



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 02-Aug-2018 | Report No: PIDISDSA24971



BASIC INFORMATION

A. Basic Project Data

Country Somalia	Project ID P167224	Project Name Recurrent Cost & Reform Financing Project - Additional Financing	Parent Project ID (if any) P154875
Parent Project Name Somalia Recurrent Cost & Reform Financing Project - Phase 2	Region AFRICA	Estimated Appraisal Date 25-Jul-2018	Estimated Board Date 13-Sep-2018
Practice Area (Lead) Governance	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, Federal Government of Somalia	Implementing Agency

Proposed Development Objective(s) Parent

The Development Objective of the project is to support the government to provide credible and sustainable payroll and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in FGS and eligible interim and emerging states.

Proposed Development Objective(s) Additional Financing

To support the Federal Government and Federal Member States and eligible interim and emerging Federal Member States to strengthen resource management systems, the inter-governmental fiscal framework, and service delivery systems in health and education.

Components

Recurrent cost finance to reform resource management systems
Strengthen inter-governmental fiscal relations
Transfers for core government functions and education and health delivery in Federal Member States and BRA
Project Management and Coordination

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	206.00
Total Financing	206.00
of which IBRD/IDA	60.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	60.00
IDA Grant	60.00

Non-World Bank Group Financing

Trust Funds	2.00
Somalia Multi-Partner Fund	2.00

Environmental Assessment Category

C-Not Required

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

- Somalia has achieved significant progress in laying the foundations for stability and development; however, political and institutional gains must have tangible benefits for people if Somalia’s transition is to hold.** The Country Partnership Framework for the period FY19-FY22 will increase citizens’ access to services and help restore economic resilience – laying the foundations for longer-term poverty reduction and inclusive growth. The CPF is based on an analytical framework elaborated in the recently-concluded Systematic Country Diagnostic as well as the outcome of country level dialogue between the World Bank Group, its Somali partners and the international community.
- Recent political and institutional gains reflect a country making a positive transition from acute fragility and protracted emergency.** Agreement on a new federal structure, two peaceful transitions of power, nascent resource sharing deals and a willingness to tackle vested interests - all signal a collective willingness to move forward. To secure the new political settlement, Somalia’s emerging federal institutions are working to generate dividends for people, by enabling access to basic services and that offer economic opportunities for a fast-growing population.
- Nevertheless, Somalia’s long period of fragility has given rise to a dual development trap reflecting systemic distrust, and acute vulnerability to repeated shocks.** The Systematic Country Diagnostic for Somalia illustrates how radical depletion of human, natural and produced capital assets left nearly 70 percent of Somalis in poverty, 14 percent displaced and the maternal mortality rate at 734 for every 100,000 births. As the Somalia Risk and Resilience Assessment notes, this development trap manifests itself in several ways. In the public sector, functional assignments of authority between the Federal Government of Somalia (FGS) and Federal Member States and eligible interim and emerging Federal Member States around revenue generation and policy making are still contested. This exacerbates a vicious cycle whereby weak domestic revenue exacerbate the FGS’ inability to restore basic services, which have been fragmented and privatized by conflict. This in turn increases ordinary Somalis’ mistrust of the state. Overcoming the dual development trap requires the restoration of



citizens' trust in institutions by increasing access to services, strengthening systems for raising revenue and spending it wisely, and building resilience to increasingly frequent climatic shocks. The CPF therefore proposes to support government priorities in two Focus Areas: (i) building institutions to deliver services and (ii) restoring economic resilience and opportunities.

4. With debt arrears outstanding, Somalia is ineligible for assistance from International Development Association (IDA) and other International Finance Institutions (IFIs) – but the Bank Group's re-engagement in 2012 funded by the Multi Partner Fund (MPF) has helped stabilize institutions and initiate IFI normalization.

With support of eight key donors, the MPF has enabled the World Bank Group to support the strengthening of federal institutions and establishment of basic economic regulatory foundations. The MPF will remain the core financing vehicle for the CPF – but will be complemented in FY19 by IDA Pre-Arrears Clearance grants of \$140 million targeting the key milestones to reach Decision Point under the Heavily Indebted Poor Country (HIPC) Initiative. Provided its reform momentum continues, Decision Point is feasible within the CPF period, allowing Somalia access to concessional resources from IDA and other IFIs, together with investment of private capital from the International Finance Corporation (IFC).

5. The Bank's ongoing Somalia Governance operations will be helping Somalia deliver the CPF focus of building institutions to deliver services, and ultimately in reaching HIPC Decision Point.

