

# REPUBLIC OF SOMALILAND



## ENHANCING PUBLIC RESOURCESMANAGEMENT PROJECT (SERP)

## PROJECT IMPLEMENTATION MANUAL (PIM)

June 2023

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**ACRONYMS AND ABBREVIATIONS**

AGO	Accountant General's Office
BoSL	Bank of Somaliland
CIT	Component Input Team
CSC	Civil Service Commission
CSO	Civil Service Organization
CSSP	Civil Service Strengthening Project
DA	Designated Account
DG	Director General
DP	Development Partners
DRM	Domestic Revenue Mobilization
EAFS	External Assistance Fiduciary Section
EFD	Electronic Fiscal Device
EFT	Electronic Funds Transfer
ESCP	Environmental and Social Commitment Plan
FCS	Fragile Country Systems
FM	Financial Management
G2B	Government to Business
G2C	Government to Citizens
GoSL	Government of Somaliland
GPE	Government Public Enterprise
HRM	Human Resource Management
HRMIS	Human Resource Management Information System
IBRD	International Bank of Reconstruction and Development
ICR	Implementation Completion Report
ICT	Information Communication Technology
IDA	International Development Agency
IFRs	Interim Financial Reports
IPSAS	International Public Sector Accounting Standards

IRD	Internal Revenue Department
ISA	International Standards on Auditing
ITAS	Integrated Tax Administration System
JNA	Joint Needs Assessment
JSC	Joint Steering Committee
KPI	Key Performance Indicators
LG	Local Government
LTO	Large Taxpayer Office
M&E	Monitoring and Evaluation
MDA	Ministry, Department and Agency
MOFD	Ministry of Finance Development
MTFF	Medium Term Fiscal Framework
NDP	National Development Plan
NAO	National Audit Office
PAD	Project Appraisal Document
PCRB	Procurement Complaints Review Board
PIU	Project Implementation Unit
PDO	Project Development Objective
PFM	Public Financial Management
PIM	Project Implementation Manual
PMIS	Pension Management Information System
PMTS	Project Management and Tracking System
PROFR	Prosperity From Revenue
PSM	Public Sector Management
PIU	Project Implementation Unit
RDP	Reconstruction Development Plan
SAI	Supreme Audit Institution
SCOA	Standard Chart of Accounts
SDF	Somaliland Development Fund

SERP	Enhancement of Resource Management Project
SLFMIS	Somaliland Financial Management Information System
SOE	Statement of Expenditure
SS	Small States
TA	Technical Assistance
TC	Technical Committee
TPU	Tax Policy Unit
TTL	Task Team Leader
TWG	Technical Workgroup
UCS	Use of Country Systems
UN	United Nations
UNDB	United Nations Development Bank
WB	World Bank



## THE PROJECT IMPLEMENTATION MANUAL (PIM)

### OBJECTIVES AND STRUCTURE OF THE PIM

1. The purpose of the Project Implementation Manual (PIM) is to guide the implementing entities on how the activities of the Enhancing Public Resources Management Project (SERP) will be implemented to comply with generally accepted standards and principles consistent with the World Bank (WB) guidelines on procurement and financial management in day-to-day work.
2. The PIM, which is in two volumes, aims to:
  - Promote a clear understanding of the operating procedures for the project so that working relationships among component implementation teams (CITs) and other stakeholders is enhanced.
  - Establish procedures and criteria that will enable beneficiaries and oversight bodies to avoid or mitigate internal risk; and
  - Establish internal control procedures so that the Government can be fully accountable to the public and Development partners and other stakeholders.
3. Volume 1: Main Operational Manual is organized in five chapters as follows:
  - **Chapter 1 – Country Background and Sectoral Context:** provides an introduction that describes the country and sector context.
  - **Chapter 2 - Project Objectives and Key Indicators:** spells out the main objective of this project and the key indicators that will be used to measure whether the project is achieving its intended objectives.
  - **Chapter 3 – Project Components:** provides a description of the various components, sub-components, and activities to be implemented. The ministry, agency, department (MDA) responsible for implementation and the intended beneficiaries are also explained together with the specific activities that are funded.
  - **Chapter 4 - Governance and Institutional Arrangements for the Project:** describes the institutional and governance framework of the project. This chapter provides an overview of the governance and institutional arrangements and the key roles and functions of the various MDAs the will be involved in implementing the agreed activities of the project.
  - **Chapter 5 – Monitoring and Evaluation Procedures of the Project:** describes the arrangements and procedures to ensure that project activities can be properly tracked to ensure that they meet the project development objectives.
  - **Chapter 6 – Fiduciary Arrangements:** gives a brief outline of the financial management, disbursement, and procurement arrangements for the project. It also gives an introduction of volume II of this manual, which contains the detailed procedures for budgeting, banking, disbursements, accounting and reporting, payments processing, internal controls, external audit, and procurement arrangements.
  - **Chapter 7 – Environmental Social Safeguards:** highlights any negative environmental and social impacts that may result from project activities and how these shall be mitigated during project implementation.



- **Chapter 8 - Public Disclosure, Anti-corruption and Complaints Handling Arrangements:** describes mechanisms to promote fair and transparent operation of the project.
4. **Appendices** provide additional supporting documents to provide further guidance.
  5. **Volume 2: External Assistance Fiduciary Procedures**, provides the detailed financial management (FM), procurement and disbursement arrangements for the project, to be undertaken by the External Assistance Fiduciary Section (EAFS) of the Accountant General's Office (AGO). Technical assistants supported under the project will provide continuous hands-on support for EAFS.



Final GoSL EAFS  
Fiduciary Procedures

6. This PIM is a “living document”, and every effort shall be made to maintain it as up to date as possible. The Joint Steering Committee (JSC) shall monitor its use and assess its effectiveness during project implementation. The stakeholders are also urged to provide written feedback and suggestions for the amendment so that lessons learnt during the implementation are used to update the PIM.
7. A change to the PIM will take effect upon approval from the WB, which should be notified of the change proposal in writing by the project coordinator. Following receipt of a no-objection from the WB, the Project Implementation Unit (PIU) will disseminate the updated version of the PIM to all component implementation teams, members of the JSC, and members of the Technical Committee (TC), and any other stakeholders.
8. The PIM should be used together with the following documents for further clarity: project appraisal document (PAD), grant agreement, disbursement letter, and the ministerial/treasury orders.
9. The PIM should be made available for reference to all stakeholders, including auditors.

## CHAPTER 1. BACKGROUND

### 1.1. COUNTRY CONTEXT

10. Somaliland's development history has evolved from 40 years of grassroots peacebuilding and state building. Over time, a resilient institutional structure has taken shape, in which modern and traditional institutions, religious authorities, the private sector, and civil society have worked together to ensure peace, stability and the delivery of basic services. Somaliland has enjoyed relative peace and institutional building. Since 2001, Somaliland has successfully held seven nationwide elections, including three presidential elections, three local council elections, and two parliamentary elections. The international observers have declared these elections to be credible according to international standards and "reasonably free and fair".

11. Somaliland's nominal domestic revenue collections have grown significantly in recent years. Trade taxes account for over half of the total revenue and are the largest source of income for the Somaliland Government. Income tax and corporate tax account for less than 10% of the Government's revenue. The budget appropriations are predominantly for staff salaries and recurrent administrative costs, based on annual expenditure plans submitted by ministries. The Bank of Somaliland (Central Bank -BoSL) is responsible for monetary policy and acts as a commercial bank for the Government.

12. The Government of Somaliland (GoSL) and the international community formally began their partnership in 2006 when the United Nations (UN) and the World Bank (WB) conducted a Joint Needs Assessment (JNA). The goal of the JNA was to foster development cooperation based on consultative and locally driven priorities. The JNA process resulted in the Reconstruction and Development Program (RDP, 2007-2010), and a series of documents intended to guide the development initiatives in Somaliland. These international community-led efforts encouraged the GoSL to produce the Vision 2030 alongside Somaliland's first National Development Plan (NDPI, 2011- 2016) and subsequently the second National Development Plan (NDPII, 2017-21) and third National Development Plan (NDPIII, 2022 - 2026).

13. However, much remains to be done to realize the Somaliland vision 2030, which outlines the path to stable, democratic, and prosperous Somaliland and summarizes the steps required to gradually transition from humanitarian aid to recovery and development across five key pillars of the NDPII. Throughout the years, the GoSL and internal development partners have engaged in various multi-donor funding instruments, such as the Somaliland Development Fund (SDF). These instruments culminated in the identification and prioritization of development funds destined for Somaliland. It also brought together the GoSL and partners to support Somaliland's development goals, fill critical funding gaps and helped to strengthen cooperation, transparency, and principles of aid effectiveness<sup>1</sup>.

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<sup>1</sup> SERP PAD4759

## 1.2. SECTORAL AND INSTITUTIONAL CONTEXT

14. Domestic revenue increased by 26% from SSh.1.8billion to SSh 2.0 billion or 7.9% of GDP in 2020. Tax revenue continued to be the main source of revenue for government up to 2021, accounting for 87.8%, 86.8%, and 80.8% in 2019, 2020 and 2021 respectively. The contribution of taxes to domestic revenue is slowly reducing as non-tax revenues grow, a positive development in expanding the revenue base<sup>2</sup>.

15. Similarly, government expenditure grew in nominal terms alongside revenues. Compensation of government employees continues to be the main expenditure, with the bigger portion going to the security sector. Of particular importance is the increase in project financing from government over the years, which grew from SSh. 27.7 billion to SSh. 182 billion, an increase of over 500%<sup>3</sup>.

16. Donor funds using Somaliland's country systems continue to be extremely low compared to recommendations set out in the Paris Declaration, which encouraged donors to use country systems as opposed to creating parallel structures.

### 1.2.1. Budget Credibility

17. Budget discipline has been strengthened over the years with the budget planning and control modules of the Somaliland Financial Management Information System (SLFMIS) implemented at all Ministries, Departments and Agencies (MDAs), including for government funds and donor funds. The oversight by Parliament and its role in approving the national budget has also given more credibility to the budget.

18. The recent comprehensive update of the Standard Chart of Accounts (SCOA) has helped in the accurate capture of both budget and expenditure, including for both government and donor funded projects, incorporating the components and subcomponents.

19. Commitment control has been enhanced by implementation of the purchasing module across all MDAs such that no procurement is permitted without the necessary purchasing process on the SLFMIS that commits budget funds only when they are available. The domestic arrears position is therefore expected to substantially decrease.

### 1.2.2. Accountability

20. Foundational elements of accountability in public resource management have been put in place through strengthening the legal and regulatory framework. Notably, the legal framework for the civil service is in place together with a Public Finance Management (PFM) Act 2016, and , Revenue Act 2016.

21. Key audit reforms have helped improve oversight and accountability while eliminating unnecessary red-tape. The National Audit Act is in place which led to the establishment of

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<sup>2</sup> Somaliland NDP III

<sup>3</sup> Somaliland NDP III

the Supreme Audit Institution (SAI). The SAI capacity has been built to audit the SLFMIS, from which government accounts are produced. The National Audit Office (NAO) is no longer involved in the approval of budget warrants.

22. The Government of Somaliland adopted the International Public Sector Accounting Standards (IPSAS) Cash basis of accounting and the SLFMIS was configured to support this paradigm shift, facilitated by the update of the SCOA. The Government financial statements generated off the SLFMIS are thus IPSAS Cash compliant.

23. Tax compliance through taxpayers' access to information about conversion of revenue into public services, as well as tax education and facilitation, contributes to better accountability and presents a great opportunity to improve revenue collection. Somaliland's tax collection departments are less trusted and there is a widespread tendency for taxpayers to engage in tax avoidance practices. Some interventions like the introduction of the Electronic Fiscal Devices (EFDs) to selected taxpayers in the hospitality industry as a pilot has seen significant increase in revenue collection. The automation of the customs and inland revenue collection function albeit with limitations in functionality, has given a boost to revenue collection. More needs to be done in acquiring a robust inland revenue and customs management system and rolling out the EFDs to more taxpayers, accompanied by an extensive tax education campaign.

### **1.2.3. Transparency**

24. The Ministry of Finance has made political commitments and operational progress towards improving budget transparency. The budget is approved by the House of Representatives before appropriation, while public engagement in the budgeting process has been initiated through public hearing forums.

25. The Somaliland Financial Management Information System (SLFMIS) which now covers all MDAs and selected LGs and GPEs has brought a high level of transparency, with approvals of transactions and processes configured therein according to the governing regulations.

26. With the SCOA updated to take care of both Central Government and Local Government (LG) transaction and statutory reporting needs, reporting for these entities that are enrolled on the SLFMIS is now instant and IPSAS cash compliant, thereby easing their obligation to submit timely financial statements to the Ministry of Finance. More work is still needed to enroll all LGs onto the SLFMIS.

### **1.2.4. Harmonization**

27. Harmonization of reporting practices is key to obtaining a consolidated picture of the fiscal position of the country. The central government and local governments of Somaliland have adopted the same Standard Chart of Accounts (SCOA) that is implemented in the SLFMIS

that is used by both for generating statutory reports. However, much as all central government MDAs have been onboarded to the SLFMIS, only a few Local Governments have come onboard. More efforts are being made to bring all LGs onto the SLFMIS, which will see full harmonization of reporting.

