**Recurrent Cost and Reform Finance II**

**Quarterly Progress Report**

**For Period Ending June 2018**

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# BACKGROUND

The Galmudug state of Somalia EAFS unit is in charge to implement the RCRF II project at the state level. Since our office was established at the end of 2016, our tasks included reporting financial payments, maintaining financial control, process payment and communicate with EAFS/FGS unit to share the information regarding the RCRF II project. Galmudug want to use the all project components to support government functions in MDAs, but as of now, we use component two only where we started to disburse and covered the salary for government civil servants employees. However, The World Bank has begun the initial phase of registering the teachers who will receive an allowance from World Bank. The Ministry of Education is about to finalized this process as soon as possible. We have put on our agenda to pay the government operation costs (bills) through our TSA and seek reimbursement from FGS, but we cannot begin such activity until we receive a No objection letter from World Bank to use the Galmudug state procurement procedures and policy. The GSS EAFS unit is working in a somewhat a difficult situation because of lack of the equipping the EAFS office due to no concurrence to use the state’s procurement procedures and policies. During the last workshop on POM review held in Mogadisho on April 2018, Galmudug submitted the challenges that are currently in place. The Galmudug and World Bank concurred an action points proposed to the resolve the challenge that Galmudug is facing towards the RCRF II funding on government functions as well the project management. But, no action has been taken bay World Bank on agreed action points,

# PROJECT COMPONENTS

# B. Component 2: Intergovernmental fiscal transfers to core government functions of eligible federal member states, interim and emerging administrations

***Sub-component 2:1: Transfers to interim and emerging states for core government functions:***

***Activity 2.1.2***

During this progress report for the period ending 30th June, 2018, we have received #6 SOEs reimbursement from FGS. Definitely, there was no SOE delay at all. The SOEs covered salary payments of MoF, OAG and CSC staff from Jan 2018 up to June 2018. The current number of employee who are eligible of RCRF II funding are 54. The total expenses of this quarter was USD 96,235.30. The civil servants receive the reimbursement of SOEs from World Bank through MA account.

We are planning to increase the number of MDAs that are eligible for RCRF II funding. At this time, only Ministry of Finance, Office of Audit General and Civil Service Commission employees are eligible for RCRF II reimbursement. The Civil Service commission hired 18 employees during this period ending 30th June 2018 while 6 employees has left the job. We are ensuring that all government MDAs to become eligible for RCRF II reimbursement as hiring process will ensure they meet the condition for RCRF eligibility.

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

***EDUCATION***

Since Galmudug state became RCRF II eligible, the Ministry of Education did not receive any finance support through the RCRF II programs. However, the World Bank and Ministry of education are working together to finalize the registration of teachers who will join the RCRF II funding. The Ministry is finalizing the registration of the teachers. We proposed 245 teachers and 11 inspectors to obtain allowance from RCRF II program.

***HEALTH***

We Unable to execute the budget for health sector because WB have not finalized the eligibility criteria; therefore no activity undertaken.

1. Component 4: Project Management and Coordination

Galmudug has not yet used component 4 of project management and coordination, therefore, there are nothing to report with respect to execution for this component up to now. The EAFS unit who is responsible the project implementation is still lacking the office of the equipment, furniture and office running costs due to no concurrence received for WB to use the state’s procurement procedures and policies. Galmudug also lacks A Project Manager who will be responsible for the coordination between the state, FGS and World Bank. We planned to equip EAFS office and to have Project Manager as well in June 2018. Equipping EAFS office in this proposed time will not occur unless Galmudug receives permission to use state procurement policies.

# MONITORING AND EVALUATION

Monitoring and Evaluation is done by the World Bank monitoring team.

# PROCUREMENT

Galmdug State never undertaken any procurement process under RCRF II project, because World Bank has not provided with us the NOL to use government procurement policy.

# FINANCIAL MANAGEMENT

The Annual budget is prepared in Budget preparation module of Bisan and Budget execution is done through Financial Management Information System (IFMIS).

# DISBURSEMENTS

The 2017 Reimbursement was for component 2 only for Activity 2.1.1: IGA Competitively Recruited Staff.

# ADDITIONAL RECOMMENDATIONS TO BE DISCUSSED FURTHER DURING MTR