Specifically, Additional Financing will be used to scale-up two ongoing Governance projects, namely: The Domestic Revenue Mobilization and Public Financial Management Capacity Strengthening Project or "DRM & PFM" (co-financed by US\$ 20 million IDA and US\$ 10 million MPF), and the Recurrent Cost and Reform Financing Project or "RCRF II" (US\$ 60 million IDA and US\$ 60 million MPF). Fundamentally, the PFM & DRM operation will, building upon the foundations already laid by the project's early successes, strengthen the systems for revenue mobilization and expenditure management to ensure both increased revenue collection and to help the governments to spend it wisely. RCRF will provide recurrent cost finance to provide continued fiscal stability and support the Federal Government of Somalia and Federal Member States and eligible interim and emerging Federal Member States to deliver tangible education and health services to citizens. Overall, both operations will contribute to building state legitimacy and an increasingly coherent federal structure for service delivery.

6. The two operations are being scaled-up in close coordination with other key development partners, and at a crucial time for development of public sector systems and coherence.

This includes the IMF Staff Monitored Program (SMP), the EU's forthcoming budget support operations, officially titled the 'State-building and Resilience Contract', and other Bank operations and bilateral TA providers. Collectively they help to support Somalia on an accelerated pathway towards HIPC Decision Point. The timing is also very important. The Pre-Arrears Clearance grants are well timed to enable Somalia to take advantage of the expected more favorable macroeconomic outlook (higher growth after the drought, higher domestic revenue) to continue focusing on stabilization and strengthening capacity.

C. Proposed Development Objective(s)

Original PDO

7. The Development Objective of the project is to support the government to provide credible and sustainable payroll and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in FGS and eligible interim and emerging states.



Current PDO

8. The Development Objective of the project is to support the government to provide credible and sustainable payroll and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in FGS and eligible interim and emerging states.

Key Results

9. **Key results from the project include that the FGS paid all twelve months of civil service wages and salaries during calendar year 2017.** This was the first time all twelve months of salaries have been paid, and the first time all twelve months of salaries have been executed within the calendar year since RCRF payroll finance began. This underscores the FGS' commitment to prioritizing timely payment of salaries during 2017, and was partly attributable to the project reform benchmarking approach. The project reform benchmarks have delivered important reforms by making additional headroom available for financing of the FGS civil service wage bill conditional upon achievement of policy benchmarks. Major successes during 2017 included: (i) shift from cash-based payment of salaries and allowances to bank account payment for certain categories of Ministry of Finance employees; (ii) bringing revenue collection at Mogadishu International Airport (visas) and Ministry of Industry and Commerce (business licenses) under Ministry of Finance control; and (iii) pioneering inter-governmental fiscal harmonization agreement signed for 'sin taxes' and departure tax. By involving the Office of the Prime Minister in agreement of the benchmarks and tracking reform progress, this approach has elevated the level of political attention on difficult technical reforms. For example, the Prime Minister played a crucial role in enabling the Ministry of Finance team to take over revenue collection for visa fees from the Immigration Department at Mogadishu International Airport. The client is requesting increased results-based financing from the Project to build upon this successful model.

10. **The early experience with reform benchmarks shows that performance incentives when well calibrated and aligned with other interventions, elevate policy dialogue on key reforms within Government, reinforce government's commitment, and leverage on the wider World Bank portfolio.** The reform benchmarks agreed to date are deliberately relatively "granular" in nature (6-month implementation cycle). This reflects the fact that systems reform progress at FGS level has in recent years been taking advantage of short-term windows of opportunity. The MoF team of 'reform actors' suggested many of the benchmarks in areas where they were already undertaking work, but needed assistance in raising the level of support for the proposed reform within the government. The reforms selected as benchmarks are broadly linked to the ongoing portfolio of WB projects, as well as the IMF SMP, but represent very tangible intermediary reform steps. Choosing a reform step as a benchmark helped to get the MoF leadership as well as the OPM focused on key issues. The benchmarks have helped to focus attention on critical but achievable reform areas.

D. Project Description

11. **The proposed AF aims to provide additional incentives to sustain the reform effort in three main inter-related areas: (i) Recurrent cost finance to reform core systems in FGS; (ii) Strengthen inter-governmental fiscal relations, and; (iii) Scaled-up social service delivery at FMS level.** It is proposed that the project components will be reorganized, with Component 1 dedicated to financing recurrent costs and providing strengthened reform incentives at Federal level, Component 2 financing the emerging inter-governmental fiscal



framework, and Component 3 financing recurrent costs at FMS level, including foundational education and health service delivery mechanism.

