the national window, until the government bidding documents will become available. (Currently the government and the PIU is using the WB procurement documents for their own procurement).

* 1. *With regard to the* ***use of the country systems at the state level*** – The FGS is coordinating with the states to develop state *PFM* harmonized with the one developed by the FGS. PFM and procurement in the states are still in a premature stage. At the moment only four states have got draft PFMs: Puntland in a more advanced stage, Jubbaland, South-West and Galmudug. Puntland PFM will be presented in the FGC in March and a work plan for other states will be developed and shared with the donors by March ‘17.
  2. *Accounting system*: Each state – Puntland, Galmudug, South West Administration and Jubbaland have their own accounting system which is not integrated with the federal one. At this stage, no efforts are being put to set up and integrate the accounting systems with the state. This issue will be addressed after the state PFMs have been developed and re-aligned with the federal one.
  3. *Banking system* still remains challenging – the Central Bank of Somalia (CBS) has only three branches (Mogadishu, airport and Port) and doesn’t cover the states, which are operating through commercial banks. However, currently government fund from the Federal to the member states are following this flow (CBS to Commercial bank). Both IFM and the WB are supporting the banking industry.

1. **Monitoring Agent –** 
   1. Request for Proposal has been re-advertised on January 12th, with modified Terms of Reference (engineering component removed from the initial TORs) with a closing date January 31st. Evaluation Panel to be identified. To be highlighted is the this the second time the TORs for the monitoring agent are being advertised – there were no responses/proposals during the initial procurement process. Therefore, the TORs have been revised and re-advertised.
   2. To complement monitoring/verification activities for infrastructure projects in different locations, an independent civil engineer will be hired by UNDP under this project. This will add to the supervision to be conducted by the PIU Engineers and the design & supervision firm (Ecotech) contracted by the Ministry of Finance to develop the design and supervise the construction during implementation.
2. **Staffing** – The Project Implementation Unit is fully staffed and funded by the WB funds. As foreseen in the project document of the UN National Window – one regional officer has been hired for Kismayo (area where one of the infrastructure projects will be implemented), no regional officer has been hired for Benadir since it is close to the main PIU office the construction will be monitored directly by the engineers and the PIU team, and another Regional Officer will be hired for Mudug Region.
3. **Project assessment** – The pilot project will be subject of assessment, which tentatively has been scheduled to take place in July 2017. At the moment, the funds disbursed are minimal and the project implementation is at its initial stage. Therefore, July is seen as the earliest suitable time to assess the compliance with the public financial and procurement, budget execution and reporting, as well as internal systems set up by the PIU and the MOF for implementation of this project and the capacity of the PIU. We will be in close contact with both PBSO and MPTF when developing the TORs for the project assessment.

1. **Other Challenges**
2. Pace of implementation – the project has faced delays in its implementation, which is caused because of a slight delay in completing the designs by the consultancy firm, prolonged elections (from August 2016 – still ongoing), political tension between the federal government and the states at the dime of National Development Plan for 2017 onward) and the security situation in Somalia.
3. As mentioned above – the lack of complete comprehensive government procurement procedures and the bidding documents creates to some extend a confusion among the PIU staff on implementing the project
4. Overall, the model of PIU working as an isolated unit, with relatively insufficient interaction and integration within the MoF structure.

* The PIU has its own structure which seems to work independently from MOF system. A lot of efforts at this stage are put to strengthening the capacity of the PIU staff.

1. Unsustainable approach beyond the WB and UN projects life cycles.

* The PIU staff were specifically recruited to support the implementation the on-going projects. They are remunerated competitively by the WB. The ability of the government to match their current pay and keep them at the expiry of the projects’ life is minimal.

1. Peripheral use of country systems (covered in section 4 above)