



United Nations Peacebuilding Support Office (PBSO)/Peacebuilding Fund (PBF)

Project Title: Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations.	Recipient UN Organization(s): Ministry of Finance of the Federal Government of Somalia UNDP
Project Contact: Ali Haji Adan, Head of the Project Implementation Unit, Ministry of Finance Address: Ministry of Finance, Villa Somalia, Mogadishu, Somalia Telephone: +252 615746161 E-mail: alihadam@gmail.com	Implementing Partner(s) – name & type (Government, CSO, etc): Project Implementation Unit, Ministry of Finance (Federal Government of Somalia) Ministry of Justice, Jubbaland, (Jubbaland Administration), other regional authorities to be determined. Cooperating Partners: World Bank UNOPS Project Location: Somalia
Project Description: <i>One sentence describing the project's scope and focus.</i> 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	Total Project Cost: USD \$2,062,083 Peacebuilding Fund: USD \$2,062,083 Government Contribution: Other: USD \$ 6,000,000 (World Bank SFF-LD) over 2 years Proposed Project Start Date: 1.01.2016 (to be revised to match contract signature date) Proposed Project End Date: 30.06.2017 (to be revised to contract signature date + 18 months) Total duration (in months)¹: 18 months

¹The maximum duration of an IRF project is 18 months.

<p>infrastructures each in a different Federal Member State or Interim Regional Administration.</p> <p>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 Project Implementation Unit during the implementation period of this IRF project.</p>	
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TRF PROJECT DOCUMENT

<i>(for TRF-funded projects)</i>	
<p>Recipient UN Organization(s)</p> <p><small>Digitally signed by George Corwey, DN: cn=George Corwey, c=US, o=UNDP, ou=UNDP Somalia, email=george.corwey@undp.org, cn=50, Date: 2014.07.17 16:30:16 +03'00'</small></p> <p>George Corwey Country Director UNDP Date & Seal</p>	<p>Representative of National Authorities</p> <p>Minister Aden Ibrahim "Furaha" Minister of Finance Federal Government of Somalia Date & Seal</p>
<p>Peacebuilding Support Office (PISO)</p> <p>Deputy Executive Director Assistant Secretary-General for Peacebuilding Support Peacebuilding Support Office U.N. New York Date & Seal</p>	<p>Deputy Special Representative of the Secretary General (DSRSG)</p> <p>Peter de Clercq DSRSG, RC, HC Mogadishu, Somalia Date & Seal</p>

Please include signature block for each PISO receiving funds under this TRF.

Gender Marker Score²: 2

Score 3 for projects that have gender equality as a principal objective.

Score 2 for projects that have gender equality as a significant objective.

Score 1 for projects that will contribute in some way to gender equality, but not significantly.

Score 0 for projects that are not expected to contribute noticeably to gender equality.

Project Outcomes:

- 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.
- 2) 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.

PBF Focus Areas³ which best summarizes the focus of the project (*select one*): 4.2 Extension of state authority/ local administration

IRF PROJECT DOCUMENT

<i>(for IRF-funded projects)</i>	
Recipient UN Organization(s)⁴ ----- <i>Georges Conway</i> <i>Country Director</i> <i>UNDP</i> <i>Date & Seal</i>	Representative of National Authorities ----- <i>Mahamed Aden Ibrahim "Farkeeti",</i> <i>Minister of Finance,</i> <i>Federal Government of Somalia</i> <i>Date & Seal</i>
Peacebuilding Support Office (PBSO) ----- <i>Oscar Fernandez-Taranco</i> <i>Assistant Secretary-General for Peacebuilding Support</i> <i>Peacebuilding Support Office,</i> <i>UN, New York</i> <i>Date & Seal</i>	Deputy Special Representative of the Secretary General (DSRSG) ----- <i>Peter de Clercq</i> <i>DSRSG, RC, HC</i> <i>Mogadishu, Somalia</i> <i>Date & Seal</i>

² PBSO monitors the inclusion of gender equality and women's empowerment all PBF projects, in line with SC Resolutions 1325, 1888, 1889, 1960 and 2122, and as mandated by the Secretary-General in his [Seven-Point Action Plan on Gender Responsive Peacebuilding](#).

³ PBF Focus Areas are:

1: *Support the implementation of peace agreements and political dialogue (Priority Area 1):*

(1.1) SSR, (1.2) RoL; (1.3) DDR; (1.4) Political Dialogue;

2: *Promote coexistence and peaceful resolution of conflicts (Priority Area 2):*

(2.1) National reconciliation; (2.2) Democratic Governance; (2.3) Conflict prevention/management;

3: *Revitalise the economy and generate immediate peace dividends (Priority Area 3);*

(3.1) Employment; (3.2) Equitable access to social services

4) *(Re)-establish essential administrative services (Priority Area 4)*

(4.1) Strengthening of essential national state capacity; (4.2) extension of state authority/local administration; (4.3) Governance of peacebuilding resources (including JSC/ PBF Secretariats)

⁴Please include signature block for each RUNO receiving funds under this IRF.

Table of contents:

List of Acronyms

I. Peacebuilding Context and Rationale for PBF support

- a) Peacebuilding context
- b) Mapping of existing peacebuilding activities and gaps
- c) Rationale for this IRF

II. Objectives of PBF support and proposed implementation

- a) Project outcomes, theory of change, activities, targets and sequencing
- b) Budget
- c) Capacity of RUNO(s) and implementing partners

III. Management and coordination

- a) Project management
- b) Risk management
- c) Monitoring and evaluation
- d) Administrative arrangements (standard wording)

Annex A: Project Summary (to be submitted as a word document to MPTF-Office)

Annex B: Project Results Framework

Annex C: Implementation Arrangements

Annex D: Monitoring Agent Terms of Reference

Annex E: Exception Arrangements

List of Acronyms

FGS: Federal Government of Somalia

IRA: Interim Regional Administration

JA: Jubbaland Administration

MA: Monitoring Agent

MoF: Ministry of Finance

PIU: Project Implementation Unit

PSC: Project Steering Committee

SC: Steering Committee

SDRF: Somalia Development and Reconstruction Facility

SFF: Special Financing Facility

SFF-LD: Special Financing Facility for Local Development

UNMPTF: United Nations Multi Partner Trust Fund

WB: World Bank

PROJECT COMPONENTS:

I. Peacebuilding Context and Rationale for PBF support

a) Peacebuilding context:

Major Conflict Issues and Triggers

In Somalia, the main drivers or root causes of conflict and fragility are clan identities, governance, economic performance, natural and productive resources, militarization, conflicts among the regions, and international influences⁵. These manifest themselves in societal fragmentation and lack of trust and lack of cohesion across societal groups, resource scarcity and fight over resources and land, unequal distribution of resources, warlordism, poverty and unemployment, corruption, state failure, exclusionary politics and foreign armed presence.

These major drivers of conflict in Somalia vary in their degree and intensity throughout the country and have led to conflicts being either protracted or short-lived, man-made or due to natural causes. The factors that trigger the protracted armed conflicts in Somalia are different from those that contribute to their build up, maintain and shape them. Events that have sparked conflict in Somalia previously are either internal (elections, political or economic decisions perceived to discriminate one clan vs another) or external (droughts, natural catastrophes, sudden variation in the flow of foreign aid, aid projects that do harm). The legacy of the civil war and the ensuing state collapse has produced mutually reinforcing conflict drivers by destroying the country's economic infrastructure, causing the migration of most of the skilled labor force, and denying access to education or employment opportunities for youth. The civil war has also destroyed the justice system in Somalia, disproportionately affected marginalized and vulnerable groups, in particular women and children, who have suffered violations of their rights. Sexual violence and the violations of the rights of children, for instance by detaining them alongside adults, remain unaddressed by the justice system.

After two decades of civil war, Somalia's future remains on a challenging but more positive trajectory. The election of President Hassan Sheikh Mohamud by an appointed Somali parliament in August 2012 and the inauguration of the Federal Government of Somalia (FGS) marked a new beginning. This has been coupled with international recognition and gradual normalization with the Bretton Woods institutions. The FGS' Vision 2016 document anticipates the completion of the constitutional process, the settlement of federal relations between center and the regions, and the holding of national legislative and executive elections by end of 2016.

The Provisional Constitution of Somalia envisages the creation of Federal Member States (FMS) that will together constitute the Federal Republic of Somalia. The final boundaries of the FMS, which must be composed of two or more regions, will eventually be determined by the Federal Parliament on recommendation of the Borders and Federation Commission (BFC). In the process leading up to the creation of the FMS, regions have been merging together to form Interim Regional Administrations (IRAs), in line with the Federal Government of Somalia's (FGS) "Vision 2016" document.

The contested political process between federal and regional institutions, the protracted insurgency led by Al Shabaab, and the limited reach of government outside of the capital, reduce the visibility and impact of government-led development programs. The legitimacy of the FGS is therefore continuously under stress as capacities to establish its presence and implement core functions remain limited, especially in the regions, where many still await to see tangible and positive changes associated with the FGS and the transition.

⁵Menkhaus. 2005. Conflict in Somalia: Drivers and Dynamics.

The success of this transition will therefore not only depend on the ability of the political actors to put in place a viable and effective state-society compact but also on the ability of the emerging government structures to demonstrate their capacity as service providers and agents of positive change.

- *Poor governance, lack of transparency and accountability*

Many Somalis have never experienced a functioning state, one that reflects its concerns and responds to its needs. State provision of social services, economic opportunities and security remains an emerging aspiration. By and large, elites have been able to capture the greater benefits of international aid by acting as gatekeepers and controlling decision-making⁶.

At the Federal level governments have succeeded each other over the last two decades without, until recently, being able to access areas outside Mogadishu. The ministries were, and still remain, largely devoid of technical capacity and subject to frequent turn over. Lack of capacity, scarce resources and corruption have long eroded governance mechanisms from the national down to the community level. In addition the state has few means to raise revenue and most of the donor assistance has historically bypassed the state. Government revenue at the federal level, estimated at 3% of GDP, is among the lowest in the world and is insufficient to deliver basic services.

With the introduction of the New Deal Compact, the Federal and regional governments are increasingly seeing a larger share of resources being channeled through national systems or at least transparently aligned with national priorities. However, the introduction of additional resources has also tended to spark bitter political rivalries which have at times stalled the New Deal agenda. The political ‘coalition-building’ process remains fragile. And the relationship between the regional administrations and the central Federal Government of Somalia remains complex, with issues such as natural resource and revenue sharing still being debated.

