

THE FEDERAL GOVERNMENT OF SOMALIA

**RCRFII PROGRESS REPORT AND FINANCIAL
STATEMENTS FOR THE PERIOD FROM JULY 2nd TO
DECEMBER 31st, 2015**

**RECURRENT COST AND REFORM FINANCING
PROJECT –PHASE II (P154875, TF0A0534)**

RCRFII: Reports and Financial Statements from 02 July to December 31, 2015

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

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INTRODUCTION

This report presents the implementation status of the Recurrent Cost and Reform Financing Project (RCRF II) at the end of the fourth quarter of the 2015 financial year. The project has registered a number of achievements over this reporting period. The project will be completed at the end in June 2020.

This report presents the Progress, Financial and implementation status of the Recurrent Cost and Reform Financing Phase II Project (RCRF II) since the project became effective on July 2th 2015. The strategic goal of this project is to support operational payroll expenditures that enable Federal Government of Somalia to pay salaries of Non-security sector employees and other Non-salary recurrent costs. The Phase I Recurrent Cost and Reform Financing (RCRF) project has been the first MPF grant to be operational, and reflects the particular and emergency conditions facing the Federal Government at this sensitive point in the Somali transition period. The program is prepared as a phased program (Series of Projects).

Phase one for US\$16 million and for eight months from August 20 to April 30, 2015 (As extended from six months), with retroactive financing from July 2014 for civil service salaries. With same of objective of RCRF I, The RCRF Phase II project's development objective is to support an operational payroll and payment system for the non - security sectors and contribute to the credibility and legitimacy of the federal government of Somalia. Project allocated 24 million for 2015, where by 13 million out of 24 is allocated for Civil Servant Non-Security sector employees in Mogadishu.

Project Scope:

The World Bank has established a Multi-Partner Fund (MPF) to provide development support to the transition in Somalia, with an early focus on supporting the Federal Government to re-establish basic functionality. The MPF is the Bank-administered window of the broader SDRF, working alongside the UN Multi-Partner Trust Fund. The SDRF thus brings together the UN and World Bank in a close collaboration with common governance, reporting and risk management. Designed to consolidate donor funding under government leadership and accountability, the SDRF makes the most of the comparative advantages between the two multilateral institutions, ensuring rapid response as well as longer-term development and institution-building needs are met. In the second phase of its work (July 2015 -- June 2020), the MPF planned to finance a set of institutional support grants while preparing for larger investments in economic foundations, notably both urban and rural infrastructure projects.

The Phase I Recurrent Cost and Reform Financing (RCRF) project has been the first MPF grant to be operational, and reflects the particular and emergency conditions facing the Federal Government at this sensitive point in the Somali transition. The program is prepared as a phased program (Series of Projects). Phase one for US\$16 million and for eight months from August 20 to April 30, 2015 (As extended from six months), with retroactive financing from July 2014 for civil service salaries. This lean strongly on government budget and about seventy percent is in respect of payments of salaries to civil servants and subject matter experts in Mogadishu. The whole amount of US\$16 million of the Grant Agreement has been signed. Phase II is the continuation of phase I with the Budget of 24 Million for 2015.

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PROJECT INFORMATION

The RCRF project's development objective is to support an operational payroll and payment system for the non-security sectors and contributes to the credibility and legitimacy of the federal government of Somalia. The project is implemented under four project components:

Component 1: Support to core government functions of ministries, departments and agencies in FGS (US\$81.0 million).

Component 2: Inter-governmental fiscal transfers to core government functions of eligible federal member states, interim and emerging administrations (US\$34.0 million).

Component 3: Support of recurrent costs in health and education sectors in FGS and eligible member states, interim and emerging administrations (US\$20.0 million).

Component 4: Project management and coordination (US\$9.0 million).

Component 1.1. Financing of Eligible Civil Service salaries in non-security sectors in FGS

Financing of salaries of non-security sector civil servants on a declining scale over the project implantation with the objective that these would be phased out by the end of project when the government will ultimately finance all civil salary payment from its domestic revenues. Its defined development objectives include supporting 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 member states as well emerging ones.

In March and April 2015, project paid US\$1,600,000 for salaries of Non- Security sector employees for each month, which is 76% of payroll expenses for civil servants. In May payroll expenses, project contributes US\$1,500,000 that has covered 71% of overall payroll expenses for Non – Security sector. In June payroll expenses, project has contributed \$1,400,000, which is covered 66% of payroll expenses. July and August payroll expenses have been paid in Quarter 4 and project has contributed \$1,400,000 and \$1,300,000 respectively where 62% and 56% were covered by project contribution to payroll expenses. FGS has paid remaining percentage where six months salaries have been successfully paid in 2015 fiscal year.

Total of six months civil servant salaries have been paid so far in this year whereby the first two months of this fiscal year have been covered under the previous project. The four-month salaries for civil servants remain unpaid as of December 31, 2015. Due to liquidity constrain for FGS, and government could not be able to locate funds to top up World Bank cap contribution to payroll expenses. However, arrears budget allocation of four months for civil servant salaries has been made and added up to 2016 budget that would submit to Parliament for approval.

Below table depicts payroll analysis from March 2015 to August 2015 for Non Security Sector employees in Mogadishu. Subsequently, project will pay US\$1,200,000 and \$1,100,000 in next payroll expenses and project contribution will be decreased by US\$100,000 thereafter for incoming months payroll expenses in 2015.

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RCRF Phase II Civil Salaries Payments from March 2015 to August 2015

Date	Civil servants presented to CBS for payment					No. Civil Servant paid in first 10 days at CBS	Staff who did not claim their salaries	
	Month & Year	No.	Amount paid US\$	Date payment Starts	Amount WB paid		% WB Paid	No.
March 15	4,095	2,101,192	13-July 15	1,600,000	76%	3,923	172	101,681
April 15	4,085	2,100,486	22-July 15	1,600,000	76%	3,903	182	104,726
May 15	4,097	2,107,878	01-Aug 15	1,500,000	71%	3,906	191	114,406
June 15	4,094	2,105,920	30-Sept 15	1,400,000	66%	3,881	213	125,470
July 15	4,083	2,101,844	26-Oct 15	1,300,000	62%	3,883	200	119,926
Aug 15	4,101	2,109,609	15- Dec 15	1,200,000	57%	3,895	206	123,759

Component 1.2 Financing of Salaries and allowances to Government staff and young graduates recruited under the Capacity Injection Mechanism (CIM)

This sub-component is financing salaries and allowances of a cadre (525) of critical advisory, managerial and technical staff to fill urgent staffing gaps identified by FGS through the Capacity Injection Mechanism (CIM). This includes salaries and allowances of a number of young graduates who are expected to be absorbed into the civil service. Core government functions that will be strengthened include (i) policy and strategy management (planning, implementation and M&E); (ii) financial management (budgeting accounting and auditing); (iii) procurement management; (iv) revenue mobilization and; (v) human resource management. We need to paraphrasethis - ten pilot beneficiary institutions were identified in FGS while 9 were picked up in PuntlandBeneficiary institutions and eligible positions will be selected instead of identifiedwith the support of the World Bank and UNDP capacity Injection projects on the basis of agreed criteria.

The financing of a cadre salary is not commenced yet though several beneficiary institutions started recruiting skilled staff under this component. Financing of the newly injected staff across MDAs is expected to fully start in the first quarter of 2016.Nevertheless; FGS is committed scaling up the implementation of this sub-component.

