



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
SOMALILAND CIVIL SERVICE STRENGTHENING PROJECT  
APPROVED ON JUNE 30, 2016  
TO  
MINISTRY OF FINANCE

GOVERNANCE  
AFRICA EAST

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## The World Bank

Somaliland Civil Service Reform Project (P155123)

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### ABBREVIATIONS AND ACRONYMS

EEP	Eligible Expenditure Program
GoSL	Government of Somaliland
DLI	Disbursement-Linked Indicator



## BASIC DATA

### Product Information

Project ID P155123	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 30-Jun-2016	Current Closing Date 30-Dec-2022

### Organizations

Borrower Ministry Of Finance	Responsible Agency Somaliland Civil Service Commission
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### Project Development Objective (PDO)

#### Original PDO

The project development objective is to strengthen basic functions for payroll, human resources and policy management in selected central government agencies and line ministries.

### Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-A7321	30-May-2018	30-May-2018	30-May-2018	30-Dec-2022	4.50	3.60	.90
TF-A2810	30-Jun-2016	29-Jul-2016	26-Oct-2016	30-Dec-2022	2.50	2.38	.12

### Policy Waiver(s)

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

No



## **I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING**

1. The Project Development Objective (PDO) is to strengthen basic functions for payroll, human resources and policy management in selected central agencies and line Ministries.

2. The Project, which is funded by a US\$10 million grant from the Somalia Multi-Partner Fund (MPF), was approved on June 30, 2016 and became effective on October 26, 2016. Commitments of US\$7 million (United States Dollars Seven Million) have been made to-date, of which the project has to date disbursed US\$5.89 million (85%). The activities under the project are on course as per attached latest aide-memoire.

3. This restructuring paper is prepared to request for CD approval for: (i) a replenishment of US\$3 million to be made to the Grant as per the disbursement projections, and as per the attached Grant Amendment; (ii) the Grant Agreement to be amended to provide for Advances to be issued against Disbursement-Linked Indicators (DLIs); similarly, the Disbursement and Financial Information Letter will be revised to incorporate advances as a disbursement method applicable also to the DLIs' disbursement category, thus enabling the advance against the eligible expenditure program (EEP) as well; (iii) the DLIs total pricing to be revised from US\$2 million to US\$1.4 million, and individual DLI pricing to be revised; (iv) the component costs to be revised; and (v) the results framework to be revised to change the end target value for Talent Management Program Staff from 80 (no.) to 57 (no.).

### **(i) Grant Replenishment**

4. Commitments of US\$7 million (United States Dollars Seven Million) have been made to-date. To support ongoing and future project activities, this restructuring will facilitate replenishment of project funds by US\$3 million (United States Dollars Three Million). The funds will be disbursed to the supplemental TF0A7321. This replenishment will bring the total commitment to US\$10 million (the full grant amount).

### **(ii) Provision of Advances on DLIs both against unmet DLIs and EEP not yet incurred**

5. The Recipient has submitted a Results Achievement Notification dated April 21, 2020 (attached), for the DLI No.2.1 (payroll audits to identify control weaknesses and ghost workers). Based on the information provided, the World Bank team confirms that DLI 2.1 is achieved. Achievement of the DLI 2.1 allows for disbursement of US\$250,000 to cover the Eligible Expenditure Program (EEP), i.e. - salaries and allowances of the Talent Management Program (TMP) staff that have already been paid from the – Government funds (budget). The above amount can be disbursed only when expenses from the budget have reached or exceeded US\$250,000 that should have been disbursed upon achievement of this DLI.

6. To date, salaries and allowances for TMP staff have been paid from US\$150,000 provided after the DLI 5 (TMP Manual developed and endorsed by the Public Sector Reform Steering Committee) was achieved. This amount was advanced to the Government of Somaliland (GoSL) as the TMP was just starting. The GoSL did not include in their CY2020 budget sufficient amount to pay all CY2020 salaries and allowances for TMP staff. In its letter to the Bank dated September 19, 2020 (attached), the Government has requested the Bank to advance US\$108,786 to cover salaries and allowances of existing TMP staff for the rest of CY2020, i.e. for September to December 2020; and salaries and allowances of new TMP staff to be recruited in December 2020.



7. To overcome the limitation imposed for the current disbursement arrangements and facilitate the disbursement of the aforementioned amounts under DLI 2.1, at the Recipient's request the Association will authorize the opening of a separate designated account for the provision of advances against the EEP (not yet incurred), with a variable ceiling to be determined by the Task Team Leader but not to exceed US\$250,000.