28. Harmonization of the foundational underpinnings of public sector institutions, such as the HRM laws, policies, regulations, and systems, are an important part of the government reforms. The Somaliland Civil Service Commission (CSC) has made substantial progress in harmonizing the paygrades and pay scales across government. Implementation of the same is going to be made easier by the acquisition of a Human Resource Management System (HRMIS) that is currently being implemented and the planned Pension Management Information system. (PMIS)

### **1.2.5. Automation**

29. The Government of Somaliland has over the years been implementing the Somaliland Financial Management Information System (SLFMIS), focusing on improving the functionality of the system and rolling it out to all central government MDAs, and LGs. Somaliland has achieved considerable success in the implementation of the SLFMIS, with all MDAs relying on the system for day-to-day transaction processing, while the implementation of core modules for LGs and GPEs has been piloted. The need to interface with other key stakeholder systems like BoSL, CSC (HRMIS and PMIS), ITAS and other core government systems together with the need to abandon the parallel manual processes that can be performed by the systems, is recognized, and adopted as a policy position of Government so that interventions like EFT, TSA and full automation can be achieved. The overall theme of the SERP project shall therefore be to complete the deepening of the SLFMIS to planned sites, including LGS and GPEs, while proceeding to interface with key stakeholder systems and pursuing full automation of business processes.

## **1.3. PROJECT RATIONALE**

30. Under the previous project DRM&PFMCSP, a key challenge stemmed from the fact that capacity building efforts were not structured within the broader civil service reform agenda. As a result, there were no structured PFM capacity building assessments against a core competency framework<sup>4</sup>.

31. The World Bank has supported reforms in DRM, PFM and HCM in Somaliland the DRM&PFM project ended in 2022 will the CSSPII project is soon ending. Without, the WB's continued engagement through SERP, a gap would arise and an opportunity would be lost to consolidate and build on the reforms put in place through those interventions.

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<sup>4</sup> SERP PAD



## CHAPTER 2. PROJECT DESCRIPTION

### 2.1. HIGHER OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

32. The project will contribute to the following high-level objectives:
- i. Accountability of public resource management
  - ii. Transparency of public resource management
  - iii. Increased capacity of the state for public resource management
  - iv. Increased institutional capacity for public resource management.

### 2.2. PROJECT DEVELOPMENT OBJECTIVE

33. The Project Development Objective (PDO) is to strengthen institutional capacity, accountability, and transparency in public resource management across participating entities.

### 2.3. PROJECT BENEFICIARIES

34. The ultimate project owner, led implementing agency and beneficiary is the Ministry of Finance and the Somaliland Citizens. The project will directly benefit the Accountant General's Office (AGO), Budget Department, IT Systems Department, Internal Audit, Macroeconomic Department, other relevant departments within MoFD, National Audit Office (NAO), Public Accounts and Economic Committees of the House of Representatives, Good Governance, Civil Service Commission, National Tender Board (as it transitions into a semi-autonomous Procurement Authority), Central Bank, Inland Revenue and Customs departments, all Government Ministries, Departments and Agencies (MDAs), Local Governments (LGs) and Government Public Enterprises (GPEs). These institutions will benefit from strengthened institutional capacity, accountability, and transparency in public resource management.

### 2.4. PDO LEVEL RESULTS INDICATORS

35. Achievement of the PDO will be measured by the following core performance indicators in Somaliland:
- i. Percentage increase in the implementation of previous year's audit recommendations relevant to Ministry of Finance on the consolidated financial statements.
  - ii. Reduction in time taken (in months) to publish previous year's audit reports (time from end of financial year to publication)
  - iii. Percentage points increase in tax revenue across participating entities.

### 2.5. KEY INTERMEDIATE RESULTS AND INDICATORS

36. The following are the key intermediate result indicators by component:
- i. Public Financial Management Indicators
    - Effective internal audit in MOFD
    - Improved predictability in the flow of funds for Health and Education Sectors
    - Improved citizens engagement in the budget cycle
    - Procurement, Legal and regulatory framework operationalized

- Timely online publication of mid-year and year end budget analysis reports (within 1 month of preparation of mid-year analysis and within 6 months for year end analysis)
  - Management of Public Investments in compliance with approved processes
- ii. Domestic Revenue Mobilization Indicators
- Somaliland improved revenue forecasting capacity
  - Percentage points increase in the on-line filing declaration for income tax and sales tax by large taxpayers in Somaliland
  - Percentage of Somaliland officials passing the DRM Training Course competency test
  - Taxpayer (citizen) engagement measured by availability of the range, currency, and access to information to support taxpayers compliance
- iii. Integrated Governance Support Indicators
- Structured and sustainable approach to PFM and DRM capacity building in place.
  - Improved interoperability of PFM, DRM and PSM systems.





## 2.6. PROJECT COMPONENTS

### 2.6.1. COMPONENT 1: PUBLIC FINANCIAL MANAGEMENT

37. The objective of this component is to strengthen budget preparation, execution and oversight for Somaliland.

#### **Subcomponent 1.1: Support Essential Budget Execution Functions**

38. This subcomponent aims to strengthen the budget execution functions of Somaliland. It will:

- a. Strengthen and update the legal and internal control frameworks and business processes, especially to recognize the inter-governmental fiscal relations, improve risk management, eliminate cumbersome and duplicate processes, and enhance the quality, comprehensiveness, and transparency of reporting. Capacity will be enhanced by providing classroom and on-the-job support to implement the revamped controls and business processes.
- b. Strengthen the functionalities, usage, and security of the SLFMIS, a primary tool for budget management and financial reporting for public disclosure and management decision making.
- c. Support the implementation of fundamental procurement reforms to improve controls, accountability, and transparency. These reforms include strengthening the national tender board, taking into account the fiscal and staffing implications, its roles and responsibilities and the need to sensitize stakeholders, automating the procurement function, building capacity of civil servants and conducting periodic procurement reporting.
- d. Improve monitoring and oversight by strengthening internal and external audit and the public accounts committee of the House of Representatives. The subcomponent will (i) support internal auditors' capacity building as well as establish and operationalize audit committees to improve follow-up on audit recommendations (ii) support external audit capacity building to conduct audits as per international standards and on time; and (iii) strengthen the process and capacity of Public Accounts Committees to improve quality, frequency and reporting of parliament oversight of public finance.

#### **Subcomponent 1.2: Strengthen PFM in the Health and Education Sectors**

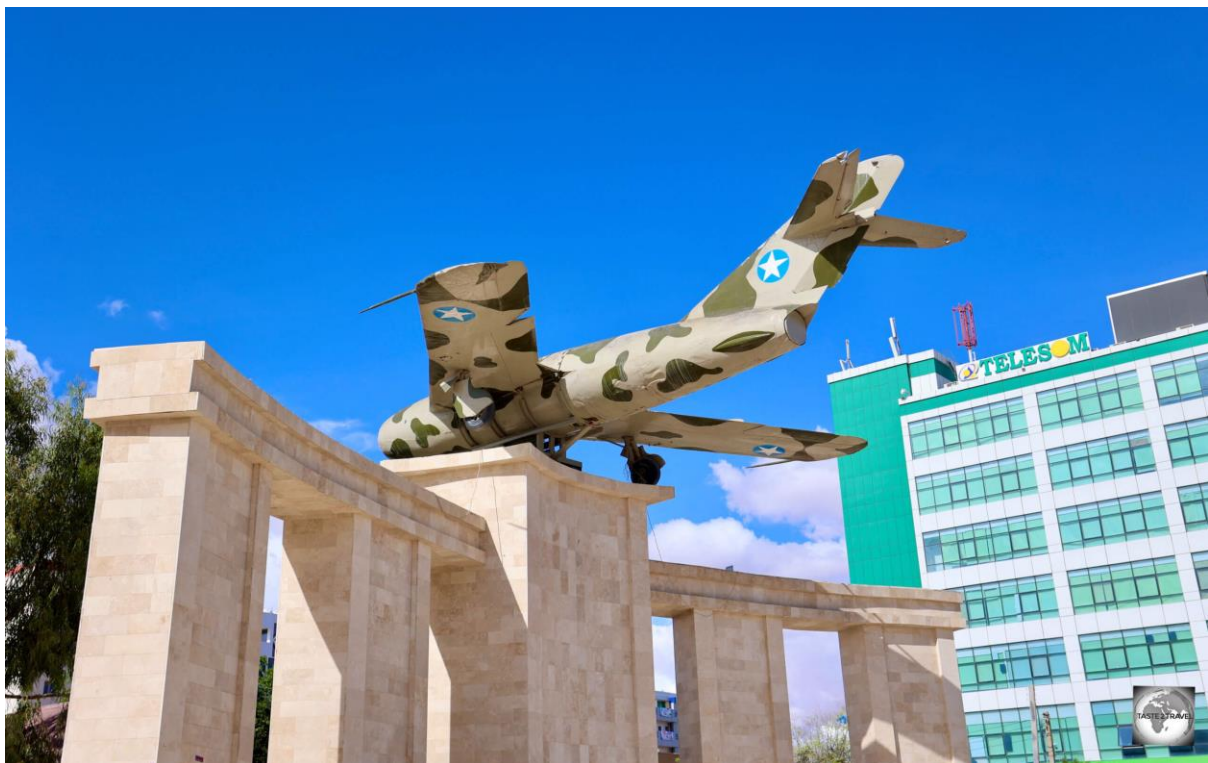
39. This subcomponent aims at strengthening planning, budgeting and controls in the health and education sectors, thus creating the enabling environment for effective service delivery. It will support Somaliland to (a) provide due recognition to the health and education plans in their medium term fiscal frameworks (MTFFs) and thereby improve budget

allocations to these sectors; (b) develop guidelines and build capacity to improve bottom-up planning and budgeting; (c) provide the capacity and automated tools for enhancing cash management practices at the sector level, with a view to ensuring a timely and adequate cash flow, and (d) improve compliance with rules by building the capacity of internal auditors, audit committees and procurement committees in these sectors.

#### **Subcomponent 1.4: Improve Budget Preparation and Transparency**

40. This subcomponent aims to improve the credibility at Somaliland by strengthening budget preparation, which is also climate and gender informed, and budget analysis. It will also support the establishment of a medium-term fiscal framework that is underpinned by considerations on climate adaptation and climate risk mitigation activities, linkages to reliable revenue forecasting, and other key budget preparation processes.

41. Enhance budget transparency and public participation, which is key to increase confidence in all levels of government. It will focus on building capacity and practices to (i) prepare and publish budget documentation (including developing citizen versions of key documents and conducting related outreach, and generating feedback through social media, radio, tv shows), (ii) engage with citizens (for example through hearings targeting CSOs, private sector, vulnerable populations, etc.), and (iii) improve parliamentary oversight of the budget.



**2.6.2. COMPONENT 2: DOMESTIC REVENUE MOBILIZATION**

42. The objective of this component is to support the DRM priorities of Somaliland to strengthen their Inland Revenue systems and capacity. In summary, the operation will support selected tax policy, administration, and taxpayer education and facilitation reforms, with gender and citizen engagement as cross-cutting reform measures. Support will also be provided for selected customs reforms, in active collaboration with DPs, particularly the FCDO PROFR project.

**Subcomponent 2.1: Improve Tax Policy Capacity**

43. This subcomponent aims to strengthen tax policy capacity in Somaliland. This subcomponent includes: (a) establishing the TPU; (b) supporting the TPU to conduct a problem-driven analysis and reform of tax instruments; (c) drafting regulations or guidance notes for the new laws; (d) preparing quarterly and annual revenue performance reports and disclosing them online; and (e) recording tax expenditures to prepare annual reports for submission to the legislature along with the annual budget documents. These activities will include the preparation of achievable revenue-raising strategies and targets in support of the medium-term budget framework.

**Subcomponent 2.2: Improve Inland Revenue and Selected Customs Administration Systems and Capacity**

44. This subcomponent will strengthen tax administration systems and capacity in Somaliland. To this end, this subcomponent will finance activities for:

- (a) Modernization and automation including (i) development and implementation of a 'fit for purpose' ITAS, by building on the support provided by the DRM&PFM and the FCDO PROFR projects, which will be interfaced with the SLFMIS, (ii) procurement of necessary ICT equipment and infrastructure; and (iii) development and implementation of ICT strategies and training to facilitate the adoption of the ITAS by both staff and taxpayers, .
- (b) Capacity building activities which will include extensive training involving: (i) a TNA; (ii) development and implementation of a medium-term training plan; (iii) initiation of a scholarship program; (iv) a requirement for DRM officials to complete the DRM training course; (v) planning for, and establishment of a Revenue Academy; (vi) strengthening of the LTO, including its re-tooling, people capacity, and organizational structure, building on the support provided by the ended PROFR project; and (vii) a plan for establishment of the Somaliland Revenue Authority.
- (c) Taxpayer education and facilitation activities which will focus on communication and training involving: (i) development and implementation of a taxpayer orientation and communication program including expansion of the DRM Training Course to a broader audience; (ii) proactive disclosure of revenue performance and forecasting reports; (iii) holding of tax forums; (iv) development of communication strategies for taxpayer engagements as well as taxpayers' access to information about turning revenue into public services; (v) monitoring of compliance with the taxpayer service charter; (vi)

conducting taxpayer perception surveys; and (vii) monitoring of facilitation and grievance redressal helpdesk services.