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Sub-Component 1.3 Non-Salary Recurrent Cost for 4 Selected MDAs

Claiming of Non Salary recurrent costs for MDAs started at slow pace. First \$2,000 of non-salary recurrent cost expenses incurred and paid was claimed on Withdrawal Application 2. EAFS office recently received \$5,000 non-salary recurrent cost documents from Office of the Accountant General and has sorted them out for processing and handed over to Monitoring Agency for further review. 59 copies of supporting documents have been forwarded to MA for the US 5,000 expenditure only. However, Monitoring Agency has not yet release their opinion and report, where eligibility on this said five thousand remains undetermined.

Due to long list of eligibility criteria and conditions set-forth, where most of forms required have same and duplicate information on, the process is still pending for monitoring agency approval. Eligibility criteria design makes work flow inefficiency. If monitoring review procedures remain intact and current circumstance on non-salary recurrent cost reviews endure unchanged, this sub-component will most likely not been utilized.

Current eligibility criteria and difficulties in meeting certain conditions by the MDA on non-salary recurrent expenditures make the reimbursement processes almost impossible. The need for a TSA statement from the CBS as a proof for a vendor payment was in fact the main contentious criteria.

The project management team has suggested to the Monitoring Agent that this is to be replaced with a letter of confirmation from the CBS regarding the payment/payments in question. A decision on this is yet to be formalized. Attaching TSA bank statement with every transaction for a vendor is impractical and its one of the challenges on non-salary recurrent cost that the project implementation is facing for the time being. Based on country financial regulation, Accountant General mentioned that TSA bank statement and reconciliation is to be released quarterly. However, PIU is going to initiate further discussion with MA and selected MDAs on non-salary recurrent costs.

Sub-Component 2.1 Expanding support for recurrent cost expenditures to other regions (initially: Puntland and the Interim Jubbaland Administration)

Under this sub-component, the project started expanding services to Puntland State of Somalia and Jubbaland Administration of Somalia. First advance funds of US\$30,000 for each region have been released and remitted to said regions in Quarter III. In addition to advance, US\$26,094 of civil servant employees' salaries for Ministry of Finance (JSS) has been sent to Jubbaland through Central Bank of Somalia remittance mechanism with other private banks that had been licensed by CBS. It is first fund from RCRF Phase II project that has gone to the regions since the effective date of the project.

Second payment from project fund for \$79,133 have been sent to Puntland State and it was successful step taken forward in building and strengthening relationship of Federal Government of Somalia with existing and emerging states of Somalia in sharing of project funds. In this fourth quarter two more payments to regions has been sent. This second payment brought total amount to regions in \$251,240. Puntland has received \$151,810 While JSS got \$99,430. Payment to regions would be processed when budget execution for 2016 gets ready.

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Sub-Component 2.2 Inter-governmental fora on transfers and information exchange

As the constitutional framework and analytical basis is developed, the project will support government to lay the foundations for a simple system of intergovernmental dialogue and associated resource transfers, to strengthen inter-governmental trust and, ultimately, of fiscal arrangement that promote greater equity in resource distribution among federal and sub-national governments. This will also finance technical assistance from FGS to support the interim and emerging states in inter-governmental relations.

To institutionalize the intergovernmental initiative the FGS has held the first workshop dialogue on Inter-governmental fiscal transfer arrangement in Mogadishu from October 31 2015 through November 4th 2015. During of the workshop, participants from existing and emerging states and Federal Government of Somalia had discussed key issues on revenue mobilization, profit sharing tax provisions and other various important topics. It had been through a constructive dialogue and debates on Socio-economic and future political framework for the country. The workshop was a follow up to a meeting held by the Ministers of Finance of the FGS and the regional member states during the launch of the Recurrent Cost and Reform Financing Project (RCRF II) facilitated by the World Bank in Nairobi in September 2015.

The Minister of Finance of the FGS upheld a commitment he pledged during the launch of the RCRFII in Nairobi by calling regional member states to a meeting in Mogadishu aimed specifically for a discussion of an equal and justice distribution of national resources as well as initiating a process of knowledge transfer to the Regional Member States. Unequivocally, regional administrations responded the call and performed high-levels of participation to the meeting.

Given the fact that the Provisional Constitution of the Federal Republic of Somalia encourages some sort of dialogue on intergovernmental fiscal arrangement, the main theme for the meeting was just to start a process of political negotiation that covers issues of revenue sharing, negotiation on tax regimes, harmonization of customs and duties as well as fiscal transfers. Though such topics may not, in any way, be possible to be discussed in a single meeting, it was only considered this for a show of political will and consolidation commitments between the FGS and the member states regions. However, deliberations on fiscal arrangements would be an on-going negotiation from now on-wards while this is considered as the milestone of the future negotiations.

Nevertheless, the meeting delivered productive results and promised sustained and consolidated debate and discussion on the subject matter by which the high-level participants finally agreed that the next meeting would be held in one of the regional states. The Ministry of Finance of the FGS is accounted for setting up a clear date and location of that meeting.

It was widely agreed and noted that before a consensus can be obtained on a resource sharing formula and wider fiscal federalism issues, it was first necessary for all governments to enhance their financial Public Financial Management (PFM) systems and have a harmonized approach towards achieving such a goal. It was further agreed that enhanced dialogue and cooperation between the FGS and regional member states will lead to a harmonized approach on PFM and fiscal arrangements that will in turn lead to solutions on the bigger issues such revenue sharing formulation. All delegates agreed that there was a clear and urgent need for continued discussions and as such the workshop was highlighted as one such initiative to facilitate this important dialogue. The workshop agreed on the creation of an inter-governmental committee on for harmonizing tariffs and taxations across the country.

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On another occasion, team led by the Project Coordinator visited Puntland State from Oct 24 through Oct 30, 2015 to undertake mission of knowledge transfer. The mission secured to induce topics in reporting and preparation of financial statements. Wide spectrum of participants from the Ministries of Health, Education and Finance attended. The stated objective of the mission was to brainstorming EAFS team in Puntland as well as recognizing a landmark of direct engagement between the FGS and the periphery entities. Mission has been successfully accomplished.

Component 3. Support of recurrent costs in health and education sectors in FGS and eligible member states, interim and emerging administration

The project will support the FGS, Puntland and Jubbaland to expand their service delivery systems through improvement of accountability systems and support of recurrent costs in the education and health sectors. The specific activities include financing (i) establishment of basic accountability systems in both sectors (ii) Eligible salaries and allowances for teachers and health workers from 2015 to 2020 ; and (iii) eligible non-salary recurrent costs in the sectors.

Ministry of Finance has initiated engagement on health and education with Ministries of Health and Education in federal level to find accurate information on how to find easy way of service deliverances to the public. Many of Non - Governmental Organization and other donors are operating in Education and Health sectors. Main challenge is how to get accurate personal data for teachers and health workers. Dialogue and consultations among concerning ministries on data collection is ongoing and will be finalized soon in order to kick off service deliverances.

Component 4: Project Management and Coordination:

The component would support the coordination, administration, communication, management, procurement, monitoring and evaluation (M&E), as well as impact evaluation, auditing and dissemination of project activities in FGS, Puntland and the JSS. It would finance dedicated staff to cover administration, financial management, procurement and communication. It would also support efforts to develop and strengthen the Fiduciary Section of the offices of Accountant General in FGS, Puntland and JSS and interim and emerging states through the financing of equipment, furniture and filling, capacity building, technical assistance, and other inputs as required. The project would also support the offices of the respective Auditor Generals with technical assistance to provide annual audits, and support the CBS with technical assistance to strengthen the payment systems.