8. Furthermore, to avail the Recipient of the recent flexibilization provided by the new [\*Bank Guidance: Investment Project Financing with Performance Based Conditions\*](#) (Catalogue Number OPS5.03-GUID.155 effective since January 29, 2020), the task team proposes to also amend the Grant Agreement for the Recipient to avail of the possibility of rolling advances against unmet DLIs for up to an amount of US\$150,000.

9. The task team supports provision of advance payments as requested by the Government and seeks CD approval of this request.

10. The Grant Agreement and the Disbursement and Financial Information Letter (DFIL) will be amended as part of this restructuring, to allow rolling advances against DLIs yet to be met, and/or EEP to be incurred, as per attached drafts.

### (iii) Revision of DLI Values

11. Given the reduction in the number of TMP staff, the estimated EEP, i.e. salaries and allowances for these staff, will reduce. The GoSL has therefore requested in the attached letter to the Bank, that the total DLI value to be reduced from US\$2 million to US\$1.4 million. The achieved saving of US\$600,000 will be allocated to other components as per the revised component costs outlined in paragraph 12 below. The respective DLI values will be revised to reflect this change, as per the GoSL's request in the attached letter dated September 21, 2020, and as per the attached Grant Amendment and below table.

**Disbursement-Linked Indicators (DLIs)**

DLI Actions to be Completed	Targets	Amount of Financing per DLI (Expressed in US\$)
DLI 1 Share of civil servants with verified and completed personnel records in central human resources personnel database of satisfactory quality	<b>FY 2018</b> <b>Target 1.1:</b> about 50% in 2018	<b>100,000</b>
	<b>FY 2019</b> <b>Target 1.2:</b> about 80% in 2019	<b>100,000</b>
	<b>FY 2020</b> <b>Target 1.3:</b> about 90% in 2020	<b>0</b>
	<b>FY 2021</b>	



<b>DLI Actions to be Completed</b>	<b>Targets</b>	<b>Amount of Financing per DLI (Expressed in US\$)</b>
	<b>Target 1.4:</b> about 90% in 2021	<b>100,000</b>
<b>DL1 2:</b> Payroll audits to identify control weaknesses and ghost workers	<b>FY 2020</b> <b>Target 2.1: reconciliation takes place at least every six months</b>	<b>250,000</b>
	<b>FY2021</b> <b>Target 2.2: reconciliation takes place at least every six months</b>	<b>100,000</b>
<b>DLI 3:</b> Number of improved human resource procedures approved by the Public Service Reform Steering Committee (PSRSC) and submitted to the cabinet	<b>FY 2018</b> <b>Target 3.1:</b> Two (2) procedures completed in FY2018	<b>100,000</b>
	<b>FY 2019</b> <b>Target 3.2: Four (4)</b> completed in FY20219	<b>100,000</b>
	<b>FY 2020</b> <b>Target 3.3:</b> Six (6) procedures 4 in HR completed in FY2021	<b>100,000</b>
<b>DLI 4:</b> Newly established or reorganized human resource units in targeted MDAs are adequately staffed	<b>FY2018</b> <b>Target 4.1:</b> One MDA in FY2018	<b>100,000</b>
	<b>FY2019</b> <b>Target 4.2: Two MDAs</b> in FY2019	<b>100,000</b>
	<b>FY2020</b> <b>Target 4.1: Four MDAs</b> in FY2020	<b>100,000</b>



DLI Actions to be Completed	Targets	Amount of Financing per DLI (Expressed in US\$)
<b>DLI 5:</b> Talent Management Program Manual approved by the PSRSC	<b>Target 5.1:</b> Approval in FY2017	<b>150,000</b>
<b>TOTAL</b>		<b>1,400,000</b>

**(iv) Revision of Component Costs**

12. The revised component cost shall be as follows:
- (i) Component 1 (Strengthening the policies, procedures and systems for civil service management) cost from US\$3.90 million to US\$4.40 million.
  - (ii) Component 2 (Strengthening core capacity of targeted ministries) cost from US\$3.60 to US\$2.90 million.
  - (iii) Component 3 (Strengthening policy management capabilities at the center of government) cost from US\$0.75 million to US\$0.20 million.
  - (iv) Component 4 (Program Management and Support in Delivery) cost from US\$1.75 million to US\$2.5 million.