### 2.6.3. COMPONENT 3 : PUBLIC SECTOR MANAGEMENT

45. The objective of this component is to support the enhancement of systems, staff skills, and effectiveness of civil service management to improve government capacity to deliver services to citizens. CSSP II will address most of the challenges and SERP will complement those efforts by focusing on the expansion of key government administrative services to local governments.

#### Subcomponent 3.1: Strengthen the Capacity of Central and Line MDAs

46. This subcomponent aims to strengthen central and line MDAs in Somaliland to enable them to deliver their mandates. This will be achieved through:

- (a) Strategic staffing and capacity development of central MDAs. Determining minimum and critical staffing needs, while taking into account wage bill and fiscal sustainability implications of staffing decision. Targets for ensuring women are given equal opportunities to serve in the civil service will also be set and monitored, implementation capacity development plans and other priorities underpinned by assessments; and strengthening institutional mandates, and legal and policy frameworks.
- (b) Supporting improvement of selected priority government online administrative services. Specifically, the subcomponent aims to improve access to such services by selected line MDAs in at least three of Somaliland's regions through citizen access points, while also enhancing timeliness and accountability. The pilot access points will be created using existing infrastructure and office space to provide universal access to selected G2B and G2C services<sup>5</sup>. These centers will provide a bridge from offline to online service delivery, and enable access to services to those without connectivity, devices, digital literacy, or who prefer face-to-face interaction. The subcomponent will also support the design and piloting of an operational model of decentralized service delivery in at least three regions (Awdal, Togdheer and Sool).

#### Subcomponent 3.2: Implement P&G, Pension, and Other Civil Service Management Systems and Policies.

47. This subcomponent will support the implementation of the following systems and policies, the foundations of which have been supported under CSSP I and II:

- (a) **HRMIS.** support will be provided to Somaliland, drawing from the ongoing support under CSSPII, for continuous payroll cleaning. HRMIS users will receive continuous training.

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<sup>5</sup> For example licenses, registration of properties, issuance of certificates, etc.

- (b) **HRM policies and regulations.** The subcomponent will also support: (i) assessment of the performance and application of existing civil service management policies, regulations, procedures, and guidelines; and (ii) implementation of the improvements identified.

#### **2.6.4. COMPONENT 4: INTEGRATED GOVERNANCE SUPPORT**

48. A joint approach across the different aspects of public resource management is necessary to achieve the objectives of improved information sharing, harmonized reporting, and more sustainable reforms. This component outlines the way in which PFM, DRM and PSM come together to support financial governance reforms and change management to guide the process.

##### **Subcomponent 4.1: Interconnectivity of Public Finance and HR Systems**

49. This subcomponent will support the horizontal interoperability between the FMIS, DRM, HRMIS, pensions system. It will establish platforms to securely exchange solutions; and build related capacity to ensure the sustainability of the interoperability framework and the interconnectivity of systems.

##### **Subcomponent 4.2: Human Resource Management in PFM and DRM**

50. This subcomponent will provide the broader structural reforms necessary to support the professionalization of PFM and DRM included in Components 1 and 2. It will entail support to structured capacity building that is underpinned by functional reviews to establish suitable positions and organizational structures in PFM and DRM. The subcomponent will also support job evaluations and development of job descriptions for PFM and DRM staff. This will help set uniform structures of pay levels for PFM and DRM staff. Female participation in capacity building will be a critical area and will be monitored closely. Moreover, for sustainability, in-country training institutions will be strengthened.

##### **Subcomponent 4.3: Change Management to Support DRM and PFM Systems in Civil Service Reform**

51. This subcomponent will facilitate the transitions being supported in the project. It entails development and implementation of a change management strategy to establish a shared vision and priorities among key stakeholders, garner their ownership for reform, and assist leaders/managers in key MDAs to help recognize and effectively and timely respond to implementation challenges. The strategy will identify the reforms to be addressed and include an assessment of existing power dynamics, the readiness for change and commitment of leadership. It will also identify vested interests, reasons for their reluctance to change, and mitigation measures. Finally, to address the issues identified, a communications strategy and related action plan will be developed and implemented. To complement this work, advisory support will be provided to selected leaders in impacted MDAs to help them implement the reforms.



**2.6.5. COMPONENT 5: PROJECT MANAGEMENT, COORDINATION, AND SUPPORT IN DELIVERY**

52. This component will support the management, coordination, and M&E of project activities. It will also support innovative approaches for mobilizing teams to help with the implementation and delivery of project activities under Components 1 to 3. The government of Somaliland will use the existing resources for the implementation of SERP Project, the set up of the DRM&PFM Project PIU will remain unchanged during the implementation of the new project. This component will fund the following subcomponents:

**Subcomponent 4.1: Project Management**

53. This subcomponent will support the Project Implementation Unit: (a) to liaise the overall coordination of the project; and (b) provide support services to implementing agencies in procurement, financial management etc. Project management staff salaries, allowances, training, and basic facilities for managing the project will be funded under the project.

**Subcomponent 4.2: Results Monitoring and Impact Evaluation**

54. This subcomponent will support results monitoring through (a) capacity development for regular M&E at different implementation levels of the project, including writing and disseminating reports on implementation progress; (b) an independent M&E specialist for verification of results, qualitative assessment of progress, and improvement of government capacity on M&E; and (c) a rigorous impact evaluation of capacity improvement interventions at both the institutional and employee levels, to determine changes to work performance and improvement of capacities/skills outcomes. This is required because the project builds on progress made by on-going reforms delivered through other World Bank operations in Somaliland, including significant implementation of institutional and employee capacity building interventions.

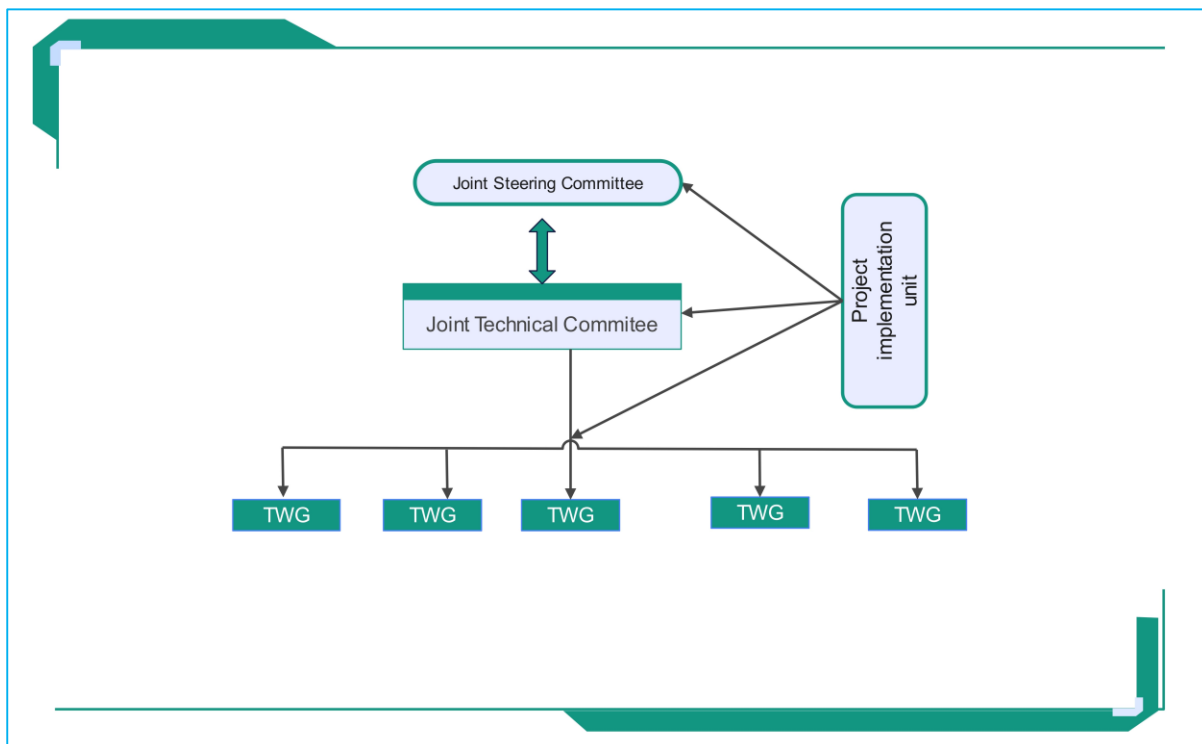
**CHAPTER 3. GOVERNANCE AND IMPLEMENTATION ARRANGEMENTS**

**3.1. GOVERNANCE**

55. The SERP governance coordination arrangement will take into consideration the involvement of multiple stakeholders in implementing the SERP reforms, including representation from all levels of government, development partners and civil society. The Ministry of Finance Development will take the lead in coordinating the implementation of the project, under stewardship of the Minister of Finance and the Director General (DG) of MOFD, with the assistance of the Project Implementation Unit (PIU) headed by the Project Coordinator (PC). The Joint Steering Committee (JSC) and the Joint Technical Committee (JTC) are the two most important committees in the SERP governance structure and form the main forum for strategic directions on reforms.

56. There is need to create an institutional arrangement that will ensure implementation of the project in a well coordinated manner and address any issues that arise from the respective institutions. As such, a four-tier governance arrangement will be adopted and will include: (i) a Joint Steering Committee (JSC), (ii) Joint Technical Committee (JTC), (iii) Reform Coordination Unit (PIU), and (iv) Technical Working Groups (TWGs) as shown in the figure below:

*Figure 1: SERP Governance Institutional Arrangement*



57. Decentralization of the project management and implementation will help reduce bureaucratic delays in implementation and provide technical assistance to the stakeholders



appropriately. This model of execution will ensure strong ownership of the project activities and enhance their sustainability after completion of the project implementation.

### Joint Steering Committee (JSC)

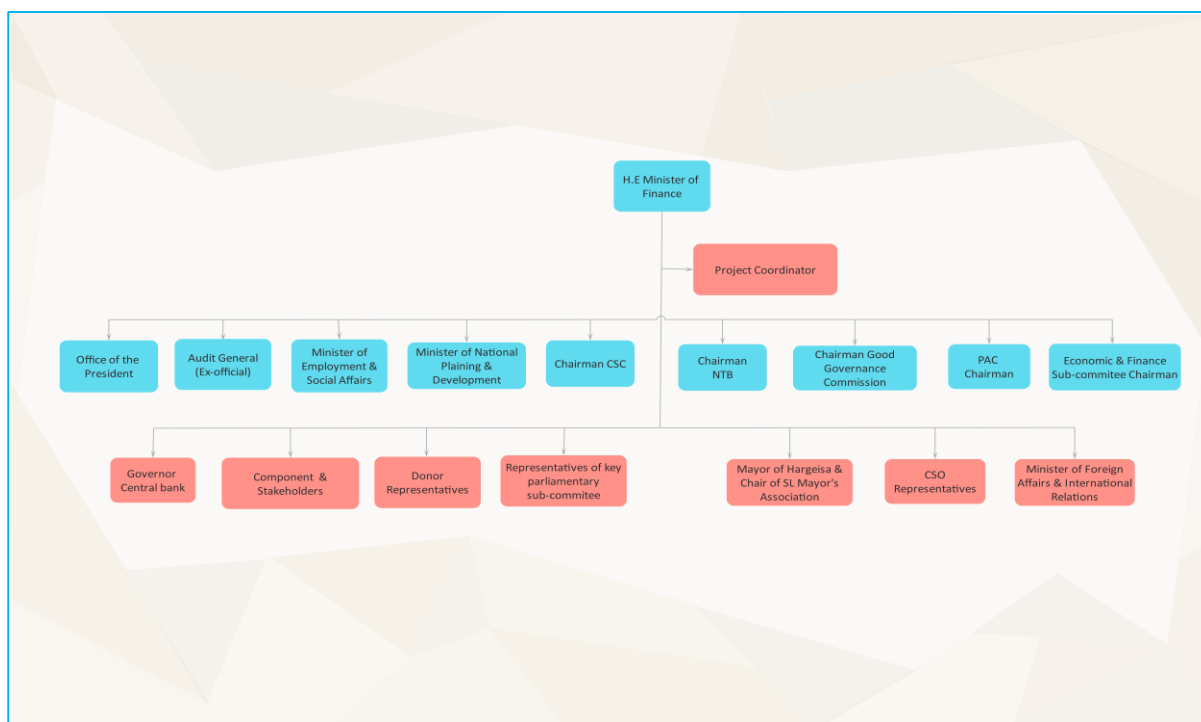
58. The JSC will be an oversight committee with the responsibility for providing strategic direction and monitoring of the SERP reform activities. The committee will be chaired by the Minister of Finance and will comprise of representation from component areas and significant stakeholders as shown in the table below.