All six Consultants to the EAFS and two for the regions contracts plus the PFMRCU senior admin officer have been finalized and paired consultants with EAFS members. Deputy PFM Coordinator who is also be the RCRF 2 project manager has been recruited. Inter-governmental dialogue TA has also been recruited. Puntland has recruited RCRFII project Manager as well while JSS engaged a temporary RCRFII Manager.

Payroll Training

The Ministry of Finance through PFM Reform Coordination Unit (PFMRCU), organized one-day induction training for Ministries, Departments and Agencies (MDAs) of the Federal Government of Somalia (FGS). In its effort to reform payment transactions, the Ministry of Finance, with

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assistance from World Bank Group, recently undertook a rigorous civil servants payroll exercise for all MDAs of the FGS. MDAs Finance Directors, Accountant Heads, HR Directors attended the training session. The training which took place at Villa Hargeisa, Parliament building in Somalia was facilitated by the Deputy PFM Coordinator and EAFS heads in the Ministry of Finance who extensively shared their experiences and made detailed presentations about errors observed in the payroll systems submitted by various Ministries, Departments and Agencies of the FGS.

The session embraced a highly participatory methodology, with numerous practical examples and experiences, which was effective in passing on knowledge to the participants. To further beef up their understanding of the payroll system, the participants had an opportunity to actively interact with the facilitators. It was observed that the participants were highly engaged throughout the training, very eager to learn and ready to report back and pass on this knowledge to their junior staff. Mr. Ahmed Yusuf Mumin (Siraaji), the Accountant General of the FGS welcomed the participants, introduced the facilitators, and officially opened the training.

In his opening remarks, Mr. Siraaji welcomed participants to the training and particularly noted that he was delighted to be in attendance to witness the commencement of yet another engagement among FGS MDAs. He noted that there is serious errors always generated by MDAs upon submission of Civil Servants Payroll whose this training objective is to strengthen the payroll systems and come over those errors identified by EAFS consultants.

The Accountant General further noted that modest improvements in Public Financial Management couldn't be realized unless and until MDAs avoid frequent mistakes in their payroll systems. He strongly encouraged them not to repeat such errors once this training sessions ends.

The Accountant General informed the participants that a comprehensive payroll system, a political good will and effective implementation of the PFM reform would be a milestone for the FGS to retain its prestigious position within the International Financial Institutions.

On behalf of the FGS, he finally thanked World Bank Group, PFMRCU and EAFS team for collectively supporting this country and for their determination to effectively reform the FGS' public financial mechanism and move this country to a well prosperous and better future. He concluded by wishing the participants a productive debate with the facilitators. At this point, he officially declared the workshop open.

Participants had different questions covered one important topic – whose responsibility keeping staff duties segregated, checking personnel files completed and at the same time liaising those updated files to the National Civil Service Commission (NCSC). It seemed that MDAs quietly anxious getting clear clarification about these by suggesting that Finance Officers/Directors mainly focused on developing and updating payroll system, completing monthly financial statements and preparing respective annual budgets. Thus, training was successful and attendees have been brainstormed with relevant information on respective topics.

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IMPLEMENTATION STATUS:

Line Ministry of the project	The project is under the supervision of the Ministry of Finance and other Ministries, Agencies and Departments (MDAs).
Strategic goals of the project	The strategic goal of the project is to support an operational payroll and payment system for the non-security sectors of the Federal Government of Somalia, support of Non salary recurrent cost for MDAs, and strengthen services to Regions of Puntland, Jubbaland and emerging States Administrations
Staffing	All 6 Consultants to the EAFS contract plus the PFMRCU senior admin officer. Deputy PFM Coordinator who became RCRF 2 project manager has been done.
Procurement plan	Almost all TORs for the consultants under component has been finalized and submitted for review. A recruitment for the TA CBS was rejected by the WB and regional TA was contracted. Specification for the planned project vehicles has been prepared and procurement process underway accordingly.
Regional implication	Leadership of the MoF fully appreciates the need to accommodate the regions both existing and emerging. Payment processing and transfer for the JSS and Puntland regional states has fully been tested and tried within the FGS systems.

CHALLENGES

Current eligibility criteria and difficulties in meeting certain conditions by the MDA on non-salary recurrent expenditures make utilization and reimbursement processes almost impossible. The need for a TSA statement from the CBS as a proof for a vendor payment was in fact the main contentious criteria. The project Coordinator has suggested to the Monitoring Agent that this to be replaced with a letter of confirmation from the CBS regarding the payment/payments in question. A decision on this is yet to be formalized. Attaching TSA bank statement with every transaction for a vendor is impractical and its one of the challenges on non-salary recurrent cost that the project implementation is facing for the time being. Based on country financial regulation, Accountant General mentioned that TSA bank statement and reconciliation is to be released quarterly. However, Project Management teams going to initiate further discussion with MA and World Bank on non-salary recurrent costs.

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FGS has initiated engagement with health and education service deliverances where number of those institutions run by private non-profit entities or NGOs. Main challenge is how to get accurate personal data for teachers and health workers. Dialogue and consultations among concerning ministries on data collection is ongoing and will be finalized soon in order to kick off service deliverances.

KEY PROJECT INFORMATION

Project Name:	Recurrent Cost and Reform Financing Project – Phase II
Project ID:	P154875
IDA Credit/Grant No.:	TF0A0534
Implementing Agency:	Ministry of Finance and Economic Planning
Effectiveness Date:	02 July 2015
Closing Date : For this year	31 December 2015
Credit/Grant Amount:	US\$ 24 million
Program Duration for this year (2015)	6 months
Closure Period End Date:	30 June, 2020
Disbursed Amount:	US\$ 12,730,784.81

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ROLES AND RESPONSIBILITIES

The following are the key financial management staffs that were involved with the project activities during the period.

<u>Name</u>	<u>Role</u>	<u>Position</u>	<u>Contact Information</u>
Ahmed Yusuf Mumin (siraaji)	Chief Accounting Officer	Accountant General	booseey05@hotmail.com change this into gmail
Amina Sheikh	Accounting Officer/Finance Management	Director General Ministry of Finance	aaminasheekh@hotmail.com
Farahan Ali Mohamud	Project Coordinator	Project Coordinator	farahanmohamoud@gmail.com
Abdulkadir Suleiman	Deputy of Project Co.	RCRF II Project Manager	sabriye04@gmail.com
Axmed Abdi Adam (Iraad)	Budgeting	Director of Budget Department	iradabdi@hotmail.com
MohamudAbdulkadirArale	Finance Management	Director of External Assistance Fiduciary Section	afkaxaaji@hotmail.com
Mowliid Mohamed Ali	Accountant	Head of EAFS Accounts Section	dhoofcade@hotmail.com
Abdinasir Ahmed	Financial Consulting	Head of EAFS Consultants	Abdinasira70@gmail.com
Saleiman S Umar	Financial Consultant	Accounting Section Lead for Consultants	dalkasom@gmail.com
Zainab H Duhulow	Accountant	Accounting Officer	inadhuxulow@gmail.com

Report of the Independent Auditor

To: The Project Management

Report on the financial statements

We have audited the accompanying financial statements of Recurrent Cost and Reform Financing Project ("the Project"), funded by the International Development Association ("IDA") under the Grant Agreement No TFOA0534, which comprise the statement of financial position as at 31 December 2015 and the statement of receipts and payments for the year then ended, and the notes thereto ("the financial statements") as set out on pages 15 to 37. The financial statements have been prepared by Project Management in accordance with the accounting policies as described in the Note 3 to the financial statements.