- *Lack of Rule of Law and access to basic services*

The civil war has had a devastating impact on the Somali economy by destroying its infrastructure, dismantling the education system, pushing most of its skilled labor force into exile, reducing its ability to adapt to natural shocks, and stifling any large-scale domestic or foreign investment. The private sector, NGOs, self-help groups, or international aid agencies provide most of what little basic service delivery there, notably food supply, health and nutritional care, water, sanitation and hygiene. Despite these actors’ work, this has resulted in significant wealth disparities among the population groups and between rural and urban areas, as well as inequitable access to such services.

Justice is an intrinsic part of stability, security and peace. Justice also provides the foundation for the development and alleviation of poverty because an effective and functioning justice system empowers the poor by protecting them against crimes and violence, provides them legal gateways to enforce their rights, and to holding state institutions accountable. The continued corruption, impunity and limited ability of Government to curb gross human rights violations are negatively impacting Somalis in a number of ways: crimes and violence cause injuries, death and loss of property, and persecution and discrimination allows more powerful groups and individuals to mistreat vulnerable groups, such as women and children.

Critical Current Needs

⁶Menkhaus. 2014. State Failure. “*The state is viewed less as an institution promising impartial, routinized, professional implementation of policy, and more as a catchment point for foreign aid and other rents over which clans and their elites jostle.*”

Since 2012, a genuine transition towards lasting peace and recovery is underway. The creation of new federal member states, the inter-clan reconciliation process, the fight against Al-Shabaab, the adaptation to climate change and recurrent natural disasters, and the development of the economy are significant challenges. The critical needs that this project will seek to address are:

- Lack of Rule of Law and access to basic services: the lack of capacity for the FGS/IRAs to deliver public goods, in particular access to justice, is a direct consequence of the 25 years of civil war which have depleted public human and physical capital leaving the state apparatus with little to no means to coordinate the delivery of and build its capacity to gradually provide essential services to its population. This lack of access is itself a cause of instability, as many, including youth often find recourse through joining militant groups; it also exacerbates the lack of confidence in the state as an agent of positive change to deliver services, let alone exert oversight (governance, policy direction, monitoring, etc.) over such service provision.
- Poor governance, lack of transparency and accountability: the civil war also degraded the legitimacy of the state in the eyes of the Somali population, and youth in particular who constitute a majority of the population, have little or no memory of what a functional state apparatus looks like and could represent for them (service delivery, political, civil, economic rights, security, etc.). Consequently trust in the new state-building process is a work in progress and highly vulnerable to setbacks, spoilers, etc., with disillusioned and marginalized youth being easily manipulated by armed seeking to destabilize current such a process.

The United Nations in Somalia has made efforts to establish independent and accountable justice institutions capable of addressing the justice needs of the people of Somalia. Up until now, these efforts have primarily focused on institutional strengthening at the Federal Level. The Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations will therefore focus, for the first out of three infrastructures, on rehabilitating the Regional and District court house in Kismayo – a key infrastructure to enable the formal justice sector to reestablish itself in Jubbaland, and for the citizens and the authorities to see that the state can, and does invest for its people. The second infrastructure to be rehabilitated will be the provision of solar streetlights in Benadir region. This is a key measure to improve safety and promote economic activity in the targeted Benadir districts of Xamar Jajab, Waberi, Bondhere, Shibis, Yaqshid and Warta Nabada.

Recent developments/cross roads for peace

The Interim Juba Administration (JA) – now renamed Jubbaland Administration - was established in May 2013, the Interim South West Administration (ISWA) in November 2014 and the Galmudug Interim Administration (GIA) in June 2015. These administrations remain institutionally very weak and provide little more than rudimentary security and justice for the local populations. However, as part of the political process, their ambition is to take on (as yet undefined) roles and responsibilities under the new state formation

In these areas, local communities confront enormous humanitarian and development challenges. Some 1.7 million children lack access to education, 3.2 million persons lack access to regular health services and some 2.75 million are in need of regular access to safe water (as estimated by UNOCHA). Only about 10-15% of the 2,600 kilometers of primary roads are in good condition and less than 10 % of the 19,200 kilometers of secondary roads are in good condition. Basic infrastructure has been devastated by war damage, vandalism and neglect. A joint needs assessment undertaken by the World Bank and the UN in 2006 estimated that some \$1.12 billion was required for immediate priorities in the transport and urban infrastructure sectors.

After the September 2014 Kismayo Conference, organized by the Federal Government and the Jubbaland Administration (JA), which promoted reconciliation of the three regions of the Jubbas and formed an inclusive regional assembly, major gaps have been identified that have the potential to derail the progress being made. Maintaining the momentum of the state formation process JA is a priority. The Jubbaland Administration' ministries require immediate support to fulfil basic governance functions and its communities must begin to see peace dividends, in the form of concrete and visible changes, if they are to buy into the state formation processes.

Sub-federal state and regional governments, particularly the incipient regional governments in newly recovered areas of South and Central Somalia, are scrambling to find resources to fulfil essential administrative tasks and provide basic services to their citizens. Failure to demonstrate results may open the door for spoilers, including Al-Shabaab, to jeopardize the fragile gains achieved so far. Enabling these institutions to function and deliver can inspire crucial support for the state formation process and the broader political transition. **For the citizens to buy into the Somali state building approach they will need to experience a tangible difference in their lives under a new political order, which means that a) the government will need to be associated with an improvement in the quality of life of the citizens and b) the government system itself needs to be service oriented, transparent, accountable and predictable in its functioning. It is predominantly through these two elements that the peace dividend materializes.**

Capacities for Peace

Despite 25 year of conflict, Somalia also features, elements of resilience that have provided Somalis with the means to survive and lay the foundations for durable peace.

While the years of civil unrest have disintegrated governmental institutions at the national and regional level, not all of the technical knowledge emigrated; some of the Barre regime's former civil servants and more significantly the private sector have retained some valuable expertise. In the absence of a functioning center, this expertise has been mostly concentrated at the local level. (Re)establishing good working relations at the technical level between the Federal and Regional Government line ministries, but also with district and municipal authorities is a crucial step to improve governance and service delivery systems.

The emerging state structures of the Federal Government of Somalia and Regional Administrations are one of the best potential capacities for peace for Somalia. They are the legitimate duty bearers and providers of public services that Somalis are most in need of. The state institutions have a major part to play in rebuilding the state-citizen link and, as part of the state formation process, are need of consequent capacity injection in order to deliver tangible results to the citizens. The best way for the Somali Federal State to rebuild trust in its institutions is by making a difference in people's lives, being transparent and accountable to their demands. This proposal aims to address the crucial link of the state-citizen relationship building process by investing in government institutions both at the federal and regional level to build and rehabilitate key infrastructure that will improve service delivery.

(a) Strategic peacebuilding plans:

The New Deal Compact for Somalia is the strategic framework of the Federal Government of Somalia through which the international community in accordance with the New Deal principles channels its peacebuilding and development assistance. The Compact aims to foster the resilience of Somali people and institutions, restoring the Somali people's trust in the state and its ability to protect and serve their basic needs for inclusive politics, security, justice, an economic foundation and revenue and services, in full respect of human rights. The Federal Government of Somalia, the main "traditional" international donors, and multilateral organizations signed up to this document in Brussels in September 2013.

The Integrated Strategic Framework (ISF) articulates the UN's contribution to Somalia's political and socio-economic transition, and to the Compact priorities in particular. In particular, it outlines areas and ways in which the UN will support the Federal Government of Somalia (FGS) in implementing the Compact for the 2014-2016 period. The overall vision of the ISF, in accordance with the Compact, is to support the Somali process of establishing a sovereign, secure, democratic, united and federal Somalia at peace with itself and the world, and for the benefit of its people.

The ISF's Strategic Objectives are the same as the Compact's and are divided among the five Peace and Statebuilding Goals:

- 1) Inclusive Politics: Achieve a stable and peaceful federal Somalia through inclusive political processes.
- 2) Security: Establish unified, capable, accountable and rights based Somali federal security institutions providing basic safety and security for its citizens.
- 3) Justice: Establish independent and accountable justice institutions capable of addressing the justice needs of the people of Somalia by delivering justice for all.
- 4) Economic Foundations: Revitalise and expand the Somali economy with a focus on livelihood enhancement, employment generation, and broad-based inclusive growth.
- 5) Revenue and Services: Increase the delivery of equitable, affordable, and sustainable services that promote national peace and reconciliation amongst Somalia's regions and citizens and enhance transparent and accountable revenue generation and equitable distribution and sharing of public resources.

One of the fundamental strategies under the New Deal as well as the government and joint programs is to develop strong systems of government throughout the country that will function as an alternative to the presently prevailing predatory systems of 'governance' in a chaotic situation heavily influenced by Al Shabaab or other militant groups.

This Immediate Recovery Facility project will focus on PSGs 3 (Rule of Law) and 5 (Revenue and Services) with strong elements of capacity building to enable the government to better deliver services to its citizens, build accountability, and become more transparent.

The link to PSG 3 and 5 on Rule of Law and Access to Basic Services consists of **what** the project will support: the rehabilitation of the Kismayo court and providing solar streetlights in Benadir region. Community consultations will be conducted in a second region to rehabilitated/construct a small-scale infrastructure.

The link to PSG 5 mainly refers to **how** the project will be implemented: through the National Window, designed to increase the use of national systems and support national revenue and service delivery.

b) Mapping of existing peacebuilding activities and gaps:

Soon after the creation of the FGS in September 2012, it was agreed between the Government of Norway (GoN) and the FGS Presidency that two important 'signals' in the early life of the FGS would be the regular payment of civil service salaries and an ability to design, procure and implement simple projects of value to local communities. In each case, this would be the first time that any central government had managed to do such an activity in a generation. Consequently, in December 2012, the GoN pledged \$30 million as a grant to the Special Financing Facility (SFF-Norway), a project mechanism to be established within the Ministry of Finance, to pay civil servants as well as manage a number of small-capital investment projects for the regions. Amongst the different initiatives supporting recovery, the only project providing service delivery and small project assistance through government systems was the SFF.