12. **The RCRF Additional Financing makes important operational adjustments to the program in order to reflect an evolving macro-fiscal context.** There are four key ways the RCRF Additional Financing contributes to long-run fiscal sustainability. Firstly, the program is one element of a coordinated policy and financing framework supported by the Bank, the EU's proposed budget support operation, and the IMF, whose Staff Monitored Program provides an overall macro-fiscal framework. Secondly, through its shift towards DLI-based financing, the RCRF-AF ensures financing is linked to reform, and in particular to domestic revenue mobilization and expenditure management measures supported by the Bank-financed Domestic Revenue Mobilization and Public Financial Management Capacity Strengthening Project (P166206). Thirdly, the operation is being developed alongside a World Bank public expenditure review (PER) that will inform both the broader macro-policy dialogue (including on the medium-term civil service right-sizing and revenue and functional assignments) as well as the RCRF's own financing framework. Finally, the RCRF-AF supports the establishment of more sustainable education and health sector delivery and financing models. For obvious reasons, both sectors are currently directly financed by a range of donors and delivered through parallel non-state (NGO or private sector) agencies. The Additional Financing allows for an incremental transition of social sector financing, with roles for public and private actors that are informed by policy dialogue in appropriate sector coordination fora, including the Finance Ministers Fiscal Forum. Despite these measures, the RCRF's sustainability risks remain and will sharpen as the project approaches its closing date; continual monitoring, policy dialogue and coordination with donors will play a key role in the management of this risk.

13. **The RCRF Additional Financing makes important operational adjustments to the program in order to reflect an evolving macro-fiscal context.** The overall approach to the RCRF Additional Financing will seek to add to the existing input-based operation, by strengthening reform incentives through two mechanisms:

- a. **Eligibility Criteria**, at both FMS and FGS level, will be a simple and limited set of measures that must be met in order to continue benefiting from each project sub-component as currently operating under the project. The rationale for this is to promote basic system strengthening reforms such as: strengthening inter-governmental relations, improving fiscal transparency (e.g. online publication of budget documents), and establishing basic public financial management controls. The eligibility criteria will be referenced in the POM and revised as part of the Annual Review process.
- b. **Disbursement Linked Indicators (DLIs)** for FGS will be introduced to address binding constraints in the areas of focus of the reform benchmarks. Performance on these benchmarks, some of which will be associated with DLIs, will be reviewed twice per year as part of the RCRF II annual review process, based on a detailed set of verification protocols and supported by an implementation Action Plan.

14. **Further, the Additional Financing approach will seek to strengthen inter-governmental fiscal relations, by building on the success of the existing RCRF-supported Inter-Governmental Fiscal Forum (IGFF) and Finance Ministers' Fiscal Forum (FMFF).** This will entail a strengthened Secretariat function and TA support for the forums, as well as support to formalize currently *ad hoc* inter-governmental coordination forums for the education and health sectors (Component 2). To date RCRF has helped the FGS and FMS to successfully establish a platform for inter-governmental fiscal dialogue and decision-making, but this now needs to be strengthened in order to address the increasing workload it is tasked with delivering. This work will be essential to clear agreements on revenue assignments, functional assignments and associated function 'unbundling' and other coordination issues such as the development of an intergovernmental transfers policy framework (in line with DLI 4 which also seeks to strengthen intergovernmental fiscal relations).



15. **The Additional Financing will also scale-up support to education and health service delivery systems building.** In education, it will build on existing experience of recurrent cost finance in the sector to build a strengthened approach that goes beyond input-based payroll finance to add complementary measures to build service delivery systems for education. This will include helping to build and finance a teacher proficiency assessment system and to strengthen the school supervision system. In health, the Additional Financing will help to build an operational engagement in the health sector in support of service delivery (Sub-Components 3.2) including building female health worker cadres, and strengthening government implementation, stewardship, contract management, and monitoring capacity. The collective contribution to education and health service delivery systems building is intended to lay the foundations for scaled-up government service delivery once IDA and other concessional sources of financing become available after Decision Point.

16. The overall Component structure and allocations are summarized below.

Component 1: Recurrent cost finance to reform resource management systems (Total component cost: US\$117.1 million, of which US\$36.1 million AF, of which US\$30 million DLI-based).