Project Management's responsibility for the financial statements

Project Management is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 3 to the financial statements and for such internal control as Project Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly the cash receipts and payments of the project during the year ended 31 December 2015 in accordance with Cash Basis International Public Sector Accounting Standards issued by the Public Sector Committee of the International Federation of Accountants, and in accordance with the accounting policies as described in Note 3 to the financial statements and comply with the related grant agreement

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the significant control deficiencies as well as instances of non-compliance which we have provided in a separate management letter. Our audit engagement required an assessment of the controls and procedures applied on the project as well as compliance with the contractual conditions. We have detailed deficiencies identified in this regard on a separate management letter as required by our terms of reference.

Yours faithfully,

Dr Nur Farah



Auditor General

Federal Government of Somalia (FGS)

Date 30/06/2016

Villa Somalia

Mogadishu

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STATEMENT OF PROJECT MANAGEMENT'S RESPONSIBILITIES

The Project Management is responsible to ascertain that the progress report and financial statements of the Project for the period ended December 31, 2015 are prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 3 to the financial statements. In preparing these financial statements, the Project Management is required to select suitable accounting policies and then apply them consistently in conformity with Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS) and the requirements of Financial and Accounting procedure of the State, 1961 as amended.

The Project Management is responsible for ensuring that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of preparation and accounting policies set out in Note 3 to the financial statements as well as in accordance with the terms of the financing agreement for the State and Peace Building Fund Grant Agreement Number TF0A0534 between the Federal Republic of Somalia and the International Development Association. The Project Management is also responsible for safeguarding the assets of the Project, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Project Management assumes the responsibility to provide, and has provided, the Auditor General with all accounting records, supporting and other documents, minutes, and any other pertinent information and explanations, either orally or in writing, necessary for the audit.

Signed on behalf of the Project Management:

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Ahmed Yusuf Muftin,
Accountant General



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1.1 Funding summary

The Project implementation for this year is for a duration of 5 months and 29 days from 02 July 2015 to 31 December 2015, with an approved budget of US\$ 24,000,000 for 2015 as highlighted in the table below:

Source of funds	Donor Commitment	Amount received upto Dec 31, 2015	Undrawn balance upto Dec 31, 2015
	US\$	US\$	US\$
	(A)	(B)	(A)-(B)
Somalia Multi-Partner Fund (MPF) – World Bank	24,000,000	12,730,784.81	11,269,215.19
Total	24,000,000	12,730,784.81	11,269,215.19

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(P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

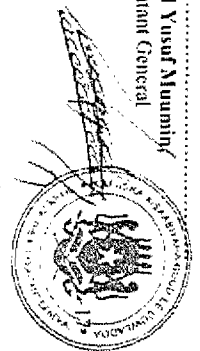
The Federal Government of Somalia
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STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	From 2 July to	Account no.
		December 31 2015	
		US\$	
RECEIPTS			
Somalia Multi-Partner Fund	5	11,730,784.81	DA-A-1078
Somalia Multi-Partner Fund	5	1,000,000.00	DA-B-1079
TOTAL RECEIPTS		12,730,784.81	DA-(A-B)
PAYMENTS			
Compensation of employees in Mogadishu	6	8,600,000.00	DA-A-1078
Use of goods and services	7	581,297.39	DA-A-1078
Use of goods and services	7	15,021.18	DA-B-1079
Transfer to Puntland State		151,810.00	DA-B-1079
Transfer to Jubaland State		99,430.00	DA-B-1079
Capital expenditure	8	25,750.00	DA-A-1078
TOTAL PAYMENTS		9,473,308.57	DA-(A-B)
Refund		0.00	
Cash In D(A) 31/12/15	9	2,523,737.42	DA-A-1078
Cash In D(B) 31/12/15	9	733,738.82	DA-B-1079
CASH IN D(A) 31/12/15	9	3,257,476.24	DA-(A-B)
LIABILITIES	10	(45,066.00)	
TOTAL LIABILITIES at 31/12/15		(45,066.00)	
Fund balance at end of this period	11	3,212,410.24	

The notes set out on pages 21 to 29 form an integral part of these financial statements

Aliamed Yusuf Aliumning
 Accountant General



The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
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STATEMENT OF FINANCIAL POSITION

	Notes	2015 US\$
ASSETS		
Cash and cash equivalents	9	
Cash in D(A) 31/12/15	9	2,523,737.42
Cash in D(B) 31/12/15	9	733,738.82
TOTAL ASSETS		3,257,476.24
LIABILITIES		
Liabilities	10	(45,066.00)
TOTAL LIABILITIES		(45,066.00)
NET BALANCE		3,212,410.24
REPRESENTED BY:		
FUND BALANCE	11	3,212,410.24

The notes set out on pages 21 to 29 form an integral part of these financial statements

.....
 Ahmed Yusuf Muumin,
 Accountant General




The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

STATEMENT OF BUDGET COMPARISON WITH ACTUALS

	NOTE	FINAL BUDGET US\$	ACTUAL OUTTURN US\$	BUDGET VARIANCE US\$	PERCENTAGE VARIANCE %
Receipts					
Multilateral Sources	5	24,000,000	12,730,784.81	11,269,215.19	47%
Total External Assistance		24,000,000	12,730,784.81	11,269,215.19	47%
Total Receipts		24,000,000	12,730,784.81	11,269,215.19	47%
Recurrent Expenses					
Compensation of employees	6	13,000,000	8,600,000.00	4,400,000.00	34%
Use of goods and services	7	10,850,000	847,558.57	10,002,441.43	92%
Total Recurrent Expenditure		23,850,000	9,447,558.57	14,402,441.43	60%
Capital Expenditure					
Capital (vehicles)	8	150,000	25,750.00	124,250.00	83%
Total Capital Expenditure		150,000	25,750.00	124,250.00	83%
Total Expenditure		24,000,000	9,473,308.57	14,525,691.43	61%
Deficit		-			

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SOURCES AND USES OF FUNDS STATEMENT BY SUB - COMPONENTS (ACTIVITIES)		
	From July 2 to December 31 2015	Cumulative to Date
	US\$	US\$
Sources of Funds		
Somalia Multi-Partner Fund (MPF) – World Bank	12,730,784.81	12,730,784.81
Total Sources of Funds (A)	12,730,784.81	12,730,784.81
Expenditure By Sub -Component (Activities)		
Financing of eligible civil service salaries in non-security sectors in Mogadishu	8,600,000.00	8,600,000.00
Financing Non-salaries Recurrent Cost	7,000.00	7,000.00
Extending Recurrent Cost Support to Other Regions	251,240.00	251,240.00
Project management and Operational Costs	589,318.57	589,318.57
Capital Expenses	25,750.00	25,750.00
Total Expenditure By Sub - Comp.(B)	9,473,308.57	9,473,308.57
Closing Cash balance		
Fund Source (A - B)	3,257,476.24	3,257,476.24
Unclaimed salaries	0.00	0.00
Fund balance at beginning of the period	-	-
Total Closing Cash balance	3,257,476.24	3,257,476.24

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The principal address of the reporting entity is:

Ministry of Finance
Villa Somalia
Mogadishu
Somalia

2. Basis of preparation

These special purpose financial statements have been prepared in accordance with IPSAS Financial Reporting under The Cash Basis of Accounting issued by Public Sector Committee of the International Federation of Accountants (IFAC-PSC). They are presented in United States Dollar (US\$). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during year, unless otherwise stated

(a) Reporting entity

The financial statements are for the **Recurrent Cost and Reform Financing Project – Phase II (P1154875, TF0A0534) implemented by the Federal Government of Somalia (FGS) through The Ministry of Finance**. The transactions to be captured are only those that are controlled by the reporting entity and those controlled by third parties for and on behalf of the reporting entity. For purposes of these financial statements there were no third party transactions reported in respect of the project activities.