Currently, besides the WB Special Financing Facility for Local Development (SFF-LD), which will take over the Norwegian funded SFF in 2016, and the UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations. There are no other donors investing in government managed project implementation.

This IRF project will be implemented concurrently with the SFF-LD project of the World Bank. The rationale for this dual implementation approach is explained in the following section I) c).

Table 1 – Mapping of peacebuilding activities and gaps

Project outcome	Source of funding (Government/development partner)	Key Projects/Activities	Duration of projects/activities	Budget in \$	Description of major gaps in the Outcome Area, programmatic or financial
The Project Objective is “to support the construction and reconstruction of new and damaged infrastructure for local service delivery in targeted areas of Somalia and support the development of basic public investment management functions.”	World Bank Multi-Partner Fund	<ul style="list-style-type: none"> • Small-Scale Infrastructure • Program Operations and Capacity Building: PIU Operating Costs; Capacity Building • Emergency Contingency Component 	24 months	\$6,000,000	<p>The WB Special Funding Facility for Local Development (SFF-LD) is not able to fund infrastructure in the rule of law and security sector reform sectors.</p> <p>The WB SFF-LD also has more ex-ante verification measures in place for the funds to be transferred to the PIU.</p>
Somalia Joint Rule of Law Programme	UN MPTF Somalia	Sub-Outcome 1.2: Enhanced capacity of the justice system stakeholders to operate effectively, through further professionalization of laws, policies and procedures, improved facilities and enhanced knowledge management	(UN RoL) July 2015 to December 2016	6,106,258 USD	In Kismayo, Jubbaland, the following activity under this outcome is unfunded: Rehabilitation of the District and Regional Court House.

c) Rationale for this IRF:

The added value of this PBF intervention would not be to fill funding gaps versus the (overwhelming) needs in PSGs 3 and Capacity Building, but rather to test new sustainable delivery models that can be replicated in other federal and regional line ministries, and leverage additional donor resources through the National Window to that effect.

The Aid Coordination Unit aid mapping data of October 2015 shows that no other donors besides the WB & UN are channeling funds through national windows and that the new IRAs (Interim Jubba Administration, Interim South West Administration and Galmudug Interim Administration) are comparatively getting much less aid money than Benadir/Puntland/Somaliland. The new IRAs are also areas where the presence of the state is the weakest and the need for the state to show its benefit the greatest.

The **rationale** for this IRF project is as follows:

- (i) it supports the building of legitimate public sector institutions and the strengthening of central-regional links, by showing that the FGS is investing in its regions and its people
- (ii) it uses government systems to demonstrate they can work (and increase donor trust in, and use of, such systems); and
- (iii) it supports the creation of essential rule of law and other public infrastructure in one of the most war-affected parts of the Somali territory.

The SFF-Norway funding will be terminated at the end of November 2015. Starting in January 2016, the World Bank is taking over the support to the Project Implementation Unit (PIU), which has been running these projects, and the SFF model under its SFF-LD project that will continue, over the next 24 months, to allocate fixed budgets to pre-1991 regions for the rehabilitation of productive and public infrastructure.

As mentioned in Table 1, the government, the WB and the UN have agreed to implement complementary yet slightly different procedures for channeling funds, as a means to learn from these experiences and regularly adjust systems as need be (sometime by increasing safeguards, sometimes decreasing external requirements). While many processes will be identical (use of monitoring agent for example), the UN's national window, through which this IRF project would be channeled, will make greater use of national systems than the WB procedures, which include more ex ante verification procedures.

The UN proposes to run a separate parallel project, targeting other regions than the WB in phase II of the SFF-LD, which would expand the type of infrastructures to rehabilitate to include Rule of Law and security sector and also test different sets of procedures for channeling funds through national funding streams. The UN's national window will operate on the basis of an operations manual developed jointly between the Ministry of Finance and the UN's Risk Management Unit. The Operations manual relies to a significant extent on existing government rules and procedures, with additional safeguards in very specific areas (reporting and monitoring, training in particular).

Both projects should run concurrently in order to benefit from economies of scale and complement each other. Therefore it is critical that the PBF support this IRF at the beginning of 2016. The timing is also critical with regards to the need for the FGS to quickly be seen as investing in its regions, in its people, beyond the center.

Use of the national system:

The challenge in Somalia is not only weak national systems, but also the lack of a banking system.

Through the SFF, systems are being developed that allow money flows on the short term and build the basis for future investments into national systems. For now, the Central Bank is acting as a bank, receiving and distributing money flows. The budget control (budget check and approval of expenditure) is centralized in the Ministry of Finance. Other ministries ask for expenditure through vouchers, The Accountant General in the Ministry of Finance verifies the validity of the vouchers together with the submitted supporting documents for evidence of compliance with FGS law, if satisfied he approves and sends for a request for disbursement to the Central Bank. The Central Bank then issues checks or pays vendors directly, for salaries payment is done directly by the Central Bank, with use of biometrics controls. The system to flow resources from Federal to State, Region and District levels is not yet in place. The UN has helped the Federal Government of Somalia to develop a National Window Manual that builds on the SFF work to develop those systems. The rules for use and accountability are as outlined in the Implementation Arrangement (cf. Annex C).

The transfer of the PBF funds to treasury will be based on the **Memorandum of Agreement (MoA)** between the MPTF Office and the Ministry of Finance, and facilitated by a **Letter of Agreement between PBSO and MPTF Office to channel PBF funds through the government systems** (cf. Annex E Exception Agreement). Upon endorsement by the MPTF Office of these agreements, the PBF funds will be transferred by the MPTF Office [acting as Administrative Agent to the Somalia UN MPTF national funding stream]. Based on the Somalia UN MPTF operational arrangement for the national window, the MPTF Office, will transfer the funds to the Central Bank, upon receipt of a formal transfer request with Central Bank account details.

The project will transfer funds to the Central Bank of Somalia account according to the Funds Transfer Request (FTR) within three (3) to five (5) business days. The internal government processes (developed with the support of the UN Resident Coordinator's Office and the Risk Management Unit) will be used to ensure proper oversight and accountability of the flow of resources from the Central Bank to the Regions. The money channeled through the treasury will be under the supervision and control services of the **Monitoring Agent**. The project will secure the services of a Monitoring Agent.

Selection of priorities for National Window support:

During the first phase of community consultations conducted in July 2014 under the SFF, the PIU and the Jubland authorities identified the former District and Regional Court House to be a priority infrastructure to be rehabilitated. However, the SFF Steering Committee rejected this proposal as it was deemed that other donors and programmes were already working in the Rule of Law field. The UN Joint Programme on Rule of Law, while operating in JA, also confirmed that it does not have the funds necessary to rehabilitate the infrastructure, and the PIU also reconfirmed with the JA authorities that the Court House rehabilitation was still a priority. JA authorities also stated that rehabilitating the Court House would be sending an unequivocal message to the population that the formal justice system was back up and running. This would constitute one of the three infrastructure projects under this IRF. The second infrastructure to be constructed would be solar streetlights in Benadir region. This was also identified as a priority infrastructure during community consultations under the first phase of the SFF programme in July 2014. Benadir authorities confirmed that this was still a priority. The third infrastructure is currently being identified through community consultations.

The **catalytic effects** envisaged are twofold. First and foremost, this pilot project is expected to demonstrate the capacity of the FGS' national systems to manage small scale infrastructure projects. The Project Implementation Unit model will provide valuable lessons learnt that will enable donors to increasingly channel their development assistance funds through national systems. Secondly, the Project Implementation Unit model will be catalytic to the State formation process which is ongoing. The establishment of new administrations in the newly created federal member states calls for a substantial capacity injection into these administrations. The long-term objective is to replicate the capacity built in the PIU to other federal and regional line ministries and increase the flow of international assistance channeled through national systems. The importance of this IRF is also to help reinforce the institutional relations between these two levels of government.

For these reasons, the PBF is seen as a timely and appropriate mechanism to provide the support to kick-start the rehabilitation and construction of high visibility infrastructure led by the Ministry of Finance in partnership with regional authorities.

II. Objectives of PBF support and proposed implementation

a) Project outcomes, theory of change, activities, targets and sequencing:

Theory of Change: If the Federal Government of Somalia is seen as investing in Interim Regional Administrations and Federal Member States while demonstrating to the international community that its systems can be effective and accountable then Somali citizens will see tangible impacts of greater government contribution in their lives, donors will make greater use of FGS systems, and the state's legitimacy will be strengthened.

Outcomes:

- 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.
- 2) 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.

To achieve these objectives, the PIU will facilitate consultation sessions with the communities and authorities of the project target regions to identify and prioritize projects that could contribute to the building peace and improve governance in the target Federal Member States – in this case Jubbaland, Benadir and another region yet to be identified by the PIU.

Content of the support: This IRF project will cover the costs of three PIU staff (three Project Officers – one for each region where the infrastructure projects are being implemented), the costs of transportation for the PIU to conduct community consultations in the regions, the costs of the Engineering & Architectural Consultancies who will design the infrastructures, as well as the costs of rehabilitating/constructing the two infrastructures. This IRF project will also cover the costs of the Monitoring Agent who will review the work of the PIU and identify the PIU's capacity building needs. The full staff structure of the PIU supported largely by the World Bank's Special Financing Facility for Local Development project is available in Annex C. Currently the PIU have three senior staff in place including the Deputy Programme Coordinator who is a Somali Diaspora woman. In order to fill the vacancies in the team, the PIU, WB and UN have agreed to encourage qualified female candidates to apply as much as possible.