17. This component will provide up to US\$51 million in financing of the civil service wage bill over the AF period, of which US\$20.0 million is input-based or “baseline” financing, and US\$30.0 million is DLI-based. It will provide a decreasing ‘baseline’ level of input-based financing of the FGS civil service wage bill in support of the timely payment of civil service salaries over the three-year period (US\$20 million in total) through the advance-replenishment model of payroll financing already successfully established under RCRF.

Component 2: Strengthen inter-governmental fiscal relations (US\$ 2.6, of which US\$ 1.8 million is AF).

18. This component will finance the running costs of the Intergovernmental Forums and additional support will be provided to establish a dedicated Secretariat, to be comprised of dedicated civil servants staffed by civil servants either seconded from FGS and FMS on a fulltime basis or newly recruited.

Component 3: Transfers for core government functions and foundational education and health service delivery mechanisms in FMS (US\$ 74.2 million, of which US\$ 54.7 million AF).

19. **Sub-Component 3.1: Financing core government functions in FMS (US\$ 37.2 million, of which US\$ 23.1 AF).** This sub-component will continue the financing of FMS recurrent costs: previously under Component 2, it is being moved to Component 3 to consolidate fiscal transfers to FMS. The sub-component through the transfer grants from FGS to FMS finances: (i) reforms to meet the eligibility criteria; (ii) financing salaries and allowances of civil servants (excluding elected officials) in selected MDAs (i.e. Finance, Health, Education); salaries and allowances to government staff and young graduates recruited under the CIM; (iii) systems-strengthening and the establishment of basic accountability systems; and, (iv) eligible non-salary recurrent costs for selected MDAs (i.e. Finance, Health, Education).

20. **Sub-Component 3.2: Financing Education Service Delivery (US\$ 21.8 million, of which US\$ 16.5 million AF).** This sub-component will support consultancy services and teacher salary payments through IPF and will enable quality assurance (QA) officers from the Federal and state ministries of education, Regional Education Officers (REO) and District Education Officers (DEO) to visit schools at least two times per year to carry out inspection using the protocol and procedures established under a common framework. In addition, achievement of a DLI (see Disbursement-linked Indicator Matrix) on teacher proficiency testing will trigger a disbursement of up to US\$3.5 million against the federal wage bill over the course of the project. In return for achieving this DLI, the Federal Ministry of Finance will provide financing to the Federal Ministry of Education to implement its work plan for piloting teacher proficiency testing and subsequent scaling-up in years two and



three of the RCRF-AF project.

21. **Sub-Component 3.3: Laying foundations for health service delivery mechanisms (US\$ 15.2 million, of which US\$ 15.1 AF).** The proposed health component of the RCRF-AF project aims to establish the foundations necessary to improve health service delivery and health outcomes through development of Female Health Workers (FHWs) cadres and strengthening of government's stewardship and management capacities.

Component 4: Project management and coordination in FGS and the FMS (US\$12.0 million, of which US\$ 6.9 million).

22. The AF proposes to expand the original Component 4 and augment its financing to extend project management and coordination support for FMS, in accordance with the new activities and extended timeline. This component **would** support the coordination, administration, communication, management, procurement, monitoring and evaluation (M&E), audit and dissemination of Project activities in FGS, and FMS. It will finance dedicated staff to cover project coordination and management, administration, M&E, financial management, procurement, safeguards and communications.

23. **The overall approach is, to the extent possible, aligned with both the IMF Staff Monitored Program (SMP) and EU forthcoming budget support operation (Statebuilding and Resilience Contract) which is currently under preparation.** The proposed DLIs and Withdrawal Conditions are being prepared in alignment with the EU budget support operation, including aligning the DLIs with indicators for the EU variable tranche. Further, they are being prepared in the context of the IMF SMP structural benchmarks, which adopt a twelve-month time horizon, compared to the six-month review period for DLIs and EU variable tranche indicators. This has been closely discussed with IMF colleagues. This coordination with the EU and IMF is intended to result in a coherent overall set of reform benchmarks for FGS, which is limited in number to minimize transaction costs and focus on the most 'binding constraints' to reaching HIPC Decision Point and building social service delivery systems. It is clearly envisaged at the outset that the DLIs and Withdrawal Conditions may need to be revised through restructuring during implementation for three primary reasons: First, the SMP benchmarks and EU variable tranches indicators are developed on a rolling annual basis, while DLIs are required to be specified fully in advance for three years, and restructuring would facilitate alignment with the collective reform benchmarks of the three institutions as they evolve together. Second, as the Somalia SCD notes, Somalia is subject to 'high frequency shocks' including frequent changes of government and an ever-changing authorizing environment for governance reforms. It is therefore hard to specify a reform program more than twelve months in advance. Third, the withdrawal conditions are likely to need to evolve over time as FGS and FMS capabilities develop.