*Table 1: SERP JSC Member Composition*

<b>Minister of Finance (Chair)</b>	Minister of National Planning and Development
<b>Minister of Foreign Affairs and International Relations</b>	Office of the President
<b>Governor of Central Bank</b>	Minister of Employment and Social Affairs
<b>Representatives from key sub-committee in the Parliament</b>	Chairman, Civil Service Commission Chairman of Good Governance Commission
<b>Mayor of Hargeisa and chairman of Somaliland Mayor's Association</b>	Representation from Donors
<b>Ex-Officials (the Auditor General, component and stakeholders Leaders)</b>	Representation for the Civil Society

59. SERP reforms cut across government, at central and local government levels, involving many stakeholders, private sector, and civil society and development partners. With changing needs, the JSC may co-opt other members from time to time. It will meet quarterly to transact PFM reform issues and will report to the Council of Ministers. Project Coordinator will serve as a Secretary to the JSC. The composition of the JSC is shown in the figure below:

Figure 2: Joint Steering Committee Structure



60. The JSC's main objective will be to provide strategic oversight, policy direction, decision making and strategic guidance with engagement of designated key SERP stakeholders. Specifically, the responsibilities of the committee will include the following:

- Clarify the overall vision, goal, strategy, and action plan of SERP Reforms.
- Monitor implementation of the action plan against targets and indicators to determine the impact and success.
- Guide the implementation.
- Resolve any coordination issues arising between stakeholders.
- Monitor reform progress and act on the quarterly and annual progress reports.
- Decide on major institutional, legal, investment or strategic issues related to the reform.
- Organize an Annual Joint SERP Review to discuss progress in SERP with all stakeholders and approve the next SERP Annual Action Plan and budgets.
- Do anything in furtherance of SERP Reform objectives.

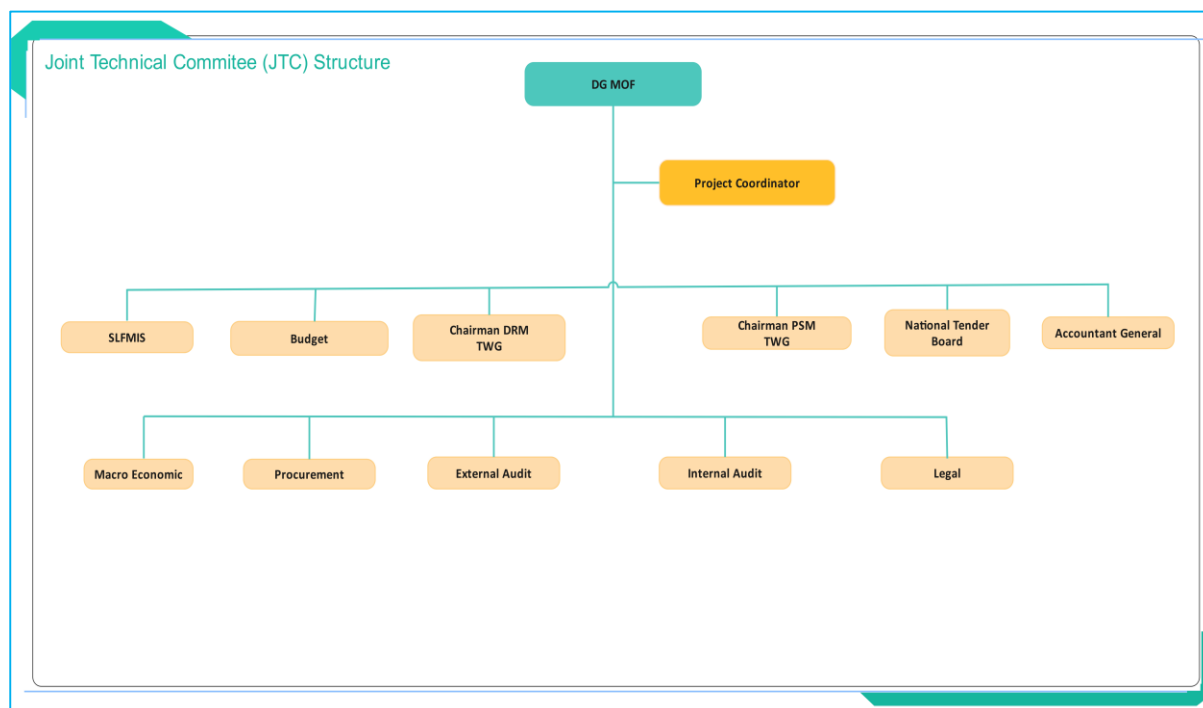
### Joint Technical Committee (JTC)

61. The JTC will be responsible for reviewing progress against objective and expected outputs as outlined in the strategy and providing technical support to the JSC. The committee will be chaired by the DG of the MoFD and membership will comprise of all component leaders and will meet once a month. The SERP Project Coordinator will serve as its Secretary. It is also a forum for coordinating all reform activities between the

components and sharing experiences and for enhancing the visibility of reforms and improving change management activities. It's responsibilities include, among others: reviewing budget allocations and making proposals for the approval of the JSC.

The figure below shows the JTC structure:

Figure 3: Joint Technical Committee (JTC) Structure



## Project Implementation Unit

62. The Project Implementation Unit (PIU) is responsible for coordinating reforms, providing logistical support (mainly to external consultants and specialists), monitoring implementation and producing regular reports. It is headed by SERP Project Coordinator who is also responsible for organizing JSC and JTC meetings and reports directly to the Minister of Finance.

63. The PIU is also responsible for day-to-day activities such as providing secretariat support to all coordination mechanisms, logistical support to external consultants involved in SERP reforms, and to coordinating all SERP reforms in government units and ensuring that the reforms are on track. Other responsibilities include the following:

- Implementation of the strategy's integrated capacity building program;
- coordination with other ongoing reforms supported by other DPs to ensure efficient alignment to Strategy objectives;
- implementation of effective monitoring and evaluation systems, procedures and routine outputs;
- implementation of effective communication outreach ;

- Communicating with the TTL and acting as the link with the World Bank and other donors of the SERP Programme; and
- organizing training workshops and regular meetings of JSC and JTC.

### Technical Working Groups (TWGs)

64. The TWGs' primary objective is to develop action plans and oversee the implementation of these action plans and to review progress against targets and expected outputs as outlined in the strategy at the component level. TWG members come from departments and entities relevant to the component. It is chaired by respective component heads and meets monthly, PIU provides secretarial services, and they regularly report to JTC.

65. To ensure greater ownership and sustainability of the reform program, activities should be undertaken by the respective component TWG under the supervision of component leaders as part of mainstreaming the activities. Appropriate technical assistance and funding will be provided from the SERP program managed centrally through the PIU. Component leaders will be government officials at the director level or equivalent who will be supervised by the Minister of finance through the DG of MoFD.

66. Component Leaders will draw on the assistance and guidance of consultants, with a mixed blend of both international and national experience, who have specialist skills relevant to the component. The number of consultants will depend on the volume and complexity of reform activities in that component. All the consultants are to be supervised by the Component Leaders at the first level and coordinated by SERP Project Coordinator a higher level.

67. SERP Project Coordinator designs the reform strategy in the form of a series of interrelated components, each with its management framework linking into central management and coordination. Each Component Leader is expected to submit monthly feedback to the JTC and ultimately to the JSC.

68. SERP action plan will include measurable milestones, regular reviews, and assessments of progress, which development partners should also subscribe to. Baseline data will be established, indicating the situation at the start of the reform program. Specific targets related to the performance indicators will be formulated with target dates for the outcomes and outputs.

### 3.2. IMPLEMENTATION ARRANGEMENTS

69. The project will support all the 5 components. The MDAs responsible for each of the five components is summarized in the table below:

Table 2:MDAs per component

Component	Responsible implementing agencies
<b>Component 1: Public Financial Management.</b>	<ul style="list-style-type: none"> <li>• MOFD Office of the Accountant General</li> <li>• MOFD IT Department</li> <li>• MOFD Budget Department</li> <li>• NTB</li> <li>• Office of the Auditor General</li> <li>• MOFD Internal Audit</li> <li>• House of Representatives</li> <li>• Ministry of Health</li> <li>• Ministry of Education and Science</li> </ul>
<b>Component 2: Domestic Revenue Mobilization.</b>	<ul style="list-style-type: none"> <li>• MOFD Customs Department.</li> <li>• MOFD Inland Revenue Department.</li> <li>• MOFD IT Department</li> </ul>
<b>Component 3: Public Sector Management.</b>	<ul style="list-style-type: none"> <li>• Civil Service Commission</li> <li>• Good Governance and Anti-Corruption Commission (SL)</li> <li>• Civil Service Institute (SL).</li> <li>• Ministry of Finance Development</li> <li>• Ministry of Planning and Development</li> <li>• Office of the President</li> <li>• Awdal LG</li> <li>• Togdheer LG</li> <li>• Sool LG</li> </ul>
<b>Component 4: Integrated Governance Support</b>	<ul style="list-style-type: none"> <li>• Civil Service Commission.</li> <li>• Ministry of Employment, Social Affairs and Family.</li> <li>• Ministry of Finance Development</li> </ul>
<b>Component 5: Project Management</b>	<ul style="list-style-type: none"> <li>• MOFD PIU</li> </ul>

The role of the Implementing partners is to execute the activities contained in the project workplans. They will be involved in the following, under collaboration and guidance of the PIU:

- Providing relevant input to the annual workplans of the project
- Providing input to specifications and TORs for procurement of goods, works, consulting and non-consulting services.
- Participation in the evaluation of bids.
- Inspection of goods and works delivered and approval of deliverables for goods and services.
- Providing accountability for all project financed expenditure, to the PIU
- Reporting to the PIU, on the performance of project activities.



## CHAPTER 4. MONITORING AND EVALUATION

### 4.1. PURPOSE

70. The purpose of monitoring and evaluation (M&E) is to collect quantitative and qualitative information to assess whether the development objectives of the project are being achieved or not, identification of gap, and providing the evidence for taking remedial actions. The M&E system will allow for ongoing learning and feedback throughout the design, planning and implementation stages of all the project components and sub-components. The M&E system will identify challenges with project implementation and assist management with midcourse corrections to enable the project achieve it's overall development objectives.

71. The monitoring and evaluation arrangements for the project will be conducted at the following three levels:

- (i) Project implementation: to ensure that all procedures and guidelines related to the project are followed and timelines met, and the allocation and use of resources as per the financing agreement;
- (ii) Project outputs: including intermediate outputs as described in the Results Framework for the project;
- (iii) Project impact: including the key performance indicators for the project that will measure the success of the project activities.

### 4.2. THE MONITORING AND EVALUATION FRAMEWORK

72. A robust monitoring and evaluation framework will be jointly developed by GoSL and its DPs, based on best practice, to drive the quality of resource enhancement programmes. The framework specifies the indicators that will be monitored, their baseline and target values, frequency of monitoring, sources of data and instruments through which data will be collected. The monitoring framework for the project is presented in appendix 1.

73. The M&E framework will be used to monitor this project. The progress achievement of the project development objectives will be monitoring and assessed through the following monitoring and evaluation activities:

- (i) Routine monitoring by the PIU. The Project Coordinator will be responsible for day-to-day monitoring of the project, including coordinating and communicating with all TWGs for the purpose. The Project Coordinator will be assisted by an M&E Expert who will ensure that all M&E activities are appropriately carried out and reports circulated to appropriate stakeholders. A project management software will be put in place to assist with day to day monitoring of the project's activities and outputs.
- (ii) Monitoring through regular/periodic reviews: A joint annual review of the Government of Somaliland and the DPs will be carried out each year during the period when the project is under implementation. The PIU will coordinate the joint reviews which will include site visits to components being implemented. Experts and Development Partners may be invited to participate in these joint reviews. Reform Coordination Unit will produce appropriately designed monitoring and evaluation

reports. These will cover tracking both programme implementation as well as the tracking of SERP Outcome Indicators. Quarterly and annual progress reports with further analysis will be prepared. This will help stakeholders to learn from what is done and to identify what the support priorities will be in the future. The reports produced on an annual basis will form the basis for review of the programme. The review process of the Programme will be carried out jointly by the GoSL and the DPs. Performance will be measured on the basis of Annual Work Plans and the PDO SERP indicators in the M&E Framework in appendix 1. This review report will be prepared by the PIU and will be circulated to all stakeholders prior to the commencement of annual review. The PIU and the World Bank will develop detailed terms of reference for each joint review. In addition to the specific project results framework in appendix 1, Key Performance Indicators (KPIs) for the reform platform objectives will be used by the Joint Steering Committee (JSC) to monitor and evaluate implementation of the action plan. Yearly targets will be set at the reform component level and this will guide the preparation of Annual Work Plans (AWP) and budgets.