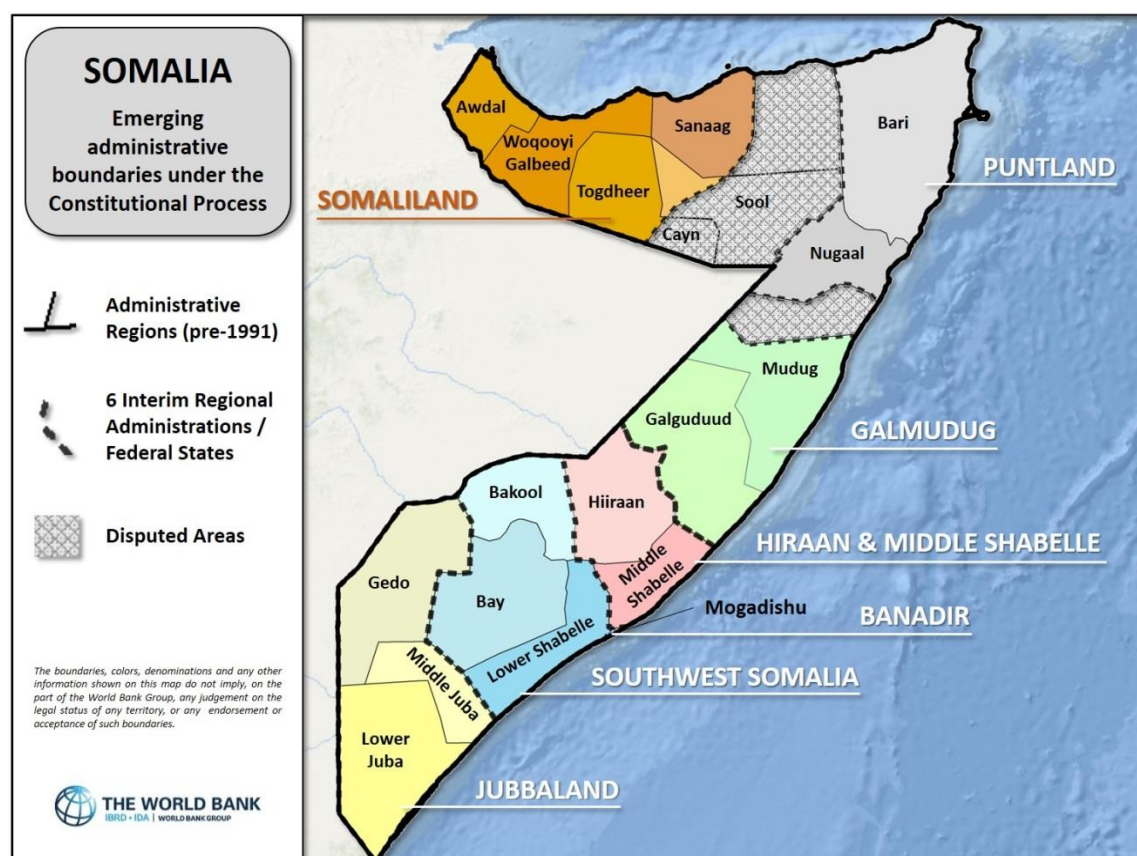
Technical support from UN agencies will be provided to PIU staff. UNOPS will collaborate closely with PIU engineers for the Regional and District Court Rehabilitation of Kismayo given that they have already conducted an initial assessment. The UNSOM Public Information Office and the RCO Communications Officer, in close collaboration with the World Bank, will lend technical support to the PIU communications officer to develop quality communication strategy and products.

Scope: This IRF project will rehabilitate/construct three small-scale infrastructures: one infrastructure in the Jubbaland region, one in the Benadir region, and another in a third region yet to be determined by PIU. It will also contribute to the build the technical capacity of the PIU staff, as well as (Interim) Regional Administration staffs involved in the project implementation, as determined by the PIU in collaboration with WB and the Monitoring Agent.

Scale: The Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations will rehabilitate three key infrastructures in Kismayo, Benadir and a third region yet to be determined. As aforementioned, the needs to rehabilitate the Regional and District Court House of Kismayo and to provide street lighting to the Xamar Jajab, Waberi, Bondhere, Shibis, Yaqshid and Warta Nabada districts of Benadir region were identified during community consultations carried out during the SFF-Norway phase I (see section I) c) above). Typical sub-projects under SFF-Norway have included reconstruction of administrative buildings, new markets, road improvements and street lighting, benefitting 2,280 people directly through employment generation.

Target groups: To date, SFF-Norway has financed 10 sub-projects in three (pre-1991) regions of Benadir, Hiraan, and Galgaduud. The proposed Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations would finance similar sub-projects in three (pre-1991) regions (see map below). It is estimated that sub-projects will be financed in two regions generating 2,000 jobs for people directly. Indirect beneficiaries are estimated at 300,000 people including: (a) the federal and regional authorities, whose legitimacy the program will help to strengthen, and (b) the overall population who will benefit from reconstructed public infrastructure. In the community consultations, PIU will ensure that women representatives are able to voice their needs. A female staff member from the PIU will lead separate, women only, consultation groups in parallel to the plenary community consultations in order for women representatives to voice the priority needs they identify. The PIU will work with local community representatives to favor the employment of women where possible. The PIU will also consult women, so that to the extent possible, their other household duties and their working abilities are taken into account.

Geographical scope: During the project design phase, in consultation with the WB, it was decided that the Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations would be implemented in Kismayo which is the Regional Capital of Jubbaland (see map below), in Benadir region, and in another region yet to be determined by the PIU. Likely this third region will be in Gedo or Bakool depending on the security and access. While the budget required to rehabilitate all of the Court House's buildings is likely higher than the budget available under this IRF (according to UNOPS initial assessment of April 2015), the PIU argued against channeling all the funds of this intervention to the Jubbaland Administration in order not to raise tensions with other regions and upset the tested model that has been put in place under the SFF phase I. Instead, the PIU suggested to sequence the rehabilitation based on the available budget, prioritizing key buildings, to ensure the Court House has the minimum space it needs to function.



Modalities of support: The funds for this IRF project will be channeled through the FGS' national systems. For all direct project costs, a contract will be established between the UN MPTF Office and the Ministry of Finance of Somalia. The funds will be transferred via the Central Bank of Somalia upon approval of bi-annual financial forecasts and work plans approved by the Project Steering Committee and the Office of the Accountant General. Testing the use of country systems is one of the main objectives of this project in order to build the capacity of the FGS to manage funds through its own systems.

Given the particular circumstances of Somalia, the UN RC Office will engage a suitably qualified and experienced independent firm: the Monitoring Agent (MA). The objective of the assignment is to provide an additional and third-party layer monitoring and assurance ensuring that PBF funds executed by Somali authorities are utilized for the purposes specified in MPTF grant agreements. The MA will support the UNMPTF to fulfill its fiduciary, procurement, monitoring and supervision obligations with respect to this IRF project. The MA will also be responsible to monitor the development of capacity within recipient organizations and agencies such that they advise on capacity building needs to carry out the financial management, procurement, and project management obligations defined in UNMPTF grant agreements that will need to be supported by this IRF project. To this extent the MA will be expected to provide advisory as well as monitoring support to the UNMPTF and the Ministry of Finance's Project Implementation Unit.

b) Budget:

Table 2: Project Activity Budget

Outcome/ Output number	Output name	Output budget by RUNO	UN budget category (see table below for list of categories)	Any remarks (e.g. on types of inputs provided or budget justification)
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Outcome 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				
Output 1.1	The Project Implementation Unit of the Ministry of Finance successfully managed the rehabilitation / construction of two small scale infrastructures in two Member State / Interim Regional Administration	\$907,000	Staff and other personnel Supplies, Commodities, Materials Equipment, Vehicles, and Furniture Contractual services Travel	
Output 1.2	The Project Implementation Unit developed a successful communication campaign to promote the work of the FGS/IRAs in rehabilitating infrastructures	\$10,000	Staff and other personnel Contractual services	Communication Officer salary covered under SFF-LD project
Output 1.3	PIU and IRA civil servants use participatory monitoring tool to measure the satisfaction of citizens with the rehabilitated infrastructures	\$193,500	Staff and other personnel Equipment, Vehicles, and Furniture Contractual services	M&E officer salary covered under SFF-LD + Project Officer staff time
Outcome 2: 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 2.1	The PIU's project cycle management and financial management systems are strengthened through tailored trainings and on the job coaching	\$907,000	Staff and other personnel Supplies, Commodities, Materials Equipment, Vehicles, and Furniture Contractual services Travel	

Sub-Total Project Costs		\$2,017,500		
Indirect Support Costs		\$44,583		UNDP
TOTAL		\$2,062,083		

Table 3: Project budget by UN categories

PBF PROJECT BUDGET in US\$			
CATEGORIES	Amount Recipient (US\$)		TOTAL
	MOF/PIU	UNDP Monitoring Agent	
1. Staff and other personnel	8,000.00		8,000.00
2. Supplies, Commodities, Materials	6,000.00		6,000.00
3. Equipment, Vehicles, and Furniture (including Depreciation)	18,500.00		18,500.00
4. Contractual services	1,850,000.00		1,850,000.00
5. Travel	20,000.00		20,000.00
6. Transfers and Grants to Counterparts			
7. General Operating and other Direct Costs (UNDP Monitoring Agent)*		149,143.00	149,143.00
Sub-Total Project Costs	1,902,500	149,143.00	2,051,643
8. Indirect Support Costs**		10,440.00	10,440.00
TOTAL	1,902,500	159,583.00	2,062,083.00
GRAND TOTAL			\$2,062,083.00

* Including \$24,408 for UNDP Somalia Procurement and grant management costs related to the Monitoring Agent's contract and external Audit of National window Projects.

** The UNDP Somalia indirect support cost fee shall not exceed 7% of total categories 1-7, as specified in the PBF MOU and should follow the rules and guidelines of each recipient organization. Note that Agency-incurred direct project implementation costs should be charged to the relevant budget line, according to the Agency's regulations, rules and procedures.

c) Capacity of RUNO(s) and implementing partners:

The PIU has been executing works under the SFF–Norway in the Benadir, Hiraan, and Galgaduud Regions. The UN Resident Coordinator's Office project preparation team met with the PIU officers

and WB colleagues involved in the design of the SFF-LD project and engaged with the implementation of the on-going SFF-Norway to discuss the implementation arrangements, procurement procedures, design modalities, contractors' availability and quality of work, construction supervision, labor intensive construction methodologies, and the choice of investments in infrastructure and services in relation to the ability of the local population to operate and maintain the infrastructure.