(b) Reporting currency and translation of foreign currencies

The functional and reporting currency is the United States Dollar (US\$), which is accepted as legal tender in the Federal Republic of Somalia. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(c) Reporting Period

The reporting period for these financial statements is from July 2, 2015 to 31, Dec 2015.

(d) Payments by Third Parties

During the year ended, the project did not benefit from any goods and services as reported to have been purchased on its behalf as a result of cash payments made by third parties during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(e) Receipts

Receipts represent cash received by the Recurrent Cost and Reform Financing Project – Phase II (P154875, TF0A0534) during the period and comprise external assistance from cash disbursements received under Somalia Multi-Partner Fund. The cash disbursements have been recognized as revenue and included in the financial statements when payments are made from the project Designated Accounts (DA) A and (DA) B which were operated as a holding accounts to the main Treasury Single Account (TSA). The closing balance on the Designated Accounts was also included as revenue receipts from the World Bank.

(f) Expenses

Expenditure represents outlays of cash made by the project or other agencies for and on behalf of the project. The expenses comprise both of recurrent and capital expenditure and in general they are included in the financial statements when cash is paid out.

(g) Capital items/Non-current assets

As of December 31, 2015, there are Capital items purchased at project money. Under the government's cash basis of accounting, capital items have been fully expensed in the year of purchase. However, these assets are recorded in the Fixed Asset Registers at historical cost as a memorandum record with effect from effective date of the project.

(h) Foreign currency transactions

Foreign currency transactions denominated in foreign currencies would be converted into United States Dollars (US\$) at the exchange rate ruling on the date of the transaction; realized gains and losses resulting from these transactions would be recognized in the Statement of Receipts and Payments. Monetary assets and liabilities denominated in foreign currency at the year-end would be translated at the closing rate of exchange with the resulting exchange gains/(losses) dealt with through the Statement of Receipts and Payments. However, for purposes of this accounting policy, there were no foreign currency transactions translated at the reporting date.

(i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of deposits held at call with Central Bank of Somalia.

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(j) Employee benefits

Employee benefits include salaries, allowances and other related-employment costs and these have been recognized in the financial statements only when actual payments are made.

Employee salaries and allowances eligible for reimbursement under the RCRF II project are paid in cash at the Central Bank of Somalia. To enable this process, payments are made over several days for each monthly payroll. Each month, there are individuals who do not pick-up their payment during the days assigned and any unclaimed salaries and allowances are paid back into the project designated account and treated as liabilities.

(k) Authorization date

The financial statements were not authorized yet for publication by the Accountant General.

4. Exchange rates

All monetary amounts in the financial statements are expressed in United States Dollars (US\$). The estimated US\$ closing rates for major currencies were:

	From July 2 to Dec 31, 2015 US\$	2014 US\$
Somali Shilling	21,800	21,000
Great Britain Pound	0.641584	0.641584
Euro	0.825748	0.825748

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Somalia Multi-Partner Fund

The grants received from World Bank under the Somalia Multi-Partner Fund are not repayable in future. The amounts in the Statement of Receipts and Payments are only recognized when received by and are under the control of the FGS and attributed to the project. The amount of external assistance received for the project in 2015 is as detailed below:

	From July 2 to December 31 2015 US\$	Account Credited
Multilateral Sources		
Somalia Multi-Partner Fund – World Bank	11,730,784.81	DA (A) 1078
Somalia Multi-Partner Fund – World Bank	1,000,000.00	DA(B) 1079
Total Grant Received	12,730,784.81	

6. Compensation of employees

Principally comprises of:

	From July 2 to December 31 2015 US\$	Account Withdrawn From
Salaries and Wages for Civil Servants non-security in Mogadishu	8,600,000.00	DA (A) 1078
Allowances	0.00	
Total compensation of employees cost	8,600,000.00	

Civil Servants Salaries, Non-salary recurrent costs, and Regional States transfers are respectively budgeted under MDAs and States in Federal Government Budget. The total amount of inter transfer on statement of sources and uses of funds and trail balance are civil servant salaries payroll expenses (\$8,600,000), regional transfers (\$251,240), and Non-salary recurrent cost (\$5,000). Total inter transfer is \$8,856,240.

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NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

7. Use of goods and services for FGS, Puntland, & JSS.

These are mainly:

	From July 2 to December 31 2015 US\$	Account Withdrawn From
Office materials and other consumables	43,945.00	DA(A)1078
Travel and Transportation expenses	64,257.86	DA(A)1078
Fuel & Lubricants	3,036.00	DA(A)1078
Repair & Maintenance	7,481.00	DA(A)1078
Education expenses	48,790.39	DA(A)1078
Consulting and professional fees	231,986.00	DA(A)1078
Bank Commission Charges	191,822.32	DA(A-B)
Non-salary recurrent cost to AG office	5,000.00	DA(A)1078
Total Use of goods and services	596,318.57	

Transfer to Puntland as of Dec 31, 2015	151,810.00	DA (B) 1079
Transfer to Jubbaland as of Dec 31, 2015	99,430.00	DA (B) 1079
Total Transfer to States as of Dec 31, 2015	251,240.00	

8. Capital expenditure – Non- current assets (fixed or physical assets) for FGS

	2015 US\$	
Capital Assets	25,750.00	DA(A)1078
Total Capital expenditure expended	25,750.00	DA(A)1078

9. Cash and cash equivalents for FGS and Regions (Puntland & JSS)

Cash comprise of demand deposits. Demand deposits consists of interim period-end project bank balance held at Central Bank of Somalia (CBS) and the project bank accounts are part of Treasury Single Account (TSA) as detailed in the below:

	2015 US\$
Project Designated Account No. 1078 DA (A)	2,523,737.42
Project Designated Account No. 1079 DA (B)	733,738.82
Total Cash Available as of Dec 31, 2015	3,257,476.42

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NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

10. Liabilities

The liabilities for the period ended December 31, 2015 are as follows:

Payable to	Description	Amount
ShukriWarsame	Salary for five Months	35,100.00
SonkorGeyre	Salary for two Months	6,908.00
Ahmed DayibNuur	Salary for fifteen days	3,058.00
Total Liabilities		45,066.00

11. FUND AVAILABLE AS OF DECEMBER 31, 2015	\$3,257,476.42
LESS TOTAL LIABILITIES	<u>45,066.00</u>
FUND BALANCE/SURPLUS	<u>\$3,212,410.24</u>

Designated Accounts (DAs) Statement Reconciliation

	2015 US\$
Opening balances as at 02 July 2015	-
Add:	
World Bank advances into the D (A-B) during the period	12,730,784.81
Interest earned (if credited into DA)	-
<i>Subtotal</i>	<u>12,730,784.81</u>
Less:	
Amount of eligible expenditures paid during the period	9,473,308.57
Refund to World Bank from the DA during the period	-
Service charges (if debited into DA)	-
<i>Subtotal</i>	<u>9,473,308.57</u>
Add refund	<u>0.00</u>
Closing balance as at Dec 31, 2015 (Note 9)	<u><u>3,257,476.24</u></u>

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TABLE FOR ADVANCES TO THE REGIONS WITHDRAWN FROM DA (B) 1079

Name of the State	Amount Sent	Date Sent	Description
Puntland State	30,000.00	23 Sep 15	Advance to start Project Activities
Puntland State	49,133.00	30 Sep 15	Money for the travel for training
Puntland State	72,677.00	16 Nov 15	Withdrawal Application 1
TOTAL FOR PUNTLAND	151,810.00		
Jubbaland State	26,094.00	23 Sep 15	Salary for Civil S for Three Months
Jubbaland State	30,000.00	28 Sep 15	Advance for travel for training
Jubbaland	43,336.00	16 Nov 15	Withdrawal Application 1 & 2
TOTAL FOR JUBBALAND	99,430.00		
TOTAL ADVANCES as of Dec 31, 2015	251,240.00		

Project has transferred Puntland and Jubbaland States of Somalia total amount of \$251,240 of project assets through Dahabshiil and Amal Banks in Kisimayo and Garowe respectively as shown above. Project Regional Financial Statements summary of project activities performed by regional authorities are attached below.