E. Implementation

Institutional and Implementation Arrangements

24. The Project uses the aid coordination architecture under the Somali Development and Reconstruction Facility (SDRF). **Governance** arrangements include a Project Steering Committee (PSC), a Project Management Team and the FGS PFM Reform Coordination Unit. FGS is required to establish and maintain these organs throughout project implementation with terms of reference satisfactory to the World Bank, and with adequate resources to carry out their responsibilities.



25. **Implementation** is managed by a Project Coordinator and Project Manager at the FGS, and a Project Manager at each FMS. External Assistance Fiduciary Sections in offices of the accountant general or ministries of finance at each government (FGS and FMS) support project implementation.

26. Roles and responsibilities are as follows:

Federal Government of Somalia Ministry of Finance

The Ministry of Finance shall be responsible for overall coordination and implementation of the Project.

Project Steering Committee (PSC)

Arrangement	Description
Chairperson	FGS Minister of Finance or her/his delegate
Members	Ministers of Finance or their delegates from participating FMS and Directors General from relevant ministries
Frequency of meetings	At least twice per year
Responsibilities	To provide overall policy and strategic guidance on the implementation of the project and to review and endorse annual work plans and budgets
Protocol for meetings	<ul style="list-style-type: none"> ○ Meetings shall be called by the FGS Minister of Finance or her/his delegate. Meetings will be held if there is a quorum. A quorum is at least one representative from each Government. Participation by voice conference is acceptable. ○ Meeting minutes shall be taken by an individual assigned by the FGS Minister of Finance or her/his delegate. Minutes shall be shared via e-mail by the FGS Minister of Finance or her/his delegate with the Coordinator within two weeks after the meeting is held. Minutes are to be archived by the Coordinator and made available to the Bank upon request.

Project Management Team (PMT)

Arrangement	Description
Chairperson	DG FGS Ministry of Finance
Members	FGS DG Ministry of Finance, Budget Director, Accountant General, the Coordinator, EAFS and CBS Representatives



Frequency of meetings	Quarterly
Responsibilities	To provide technical guidance on the implementation of the project
Protocol for meetings	<ul style="list-style-type: none"> o Meetings shall be called by the FGS DG Minister of Finance. Meetings will be held as long as there is a quorum. A quorum consists of MoF DG, Budget Director, Accountant General, or their delegates, the Project Coordinator, and a representative of EAFS and CBS. Participation by voice conference is acceptable. o The Coordinator shall ensure that meeting minutes are taken. Minutes are to be archived by the Coordinator within two weeks of the meeting date and made available to the Bank upon request.

Project management meeting

Arrangement	Description
Chairperson	RCRF Project Coordinator, in his absence, the FGS Project Manager
Members	Project Coordinator and Project Manager (FGS), Project Manager from each FMS, Head of FGS and Head of FMS EAFS and Ad-hoc technical invitees
Frequency of meetings	Quarterly
Responsibilities	Overall coordination and day-to-day administration of the project, including financial management, procurement and monitoring and evaluation Review workplans.
Protocol for meetings	<ul style="list-style-type: none"> o Meetings shall be called by the Coordinator. Meetings will be held as long as there is a quorum. A quorum consists of the Project Coordinator, the Project Manager from each FMS or their delegate, and the Head of FGS EAFS or his/her delegate. Participation by voice conference is acceptable. o The Coordinator shall ensure that meeting minutes are taken. Minutes are to be archived by the Coordinator within two weeks of the meeting date and made available to the Bank upon request. o Standard agenda items are: <ol style="list-style-type: none"> 1. Review of action points from last meeting 2. Implementation progress versus plan and identification of updates required to the annual work plan, budget or procurement plan 3. Coordinator presentation of status of requests to World Bank, including for no objection. 4. Flow of funds including cash forecasts, adequacy of advance ceilings and needs for 'pass through' funding 5. Identification and problem solving on issues slowing or blocking implementation 6. Discussion on key payroll issues and follow-up actions for Government, as identified in the summary of key weaknesses and recommendations as delivered by the Bank to FGS in advance of the meeting 7. Agreement on action points 8. Date and location for following meeting