- (iii) Mid-term and End-term Reviews: One mid-term review will be carried out towards the middle of project implementation. The results of the mid-term review will feed into the work plan and budgeting process for the following year. Similarly, one end-term review will be carried out for the overall project evaluation and implementation completion review towards the end of the project. The PIU and the WB will develop detailed terms of reference for both the mid-term and end-term reviews. DPs and GoSL will prepare an Implementation Completion Report (ICR) after the close of the project to assess overall performance. The ICR shall cover among others final programme cost compared to the budget in force at that time, components completed and the benefits obtained from their execution, components not executed or not completed and the causes of the failure to comply with the original programme work plan, evaluation of the achievement of the Programme's objectives and their impacts, lessons and experiences gained from the Programme execution etc.
- (iv) Evaluation Studies: Apart from the above evaluation activities, evaluation studies may be undertaken where necessary to evaluate specific sub-components of the project.

#### **4.3. THE MONITORING AND EVALUATION RESPONSIBILITY**

74. The primary responsibility for monitoring, evaluation and reporting will rest with the Project Coordinator who will be tasked with designing a Project Monitoring and Tracking System (PMTS) for the project implementation.

75. The reform oversight and implementation structure will provide policy directions for strengthening the public resource enhancement systems and take periodic stock of progress by ensuring that key milestones in the programme are on track and take concrete action where required.



76. The M&E framework shall be fully developed by the PIU, discussed and agreed by the TC and the JSC.



## CHAPTER 5. FIDUCIARY ARRANGEMENTS

### 5.1. EXTERNAL ASSISTANCE FIDUCIARY SECTION (EAFS)

77. External Assistance Fiduciary Section (EAFS) was established in the Accountant General's Department. The EAFS is designed to ensure harmonization, donor co-ordination, reduce duplication, fragmentation, and proliferation of donor-specific financial management units. The organizational structure for the EAFS takes into consideration the key areas of authority and responsibility and appropriate lines of reporting and comprise of staff with relevant and adequate qualification and experience acceptable to the Bank. The basic functions of the EAFS are planning, budgeting, accounting and reporting of recipient-executed external assistance.

78. The EAFS structure remains unchanged from what it was like in the predecessor DRM&PFM project.

79. The EAFS manual which is volume II of this PIM, explains in detail, the financial management, and disbursement procedures that are applicable for this project.

### 5.2. FINANCIAL MANAGEMENT

80. Project financial management is a process which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement and the physical performance of the project. The aim of financial management is to manage project resources properly and achieve the project's development objectives efficiently.

81. The financial management risk is assessed as high. The financial management capacity challenges that are likely to affect the project include lack of key financial management competencies and internal controls, reliance on consultants, lack of regulatory framework for key PFM aspects amongst others. Various mitigating measures are designed both specific to the project and as part of other Bank/Donor engagements in the country. As part of the capacity strengthening efforts, the project would adopt the Use of Country Systems (UCS) in various aspects of the project's financial management including for accounting and reporting, banking, oversight arrangements with the Office of the Auditor General and staffing. This will be supported by Technical Assistance (TA) with clear requirement for knowledge transfer incorporated in the Term of Reference of the TA.

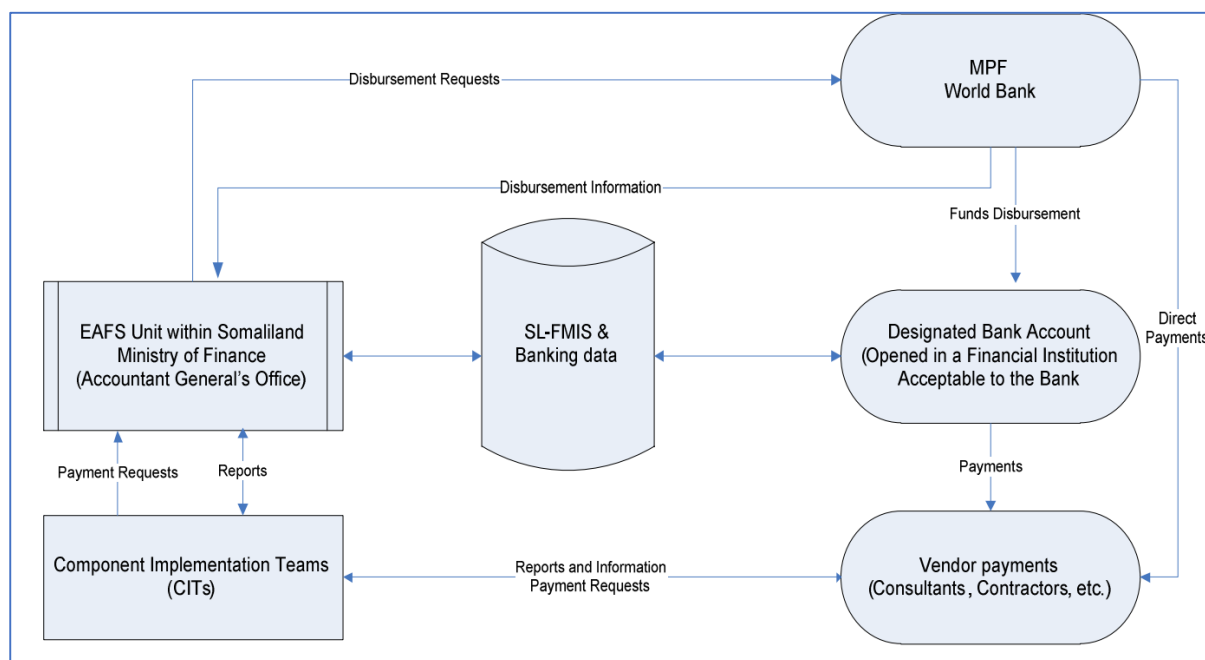
82. The Somaliland Financial Management Information System (SL-FMIS) will be an integral part of the Project Financial Management System. The project financial transaction will be recognized, captured, analyzed, summarized and reported through the use of SLFMIS. The EAFS Unit will be charged with the responsibility of overseeing the financial management function for all the donor funded projects implemented through use of Somaliland country systems. The EAFS Unit will form part of the project financial management team with responsibilities for day-to-day financial management of the project funds. The project financial management function will be carried out in line with the provisions of the EAFS Manual (volume II of this PIM), and upon consolidation will use the Comprehensive Operations, Accounting Procedures Manual (COAPM).

### 5.3. FLOW OF FUNDS AND BANKING ARRANGEMENTS

83. With respect to banking arrangements and flow of funds, a Designated Account (DA) will be opened in a Bank on terms and conditions in the World Bank Disbursement Guidelines for Projects (May 1, 2006:11). . This DA will be managed by the EAFS under the Accountant General where all the fiduciary controls and accountability will lie for the use of the grant proceeds. The project will make withdrawals from the DA and full records will be kept for audit purposes as to what purposes the funds are used. Figure 4 below depicts the funds flow arrangements. Each disbursement from the DA will be initiated by an official request from authorized project officials. The EAFS will maintain:

- (i) A Designated Account (DA) in US Dollar (US\$) for the grant funds from the IDA in a financial institution acceptable to the Bank. The DA ceiling shall be determined based on projected cash requirements which shall be prepared and submitted to the TTL for review and approval. Subsequently DA replenishments shall be based on Statements of Expenditures (SOEs).
- (ii) MPF funds will be transferred into the DA against an approved Withdrawal Application to be prepared by the External Assistance Fiduciary Section. Subsequent withdrawals will be based on SOE and after the change to report-based disbursement, based on the actual amount expended.
- (iii) Detailed disbursement arrangements will be documented in the Disbursement Letter.

Figure 4: Funds flow process



**5.4. PROCUREMENT PROCEDURES**

84. The ultimate responsibility for procurement of goods, works and services will be with the Project Coordinator. A Procurement Specialist TA working alongside government procurement counterparts will be responsible for day-to-day activities on procurement. As a part of the annual work plan and budgeting processes, the PIU shall prepare a procurement plan and monitor and update it annually or earlier if necessary. The procurement plan will specify items, estimated amount, procurement types, methods, dates and Bank's review types. The PIU shall carry out procurements based on the annual procurement plan agreed with the World Bank.

85. The overall procurement environment and capacity is weak and the risk in this aspect is rated high. The Country is in infant stages of building institutional capacity and legislative frame work to handle robust public procurement. The private sector and civil society have limited capacity or functionality (due to total lack of regulatory law and business norms). The Somaliland public Procurement legal framework and institutions are not yet in place. The available procurement options to meet these challenges focuses on applying existing Bank procurement policy in a manner that takes into consideration the special conditions often found in fragile countries systems (FCS) or small states

(SS). The focus of the option is on the need for flexible and streamlined procurement in FCS/SS operations.

86. **Procurement procedures.** The project will apply the World Bank Procurement Regulations for IPF Borrowers for Procurement of Goods, Works, Non-consulting Services and Consulting Services, July 2016 as updated November 2020. Furthermore, the World Bank's Anti-Corruption Guidelines dated July 1, 2016, and the provisions stipulated in the Financing Agreement will apply.

87. **Project Procurement Strategy for Development (PPSD) and Procurement Plan (PP).** The Government has prepared a PPSD which sets out the procurement arrangement and market approach options both for high value/high risk and low value/low risk procurement activities in the project. The PPSD also incorporates an initial Procurement Plan for the first 18 months of the project life. The PPSD and PP were finalized before the project negotiation. The PP shall be updated in agreement with the World Bank, at least annually, or as required, to reflect changes in the procurement arrangement that might be required due to a change in requirements, market conditions, procurement environment and so on. Also as part of the annual work plan and budgeting processes, the PIU shall update the procurement plan and monitor and update it annually or earlier if necessary. The procurement plan will specify items, estimated amount, procurement types, methods, dates, and Bank's review types. The Procurement Unit in the Project Implementation Unit shall carry out procurements based on the annual procurement plan agreed with the World Bank. The procurement plan and subsequent updates and changes should consist of a minimum of the following details: (i) a brief description of required goods, works, non-consulting and consulting services; (ii) estimated cost; (iii) proposed method of procurement; (iv) review types from the World Bank; (v) time schedule for the key activities.

88. **Procurement Implementation Arrangements.** The project procurement implementation will be led by the Somaliland Ministry of Finance Development established Project Implementation Unit. The Ministry of Finance will establish a Project Implementation Unit (PIU), which will be responsible for procurement implementation. TA Procurement specialist will be incorporated into the Procurement Unit of the Ministry of Finance Development and operate in collaboration with the Project Implementation Unit. Procurement Officers will be seconded or posted to the Procurement Unit to work alongside the TA Procurement Specialist to facilitate skills transfer.

89. **Systematic Tracking of Exchanges in Procurement (STEP).** The World Bank's STEP approach will be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the project's implementing agencies. Procurement staff of the implementing agencies not familiar with STEP will be trained in using STEP.

90. Details of the items/services, specific methods and processes of procurement of goods, works, non-consulting services and consulting services will be specified in the funding agreement and the procurement plan agreed with the Bank.

91. **Information disclosure:** The PIU is required to disclose all the disclosable information timely. Publication of tender opportunities and result of evaluations are important transparency aspects in public procurement management. All bidding opportunities will be advertised on the available website and posted on widely circulated national paper. If the contract is ICB or if the assignment includes international firms, it has to be advertised on a widely circulated national paper and on UNDB online in addition to the local posting.

92. Procurement Complaints: Any procurement complaint by dissatisfied bidders or stakeholders may be lodged to the DG Ministry of Finance Development and the Project Coordinator has to respond to complaints within a reasonable time (maximum 7 days). If the complainant is not satisfied with the response from the Project Coordinator, he/she may appeal to the Procurement Complaints Review Board (PCRB) to be set up with copy to the Minister of Finance and the World Bank. The PCRB as an independent body, is expected to review the case with due diligence and provide ruling to the case. If the complainant is not yet satisfied with the decision made by the Board, the case can be taken to the court system.

93. Standard Procurement Documents (SPDs). The Bank's Standard Procurement Documents (SPDs) shall be used for all contracts subject to international competitive procurement and those contracts as specified in the SERP Procurement Plan. As there are no National Bidding documents (Standard National Bidding Documents not yet finalized), the Bank's SPDs customized to national standards (agreed with the World Bank and the Borrower) may be used under National Procurement Procedures (NPP). Similarly, selection of consultant firms shall use the Bank's SPDs, in line with procedures described in the Procurement Regulations.

#### 94. Procurement Selection Methods

##### A) Goods, Works and Non-Consulting Services

The following selection methods will be used:

###### i. Request for Proposals (RFP)

RFP is a competitive method for the solicitation of Proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-Consulting Services to be procured, the Borrower's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document. The RFP is normally conducted in a multi-stage process. To allow an evaluation of the degree to which Proposals meet the requirements of the request for proposals document, the evaluation normally includes rated type criteria and an evaluation methodology.

###### ii. Request for Bids (RFB)

RFB is a competitive method for the solicitation of Bids. It should be used when, because of the nature of the Goods, Works, or Non-Consulting Services to be provided, the Borrower is able to specify detailed requirements to which Bidders respond in offering Bids. Procurement under this method is conducted in a single-stage process. Qualifying criteria (minimum requirements normally evaluated on a pass/fail basis) are normally used with RFB. Rated-type evaluation criteria are normally not used with RFB.

