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SOCIAL TRANSFERS – TECHNICAL SUPPORT TO THE DONOR WORKING GROUP AND TO THE GOVERNMENT OF SOMALIA – PHASE ONE (SST1)

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Study on Social Protection: The Financial Flows of Social Transfers Programmes (STPs) in Somalia *Assessment Report*

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LIST OF ABBREVIATIONS/ACRONYMS

AAH	Action Against Hunger
ADRA	Adventist Development and Relief Agency
AIMS	Aid Information Management System in Somalia.
BHA	Bureau of Humanitarian Assistance (USA)
BMZ	Federal Ministry of Economic Cooperation and Development (Germany)
BRIC's	Building Resilient Communities in Somalia
CARE	Cooperative for Assistance and Relief Everywhere
COOPI	Cooperazione Internazionale
CTR	Cost Transfer Ratio
COVID-19	Coronavirus (2019)
CSO	Civil Society Organisation
CT	Cash Transfers
CWG	Cash Working Group
DFAT	Department of Foreign Affairs and Trade
DFI	Development Finance Institutions
DfID	Department for International Development (UK)
DRC	Danish Refugee Council
DWG	Donor Working Group
ECHO	European Commission's Civil Protection and Humanitarian Aid Operations
EiE	Education in Emergency
ELRP	Emergency Locust Response Programme'
EOI	Expression of Interest
EU	European Union
EW	Early Warning
EWC	Early Warning Committee
FAO	Food & Agricultural Organisation
FGS	Federal Government of Somalia
FMS	Federal member States
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GSMA	Global System for Mobile Communications
HCT	Humanitarian Country Team
HRP	Humanitarian Response Plan
HFU	Humanitarian Financing Unit
IASC	Inter-Agency Standing Committee
IBLI	Index Based Livestock Insurance
IBTCI	International business and technical consultants incorporated
ID	Identity Document
IDA	International Development Association
IDP	Internally displaced person/s
ILED	Integrated Local Economic Development
ILRI	International Livestock Research Institute
IPC	Integrated Phase Classification

LIST OF ABBREVIATIONS/ACRONYMS (continued)

INGO	International Non-governmental Organisation
KLIP	Kenya Livestock Insurance Programme
LIC	Low income Countries
M4H	Mobility for Humanitarian Innovation
MEB	Minimum Expenditure Basket
MIS	Management Information System
MNO	Mobile Network Operators
MoF	Ministry of Finance, Federal Government of Somalia
MoHADM	Ministry of Humanitarian Affairs and Disaster Management
MoLSA	Ministry of Labour and Social Affairs
MoPIED	Ministry of Planning, Investment and Economic Development
MoPT	Ministry of Posts and Telecommunications
MPA	Multiphase Programmatic Approach
MPCA	Multi-purpose cash assistance
MPTF	Multi-partner Trust Fund
NCTP	National Cash Transfer Programme
NFI	Non-food Items
NGO	Non-governmental Organisation
NDVI	Normalized Difference Vegetation Index
NRC	Norwegian Refugee Council
ODA	Official Development Assistance
PIU	Project Implementation Unit
POS	Point of Sale
PRM	Bureau of Population, Refugee and Migration
SCI	Save the Children International
SCRP	Somalia Crisis Recovery Project
SDC	Somali Development Centre
SDG	Sustainable Development Goals
SIDC	Swedish International Development Cooperation
SNHCP	Shock Responsive Safety Net for Human Capital Project
SomReP	Somalia Resilience Programme
SSN	Social Safety Net
SSPP	Somalia Social Protection Policy
STP	Social Transfers Programme
TAF	Technical Assistance Facility
TCTR	Total Cost Transfer Ratio
TPM	Third party Monitoring
TSA	Treasury Single Account
UN	United Nations
UNICEF	United Nations Fund for Children
USAid	United States Aid
VRC	Village Relief Committee
VSLA	Village Savings & Loan Association
WASH	Water, Sanitation & Hygiene Programme
WB	World Bank
WFP	World Food Programme

1. EXECUTIVE SUMMARY

Social Protection is recognised as a core strategy for tackling poverty and vulnerability while strengthening inclusive social development and equitable economic growth and ensure access to health care, basic income security for children, disabled, Internally displaced person/s (IDP), elderly and vulnerable women.

Somalia is one of the poorest countries in Sub-Saharan Africa with nearly seven of ten Somalis living in poverty. The causes of vulnerability in Somalia include not only the conflict and the impact of repeated natural disasters, but also economic, social, and political vulnerabilities.

In 2019, through the Ministry of Labour and Social Affairs (MoLSA) the FGS established the first Somalia Social Protection Policy (SSPP) which is intended to act as a social contract between the government and the people of Somalia. The policy envisions strengthening all components of a social protection system, including linking with the development of a single registry and the long-awaited national identity documents (ID).

The Safety Net for Human Capital Project (SNHCP) is a National Cash Transfer Programme (NCTP) aimed at increasing resilience of poor and vulnerable households through income support and is supported by a SNHCP project, the Baxnaano Project (USD \$65 million), funded by the World Bank providing nutrition-linked unconditional cash transfers to over 200,000 households across 21 districts in the Federal Member States (FMS).