**(v) Talent Management Program Staff and Revision of the Results Framework**

13. The GoSL has reviewed needs for TMP staff and identified MDAs with crucial needs for TMP staff, therefore reducing the TMP footprint from the planned 80 hires to 57 (i.e. by 28.75%), i.e. in addition to the current 27 TMP staff, GoSL will recruit only another 30. The restructuring will therefore reduce the end target number for TMP staff in the results framework from 80 to 57. The GoSL in their attached letter dated September 21, 2020, has requested for a restructuring of the project to revise the end target number for TMP staff.

## II. DESCRIPTION OF PROPOSED CHANGES

14. Replenishment of project funds by US\$3 million (United States Dollars Three Million) to support project activities, to be disbursed to the supplemental TF0A7321, bringing the total commitment to US\$10 million (United States Dollars Ten Million).
15. The Grant Agreement and the Disbursement and Financial Information Letter (DFIL) to be amended to allow rolling advances against DLIs yet to be met, and/or EEP to be incurred.
16. The results framework to be revised to reflect a change in the TMP staff end target number from 80 to 57.
17. Given the reduction in number of the TMP staff, the estimated salaries and allowances for these staff, being the EEP, will reduce. The total DLI value to be reduced from US\$2 million to US\$1.4 million. The achieved saving of US\$600,000 will be allocated to other components as per the revised component costs outlined in paragraph 12 above.

**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓





#### IV. DETAILED CHANGE(S)

##### COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Strengthening the policies, procedures and systems for civil service management	3.90	Revised	Component 1: Strengthening the policies, procedures and systems for civil service management	4.40
Component 2: Strengthening core capacity of targeted ministries	3.60	Revised	Component 2: Strengthening core capacity of targeted ministries	2.90
Component 3: Strengthening policy management capabilities at the center of government	0.75	Revised	Component 3: Strengthening policy management capabilities at the center of government	0.20
Component 4: Project management and support in delivery	1.75	Revised	Component 4: Project management and support in delivery	2.50
<b>TOTAL</b>	<b>10.00</b>			<b>10.00</b>



## Results framework

COUNTRY: Somalia

Somaliland Civil Service Strengthening Project

### Project Development Objectives(s)

The project development objective is to strengthen basic functions for payroll, human resources and policy management in selected central government agencies and line ministries.

### Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Strengthen basic functions for payroll management in selected central agencies and line Ministries							
Effectiveness of payroll controls (assessed by degree of integration and reconciliation between personnel records and payroll data) (Text)		Integrity of the payroll is significantly undermined by lack of complete personnel records and personnel database or by lack of reconciliation between the three lists.				Reconciliation of the payroll with personnel records takes place at least every six months.	Reconciliation of the payroll with personnel records takes place at least every six months.
Strengthen basic functions for human resources management in selected central agencies and line Mins							
Improved HR development functionality in targeted MDA (disaggregated by function) (Number)		0.00					4.00
Strengthen basic functions for policy management in selected central agencies and line Mins							
Improved Policy development functionality in targeted MDA (disaggregated by function) (Number)		0.00					4.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Strengthen basic functions for recruit deployment in selected central agencies and line Mins							
Number of TMP recruits deployed to targeted MDA (of whom % female) (Text)		0.00					57 of which 20% female
Action: This indicator has been Revised							

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Component 2: Strengthening core capacity of targeted Ministries								
Number of staff from target MDA who have successfully completed training programs supported through the project (Number)		0.00	0.00	40.00	80.00	120.00	160.00	160.00
Targeted MDA with revised organizational structures approved by the PSRSC (Number) (Number)		0.00	0.00	1.00	2.00	4.00		4.00
Pay policy and revised pay and grading structure approved by the PSRSC and		No	No	Yes	Yes			Yes



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
submitted to the cabinet (Yes/No)								
<b>Component 1: Strengthening the policies, procedures and systems for civil service management</b>								
Payroll audits to identify control weaknesses and ghost workers (Number) (Number)		0.00	0.00	0.00	0.00	1.00	2.00	2.00
Severance policy and pension policy and law approved by the PSRSC and submitted to the cabinet (Yes/No)		No	No	No	Yes	Yes	Yes	Yes
Share of civil servants with verified and completed personnel records in the central HR personnel database of satisfactory quality (%) (Percentage)		30.00		50.00	80.00	90.00	90.00	90.00
Revised civil service law and civil service regulation have been approved by the PSRSC and submitted to the cabinet (Yes/No)		No	No	No	Yes	Yes		Yes
Number of improved HR procedures (including establishment control, recruitment, HR records management, termination, retirement) approved by		0.00						6.00





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