###### iii. Request for Quotations (RFQ)/Shopping

A RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-Consulting Services, standard specification commodities, or simple civil Works of small value. Small works contracts estimated to cost equivalent or less than USD 200,000.00 per contract and Goods/Non-Consultancy Services contracts estimated to cost equivalent or less than USD 100,000.00 per contract may be procured through Shopping procedures by comparing prices for quotations received from at least three (3) reliable contractors or suppliers. In such cases, requests for quotations shall be made in writing and shall indicate the description, scope

of the works, the time required for completion of the works and the payment terms. All quotations received shall be opened at the same time.

In evaluating quotations submitted by bidders under shopping method, price and ability to meet required delivery requirements shall be the main selection considerations for these simple purchases. The terms of the accepted offer should be incorporated in the Local Purchase Order (L.P.O).

iv. **Direct Selection**

Proportional, fit-for-purpose, and value for money considerations may require a direct selection approach: that is, approaching and negotiating with only one firm. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm. Direct selection may be appropriate under the following circumstances:

- a. an existing contract, including a contract not originally financed by the Bank, for Goods, Works, or Non-Consulting Services, awarded in accordance with procedures acceptable to the Bank, may be extended for additional Goods, Works, or Non-Consulting Services of a similar nature, if:
  - i. it is properly justified;
  - ii. no advantage could be obtained through competition; and
  - iii. the prices on the extended contract are reasonable;
- b. there is a justifiable requirement to re-engage a firm that has previously completed a contract, within the last 12 months, with the Borrower to perform a similar type of contract. The justification shall show that:
  - i. the firm performed satisfactorily in the previous contract;
  - ii. no advantage may be obtained by competition; and
  - iii. the prices for the direct contracting are reasonable;
- c. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
- d. the case is exceptional, for example, in response to Emergency Situations;
- e. standardization of Goods that need to be compatible with existing Goods may justify additional purchases from the original firm if the advantages and disadvantages of another brand or source of equipment have been considered on grounds acceptable to the Bank;
- f. the required equipment is proprietary and obtainable from only one source;
- g. the procurement of certain Goods from a particular firm is essential to achieve the required performance or functional guarantee of equipment, Plant, or facility;
- h. the Goods, Works, or Non-Consulting Services provided in the Borrower's country by an SOE, university, research centre or institution of the Borrower's country are of a unique and exceptional nature in accordance with the regulations.
- i. direct selection of UN Agencies in accordance with the regulations in all instances of direct selection, the Borrower shall ensure that:
  - i. the prices are reasonable and consistent with the market rates for items of a similar nature; and
  - ii. the required Goods, Works, or Non-Consulting Services are not split into smaller-sized procurement to avoid competitive processes.

**B) Consulting Services**

The following selection methods will be used:

i. **Quality and Cost-based Selection (QCBS)**

QCBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. The request

for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the Proposals that are responsive to the requirements of the request for proposals document and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the Most Advantageous Proposal.

ii. **Fixed Budget-based Selection**

Like QCBS, FBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded. FBS is appropriate when:

- a. the type of Consulting Service required is simple and can be precisely defined;
- b. the budget is reasonably estimated and set; and
- c. the budget is sufficient for the firm to perform the assignment.

The request for proposals document specifies the budget and the minimum score for the technical Proposals. The Proposal with the highest technical score that meets the fixed budget requirement is considered the Most Advantageous Proposal.

iii. **Least Cost-based Selection**

Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist. The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score, the Proposal with the lowest evaluated cost is considered the Most Advantageous Proposal.

iv. **Quality-based Selection (QBS)**

Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. If the request for proposals requests both technical and financial Proposals, the financial Proposal of only the highest technically qualified firm is opened and evaluated to determine the Most Advantageous Proposal. However, if the request for proposals documents requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposals for negotiations. QBS is appropriate for the following types of assignments:

- a. complex or highly specialized assignments for which it is difficult to define precise TOR and the input required from the firm, and for which the Borrower expects the firm to demonstrate innovation in its Proposals;
- b. assignments that have a high downstream impact; and assignments that can be carried out in substantially different ways, so that Proposals will not be comparable.

v. **Consultant's Qualification-based Selection (CQS)**

The Borrower shall request expressions of interest (REOI), by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an Expression of Interest (EOI), the Borrower selects the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations. Advertisement of REOIs is not mandatory.

CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

vi. **Direct Selection**

Proportional, fit-for-purpose, and value for money considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one

firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm. Direct selection may be appropriate under the following circumstances:

- a. an existing contract for Consulting Services, including a contract not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional Consulting Services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable;
- b. for tasks that represent a natural continuation of previous work carried out by a consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s);
- c. there is a justifiable requirement to reengage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;
- d. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;
- e. in exceptional cases, for example, in response to Emergency Situations;
- f. only one firm is qualified, or one firm has experience of exceptional worth for the assignment;
- g. the Consulting Services provided in the Borrower's country by an SOE, university, research center, or institution of the Borrower's country are of a unique and exceptional nature, in accordance with the regulations.
- h. direct selection of UN Agencies in accordance with the regulations.

In all instances of direct selection, the Borrower shall ensure fairness and equity and shall have in place procedures to ensure that

- a. the prices are reasonable and consistent with the market rates for services of a similar nature; and
- b. the required Consulting Services are not split into smaller-size procurements to avoid competitive processes.

95. Information to be kept: The Procurement Unit MoFD is required to keep all procurement and contract records for any future audit or review by the Government auditors or the WB. The records shall include, not are not limited to:

- (i) Approved Procurement Plans;
- (ii) Published Invitations for Bids;
- (iii) Requests for expression of Interest and Shortlisting reports
- (iv) Copy of issued Bidding Documents or Request for Quotations or request for proposals;
- (v) Copies of received bids/quotations/proposals;
- (vi) Copies of Evaluation and award recommendations;
- (vii) Copies of Contract negotiations (for DC & consultancy services).
- (viii) Copies of contract agreements;
- (ix) Contract registers;
- (x) Contract implementation reports;
- (xi) Payment request and invoices and certificates;
- (xii) Goods receipt and payment receipts; and
- (xiii) Final reports and contract completion records.



## 96. Procurement Approaches and Thresholds

The thresholds for procurement methods and approaches are as follows;

### Thresholds for procurement approaches and methods

Procurement Methods (US\$ millions)–Goods, Works, and Non-Consulting Services				
Category	Open International	Open National	Request for Quotation (RfQ)	Direct Selection
Works	≥ 5.0	<5.0	≤ 0.2	All Values
Goods, IT, and non-consulting services	≥ 1.0	<1.0	≤ 0.15	All Values
Thresholds for Procurement Approaches and Methods (US\$, millions) – Consulting Services				
Category	Short List of National Consultants			
	Consulting Services		Engineering and Construction Supervision	
Consultants (Firms)	≤ 0.2		≤ 0.3	
Individual Consultants	n.a.		n.a.	
Direct Selection				
Consultants (Firms)	All Values		All Values	
Individual Consultants	All Values		All Values	

For goods and non-consulting services, RFB and RFQ will be used as appropriate. Where there is justification, Direct Selection may be used. For consulting Services, the preferred method would be QCBS. However, other methods including Consultant Qualifications Selection (CQS) and direct selection would be used as stipulated in the Procurement Plan.

Goods, Services and Works will be packaged in economical packages to attract bidders who are qualified and can offer good prices and complete contracts within stipulated period resulting into value for money.

## 97. Procurement Monitoring

All procurement above the thresholds determined in the financing agreement will be subject to prior review by the World Bank. All specifications shall be defined clearly in the bidding documents or Requests for Proposals. Clarifications can be sought by bidders through written correspondence and replies will be sent to all bidders. All Bids/Contracts must be awarded within the original bid validity period. Any extension of bid validity period shall require the no objection of the World Bank.

## 98. Consulting Services

The PIU shall ensure that the technical evaluation report shall be completed within four weeks of proposals' submission, and the proposal for the award of contract shall be made available, along with the draft contract, within four weeks after completion of the technical evaluation report or following the Bank's no-objection on the technical evaluation report, whichever occurs later.

## 5.5. FRAUD AND CORRUPTION

99. Possibility of circumventing the internal control system with colluding practices such as bribes, abuse of administrative positions, mis-procurement, etc., is a critical issue and may include: (a) late

submission of supporting documents; (b) poor filing and records; (c) lack of system integration; (d) lack of budget discipline; (e) unauthorized commitment to suppliers, bypassing budget and expenses vetting procedures; and (f) unsecured safekeeping and transportation of funds. These are mitigated as follows: (i) specific aspects on corruption auditing included in the external audit ToR; (ii) FM procedures which are part of Volume II of this PIM will be in operation for the project (iii) strong FM arrangements (including qualified Project Accountants in the EAFS); (iv) periodic IFRs including budget execution and monitoring; and (v) measures to improve social accountability and transparency built into the project design to ensure that project reports are available to the public. Annual public forums will also be held.

100. The external audit will pay special attention to the risks of material misstatement of the financial statements due to fraud, in line with International Standards on Auditing (ISA) 240: ("The auditor's responsibilities relating to fraud in an audit of financial statements").

## CHAPTER 6. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

101. The project risk rating is assessed as Moderate for environmental and Substantial for social considerations. Although the project activities are designed to have significant positive impacts through the transformation of the civil service and improvement in overall service delivery to citizens, the likelihood of the project activities leading to adverse social risks and impacts is considered substantial. The capacity of the government agencies to manage these risks is low at present.

### 6.1. ENVIRONMENTAL RISKS

102. Key environmental risks relate to the proposed civil works, which may generate adverse but site-specific risks and impacts such as:

- i. Soil erosion and possible sedimentation of rivers from earth works and run-off during the construction phase.
- ii. Disposal and management of large amounts of excavated material generated from construction activities.
- iii. Occupational health and safety of workers during both the construction and operational phases.
- iv. An increased level of dust, noise, and vibration from moving construction vehicles and machinery.
- v. Community health and safety risks and pollution from surface and groundwater sources.

### 6.2. SOCIAL RISKS

103. Key social risks relate to significant aspects of the project interventions executed through technical assistance. They are mostly associated with the formulation of strategies, legal frameworks, plans and programs. However, strengthening borrower capacity may also lead to moderate to substantial downstream risks and impacts. Potential social risks and impacts are:

- i. Ensuring security for project operations including protection of project workers, beneficiaries, and affected persons.

- ii. The exclusion of vulnerable, marginalized, and minority members of the community from project benefits because project investments are rolled out in a context of limited resources against widespread need and amplified by weak formal redress systems and limitations in effective community engagement and participation.
- iii. Selection bias and elite capture with potential leakages of project benefits such as training opportunities for staff, selection for strategic staffing, and restructuring.
- iv. Challenges in access to beneficiaries for meaningful stakeholder and community engagement as well as grievance redress and monitoring.
- v. Systematic weakness, as the capacity of the PIU to identify, understand, and prevent adverse social impacts of the project is limited.
- vi. The risks of Gender Based Violence (GBV) including Sexual Exploitation and Abuse (SEA).

### **6.3. ENVIRONMENTAL AND SOCIAL RISK MITIGATION MEASURES**

104. The environmental and social risks will be mitigated by way of procedures that will be enumerated in:

- i. Environmental and Social Management Framework (ESMF) for the project.
- ii. Labor Management Procedures.
- iii. Sexual Exploitation, Abuse, and harassment (SEA-H) Response Plan.
- iv. Security Management Framework.

105. Adequate measures are being put in place to mitigate and manage the environmental and social (E&S) risks identified. ESMF, Labor Management Procedures, A Sexual Exploitation, Abuse, and Harassment (SEA-H) Response Plan, and a Security Risk Analysis leading to a Security Management Framework will be prepared and cleared before project effectiveness and then implemented. The ESMF and Security Management Framework will detail robust E & S screening and assessment protocols for the management of environmental and social risks (including security risks) to which the sites proposed for infrastructure development will be subjected.

106. Civil works will proceed where the scale, magnitude, duration and complexity of the risks and impacts are site-specific, easily reversible, and have less potential for strong synergistic or cumulative impacts. Where civil works occur, an Environmental and Social Management Plan will be prepared and cleared before commencement of activities. In addition, the project has prepared a Stakeholder Engagement Plan (SEP) and an Environmental and Social Commitment Plan (ESCP) that summarizes the borrower commitment and obligations to adopt and implement E&R risk mitigation measures.

107. Issues of gender and citizen engagement will be addressed in a cross-cutting manner across all project components. It is not anticipated that the project will exacerbate drivers or dynamics that contribute to GBV, but the project will ensure that increased attention to GBV. It will emphasize gender equity by ensuring the inclusion of women in governance structures under implementation arrangements as well as in recruitment and training.