The WB's SFF-LD project preparation team's assessment of the capacity of the PIU indicates that the unit's capacity is high enough to undertake and implement their proposed SFF-LD in seven additional regions over the course of the implementation period. It was proposed that given the additional programme volume generated by the Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations, this IRF proposal would cover the costs of two Project Officers (to oversee the infrastructure rehabilitation in Kismayo and in Benadir region) - **the UN and the World Bank are collaborating closely in providing coherent support to the PIU through their respective investments and windows.**

Table 4: Overview of PIU funding in the country				
	Temporary Implementation Unit	Key Source of Funding (government, donor etc)	Annual Regular Budget in \$	Annual emergency budget (e.g. CAP)
Previous calendar year	\$2,2M	Government of Norway	PIU budget has been provided solely from the Government of Norway through the SFF. The PIU has had no budget allocated from the national budget so far.	The PIU has not been implementing emergency projects so far. It will have a small emergency contingency component financed under the WB SFF-LD though.
Current calendar year		Government of Norway / Nordic International Support	PIU budget has been provided solely from the Government of Norway through the SFF. The PIU has had no budget allocated from the national budget so far.	The PIU has not been implementing emergency projects so far. It will have a small emergency contingency component financed under the WB SFF-LD though.

III. Management and coordination

a) Project management:

The Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations will be implemented by the Project Implementation Unit and based on a grant agreement between the FGS' Ministry of Finance (MoF) and the UN Peacebuilding Fund. The funds will be disbursed by the MPTF Office to the Central bank of Somalia. The Central Bank of Somalia will transfer funds to the Ministry of Finance's PIU based on work plans and budget forecasts, that will be reviewed and approved by the Office of the Accountant

General, for each of the following reporting periods. The MoF will have overall responsibility for project implementation, in consultation and coordination with the Jubbaland Authority, Benadir Authority and the regional authority of a third region yet to be determined. A Project Implementation Unit (PIU) will be established within the MoF and reports directly to the Director General. The PIU, having overall project management responsibility, is supported by an Independent Monitoring Agent to be contracted by the MPTF Office and the World Bank to provide monitoring this IRF project and the larger WB MPF portfolio respectively.

The PIU, which will be mainly supported by the SFF-LD project, will be led by a Program Coordinator, reporting to the Director General of the MoF. In addition, the PIU will include a Deputy Program Coordinator and also include at the central level a Monitoring and Evaluation Officer, Procurement Officer, two Engineers, Communications Officer, Financial Officer, Administration Officer. At the decentralized level, Projects Officers will be included in each IRA and Project Oversight Committees will be established comprised of stakeholders across civil society. This IRF will contribute to the salaries of the Project Officers based in the three regions where infrastructure will be built through PBF contributions. The remainder of the PIU staff costs are covered by the SFF-LD WB funded intervention which will run parallel to this one.

Sub-projects will be implemented in the regions (pre-1991 definition) with procurement and financial management functions centralized in the MoF through the PIU. The sub-projects will be identified through a consultative process that is led by the regions, with the support of the PIU/MoF and the Ministry of Interior. Selected sub-projects are approved by a Steering Committee that includes IRA, FGS and funder representation. A regional project's officer will oversee the day-to-day implementation of sub-projects and will be supported by a Project Committee comprised of regional stakeholders from the public, private and civil society sectors. Once completed, sub-projects are transferred to the IRAs.

The Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations will be implemented over a period for 18 months.

A Steering Committee (SC) will be established to approve UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations plans, review UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems in Federal Member States and Interim Regional Administrations performance and to agree on adjustments to its management and future operations based on lessons learned and changes that will occur to the operating environment over time. The Steering Committee will meet on a quarterly basis. It will approve annual work plans; procurement plans and UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations operating budget as well as review UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations performance reviews, quarterly financial reports, implementation progress reports, monitoring reports and reports on disputes and grievances. The SC will also review and approve adjustments to UN Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations' management and future operations based on lessons learned from implementation, improvements in FGS capacity, changes in the FGS fiscal position and evolution of the operating environment. The SC will be chaired by the Minister of Finance and include Lead Donor representation with other donor representatives also able to participate. The Monitoring Agent may also participate in the SC to provide technical information. Terms of Reference for the SC will be included in the Project Operations Manual.

Project Steering Committee:

Composition:

- MOF
- RCO/RMU
- MPTF Office and/or PBF, ex officio

- Jubbaland Administration
- Benadir Administration
- and other regional administration to be determined
- World Bank

Functions:

- Review progress made, address gaps/delays
- Review budget, agree on revisions if need be
- Ensure compliance with operations manual
- Lessons learned
- Review and approve SFF-LD Annual Work Plans;
- Review and approve program procurement plans;
- Address reports on disputes and grievances

Cf. Annex C: Implementation Arrangements.

b) Risk management:

Table5 – Risk management matrix

Risks to the achievement of PBF outcomes	Likelihood of occurrence (high, medium, low)	Severity of risk impact (high, medium, low)	Mitigating Strategy (and Person/Unit responsible)
Diversion of Funds	Medium	High	Monitoring Agent, RMU support The project FM aspects of accounting, reporting, funds flow, banking arrangements, internal controls, oversight and audit arrangements will be managed by the Office of the Accountant General under the External Assistance Fiduciary Section (EAFS) combined with targeted capacity development initiatives supported by Technical Assistance.
Shifting commitment to operation: FGS elections in 2016	Medium	High	The project works with FGS and regional representatives, creating shared ownership of the project. This collaboration is manifested in various forums on the local (Project Committee), the regional (Bidding and Tender Committee), the federal (Steering Committee), and the international (SDRF/PSG 4 WG). The project will engage on the second and third tier of government to ensure continuity even in case of changes at the top of government.
Competition over project resources: In an election year, multiple stakeholders	Medium	Medium	The project will engage in transparent communication to all stakeholders over the selection

within the FGS and the IRAs may lay claim to such project finance.			modalities and sequencing plans for implementation that have been developed by the PIU with regional representation.
Institutional capacity for implementation and sustainability: weak capacity of the PIU			The project will receive substantial resources for capacity building and benefit from a close exchange with the SFF-LD project team at the World Bank projects (i.e. PFM, Capacity Injection, Recurrent Cost, Procurement, etc.). The Monitoring Agent provides key supervision inputs and will further suggest additional capacities and assistance to be deployed.

c) **Monitoring & evaluation:**

The Project Implementation Unit will be responsible for the narrative and financial reporting of this project to the PBSO. The Head of PIU will be the focal point and accountable person for the reports produced by the PIU.

The UN Resident Coordinator's Office (RCO), acting as the secretariat for the PBF's portfolio in Somalia, will review and comment on the narrative and financial reports prior to them being shared with the PBSO in order to assist the PIU in submitting good quality reports. The PIU will be ultimately responsible for ensuring the quality of reporting.

The Project Implementation Unit's Monitoring & Evaluation Officer will be the primary person responsible for collecting and analyzing the data from the monitoring framework of this IRF project. He/she will be responsible for ensuring that other PIU colleagues have sufficient and knowledge to use the monitoring tools and provide timely and quality information. The Monitoring & Evaluation Officer will oversee the community consultation processes, conducted by the PIU, and carry out pre and post implementation surveys.

External evaluation

A consultancy contract will be issued for a final external evaluation, to be conducted jointly with the WB – as such the evaluation will cover both the IRF project and the WB SFF-LD. Funding for this joint evaluation will be pooled from:

- This IRF evaluation budget (\$25,000)
- The WB SFF evaluation budget (tbd)
- The UN-WB Joint Programme for aid effectiveness (under development – and funded by the WB), which will cover joint monitoring and evaluation activities

The total budget for Monitoring and Evaluation is composed of the salary for the M&E Officer \$53,880 (which is covered by the WB funded SFF-LD), the final external evaluation \$25,000 (UN share), and the Monitoring Agent fee \$99,000. The total costs of the final evaluation will be shared with the World Bank as a joint external evaluation of both projects will be done.

Monitoring Agent

A Monitoring Agent (MA) is being contracted to provide additional fiduciary oversight to the project. The Monitoring Agent's primary responsibility is to monitor adherence of PIU implementation practices with both national systems and the UN National Window operations manual. The MA will also have the responsibility to advise on the capacity building needs of the PIU staff in order to bring the financial reporting, accounting and procurement up to standards, and to support the dissemination of quality narrative and financial reports by the PIU. The MA will provide independent reports on the capacity of the PIU, its adherence to agreed procedures, and the quality of its reporting to the RCO on a quarterly basis.

The MA payment will be authorized by the MPTF Secretariat and paid by UNDP Somalia per MPTF Secretariat instructions.

The key results expected from the MA are:

- a) Verification, monitoring and review of expenditures, disbursements, procurement, human resource management and financial management under the UN National Window PBF project.
- b) Advisory support for the UN National Window capacity building activities.
- c) Reviewing and commenting on project management capacity and procedures.
- d) Carrying out spot checks, interim reviews and assessments on project sites.

Detailed functions of the MA are listed in **Annex D**.

d) Administrative arrangements

The UNDP MPTF Office serves as the Administrative Agent (AA) of the PBF and is responsible for the receipt of donor contributions, the transfer of funds to Recipient UN Organizations, the consolidation of narrative and financial reports and the submission of these to the PBSO and the PBF donors. As the Administrative Agent of the PBF, MPTF Office transfers funds to RUNOS on the basis of the signed Memorandum of Understanding between each RUNO and the MPTF Office.

AA Functions

On behalf of the Recipient Organizations, and in accordance with the UNDG-approved “Protocol on the Administrative Agent for Multi Donor Trust Funds and Joint Programmes, and One UN funds” (2008), the MPTF Office as the AA of the PBF will:

- Disburse funds to the Ministry of Finance’ Project Implementation Unit through the Central Bank of Somalia in accordance with the MoU signed between the MPTF Office and instructions from the PBSO. The AA will normally make each disbursement within three (3) to five (5) business days after having received instructions from the PBSO along with the relevant Submission form and Project document signed by all participants concerned;
- Consolidate narrative reports and financial statements (Annual and Final), based on submissions provided to the AA by the Ministry of Finance’s Project Implementation Unit, reviewed by the UN Resident Coordinator’s Office for Somalia in its quality as PBF Secretariat at country level, and provide the PBF consolidated progress reports to the donors and the PBSO;
- Proceed with the operational and financial closure of the project in the MPTF Office system once the completion is notified by the Project Implementation Unit (accompanied by the final narrative report, the final certified financial statement and the balance refund);
- Disburse funds to the Ministry of Finance’ Project Implementation Unit through the Central Bank of Somalia for any costs extension that the PBSO may decide in accordance with the PBF rules & regulations.

