DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SOMALIA CAPACITY INJECTION
APPROVED ON AUGUST 11, 2015
TO
MINISTRY OF FINANCE

GOVERNANCE
AFRICA

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I. BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
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<tr>
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<td>Investment Project Financing</td>
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<tr>
<th>Original EA Category</th>
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<table>
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<th>Approval Date</th>
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<td>11-Aug-2015</td>
<td>30-Jun-2020</td>
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Organizations

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<th>Borrower</th>
<th>Responsible Agency</th>
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<tr>
<td>Ministry of Finance</td>
<td>Office of the Prime Minister, Puntland State Government - Office of the President</td>
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Project Development Objective (PDO)

Original PDO

The project development objective is to strengthen the staffing and institutional capacity of selected line ministries and central agencies to perform core government functions.

Summary Status of Financing

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Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. The Project's Development Objective is to strengthen the staffing and institutional capacity of selected line Ministries and central agencies to perform core Government functions.

2. It has the following components:
   - Component 1: Developing Civil Service Capacity for Key Cross-Cutting Government Functions
   - Component 2: Establishing Management Frameworks and Structures to support Capacity Development
   - Component 3: Strengthening Policy Management Capabilities
   - Component 4: Project Management

3. This restructuring is to request for CD approval of a proposed no-cost extension of project closing date for 18 months, from June 30, 2020 to December 31, 2021. This will be the first extension of the project closing date. The Project was approved on August 15, 2015. Thus, with this extension, the Project will be 6 1/3 years old at the time of the new closing date.

4. The Task Team confirms that the requirements of OP/BP10.00 regarding extension of closing dates have been met, specifically: (i) the project objectives remain achievable; (ii) the performance of the Recipient remains satisfactory; and (iii) the Bank and the Recipient agree on actions that will be undertaken by the Recipient to complete the Project.

5. There are no outstanding audits, or IFRs for the Grant.


7. The proposed restructuring will entail a no-cost extension of project closing date from June 30, 2020 to December 30, 2021 (18 months). A formal request for extension of project closing date has been made by the Federal Government of Somalia (FGS) in a letter signed by the Minister of Finance dated October 27, 2019. The proposed no cost extension of the project closing data will allow to complete project activities in the following priority areas:

   - Design and implementation of the HRMIS.
   - Development of pension/by-out and payment to pre-war civil servants schemes, including management structures, government cost sharing and future contributions, etc.; presentation of estimated needs for seed money presented to Donors.
o  Design and approval of pay and grade system, including costing out and presentation to Donors fiscal implications of the new system and its roll-out of for the new entrants to the civil service.

o  Establishing of a sustainable system for training of civil servants based on well-functioning training institutes in Mogadishu and Garowe.

o  Start actual implementation of all policies and procedures developed to-date (starting with their approval by all necessary government branches).

8. As at Year 4.2, the following results have been recorded:

Staff to perform common functions (Procurement; FM; HR; Policy Development and Management; M&E) have been recruited in the Beneficiary Institutions (BIs) in both FGS and PSS. Contract renewals have been aligned with the annual confirmation of availability of funds under the Somalia Recurrent Cost Reform Financing-RCRF Project.

The project is supporting the establishment of a sustainable system for training of civil servants based on well-functioning training institutes in Mogadishu and Garowe. FGS has undertaken consultations with external training institutions including the Kenya School of Government and the Civil Service College of Uganda to partner with SOMPA, and PSS, with the Tanzania Civil Service Institute, the Civil Service of Uganda, and the Ethiopia Civil Service Institute to partner with IPAM, to build its capacity in the areas of curriculum development, preparation of training materials/modules and implementing a training-of-trainers program to increase the number of Somali local trainers.

Organizational reviews have been completed for all MDAs in both FGS and PSS. In PSS, a Government organizational ordinance has been developed to provide more clarity on mandates, vision, mission, functions, accountabilities, structures, staff complement and establishment ceilings for these MDAs.

Administrative rules and regulations emanating from HR policies that have been developed have been approved in PSS and undergoing rollout in the MDAs. FGS' Ministry of Labour and Social Affairs-MoLSA has constituted a Government joint technical team to prepare administrative rules and regulations for the HR policies that have been developed. The Bank team is working closely with FGS to provide quality assurance to the deliverables for this activity.

The development of a pay and grading system in Puntland has commenced. Procurement of the consultant in FGS is ongoing. Job analyses and classification, and development of civil service structures and relativities will be conducted.

A draft Pension Policy and its Bill to establish a Public Sector Pension Fund for Somalia is being finalized in FGS. In PSS, the policy and Bill have been developed and cleared by cabinet. Development of pension/by-out and payment to pre-war civil servants schemes, including management structures, government cost sharing and future contributions, and presentation of estimated needs for seed money to Donors are planned.

FGS has confirmed the outcome of the HR Audit including the biometric registration of civil servants. This will now pave way for payroll cleaning, development of personnel records for staff and unique identifier numbers, and introduction of payroll controls and audits. PSS has concluded its HR audit including biometric registration of all civil servants. The payroll is currently undergoing cleaning, staff electronic and hard copy personal files are currently being developed and unique personnel identifier numbers have been assigned and staff IDs developed. PSS has now introduced payroll system controls and audits and has started dialogue on the installation of a Human Resource Management Information System (HRMIS) which should ultimately be able to exchange information with PLFMIS.
Public Sector Reform Strategy: The project is supporting the development of a National Public Sector Reform Strategy to provide the framework for long-term capacity development programming and systematic implementation of interventions by both Government and Development Partners.

Both FGS and PSS have completed and validated the code of conduct for their respective civil services. The documents have also been translated into Somali language for wider comprehension. In FGS, the code will form part of the civil service procedures and regulations. In PSS, procedures and regulations for this policy have been approved by cabinet and are being rolled out to civil servants.

The project has supported the integration of the Aid Coordination Unit (ACU) into the Office of the Prime Minister (OPM) with support from the project, and the ACU’s capacity to curate, analyze, and publish data annually has been developed with support from UNDP and the Bank. The aid information management system developed for FGS includes a dedicated window for Puntland. Aid data is now being published. The Bank has further supported filling of senior management and technical positions in M&E and statistics in FGS and PSS planning Ministries.

In FGS and PSS, Policy Delivery Units have been established in the Office of the Prime Minister (FGS) and Office of the President (PSS). Director positions have already been filled and additional technical positions recruited to support the work at the center of government. Whilst FGS is yet to initiate work on the development of a Cabinet Manual to guide policy processing and Cabinet decision-making, PSS has completed the development of a Cabinet Rules and Procedures Manual (Cabinet Manual). While PSS has already trained cabinet secretariat and cabinet members on procedures, due to the change in cabinet, training will be needed by new cabinet members and new Secretariat staff. There are discussions around developing a cabinet management information system for PSS.

Policy planning and research units have been established in both FGS and PSS. MDAs in Puntland are submitting progress reports on high priority Government initiatives. This has been facilitated by the guidelines to support the work of the delivery units in Puntland's Office of the President, and policy planning and M&E units in the MDAs. The delay in FGS is partly due to the absence of guidelines for policy development and cabinet processes (a cabinet manual is pending development).

Both FGS and PSS have conducted annual public administration fora and invited Federal Member States to share experiences and knowledge on public sector reform, discuss progress of public administration transformation in Somalia and chart a way forward to deepen reforms.

The Executive Leadership Program has been included in the partnership training support to FGS and PSS, to be delivered through the twinning program with external institutions.
## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

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