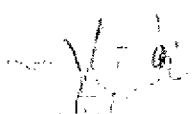
The Federal Government of Somalia
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 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

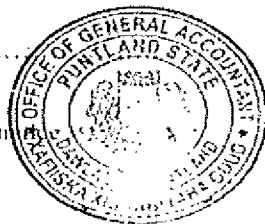
ANNEX I: REPORTS FROM REGIONS: PUNTLAND AND JUBBALAND

STATEMENT OF RECEIPTS AND PAYMENTS FOR PUNTLAND

	Notes	From July 2 to 31 December 2015
		US\$
RECEIPTS		
Somalia Multi-Partner Fund		151,810.00
TOTAL RECEIPTS		134,918.02
PAYMENTS		
Use of Goods and Services		134,918.02
TOTAL PAYMENTS		134,918.02
Refund		0.00
Surplus for the period		16,891.98
Fund balance at beginning of the period		0.00
Fund balance at end of the period		16,891.98

The notes set out on pages 11-17 form an integral part of these financial statements


 Abdurizak Said Nur,
 Accountant General
 Puntland Ministry of Finance



The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TFOA0534) for the Period from 02 July 2015 to December 31, 2015.



AMAL BANK

ACCOUNT STATEMENT

Statement From Date: 9/1/2015 To Date: 12/31/2015 Account Number: 0704-04-61280-01
 Currency : Us Dollar Type : Current
 Customer Name : R C R F II-PUNTLAND TFOA0534 Branch Name : GAROWE

Date	Description	Debit	Credit	Balance
-	Previous Balance Baaqihore	0.00	0.00	0.00
9/23/2015	From Central Bank Of Somalia	0.00	29,700.00	29,700.00
9/27/2015	Waxa loo diray Wasiirkaiyo Xisaabiya Guud ee Wasaarada Maaliyada	29,700.00	0.00	0.00
10/1/2015	From Central Bank Of Somalia	0.00	49,010.00	49,010.00
10/1/2015	Cheque No. 129482 Ministry of Finance Puntland	30,100.00	0.00	18,910.00
10/20/2015	Ku shubay Said Ismail Said PL EAFS Director	0.00	16,791.00	35,701.00
10/20/2015	Ku shubay Said Ismail Said PL EAFS Director	0.00	0.00	35,701.00
10/29/2015	Cheque No. 251401 Said Ismail Said	100.00	0.00	35,601.00
10/29/2015	cheque no. 251402 Said Ismail Said	9,415.00	0.00	26,186.00
11/28/2015	From CENTRAL BANK OF SOMALIA	0.00	72,495.00	98,681.00
11/29/2015	Cheque No. 251404 New ERA	900.00	0.00	97,781.00
11/29/2015	Cheque No. 251403 Dayax Electric & Electr.	279.00	0.00	97,502.00
11/29/2015	cheque no. 251405 Sontel	480.00	0.00	97,022.00
11/30/2015	cheque no. 251406 Asal Printing Press	480.00	0.00	96,542.00
11/30/2015	Cheque No. 251409 Five Star Trading and Stationary	16,306.50	0.00	80,235.50
11/30/2015	Cheque No. 251411 Dalmar Fuel Company	231.00	0.00	80,004.50
11/30/2015	Cheque No. 251410 Dalmar Fuel Company	330.00	0.00	79,674.50
12/2/2015	Cheque No. 251407 CarwoShaariqa	55.00	0.00	79,619.50
12/2/2015	Cheque No. 251412 Halab Electric and Water Material	425.50	0.00	79,194.00
12/2/2015	Cheque No. 251414 Wakaalada Xooga Korontada Umada	18,852.00	0.00	60,342.00
12/2/2015	Cheque No. 251415 Wakaalada Xooga Korontada Umada	24,698.00	0.00	35,644.00
12/2/2015	cheque no. 251408 Safari Phones	13,405.45	0.00	22,238.55
12/3/2015	Cheque No. 251413 Nugal Electric Company	97.87	0.00	22,140.68
12/22/2015	Cheque No. 251420 Deeble Cafateria	241.00	0.00	21,899.68
12/22/2015	Cheque No. 251417 Golis Telecom	244.85	0.00	21,654.83
12/22/2015	Cheque No. 251418 Ramaas Softwre LTD	320.00	0.00	21,334.83
12/23/2015	Cheque No. 251421 Five Star Stationary	739.00	0.00	20,595.83
12/24/2015	Cheque No. 251416 Sontel	855.00	0.00	19,740.83
12/24/2015	cheque no. 251419 Al Manal Carpets and Furniture	463.50	0.00	19,277.33
12/27/2015	cheque no. 251422 Asal Printing	112.00	0.00	19,165.33
	Total	148,830.67	167,996.00	19,165.33

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 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

Source & APPLICATION STATEMENT

Somalia: RCRF II Project
 Grant No. TF0A0534
 Project Number: RCRFII
 Interim Unaudited Financial Report
 Statement of Sources and Application of Funds
 Account Number: 0704046128001
 Account Name: Amal Bank

DESCRIPTION	NOTES	AMOUNT IN USD
A RECEIPTS		
A1 Balances B/F		
Withdrawal Applications		151,810.00
Bank Interest (if any)		
A2 Receipts During the Period		
Withdrawal Applications		
Bank Interest (if any)		
Total Receipts to Date		151,810.00
B DISBURSEMENTS		
B1 Balances B/F		
Component 1: Support to Core government functions of MDAs in FGS		
Sub-component 1.1: Financing eligible civil service salaries in the non security sectors		
Sub-component 1.3 Financing eligible non-salary recurrent costs		
Component 2: Intergovernmental transfers for core government functions (Grants from FGS)		
Sub-component 2.1 Transfer to sub-national authorities for core government functions		
Sub component 2.2 Intergovernmental fora on transfers and information exchange		
Component 3: Strengthening Systems for expanded operations and service delivery		
Sub-component 3.1: Setting up basic accountability systems		
Sub-component 3.2: Financing Eligible salaries and allowances of teachers and health workers		
Sub-component 3.3: Financing Eligible non-salaries recurrent costs in education and health sectors		
Component 4: Project Management and Coordination		
Project Management & Coordination		
Sub-total		-
B2 Prior Periods Adjustments		
Component 1: Support to Core government functions of MDAs in FGS		
Sub-component 1.1: Financing eligible civil service salaries in the non security sectors		
Sub-component 1.3 Financing eligible non-salary recurrent costs		46,828.37
Component 2: Intergovernmental transfers for core government functions (Grants from FGS)		
Sub-component 2.1 Transfer to sub-national authorities for core government functions		
Sub component 2.2 Intergovernmental fora on transfers and information exchange		
Component 3: Strengthening Systems for expanded operations and service delivery		
Sub-component 3.1: Setting up basic accountability systems		
Sub-component 3.2: Financing Eligible salaries and allowances of teachers and health workers		
Sub-component 3.3: Financing Eligible non-salaries recurrent costs in education and health sectors		
Component 4: Project Management and Coordination		
Project Management & Coordination		82,840.95
Sub-total		129,669.32
B3 Disbursements During the Period		
Component 1: Support to Core government functions of MDAs in FGS		
Sub-component 1.1: Financing eligible civil service salaries in the non security sectors		
Sub-component 1.3 Financing eligible non-salary recurrent costs		
Component 2: Intergovernmental transfers for core government functions (Grants from FGS)		
Sub-component 2.1 Transfer to sub-national authorities for core government functions		5,248.70
Sub component 2.2 Intergovernmental fora on transfers and information exchange		
Component 3: Strengthening Systems for expanded operations and service delivery		
Sub-component 3.1: Setting up basic accountability systems		
Sub-component 3.2: Financing Eligible salaries and allowances of teachers and health workers		
Sub-component 3.3: Financing Eligible non-salaries recurrent costs in education and health sectors		
Component 4: Project Management and Coordination		
Project Management & Coordination		
Sub-total		134,918.02
Total Disbursements to date		151,810.00
Fund Balance as at 31 December 2015		16,891.98