Accountability, transparency and reporting of the Recipient United Nations Organizations

The Ministry of Finance’ Project Implementation Unit will assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Such funds will be administered by the Ministry of Finance’ Project Implementation Unit in accordance with the UN MPTF operations manual and its own regulations, rules, directives and procedures.

The Ministry of Finance’ Project Implementation Unit shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent from the PBF account. This separate ledger account shall be administered by the Ministry of Finance’ Project Implementation Unit in accordance with its own regulations, rules, directives and procedures, including those relating to interest. The separate ledger account shall be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Ministry of Finance’ Project Implementation Unit.

The Ministry of Finance’ Project Implementation Unit will provide the Administrative Agent and the PBSO (for narrative reports only) with:

- Bi-annual progress reports to be provide no later than 15 July;
- Annual and final narrative reports, to be provided no later than three months (31 March) after the end of the calendar year;

- Annual financial statements as of 31 December with respect to the funds disbursed to it from the PBF, to be provided no later than four months (30 April) after the end of the calendar year;
- Certified final financial statements after the completion of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the completion of the activities.
- Unspent Balance at the closure of the project would have to be refunded and a notification sent to the MPTF Office, no later than six months (30 June) of the year following the completion of the activities.

Ownership of Equipment, Supplies and Other Property

Ownership of equipment, supplies and other property financed from the PBF shall vest in the Ministry of Finance' Project Implementation Unit undertaking the activities. Matters relating to the transfer of ownership by the Ministry of Finance' Project Implementation Unit shall be determined in accordance with its own applicable policies and procedures.

Public Disclosure

The PBSO and Administrative Agent will ensure that operations of the PBF are publicly disclosed on the PBF website (<http://unpbf.org>) and the Administrative Agent's website (<http://mptf.undp.org>).

Annex A: Project Summary (to be submitted as a word document to MPTF-Office)



PEACEBUILDING FUND
PROJECT SUMMARY

Project Number & Title:	PBF/ Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations	
Recipient Organization:	Programme Implementation Unit, Ministry of Finance, Federal Government of Somalia UNDP	
Implementing Partner(s):	Jubbaland Regional Administration, Benadir Administration and one other emerging regional administration (to be identified)	
Cooperating Partner(s)	World Bank, UNOPS, UNDP	
Location:	Somalia	
Approved Project Budget:	\$2,037,675	
Duration:	Planned Start Date: 1.01.2016 (to be revised to match contract signature date)	Planned Completion: 30.06.2017 (to be revised to contract signature date + 18 months)
Project Description:	<p>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 main deliverable of this project will be the rehabilitation of the Regional and District Court House of Kismayo, the construction of streetlights in the Xamar Jajab, Waberi, Bondhere, Shibis, Yaqshid and Warta Nabada districts of Benadir region and another small scale infrastructure in a third region yet to be determined by the PIU.</p> <p>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 Project Implementation Unit during the implementation period of this IRF project.</p>	

PBF Focus Area:	4.2 Extension of state authority/ local administration
Project Outcome:	<p>1) The FGS successfully managed infrastructure rehabilitation programmes in IRA/States thereby improving its legitimacy amongst citizens living in the target communities.</p> <p>2) The Ministry of Finance's PIU established itself as a sound project management model able to deliver tangible deliverables for the FGS to replicate in other line ministries</p>
Key Project Activities*: <i>(*these key activities necessary to the achievement of the project outcomes are covered under SFF-LD funding)</i>	<ul style="list-style-type: none"> - Community consultations - Procurement for Engineering and Architectural Consultant - Procurement of construction company - Rehabilitation/construction of infrastructures - The Project Implementation Unit developed a successful communication campaign to promote the work of the FGS/IRAs in rehabilitating infrastructures - M&E training for PIU and IRA staff* - Satisfaction surveys among target beneficiaries - Regular monitoring visits to the project sites - Tailored trainings and on the job coaching for PIU and IRA staff.*

Annex B: IRF Results Framework

Country name: Somalia														
Project Effective Dates: 1.01.2016 (to be revised to match contract signature date) to 30.06.2017 (to be revised to contract signature date + 18 months)														
PBF Focus Area: 4.2 Extension of state authority/ local administration														
IRF Theory of Change: If the Federal Government of Somalia is able to deliver basic services in peripheral areas while improving local governance and supporting local economic recovery through the construction and rehabilitation of small-scale public infrastructure then Somali citizens will see tangible impacts of greater government effectiveness in their lives and the State legitimacy will be strengthened.														
Outcomes	Outputs	Indicators	Means of Verification	Year 1				Year 2				Milestones		
Outcome 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.		Outcome Indicator 1 a												
		Level of satisfaction with targeted infrastructure	Pre and post rehabilitation satisfaction survey											
		Baseline:TBD at project onset Target:TBD at project onset												
		Outcome Indicator 1 b												
		Frequency of participation in local governance consultations	Local barometer (UNDP) or DCSAs (OCVP)											
		Baseline: 0 Target:TBD at project onset												
Outcome Indicator 1c														
Level of Trust in target Federal Member State / Interim Regional Administration	UNSOM Poling or Local Barometer													
Baseline:TBD at project onset Target:TBD at project onset														

	Output 1.1 The Project Implementation Unit of the Ministry of Finance successfully managed the rehabilitation / construction of three small scale infrastructures in three Member State / Interim Regional Administration	Output Indicator 1.1.1 PIU management of rehabilitation of court house and one other small scale infrastructure Baseline: 0 Target: 1	Tendering documents, newspaper adverts Monitoring Agent Reports														a) Procurement b) Selection of contractors c) Commencement of work d) Rehabilitated structures signed off by Ministry of Justice e) Handover of infrastructures
	Output 1.2 The Project Implementation Unit developed a successful communication campaign to promote the work of the FGS/IRAs in rehabilitating infrastructures	Output Indicator 1.2.1 Number of Public Service Announcements are aired on popular radios in target locations where infrastructures are being rehabilitated/constructed Baseline: 0 Target:TBD at project onset	PIU records														
		Output Indicator 1.2.2 PIU Facebook page Baseline: 0 Target: 1	Facebook statistics														a) Page created b) Min. 3 posts per week during project implementation c) At least 1000 likes by the end of the project
	Output 1.3 PIU and IRA civil servants use participatory monitoring tool to measure the satisfaction of citizens with the rehabilitated infrastructures	Output Indicator 1.3.1 M&E capacity of PIU and target IRA staff Baseline:TBD at project onset Target:TBD at project onset	PIU reports M&E plan document Monitoring Agent Reports														a) Number of staff that attended M&E training b) M&E plan for the project

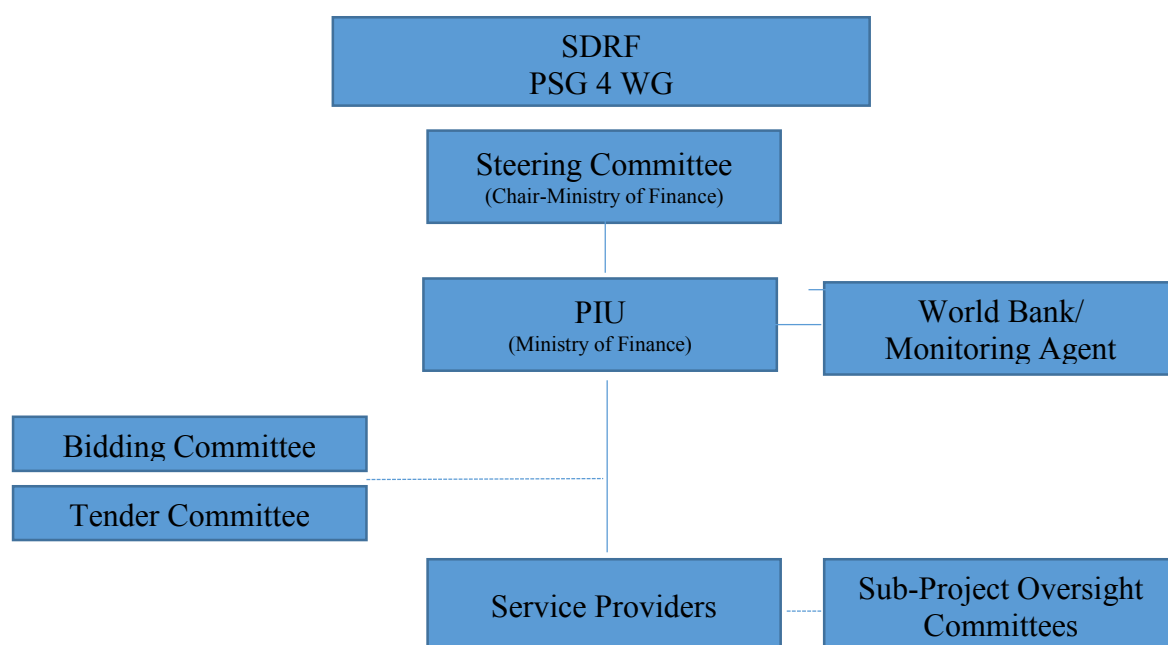
Annex C: Implementation Arrangements

NB: this section has been adapted from the World Bank project “Special Financing Facility for Local Development (SFFLD)” as this IRF project will use the same implementation arrangements.

Project Institutional and Implementation Arrangements

1. The Project will be implemented by the Ministry of Finance (MoF) using proceeds from the UN Peacebuilding Fund via a Grant Agreement between the Central Bank of Somalia and the UN MPTF Office in New-York. The MoF will have overall responsibility for project implementation, in consultation and coordination with Interim Regional Administrations. A Project Implementation Unit (PIU) will be established within the Ministry of Finance and will report directly to the Director General. The PIU, which will have overall project management responsibility will be supported by the Independent Monitoring Agent which has been contracted by UNDP Somalia to provide monitoring support of the UN National Window portfolio. A schema for project implementation is outlined below:

Figure 1



2. Project Implementation Unit: The Project will be implemented by a Project Implementation Unit (formerly the Temporary Implementation Unit) which will be housed in the MoF. The PIU will be led by a Program Coordinator who will report to the Director General of the Ministry of Finance. In addition, the PIU will include a Deputy Program Coordinator and also a Monitoring and Evaluation Officer, Procurement Officer, two Engineers, Communications Officer, Financial Officer, Administration Officer at the centralized level. At the decentralized level Projects Officers will be included in each region. Details for each respective officer are as follows:

(i) **Project Coordinator (PC):** The PC will have overall responsibility for the management of the PIU and the PIU team. The PC will also be the primary interlocutor for the Project with the Minister of Finance and with the UN Resident Coordinator’s Office for Somalia acting as the MPTF

Secretariat. The PC will also ensure the Project is implemented in compliance with all fiduciary and safeguards requirements, reviewing and approving all reporting on the project within the Ministry and with the UN Resident Coordinator's Office for Somalia. The PC shall also ensure active engagement with other ministries, regional and administrative districts in the implementation of the Project in order to ensure its smooth implementation.