108. Results will be disaggregated by gender where possible, to ensure appropriate gender distributions. As recruitment processes can exacerbate power inequalities and offer opportunities for abuse, the project will also identify risks during preparation and develop appropriate mitigation measures, such as a confidential GRM. In addition, all policies, regulations, and guidelines developed during the project, will be designed in a way that ensures the avoidance, minimization, and offset of adverse downstream risks and impacts.

109. The project team will, in addition to the Security Management Framework, apply the recommendations spelt out in the World Bank's Good Practice Note on Security.

110. Various additional actions are being taken to address E&S risks, including the establishment of Grievance Redress Mechanism (GRM).

111. To support the PIU's capacity to identify, understand and effectively manage E&S risks and impacts, an environmental and social specialist will be hired. The project will leverage projects under implementation for specialized support on GBV/SEA-H and security. In addition, a project GRM has been designed to address concerns and complaints by beneficiaries promptly and transparently with no cost or discrimination toward project-affected communities, while a separate mechanism is also defined in the GRM for project workers to raise labor-related complaints and grievances.

112. The GRM includes appeals and escalation mechanisms for cases that cannot be resolved within the project or when beneficiaries are dissatisfied with the outcomes of the first-tier resolution.

113. Issues of gender and citizen engagement are addressed in a cross-cutting manner across the PFM, DRM, and PSM components. On citizen engagement, the project supports the publication and disclosure of reports related to the budget cycle (citizen budgets, fiscal strategies, proposed and approved budgets, and budget execution data and reviews) which improves transparency by providing citizens with details on the activities and performance of public resource management.

114. Support will also be given to develop feedback mechanisms (e.g., public hearings apps) which then feed back into the budget cycle. Under the DRM, the project supports various taxpayer engagement activities. Under PSM, for the expansion of services to local districts in , the project will develop systems to track and report on local governments' performance, service access, and service quality.

115. Progress in these engagements will be monitored via the results framework, which has embedded results indicators that:

- i. Citizen's engagement in the budget cycle.
- ii. The availability of and access to information by taxpayers.
- iii. The time needed for providing selected decentralized government online services to citizens through digital access points.
- iv. The level of citizens' satisfaction with the quality of selected decentralized government administrative services.

116. Gender is integrated throughout the three components as well as reflected in the results framework, with the aim of promoting the inclusion of women and their voice in governance structures and processes. Specifically, the project address the gender gap by promoting female representation via meritocratic recruitment and redeployment, which would mitigate the impact of cultural, clan, and political barriers that typically hinder female applicants. This will be measured by indicators that monitor:

- i. Staff appointed to project positions in the PIU through project recruitment procedures (disaggregated by gender and professional categories).
- ii. Staff appointed to project positions in the in the IP's through the existing government recruitment procedures (disaggregated by gender and professional categories).
- iii. The retention of female staff

117. To address the skills gap between men and women, training and related opportunities arranged through the project will ensure a gender balance. To this end, indicators exist to measure gender disaggregation in Revenue Department trainings as well as measure progress towards training targets for the percentage of female staff benefiting from PFM and DRM trainings. The project will also work to include female citizens in government processes.

118. The project will develop a citizen feedback mechanism on the quality of services provided, which will then be used to improve service provision, with a specific focus on the experience of female users. These efforts will be tracked by an indicator that measures the level of female citizens' satisfaction with the quality of administrative services obtained through access points.

119. Urban spaces are an opportunity for comprehensive climate adaptation and improved resilience. The project will put an emphasis on investment in climate-resilient public infrastructure, reforesting public spaces with indigenous vegetation to enhance carbon sink prospects at the local level, since there is no major infrastructure construction in any of the project components. This will be implemented in the supported public spaces with the establishment of more tree canopy and natural landscapes that have more resilience to heat stress.

120. The project will also incorporate the concept of spatial heat resilience into the public buildings, such that staff working in these spaces can be supported with climate-proofed outdoor facilities to be used in conditions of heat stress.

121. In addition, subcomponent 1.4 (climate-informed budget preparation) will support the establishment or enhancement of the Medium-Term Fiscal Framework, which is adequately underpinned by consideration on climate adaptation and climate risk mitigation activities. Subcomponent.

## **CHAPTER 7. GRIEVANCE REDRESS MECHANISM**

### **7.1. OVERVIEW**

122. Communities and individuals in Somaliland may feel that the implementation of this project has adversely affected them.

123. Such communities and individuals may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-related concerns.

124. Project affected communities and individuals may submit their complaints to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, because of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution.

125. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank management and after management has been given an opportunity to respond.

126. The Grievance Redress Service (GRS) is an avenue for individuals and communities to submit complaints directly to the World Bank if they believe that a World Bank-supported project has or is likely to have adverse effects on them, their community, or their environment. The GRS enhances the World Bank's responsiveness and accountability to project-affected communities by ensuring that grievances are promptly reviewed and addressed.

#### **7.2. THRESHOLD FOR ADMISSIBILITY OF A COMPLAINT**

127. The GRS considers a complaint admissible when:

- i. The complaint relates to a World Bank-supported project that is under preparation, active, or has been closed for not more than 15 months.
- ii. The complaint is submitted by individuals or communities affected by a World Bank-supported project, or by their authorized representative.
- iii. The complainant(s) allege that they have been or will be affected by the World Bank-supported, or by their authorized representatives.

#### **7.3. COMPLAINTS SUBMISSION AND RESOLUTION PROCEDURES**

128. Complaint must be in writing and addressed to the GRS. They can be sent by the following methods:

- i. Online access, access the online form.
- ii. By email to [grievances@worldbank.org](mailto:grievances@worldbank.org)
- iii. By letter or hand delivery

129. Complaint must contain the following information:

- (i) Identify the project subject of the complaint.
- (ii) Clearly state the project's adverse impact (s).
- (iii) Identify the individual(s) submitting the complaint (if they don't prefer to remain anonymous).

- (iv) Specify if the complaint is submitted by a representative of the person (s) or community affected by the project.
- (v) If the complaint is submitted by a representative, include the name, signature, contact details, and written proof of authority of the representative.
- (vi) Supporting evidence is not necessary but may be helpful in reviewing and resolving the complaint.
- (vii) The complaint may also include suggestions on how the individuals believe the complaint could be resolved.
- (viii) All complaints will be treated as confidential.
- (ix) GRS will not disclose any personal data that may reveal the identity of complainants without their consent.

130. GRS Complaint process follows the following steps:

- (a) Step 1: GRS receives the complaint:
  - Notify complaint of receipt of the complaint.
  - Determine if the complaint will be processed.
- (b) Step 2: Review of issues
  - Notify the complainant of the case status.
  - Request additional information if necessary.
- (c) Step 3: Solution of the Complaint
  - Solution and timelines proposed to complainant.
  - If the complainant agrees, the project team and implementing agency implements GRS monitors.
  - Complaint closed when the solution is fully implemented.

**CHAPTER 8. SECURITY RISK MANAGEMENT**

**8.1. RESPONSIBILITY**

131. The project has the responsibility of ensuring security for all project workers, Project-Affected Persons (PAPs), beneficiaries and assets and the SERP project.

132. Different players in the project have a role to play in the security risk management and their responsibilities as shown below:

Responsibility Center	Position Responsible	Key Responsibilities
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PIU	Project Coordinator	<ul style="list-style-type: none"> <li>● Overall responsibility for the implementation of the security risk management process</li> </ul>
	Social Development Specialist	<ul style="list-style-type: none"> <li>● Assist with monitoring and reporting of security risk management activities as part of E&amp;S responsibilities.</li> </ul>
	Security Risk Management Specialist	<ul style="list-style-type: none"> <li>● Prepare security risk assessment and local SMPs for specific areas.</li> <li>● Develop site or activity specific security risk assessments and SMPs.</li> <li>● Integrate security risk management activities and costing into bidding processes for IPs and contractors</li> <li>● Ensure completion of ESMF Security Checklist by IP or contractor</li> <li>● Monitor the implementation of security risk mitigation measures</li> <li>● Receive reports from IPs and contractors and prepare security risk mitigation reports as part of the Project Quarterly Progress Report</li> <li>● Oversee corrective measures where necessary.</li> </ul>
IPs	Security Officer	<ul style="list-style-type: none"> <li>● Complete ESMF Security Checklist</li> <li>● Analyze current risk mitigation measures</li> <li>● Integrate local SMPs into sub project design</li> <li>● Prepare Activity Security Plan (ASP)</li> <li>● Report regularly on security risk mitigation measures implemented</li> </ul>
Contractors	Security Officer	<ul style="list-style-type: none"> <li>● Complete ESMF Security Checklist</li> <li>● Analyze current risk mitigation measures</li> <li>● Integrate local SMPs into sub project design</li> <li>● Prepare Activity Security Plan (ASP)</li> <li>● Report regularly on security risk mitigation measures implemented</li> </ul>

## 8.2. SPECIFIC SECURITY PROCEDURES

### Preparation of Local Security Management Plans

133. PIU will prepare risk assessment and local Security Management Plan, based on Project Security Management Plan (SMP) for specific area where activities are planned. PIU can do this using a hired expert of a security risk contractor.

### Site- or Activity Specific Security Risk Assessments

134. PIU will develop site or activity specific Security Risk Assessments and SMPs. The local risk assessment provides a summary of the local security environment in the area, without any threat mapping. Threat Scenarios are redefined in the context of specific project activities and locations.



**Inclusion of requirements in procurement process**

135. SMP requirements will be integrated into the sub-project bidding documents. After selection of IP, screen IP's security risk management capacity

**Analysis of risk mitigation measures**

136. IPs shall analyze the current risk mitigation measures provided by friendly security forces in the local area, for each threat scenario and each category of project-affected person. IP to Identify existing mitigation measures and assign a score according to its ability to deter, detect or defend against the event. For all threat scenarios that are detected in any Local SRA, a suite of risk mitigation measures will be identified specific to that threat scenario. For each Risk Level (Unacceptable, High, Substantial, Moderate and Low) a proportionate amount of these risk mitigation measures will be assigned to the threat scenario. In case of PIU direct contracting of companies, the PIU Security Risk Management Specialist to implement this step.

**Integration of security measures into activity planning**

137. IPs shall integrate local SMPs into sub-project designs and plans. Ensure communication of security risk assessment results to all IP staff. Field teams will be informed of the perceived threat scenarios to their specific activity, the risk level of each threat scenario for each category of worker, and the required risk mitigation measures they are obligated to implement. In this manner, IP field teams can cost for the required risk mitigation measures. It may be that a variety of risk mitigation measures can be used to effectively mitigate the risk, and in this case the IP field team will be given the choice of which mitigation measures to enact. In case of PIU direct contracting of companies, the PIU Security Risk Management Specialist to implement this step and to include costing and plans into the procurement process of contractors.

**Preparation of Activity Security Plan (ASP)**

138. A full list of all threat scenarios, with their risk scores/risk levels and required risk mitigation strategies will be found in the Local SMP. IP or contractor prior to commencing project activity, will be required to produce an Activity Security Plan (ASP). In this plan they will pick from the Local SMP all threat scenarios that are relevant to their project activity and articulate via the ASP template which of the prescribed risk mitigation measures they intend to implement.

**Reporting**

139. IPs or contractors shall Implement security risk mitigation measures for activity. IPs shall report on implementation of security risk mitigation measures to the PIU Security Risk Management Specialist as per reporting schedule.

**Monitoring and Supervision**

PIU Security Risk Management Specialist will monitor and supervise the implementation of IP security risk mitigation measures during activities. Throughout the lifetime of the Project, adhoc security audits will be conducted by the PIU to ensure IPs continuously implement the required risk mitigation measures relevant to the identified risk levels for each threat scenario.

**CHAPTER 9. PUBLIC DISCLOSURE, ANTI-CORRUPTION AND COMPLAINTS HANDLING ARRANGEMENTS**

**9.1. ARRANGEMENT FOR PUBLIC OVERSIGHT**

140. The PIU will establish the following practical arrangements for public oversight:

- A mechanism whereby the media and the civil society can become involved in monitoring the progress of the project during implementation. This mechanism will include regular press releases concerning program implementation and the annual Program forums; and
- Clear selection criteria and processes for the nomination of procurement committees (evaluation committees) agreed and formally adopted by the Government. The evaluation committee members will be required to declare conflict or potential conflict of interest to the project team prior to serving as evaluation committee members. Independent evaluators may be included, for example from universities.

**9.2. MITIGATION OF COLLUSION RISK**

141. The PIU will, among other responsibilities make sure that the approved Procurement Plan is strictly followed and request WB 'no objection' for any changes; monitor the bidding process and be an observer of bid opening; check the financial bids/proposals for any signs of collusion. The results of this analysis will be included in the evaluation reports. In all contracts, evidence of fraud, corruption, collusion and coercive practices may result in the termination of the relevant contract, possibly with additional penalties imposed (such as fines, blacklisting, etc.), in accordance with Bank and / or Government regulations.

**9.3. MITIGATION OF FORGERY AND FRAUD RISK**

142. The PIU/EAFS will ensure that the annual financial statements are prepared on time and audited following acceptable international standards. Prompt action will also be taken on internal and external audit queries. Specific forensic audits will be required if major allegations of corruption surface during project implementation.