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

Somalia: RCRF II Project Grant No. TF0A0534 Project Number: RCRF11 Interim Unaudited Financial Report Bank Reconciliation Statement Account Number: 0704046128001 Account Name: Amal Bank	
DESCRIPTION	AMOUNT IN USD
Balance as per Bank Statement as at 21/12/2015	16,891.98
Deduct: checks issued and transfers requested, not yet presented/charged by the bank (list attached)	
Add: deposits, not yet credited by the bank (detailed individually)	
Add/deduct: errors or omissions by the bank, not yet adjusted (detailed individually below)	
Total Receipts and Bank Interest to date, per the cash book	151,810.00
Less: Total payments and bank charges as at 21/12/2015	134,918.02
Balance as per Cash Book as at 31/12/2015	16,891.98
Variance	0

Explanation :

Bank Commission for Amal Bank	300.00
Training and Travel to Nairobi	29,700.00
Bank Commission for Amal Bank	123.00
Bank Commission for Amal Bank	182.00
Cheque ministry of finance	30,100.00
refund from training and travel	16,791.00
refund from training and travel cost	100.00
Seminar for EAFS Team	9,415.00
New ERA	900.00
Dayax Electric	279.00
Somtel	480.00
Asal Printing Press	480.00
Five Star Trading and Stationary	16,306.50
Dalmar Fuel Company	231.00
Dalmar Fuel Company	330.00
Carwo Shaariqa	55.00
Halab Electric and Water Material	425.50
Wakaalada Xooga Korontada Umada	18,852.00
Wakaalada Xooga Korontada Umada	24,688.00
Safari Phones	13,405.45
Nugal Electric Company	97.87
Somtel International Limited	855.00
Gofis Telecom	244.85
Ramaas Software Ltd	320.00
AL-Manal Carpets and Furniture	463.50
Deeble Cafeteria	241.00
Five Star Stationary	739
Asal Printing	112
Shariqa Group	91
Dalmar Fuel Station	682
Somtel International Limited	855
Nugal Electric Company	645.35
Commulative Expenditure	134,918.02

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

SUMMARY RECEIPTS & PAYMENTS			AMOUNT USD
Receipts			
Receipts from the Grant			151,810
Other Receipts (if any)			
Total Receipts			-
Bank Interest			0
<i>Total Receipts and Bank Interest</i>			151,810.00
Payments			
Total Cumulative Payments			134,918.02
Bank Charges & and other Charges			-
<i>Total Payments, Bank Charges & Other charges</i>			134,918.02
Cash at Hand			16,891.98
<i>Represented By:</i>			
DA Balances			
Project Advances (if any)			
Others (List)			

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

The EAFS office processed 4 payments through checks to vendors in 2015, which were not cashed by the vendors until January 2, 2015. While the Puntland IFR report notes that the remaining balance is \$16,891.98, the SOE from Amal Bank ending at the date of December 31, 2015 states that the remaining balance was \$19,165.33, adjusting for a difference of \$2,273.35.

Please see below the check details

Check Date	Check Number	Voucher Number	Pay Against this cheque	Amount
29/12/2015	251424	No: 00021	Dalmar Fuel Company	682
29/12/2015	251423	No: 00022	Shaariqa Group	91
30/12/2015	251426	No:00023	Somtel GSM	855
30/12/2015	251425	No:00024	Nugal Electric Company	645.35

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

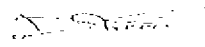
STATEMENT OF RECEIPTS AND PAYMENTS FOR JUBBALAND

Somalia RCRF II Project
 Jubbaland State of Somalia
 Grant No: TF0A0534
 Project Number: XXXX
 Interim Unaudited Financial Report
 Sources and Application of funds for the quarter ending 31 December 2015
 PA Bank Account Number: KISD000556 plus DA-B Held at Central Bank of Somalia
 PA Bank Account Name: Project Account-RCRF11

Sources of Funds	Reporting Quarter Activity		
	PA Account	3rd Party (Direct to Vendor from DA-B)	Total for Quarter
	A	B	C=A+B
Transfers from FGS DA-B [Gross including Bank Charges]	43,336		43,336
Total Sources of Funds (a)	43,336	0	43,336
Expenditures by component			
Component 2: Inter-governmental fiscal transfers	48,763	-	48,763
Sub Component 2.1: Transfer to eligible federal member	48,763	-	48,763
Activity 2.1.1: JSS Competitively Recruited Staff	48,763	-	48,763
CSC Secretariate salaries for the Month of September	2,764	-	2,764
MoF staffs Salaries for the Month of October	12,899	-	12,899
CSC Secretariate salaries for the Month of October	2,764	-	2,764
MoF staffs Salaries for the Month of November	12,648	-	12,648
CSC Secretariate salaries for the Month of November	2,764	-	2,764
Transfer of Salaries Reimbursement to the TSA	64	-	64
MoF staffs Salaries for the Month of December	12,096	-	12,096
CSC Secretariate salaries for the Month of December	2,764	-	2,764
Component 4: Project management & coordination	9,478	-	9,478
Travel Accomodation & Allowance to Project Launch and Tra	6,974		6,974
Advertisement Cost for RCRF Recruitments	975	0	975
Transfer of Air ticket Reimbursement to the TSA	510		510
Transfer of Advertisement costs Reimbursement to the TSA	200		200
Transfer of Advertisement costs Reimbursement to the TSA	200		200
Transfer of Air ticket Reimbursement to the TSA	510		510
Mogadishu Dahabshil Remittance charges	108.50	0	108.50
Total Expenditures (b)	58,241	-	58,241
Total closing balance (c) = (a) - (b)	(14,904.50)	-	(14,904.50)
Opening Cash Balance for Quarter (d)	16,524	0	16,524
Cumulative Ending Cash Balance (c) + (d)	1,620	-	1,620

Mohamed Noor, Financial Advisor, EAFS/SSF

Signature

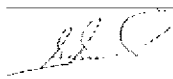


Date

09 January 2016

Greg Grosenick, EAFS, SSF

Signature



Date

10 January 2016

Mohamed Yassin Jama, RCRF II Project Coordinator

Signature




Date

12 January 2016

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.