(ii) **Deputy Project Coordinator (DPC):** The DPC will have direct oversight of operations, including the implementation of the sub-projects. In addition, the DPC shall have direct oversight of the regional level Project Officers, the financial and administrative officers. The DPC will also be responsible direct oversight of contract management and ensuring the effective execution of all contracts, in coordination with the Engineer(s). The DPC will also be responsible for ensuring the proper consultative processes are undertaken at the regional level in the formulation of sub-projects.

(iii) **Engineer:** The PIU will include up to two Engineers, depending on workflow, who will provide technical support to the DPC and Projects Officers. The Engineer will be responsible for overseeing the preparation of the consultant teams preparing the sub-projects and will oversee preparation of bidding documents and will be involved in the assessment of bids and consultant processes for work related to sub-projects. The Engineer will also be responsible for assessing quality and progress of sub-projects, and will coordinate with the Monitoring Agent as well as the Monitoring and Evaluation Officer and the Procurement Officer.

(iv) **Procurement Officer (PO):** The PO will be a Civil Servant from the Ministry of Finance and will be responsible for providing proper guidance to the PIU on procurement process and shall be responsible for preparing, implementing and monitoring the Project procurement plans. The PO will report to the Project Coordinator, but will maintain a reporting relationship to the Director of Procurement in the Ministry of Finance.

(v) **Monitoring and Evaluation Officer (MEO).** The MEO will be responsible for overall Monitoring and Evaluation of the Project. This will include monitoring the physical and financial progress of the Project. In addition, the MEO shall be responsible for managing the Project's overall Monitoring and Evaluation Framework to ensure that the Project is on track to meeting its development objectives, its expected outputs and outcomes and it intended beneficiaries. The MEO will work in close consultation and coordination with the Engineer, the Financial Officer, Project Officers and the Bank's Independent Monitoring Agent.

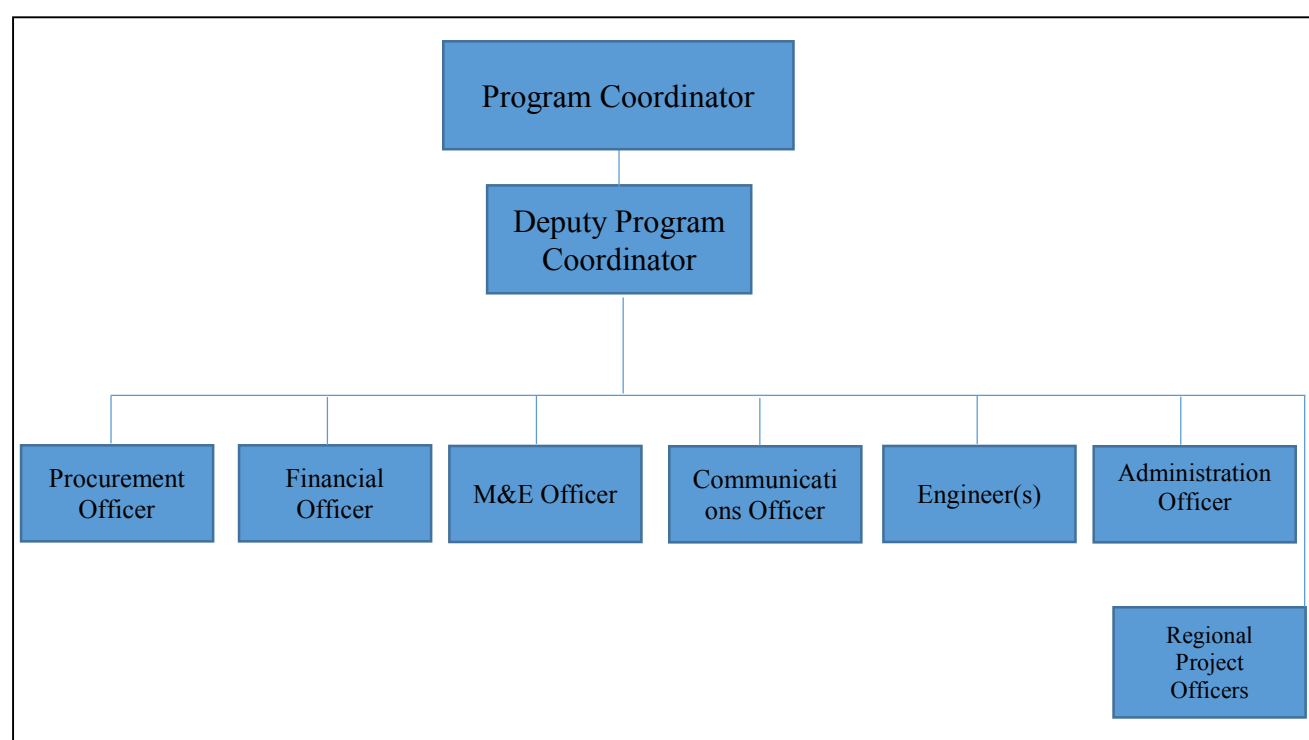
(vi) **Communications Officer (CO):** The CO will be responsible for raising awareness of the program and the program activities. The CO will work close with the communications team in the President and Prime Minister's office to ensure communications of the program is consistent with overall government communications. The CO will also oversee the management and production of the SFF website and other communications media related to the Project.

(vii) **Financial Officer (FO):** The FO will be a member of the civil service and will be responsible for preparing and maintaining financial records in collaboration with EAFS in the Accountant General's office and the Budget office of the MoF.

(viii) **Administrative Officer (AO):** The AO will be responsible for supporting the PIU in all administrative tasks. This will include, inter alia, arranging logistics for project related activities such as site visits, missions and meetings with international partners, etc. The AO will maintain Project files, records, etc. and will serve as a point of contact for all administrative functions.

(ix) **Projects Officers (POs):** The POs will be responsible for supporting the community consultation process and relations throughout the implementation phase. The POs will be responsible for overseeing the day-to-day rehabilitation and/or construction of the small-scale infrastructures in the regions. They will be hired on a contractual basis that will last for the duration of the physical works in the regions. The POs will report to the DPC.

Figure 2



Selection of Regions

3. It is the aim of the Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations to finance small-scale infrastructure works in two regions, but it is accepted that sub-project implementation in some areas of the country carry security and political risks that cannot be fully mitigated. The PIU will carry out structured risk assessments before engagement in any particular region, and the risk assessments will become part-and-parcel of the individual sub-project proposals for review by the Steering Committee. The Project Operations Manual lays out the criteria, conditions and methodology for risk assessment of regions. The risk to be evaluated include: general security; political and governance; clan dynamics; accessibility and the existence of partners such as local or non-local contracts that can undertake the sub-projects.

Sub-Project Cycle

4. A community consultation process is undertaken in the identification of sub-projects, and is intended to strengthen FGS credibility with local and regional constituencies. This approach is also to promote and demonstrate the principles of transparency, participation and community engagement and empowerment. Regional consultations are facilitated and managed by the PIU with the involvement of the Ministry of Interior and Federalism (MoI), together with Interim Regional Administrations.

- PIU consults with the MoI regarding the political and security situation of the region and whether there is the presence of an FGS recognized Interim Regional Administration that is able to collaborate with the FGS on small-scale development projects.
- The PIU communicates with the Interim Regional Administration through email and phone to explain the objectives of the Project, types of eligible sub-projects and the process of selecting priority sub-projects and the criteria for the composition of the participants for the consultative sessions.

- The PIU and the Interim Regional Administrations work together to organize a one-day consultative workshop that includes, inter alia, local NGOs, women's groups, youth groups, business leaders and elders. The PIU, along with representatives from the regional government play the role of facilitator in the consultative process to produce a list of needs and to build consensus on how to best prioritize potential projects, based on available budgets.
- Once the sub-projects have been identified, the PIU, supported by the Interim Regional Administration representatives, organize a Project Oversight Committee. The Oversight Committee consists of representatives from the local community groups which participated in the original consultative process. The Oversight Committee is chaired by the local administration and is tasked (pro bono) with providing local oversight of the sub-projects from the communities' perspective.
- Sub-project detailed designs and bidding documents are prepared by consultants using a competitive selection process. The bidding of the works is then done through a competitive process, that is led by the PIU, but includes representation from the Interim Regional Administrations, the Local Project Officer and the Ministry of Public Works on the bid evaluation committee. Works are contracted by the PIU/Ministry of Finance and when completed the assets are transferred to the Interim Regional Administrations.

Steering Committee

5. A Steering Committee (SC) will be established to approve Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations plans, review Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations performance and to agree on adjustments to its management and future operations based on lessons learned and changes that will occur to the operating environment over time. The Steering Committee will meet on a quarterly basis. It will approve annual work plans; procurement plans and Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations operating budget as well as review Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations performance reviews, quarterly financial reports, implementation progress reports, monitoring reports and reports on disputes and grievances. The SC will also review and approve adjustments to Pilot Project to Strengthen Service Delivery Through Federal Government Systems Federal Member States and Interim Regional Administrations' management and future operations based on lessons learned from implementation, improvements in FGS capacity, changes in the FGS fiscal position and evolution of the operating environment. The SC will be chaired by the Minister of Finance and include Lead Donor representation with other donor representatives also able to participate. The Monitoring Agent may also participate in the SC to provide technical information. Terms of Reference for the SC will be included in the Project Operations Manual.