**9.4. CONFLICT OF INTEREST POLICY AND INTEGRITY PACTS**

143. Each person serving as a member of a selection committee, or who is otherwise involved in a procurement process, shall disclose to the head of the PIU if they, or any of their immediate family members, are related or otherwise connected to any of the members of the bidders and / or consultants participating in any of the procurement packages.

144. The PIU is required to disclose all the disclosable information timely. A Private Sector orientation and outreach seminar will be conducted on the project opportunities. Publication of tender opportunities and result of evaluations are also important transparency aspects in public procurement management. As such, all bidding opportunities will be advertised on the available website and posted on a widely circulated national gazette. If the contract is ICB or if the assignment includes international firms, it has to be advertised on UNDB online in addition to the local posting.

145. As the Procurement Law is not in place, any procurement complaint by dissatisfied bidders or stakeholders may be lodged to the DG Finance and the Project Coordinator has to respond to complaints within a reasonable time (maximum 7 days). If the complainant is not satisfied with the response from the Project Coordinator, he / she may appeal to the Procurement Complaints Review Board (PCRB): with copy to the Accountant General and the WB. The PCRB as an independent body, is expected to review the case with due diligence and provide ruling to the case. If the complainant is not yet satisfied with the decision made by the Board, the case can be taken to court system.

**9.5. WHISTLE-BLOWERS POLICY AND PROTECTION**

146. Where a stakeholder wishes to raise a complaint or concern in confidence, he / she shall be allowed to do so. The complaint may be in writing or verbally submitted in accordance with the whistle blower policy. Where the whistle-blower does not wish his / her identity to be disclosed, that wish shall be respected. A detailed whistle blower policy shall be developed by the PIU and shall be approved by the appropriate governance structures and the World Bank.

147. The GoSL shall also include in its legislation proposals, provisions for encouraging whistle-blowers to come forward and provide information to facilitate the anti-corruption fight and to protect the providers of such information.

APPENDICES

Appendix 1: Results Monitoring Framework

Results Framework  
 COUNTRY: Somaliland  
 Enhancing Public Resource Management Project

Project Development Objectives(s)

Strengthen institutional capacity, accountability, and transparency in public resource management, across participating entities

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Strengthen institutional capacity, accountability, and transparency in public resource management</b>							
Accountability: Percentage increase in the implementation of previous year’s audit recommendations relevant to Ministries of Finance on the consolidated financial statements for Somaliland (Percentage)		30.00	40.00	50.00	65.00	70.00	75.00
Transparency: Reduce time taken (in months) to publish previous years audit reports (Time from end of financial year to submission)		4 months from the end of FY	Audit reports up to FY 21 are published by Somaliland	Audit reports of FY22 and 23 for Somaliland are published.	Somaliland Audit report of FY24 is published within 4 months of FY end	Somaliland Audit report of FY25 is published within 4 months of FY end	Somaliland Audit report of FY26 is published within 4 months of FY end

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Public Financial Management</b>							
Effective Internal Audit in MOFD		Audit charter and manual in place; Regular internal audit reporting and follow-up practices not in place	Audit committee established and trained; All internal auditors trained on existing procedures	6 monthly internal audit reports issued, covering high risk areas; Internal audit committees meet every quarter to follow up on audit (internal and external audit) recommendations	6 monthly internal audit reports issued, covering high risk areas; Internal audit committees meet every quarter to follow up on audit (internal and external audit) recommendation and actions taken against continuous non-compliance issues	Quarterly internal audit reports issued, covering high risk areas ; Internal audit committees meet every month to follow up on audit (internal and external audit) recommendation and actions taken against continuous non-compliance issues	Quarterly internal audit reports issued, covering high risk areas; Internal audit committees meet every month to follow up on audit (internal and external audit) recommendation and actions taken against continuous non-compliance issues
Improved predictability in the flow of funds for Health and Education Sectors (Text)		This is not a widely seen practice of preparing bottom-up cash forecasts.	Bottom-up cash forecasts are prepared quarterly by the ministries of Health and Education	70% of cash requests made by Ministries of Health and Education are met by MoFD; 75% of cash received is spent during the requested time.	75% of cash requests made by Ministries of Health and Education are met by MOFD; 80% of cash received is spent during the requested time.	80% of cash requests made by Ministries of Health and Education are met by MOFD; 85% of cash received is spent during the requested time	85% of cash requests made by Ministries of Health and Education are met by MOFD; 90% of cash received is spent during the requested time
Improved citizens engagement in the budget cycle		Somaliland prepares and publishes a citizens guide in English	A citizen’s budget is prepared in English and local language and published within 3	A citizen’s budget is prepared in English and local language and published within 2 months from budget approval; Platforms are	A citizen’s budget is prepared in English and local language and published within 1 month from budget approval;	A citizen’s budget is prepared in English and local language and published within 1 month from budget approval; Citizen’s	A citizen’s budget is prepared in English and local language and published within 1 month from budget approval; Citizen’s

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
			months from budget approval	established to interact with citizens on budget formulation and budget implementation.	Awareness programs for citizens conducted	feedback is collected and captured in the citizen’s budget	feedback is collected and captured in the citizen’s budget
Procurement, Legal and regulatory framework operationalized		Legal and regulatory framework is not operationalized	Legal and Regulatory Framework is not operationalized	PPA Established	Staffing completed	Annual Performance Report Published	Annual Performance Report Published
Timely online publication of mid-year and year end budget analysis reports (within 1 month of preparation of mid-year analysis and within 6 months for year end analysis		Somaliland prepares but does not publish a mid-year budget analysis.	Mid-year budget review report prepared in English and local language and published within 3 months of the period end.	Mid-year budget review report prepared in English and local language and published within 2 months of the period end. Year-end budget review report is prepared in English and local language and published within 9 months from FY end.	Mid-year budget review report prepared in English and local language and published within 1 month of the period end Year-end budget review report is published within 8 months from FY end.	Mid-year analysis reports on budget execution prepared in English and local language and published within 1 month of the period end Year-end budget review report is prepared in English and local language and published within 7 months from FY end.	Mid-year analysis reports on budget execution prepared in English and local language and published within 1 month of the period end Year-end analysis reports on budget execution prepared in English and local language and published within 6 months from FY end.
Management of Public Investments in compliance with approved processes		No PIM guidelines in place	Climate sensitive PIM guidelines prepared	PIM and PPP guidelines aligned	PIM guidelines pilot tested in X number of projects	PIM guidelines pilot tested in X number of projects	PIM guidelines pilot tested in X number of projects
<b>Domestic Revenue Mobilization</b>							
Somaliland improved revenue forecasting capacity		Basic forecasting started	Needs assessed in Somaliland for improved capacity	Targets set and capacity building started	Targets achievement monitored and managed for improvement	Mid term review completed	Somaliland actual revenue is between 94% and 112% of budgeted revenue target
Percentage points increase in the on-line filing declaration		0.00	0.00	0.00	20.00	40.00	80.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
for income tax and sales tax by large taxpayers in Somaliland							
Percentage of Somaliland officials passing the DRM Training Course competency test		0.00	10.00	20.00	40.00	60.00	80.00
Taxpayer (citizen) engagement measured by availability of the range, currency, and access to information to support taxpayers compliance							Somaliland has sales tax: (i) Information available to taxpayers to explain, in clear terms, what their obligations and entitlements are (ii) Information is current in terms of the law and administrative policy (iii) Guidance from the tax administration is available to taxpayers
<b>Component 4: Integrated Governance Support</b>							
Structured and sustainable approach to PFM and DRM capacity building in place		TBC	Suitable positions and organizational structures for PFM and DRM functions are in place – commensurate with the volume of fiscal activities and affordability	A consistent PFM and DRM competency framework is prepared to suit the positions; A skill gap and training needs analysis is carried out for PFM and DRM functions.	A comprehensive, consistent, and time-bound training plan is prepared for PFM and DRM skill building.	75% of training targets for the year are met ; 50% of relevant female staff in PFM/DRM positions have benefited from training	80% of training targets for the year are met ; 60% of relevant female staff in PFM positions have benefited from training

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improved interoperability of PFM, DRM and PSM systems		TBC	Develop and approve the interoperability framework (mutually agreed and used by all parties)	Develop interfaces to automate data exchange and initiate regular data transfer (at each location) have commenced	Interfaces to automate data exchange and initiate regular data transfer (at each location) are operational	Analytical reporting structures, combining information from PFM, DRM and PSM	Analytical reporting combining information from PFM, DRM and PSM prepared for each

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Accountability: Percentage increase in the implementation of previous year's audit recommendations relevant to Ministries of Finance on the consolidated financial statements	Measures progress towards implementation of previous years external audit recommendations. The targets apply to each of the jurisdictions. The number of recommendations that are implemented as a % of total number of recommendations included in the latest management letters of annual financial statements of Somlilns. The status of implementation is reported in the subsequent years management letter	Annually		The targets apply to each of the jurisdictions. The number of recommendations that are implemented as a % of total number of recommendations included in the latest management letters of annual financial statements of Somliland. The status of implementation is reported in the subsequent years management letter	



## Monitoring &amp; Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Effective Internal Audit in MOFD	This indicator measures the process steps implemented to ensure that there are regular internal audits and audit recommendations are implemented, in MOFD.		Internal audits reports and minutes of audit committee	Somaliland internal audit reports and minutes of the audit committees will be used as evidence to assess progress of this indicator	
Improved predictability in the flow of funds for Health and Education Sectors	The indicator monitors the progress towards effective bottom up cash planning and improved predictability in cash flows.		Annual cash requests, cash releases and expenditure records	The targets are calculated individually for Somaliland and for each sector within the jurisdiction; Annual cash requests, cash releases and expenditure will be used to calculate the percentages.	
Improved citizens engagement in the budget cycle	This indicator monitors the timely publication of a citizens budget and the effective interaction with citizens			A citizen's budget is a budget prepared in a simplified format for citizen's understanding. This is separate from the executive budget proposals and the approved budget.	
Timely online publication of mid-year and year end budget analysis reports (within 1 month of preparation of mid-year analysis and within 6 months for year end analysis	Indicator assesses if Somaliland prepares a narrative report that analyses the variances between actual and budgeted performance.	Semi-annual, and annually			

Management of Public Investments in compliance with approved processes	The indicator monitors the implementation of established PIM guidelines for selection and appraisal of public investments	TBC	TBC	TBC	TBC
Somaliland improved revenue forecasting capacity	Somaliland prepares annual revenue performance reports that is disclosed online on the respective MOFD website annually	Annually	Tax Policy Unit admin records; and Somaliland MOFD website	Number of reports published online	Somaliland MOFD
Percentage points increase in the on-line filing declaration for income tax and sales tax by large taxpayers in Somaliland (Percentage)	The income tax and sales tax payment process is manual. Key processes include: taxpayer fills declaration form; submits to inland revenue department (IRD); IRD reviews; issue invoice to taxpayer; payment in bank; taxpayer submits bank receipt; IRD reconciles; and update taxpayer account. This indicator will measure increase in on-line filing declaration for sales tax	Annually	ITAS	ITAS reports	Somaliland MOFD
Percentage of officials passing the DRM Training Course competency test	Percentage of Somaliland officials registered to pass the DRM Training Course competency test	Annually	Inland Revenue Department's admin records	Revenue Department training report including training evaluation (gender disaggregated)	Somaliland MOFD
Taxpayer (citizen) engagement measured by availability of the range, currency, and access to information to support taxpayers compliance	(i) The range of information available and assistance given to taxpayers to explain, in clear terms, what their obligations and	Annually	Inland Revenue Department's admin records	Number of taxpayers availing the information (gender segregated)	Somaliland MOFD

	entitlements are in respect of each core tax (ii) The degree to which information is current in terms of the law and administrative policy (iii) The availability to taxpayers of information and guidance from the tax administration.				
Level of citizens’ satisfaction with the quality of administrative services obtained through access points	Level of female citizens’ satisfaction with the quality of administrative services obtained through access points	Bi-monthly	Somaoliand LG CSCs reports	Review of citizen satisfaction reports from the Somaliland local Government Citizen Service Centres	Somaliland Local Government Citizen Service Centres
Structured and sustainable approach to PFM and DRM capacity building in place					
Improved interoperability of PFM, DRM and PSM systems at Somaliland					

Appendix 2: Procurement Plan Template

1	2	3	4	5	6	7	8	9	10	11
Package/Contract Ref No.	Activity Description	Estimate Cost (US\$)	Type of Procurement	Procurement Method	Review by Bank (Prior/ Post)	Contract Signing Date (Planned) DD/MM/YY	Contract Completion Date (Planned) DD/MM/YY	Contract Amount (US\$)	Contract Signing Date (Actual) DD/MM/YY	Contract Execution Info.
<b>Component 1: Public Financial Management</b>										
<b>Component 2: Domestic Revenue Mobilization</b>										
<b>Component 3: Public Sector Management</b>										
<b>Component 4: Integrated Governance Support</b>										
<b>Component 5: Project Management, Coordination, and Support in Delivery</b>										