External Assistance Fiduciary Sections

27. External Assistance Fiduciary Sections (EAFS) have been established in the FGS, within the Office of the Accountant General, and within ministries of finance or offices of the accountant general in each participating FMS. The objective of these sections is to provide a common organizational element to support transparency and accountability of external assistance provided by development partners to Somalia. While offices of the accountant general and ministries of finance are responsible for the management of all public money, EAFSs



support in the administration of external assistance funds, including budget planning, procurement, budget execution, accounting and reporting. The EAFS External Assistance Fiduciary Procedures Manual, which forms volume 2 of this Manual, describes the roles, responsibilities and procedures for each of these areas.

28. For the RCRF II Project, the FGS EAFS are responsible for the day to day financial administration of Project funds. This includes managing funds allocated to the FGS, as well as fiscal transfers to the FMS. The EAFS teams in each FMS are responsible for financial administration of funds allocated to their respective state.

Independent verification agent

29. An independent verification agent ("Monitoring Agent" or MA) is engaged by the World Bank provides third-party independent verification of Project funds.

30. Per the scope and timing detailed in section 6.7, *Report expenditures and request disbursement from World Bank*, the MA will monitor, review and recommend for approval, Project withdrawal applications. They will also perform ad-hoc fiduciary and related activities upon approval of the World Bank.

31. The MA reports to the World Bank. The MA also shares monitoring findings with government to validate findings and to ensure that government is informed as to amounts to be recommended for disbursement. Findings also provide government with insight into performance of expenditure processes.

32. For payroll streams monitored, the MA will provide findings from monitoring and practical recommendations on payroll exception reports that include payroll reconciliation reports in numbers of staff and dollars. Adopting a risk-based monitoring approach, the MA monitoring efforts shall be focused towards identifying payroll exceptions. In planning and undertaking monitoring, the MA procedures are aimed at identifying key drivers to payroll exceptions, justification for the exceptions, confirmation of appropriate approval and of documentation supporting the exception. The reports inbuilt in SFMIS (for the case of FGS) shall be produced by the Payroll and EAFS Units within the Office of Accountant General and will detail staff new additions, staff exits, changes in basic salary and changes in allowances. In the case of FMS payroll, the respective FMIS reporting module shall be configured to generate a payroll report which shall be forwarded to FGS EAFS for onward review and consolidated reporting. The Payroll change reports together with MA monitoring findings and recommendations shall be annexed to MA reporting on Project withdrawal applications.

33. Each Advisory Report delivered by the MA to the World Bank on payroll streams will be shared by the World Bank to the FGS, along with a brief cover letter including key weaknesses and a summary of recommendations.

34. Disbursement arrangements follow "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank, as well as specific instructions included in the Project Disbursement Letter.

35. Two Designated Accounts (DA) held at the Central Bank of Somalia¹ have been established.



- “DA-A” for activities under FGS (Category 1), and
- “DA-B” for activities by the participating FMS (Category 2)

36. The Disbursement letter provides for advances of Project funds to each Designated Account. The DA-A and DA-B advance ceilings are established, and can be modified, by the World Bank.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Not applicable.

G. Environmental and Social Safeguards Specialists on the Team

Knut Opsal, Social Safeguards Specialist
 Tracy Hart, Environmental Safeguards Specialist
 Richard Everett, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

OP 4.01 on Environmental Assessment is not applicable, as the project is financing technical assistance, training and salaries under Component C.3 (teachers and female health workers). Good practice materials relating to health care worker health and safety and medical waste management will be included in the POM, Terms of References and training manuals to support technical assistance and capacity building as relevant.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Not applicable.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Project alternatives included the possibility of financing health care service delivery, including possible provisioning of goods (e.g.drugs, bandages) for health care, as well as minor health care center rehabilitation.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
Not applicable.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Not applicable.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)



CONTACT POINT

World Bank

Geoff Handley
Senior Public Sector Specialist

John Randa
Senior Economist

Borrower/Client/Recipient

Ministry of Finance, Federal Government of Somalia
Contact: H.E. Abdirahman Duale Beileh
Minister of Finance
abdirahmanbeileh010114@gmail.com

Implementing Agencies

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Geoff Handley John Randa
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Approved By

Safeguards Advisor:	Nathalie S. Munzberg	02-Aug-2018
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Practice Manager/Manager:	Nicola Smithers	02-Aug-2018
Country Director:	Preeti Arora	02-Aug-2018