Somalia: RCRF II Project
 Jubbaland State of Somalia
 Grant No: TF0A0534
 Project Number: XXXX
 Interim Unaudited Financial Report
 Trial Balance for the period ending 31st December 2015
 PA Bank Account Number: KISD000556 Plus DA-B Held at Central Bank of Somalia
 PA Bank Account Name: Project Account-RCRF11

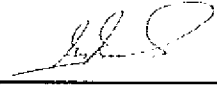
Dowlad Goboleedka Jubbaland ee Somalida Wasaaradda Maaliyadda		Jubbaland State of Somalia Ministry of Finance
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Trial Balance - 01/01/2015 - 31/12/2015

From Date 01/01/2015
 To Date 31/12/2015
 From Project 25: RCRF II
 To Project 250501: Comp 4 - Project management & coordination
 Status Posted

Code	Account Name	Count	Beg Balance	Db. Amount	Cr. Amount	Diff.	End Balance
132101	Current Grants From International Organizations	9	0.00	386.50	99,816.50	-99,430.00	-99,430.00
211101	Permanent employees/Regular staff	10	0.00	88,194.00		88,194.00	88,194.00
211111	accommodation Allowance	2	0.00				0.00
221102	External Travel	5	0.00	7,994.00		7,994.00	7,994.00
224201	Television and Newspaper Advertisements	2	0.00	1,375.00		1,375.00	1,375.00
282103	Bank charges	2	0.00	247.50		247.50	247.50
321202	Project Account-RCRF11	20	0.00	99,182.50	97,563.00	1,619.50	1,619.50
		50		197,379.50	197,379.50		

Prepared by Mohamed Noor, Financial Advisor, EAFS/SSF Signature  Date 09 January 2016

Reviewed by Greg Grosenick, EAFS, SSF Signature  Date 10 January 2016

Approved by Mohamed Yassin Jama, RCRF II Project Coordinator Signature  Date 12 January 2016

The Federal Government of Somalia
Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
(P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

The Federal Government of Somalia
Progress Report on Recurrent Cost & Reform Financing (RCRF) Project -- Phase II
(P154875, TFOA0534) for the Period from 02 July 2015 to December 31, 2015.

Combined Component & Activity Budget Utilization Report

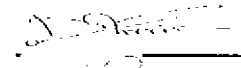
RCRF II Project
 Jubbaland State of Somalia
 Grant No. TFOA0534
 Project No. XXXXX
 Interim Unaudited Financial Report
 For the Period Ending 31/12/2015

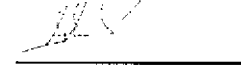
PA Bank Account #: K150000556 plus DA-B Held at Central Bank of Somalia
 PA Bank Account Name: Project Account-RCRF11

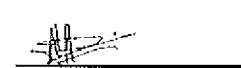
RCRF II Project	Component	Sub-Component	Activity	Account
B/C5	51-54 Table	B/C5	E/C5	B/C5

2015 Budget	Supplementary	Total Budget Available	Revenues Rec'd / Expenditures Processed thru PA	Revenues Rec'd / Expenditures Processed thru DA-B [3rd Party]	Total Project Revenue / Expenses through PA & DA-B	Total Budget Available
A	B	C = A+B	D	E	F = D+E	G = C-F

Revenue											
25	2500	250000	132101	Current Grants From International Orgs	1,780,000	1,780,000	99,430	-	99,430	1,680,570	
Expenditures											
25				Inter-governmental fiscal transfers	1,780,000	1,780,000	97,811	-	97,811	1,682,190	
	2501			Transfer to eligible federal member states	1,400,000	1,400,000	88,194	-	88,194	1,311,806	
		250101		JSS Competitively Recruited Staff	1,000,000	1,000,000	88,194	-	88,194	1,311,806	
		250102		JSS system strengthening	400,000	400,000	-	-	-	400,000	
		250103		JSS non-salary recurrent costs							
		250104		Other support & contingencies							
				22 series (6 dig) As required per GFS Acc't Codes							
				Support to recurrent costs in health & Education sectors	300,000	300,000	-	-	-	300,000	
	2502			Setting up basic accountability systems	200,000	200,000	-	-	-	200,000	
	2503			Eligible salary & allowances							
	2504			Non salary recurrent costs	100,000	100,000	-	-	-	100,000	
		250401		Non salary recurrent costs	100,000	100,000	-	-	-	100,000	
				22 series (6 dig) As required per GFS Acc't Codes	100,000	100,000	-	-	-	100,000	
				Project management & coordination	80,000	80,000	9,617	-	9,617	70,384	
	2505			Project management & coordination	80,000	80,000	9,617	-	9,617	70,384	
		250501		Project management & coordination	80,000	80,000	9,617	-	9,617	70,384	
		222103		Bank Charges	80,000	80,000	248	-	248	79,896	
		221102		External Travel			7,994	-	7,994	72,102	
		224201		Television and Newspaper Advertisement			1,375	-	1,375	70,517	
				Calculated Project Account Bank Balance			1,619.50	-	1,619.50		
				Actual Ledger Account Bank Balance			1,619.50				
				Difference					0		

Prepared by Mohamed Noor, Financial Advisor, Signature  Date 09 January 2016

Reviewed by Greg Grosenick, EA/FS, S Signature  Date 10 January 2016

Approved by Mohamed Yassin Jama, RCRF II Project Signature  Date 12 January 2016

The Federal Government of Somalia
 Progress Report on Recurrent Cost & Reform Financing (RCRF) Project – Phase II
 (P154875, TF0A0534) for the Period from 02 July 2015 to December 31, 2015.

DPPWITHSTATEMENT Page 1 of 1

Dahabshil Dahabshil Pvt Ltd Co.

Deposit/Withdrawal Statement Printable version

Email Attachment Transactions Between 12/1/2015 And 1/4/2016

Account No: KISD00055G
 Customer Name: RECURRENT COSTS AND REFORM FINANCING PROJECT2 JURB
 Address: FANOLE
 Date: 1/4/2016
 Previous Balance: 17,963.500

No	Date	Branch	Reference	Depositor/Receiver	Withdrawal	Deposit	Balance
1	12/1/2015	KIS	503011	BLUE SKY	\$510.00	\$0.00	\$17,453.50
2	12/1/2015	KIS	CHEQUE	INTER ACCOUNT TRANSFER	\$200.00	\$0.00	\$17,253.50
3	12/1/2015	KIS	CHEQUE	INTER ACCOUNT TRANSFER	\$200.00	\$0.00	\$17,053.50
4	12/1/2015	KIS	CHEQUE	INTER ACCOUNT TRANSFER	\$510.00	\$0.00	\$16,543.50
5	12/1/2015	KIS	CHEQUE	INTER ACCOUNT TRANSFER	\$64.00	\$0.00	\$16,479.50
6	12/30/2015	KIS	503011	CIVIL SERVICE COMMISSION SALARIES	\$2,764.00	\$0.00	\$13,715.50
7	12/30/2015	KIS	503117	HOF STAFF SALARY AND ALLOWANCES	\$12,096.00	\$0.00	\$1,619.50
					16344	0	0

Current Balance: **\$1,619.50**

Prepared By KISUSER4 Approved By



Faaq Baar ah . Fadlan degdeg STATEMENT ka ugu hubi buugagga oo Waxii khalaad ah u shaqaynaya ama aad diidan tahay noogu soo sheeg qorasi ahaan bil guudheeda qorasi bilaabo taariikhda lagu qaybsaday qarada sidanis samaynin waxaanuu u qaadanaynaa lauu sax yahay statement-ku

This statement is to enable you to keep a continuous record of all details relating to your account Statement is accepted as correct unless queried within 30 days. If there is query, please contact Dahabshil office by way of letter explaining the error.