Annex D: Monitoring Agent Terms of Reference

TERMS OF REFERENCE

Monitoring Agent

UN Multi-Partner Trust Fund - National Window PBF Pilot Project

Background

The United Nations in Somalia is committed to supporting national ownership of the Compact and of its implementation. Through the establishment of a National Funding Stream (NFS) as part of the United Nations Multi-Partner Trust Fund (the 'UN MPTF'), the Federal Government of Somalia (the 'FGS') and the UN seek in particular to strengthen the use of country systems, in line with the New Deal principles, and to align international assistance behind national planning, budgeting and monitoring processes.

The MPTF National Window is one of the flagship funding mechanisms set in place by the Somali Development and Reconstruction Facility (SDRF) It provides a platform for a systematic and coordinated effort to channel donor assistance through the financial system of the Federal Government of Somalia.

In addition, the National Window aims to solidify support from a broader array of national stakeholders for Somalia's transition by strengthening relationships between the center and the periphery, assist in consensus building, support the building of legitimate public sector institutions, and increase donor trust in, and use of, national systems.

The UNMPTF National Window has an initial 10 year life-cycle. In its initial phase, it is expected to receive US\$2 Million from the Peace Building Fund (PBF) in New York. The focus of this initial investment is to support the construction and delivery of small scale infrastructure projects that will enable the Federal Government of Somalia to provide tangible services to its citizens and further build its project and financial management capacity. The main deliverables of this pilot project will be: 1) the rehabilitation of the Regional and District Court House of Kismayo; 2) the provision of solar streetlights in Benadir; 3) the rehabilitation of another small public infrastructure in another region, and 4) Build capacity and demonstrate government systems can work.

Besides the UN, the World Bank is also channeling funds through national systems. The Government, the World Bank and the UN have agreed to implement complementary yet slightly different procedures for channeling funds, as a means to learn from these experiences and regularly adjust systems as need be (sometime by increasing safeguards, sometimes decreasing external requirements). While many processes will be identical, the UN's national window will make greater use of national systems than the WB procedures, which include more ex ante verification procedures. The UN's national window will operate on the basis of an operations manual developed jointly between the Ministry of Finance and the UN's Risk Management Unit. The operations manual relies to a significant extent on existing government rules and procedures, with additional safeguards in very specific areas (reporting and monitoring, training in particular).

II Objectives

The UN National Window seeks to engage a suitably qualified and experienced independent firm: the Monitoring Agent (MA) to provide an additional and third-party layer of monitoring and assurance to ensure that National Window funds executed by Somali authorities are utilized for the purposes specified in MPTF grant agreements. The MA will support the UN National Window to fulfill its fiduciary, procurement, monitoring and supervision obligations with respect to implementation of MPTF National Window investments. The MA will also be responsible to monitor the development of capacity within

recipient agency and advise on capacity building needs to carry out financial management, procurement, and project management functions. To this extent the MA will be expected to provide advisory as well as monitoring support to the UN National Window and its recipients.

III. Summary of Key Functions:

- Verification, monitoring and review of expenditures, disbursements, procurement, human resource management and financial management under the UN National Window PBF project
- Advisory support for UN National Window capacity building activities.
- Reviewing and commenting on project management capacity and procedures
- Carrying out spot checks, interim reviews and assessments on project sites.

IV. Functions / Key Results Expected:

- **Verification, monitoring and review of expenditures, disbursements, procurement, human resource management and financial management under the UN National Window PBF project**
 - a) **Recurrent Cost & Capital Expenditure Verification**
 - 1) Provide assurance that registered vendors for non-salary recurrent cost expenditure are not on the UN Sanctions list;
 - 2) Provide assurance that all expenses made under the MPTF National Window are strictly used for approved budget lines.
 - 3) Provide assurances that all expenditure are authorized, eligible, valid and are properly classified by component and expense category
 - 4) Carry out all controls and review of payment processes as stipulated in the Public Finance Management Manual and the National Window Manual
 - b) **Banking control**
 - 1) Review of the process of bank withdrawals from Central Bank of Somalia for the MPTF National Window PBF project and verify documentation supporting the withdrawals.
 - 2) Review the process in opening bank accounts for the MPTF National Window PBF project
 - 3) Confirming accuracy of bank reconciliation
 - 4) Verify opening and closing bank and cash balances to bank reconciliations of the previously provided financial reports
 - c) **Withdrawal Review**
 - 1) Review of the project receipts and expenditures;
 - 2) Review and provide quarterly advisory opinion on all withdrawal applications relating to the MPTF National Window PBF project payments and expenditures based on agreed budget.
 - 3) Review and provide advisory opinion on quarterly basis all non-salary recurrent cost expenditure based on agreed controls and guidelines.
 - d) **Procurement**
 - 1) Examine and analyze the procurement process, commenting on the suitability of the process, robustness of bid documents, fairness and transparency of the process based on the standards set by the PFM procurement policies and the National Window Manual.
 - 2) Provide an independent and unbiased review of all contracts and purchase orders awarded under this project.
 - 3) Confirm the necessary budget for the contractual commitment is available.
 - 4) Confirm that the recommendation for award and terms of contract represent best value for money.
 - 5) Review and comment on contracts awarded. Monitoring contractor performance or non-performance and extension applications options afforded to contractors.
 - 6) Review and comment on architectural design of construction projects, noting the technical capacity of design engineers before the start of any project.

<ul style="list-style-type: none"> e) In addition, the Monitoring Agent will <ol style="list-style-type: none"> 1) Review and provide comments/assurance on regular financial reports prepared by the External Assistance Fiduciary Section (EAFS) of the Office of the Auditor General (OAG); 2) Report on emerging issues and actions needed and flag critical issues to the UN and the relevant Somali authorities; 3) Make presentations on the approach to monitoring and results of monitoring to UN National Window governance bodies, if required. • Advisory support for the UN National Window capacity building activities. <ol style="list-style-type: none"> 1) Support to the Project Implementation Unit (PIU) in managing the UN National Window projects 2) Work with core PIU to support the development, implementation and refinement of project implementation processes at federal-level and among eligible units in regions or federal member states. 3) Work with core PIU to support the development, implementation and refinement of non-salary recurrent payment processes (operating costs) at federal-level and among eligible units in regions or federal member states. 4) Identify skill gaps in project management and financial administration of the Permanent Implementation Unit and on-site project staff. • Reviewing and commenting on project management capacity and procedures. <ol style="list-style-type: none"> 1) Review organizational structures and mechanisms that support project implementation 2) Review and comment on planning processes involved in community consultation, identification & selection of projects, budget estimations, and controlling costs so that the project can be completed within the approved budget and on the time set. 3) Review and comment on project time management i.e. Requirements to accomplish timely completion of the project. 4) Review quarterly project progress reports and financial reports submitted by the Permanent Implementation Unit to the UN MPTF office. • Carrying out spot checks, interim reviews and assessments on project sites. <ol style="list-style-type: none"> 1) Carry out periodic review at project locations to ensure that procedures put in place are working as planned, support on-site project staff to improve their FM and procurement systems and where appropriate liaise with the MPTF secretariat to carry out training for such staff. • 	V. Impact of Results
<p>The impact of the results will consist of</p> <ul style="list-style-type: none"> - Increased donor confidence in national systems - Increased channeling of international assistance through national systems - Strengthened government capacity to design and implement citizen responsive projects and to manage donor funds - Improved confidence of Somali citizens in the FGS and in the political transition 	VI. Time Frame
<p>The UN National Window MA contract will be for eighteen months from the date of the signing. There is the possibility of extension based on delays in project completions and on MA performance. If and when the UN decides to extend the contract, the MA will be notified in writing 30 calendar days in advance of respective contract year with request for extension.</p>	

VII. Qualifications of the MA and Other Requirements

The MA will form a team as they see fit. However, the team composition should include members with the following competencies, levels of expertise and exposure:

- The overall team leader should be a professionally qualified and experienced individual in the area of project and financial management. He/she should have a minimum of five years post qualification experience. Previous leadership of multi-disciplinary teams as team leader is essential;
- Financial management specialists/monitoring team members must be professionally qualified accountants and/or hold equivalent degrees in public finance or economics. Previous experience of undertaking monitoring in the field is an advantage;
- Procurement specialists should possess practical experience of monitoring donor funded projects and have previous procurement audit experience in a public sector environment;
- Engineers should be professionally qualified and have extensive experience of overseeing/monitoring the construction of works.
- Team members should have experience in similar countries and under conditions like those prevailing in Somalia. The ability to speak local languages is an advantage.
- Team members should have the ability to develop, implement, and monitor training programs within an organization.

The MA must be present in Mogadishu with all the necessary resources to successfully carry out the assignment. The MA shall also arrange for security requirements for their staff.

VIII. Output and Reporting

The MA will report directly to the UN MPTF secretariat. Upon completion of the activities financed under the PBF project, an independent review of the performance of the MA will be conducted and report of its findings provided to the donor.

Summary of reports and outputs by the MA

Report/ output	Submission date
Quarterly financial report	15 days following end of the quarter
Quarterly PBF Project Management reports	15 days following end of quarter
Quarterly progress report on infrastructure projects	Draft report - 30 days following end of quarter; 5 days for review by UNMPTF secretariat; and final report 10 days following the end of the quarter
Ad-hoc reports	To be agreed for every report requested

Annex F: Addendum – UNDP limit of liability

The total value of this IRF project proposal is \$2,062,083.

UNDP Somalia's programmatic and fiduciary responsibility is limited to the portion of the grant agreement covering the Monitoring Agent's contract (total value \$99,000), External Audit of National window Projects (total value \$25,735) and the UNDP management fees (total value \$24,408) totaling \$159,583, including UNDP indirect support cost fee that shall not exceed 7%.

The UN Resident Coordinator's Office for Somalia, acting as the Peacebuilding Fund portfolio secretariat in country will be responsible for the reporting over this portion of the grant agreement.

The Federal Government of Somalia's Ministry of Finance will be liable for the remainder of the funds, or \$1,902,500, that it will use for the implementation of the project deliverables and related implementation costs.

The signature of the UNDP Somalia Country Director corresponds solely to the portion of the grant agreement under its responsibility, hence the aforementioned \$149,143.

Here below is a detailed breakdown of the budget under UNDP Somalia responsibility:

Portion of the budget under UNDP Somalia Responsibility	Amount (\$)
Monitoring Agent	99,000
UNDP management fee	24,408
External Audit of National window Projects	25,735
Indirect support cost (shall not exceed 7%)	10,440
Total	159,583