In response to the recent locust crisis, the Shock Responsive Safety Net for Locust Response Project (SNLRP) (USD \$40 million) provides shock responsive funding to 43 districts of which 14 districts are already receiving funding from the Baxnaano Programme, thus providing both vertical and horizontal funding to beneficiaries.

Since 2001 there has been growing use of cash and eVouchers in Somalia allowing funding to be more easily assessable to beneficiaries. The distribution of funds using mobile money through MNO is outlined in **Annexe D**. With mobile phone penetration of 92 per cent and mobile money penetration rate of 73 per cent¹ in Somalia, mobile money transfers provide a positive alternative to other methods of distributing cash to beneficiaries. However, there is uncertainty as to the security and transparency of using MNO, which is likely to be as a result that the Somali Information and Communications Technology (ICT) sector operates in a largely unregulated environment in all three Somali regions. While legislation and regulations have been developed and approved by Cabinet, few have been implemented due to a lack of resources and capacity. The Cash consortium in conjunction with Global System for Mobile Communications (GSMA) is currently carrying out a mapping process relating to cash transfers using mobile money: “*Developing Guidelines for Cash Transfers*”.

eVouchers are also widely used enabling beneficiaries to purchase pre-selected goods from pre-selected traders. These are distributed through the Implementing Agencies (IA) with Traders having access to the IA system enabling them to directly enter the beneficiary purchase details.

“Cash plus activity” is also used combining cash transfers with inputs such as farming tools, seeds, etc which is intended to stimulate productive livelihood activities and provide more sustainability. In the last few years there has been growing use of Non-governmental Organisations (NGO) consortia approaches, where a number of agencies essentially worked on the same Programme, to the same objective, but in different locations. These agencies work together on the Somalia Resilience Programme (SomReP) and a consortium led by the Norwegian Refugee Council (NRC): Building Resilient Communities in Somalia (BRiC’s).

With a focus on funding being distributed at a community-based level involving the community, informal safety nets such as the Village Savings and Loans Association (VSLA) have been established. Village Relief Councils (VRC) have also been established, involving the community to ensure community input into the approval of beneficiaries and distribution of funding.

Overseas development assistance (ODA) received in 2019 was \$1.9 billion of which 49.7 per cent (USD \$924.1 million) related to Development Aid. No humanitarian funding is channelled through the TSA with 12.1 per cent (USD \$112 million) of development aid funding channelled through the Treasury Single Account (TSA).

Under the Cash Working group cluster (sector) reports (3W reporting²) from Agencies providing humanitarian funding to beneficiaries, it was reported that in May 2020 2,075,694 people received assistance with 52 per cent of the funds received by voucher and 48 per cent by cash, of which 42 per cent related to mobile cash. 53 per cent of the funds were restricted, 47 per cent unrestricted and 73 per cent was unconditional with 23 per cent conditional.

With support provided by OCHA, the Ministry of Planning, Investment & Economic Development (MoPIED) has established and administers an Aid Information Management System in Somalia (AIMS) which is an on-line system that enables partners to share data on development and humanitarian aid flows for Somalia. The system was implemented in November 2019 and its’ objective is to help make aid more effective by increasing transparency, accountability, and coordination.

As of 13th July 2020, there are 235 Registered Users, 875 projects, 628 organizations with FY2020 disbursements of \$609.2 million. **Annexe E** provides an outline of the Report produced from the AIMS system.

1. Mobile Money in Somalia – Ecosystem Mapping, The World Bank/Altai Consulting, June 2017

2. 3 ways of reporting: what, where and who

Overall, the financial data collected during this study highlighted that 60 per cent of total funding related to Humanitarian funding with an estimated average of 81 per cent of the total funds flowing through to beneficiaries; with 19 per cent of total funding relating to administrative & indirect costs.

MoPIED's involvement in projects is on an ad hoc basis. MoPIED has a role in project design for specific projects only where donors have involved them (e.g. EU NAO and many UN and WB projects work with MoPIED directly). Currently, MoPIED is working on a process³ for reviewing whether projects are in alignment with the National Development Plan 9 (NDP9). The proposed review process would ensure MOPIED engagement in project design.

Issuing money always involves exposure to fraud and corruption and mismanagement of funds. Donors and Implementing Agencies have varying levels of monitoring in relation to mitigating fraud and mismanagement of funds, ensuring funds are received by the intended beneficiary. This includes education at the community level (community "buy-in"), contracting of third-party monitoring agents (TPM), spot/random checks by Implementing Agencies and donors and toll-free hotlines to report fraud.

The approach toward a national social protection system managed by the FGS and the FMS will require a clear plan to be established outlining the funding and capacity requirements from donors and FGS & the FMS. The plan should be in two parts:

- 1) *costing plan* which will require details of activities identifying the types of inputs or required resources to implement each activity and include both robust monitoring and evaluation framework, and
- 2) *a financing strategy* which involves a systematic projection of domestic resources available and identifies the funding gap which will require development partner support. This funding should be developed on a "phase out" approach over a stipulated period aiming to ensure social protection financing is funded by own source revenue. A "pooled funding" mechanism could be an appropriate way of aggregating donor contributions, with the added value of smoothing out donor funding cycles.

A centralised Programme faces a huge administrative burden that encompasses not only the registering and payment of participants but also ensuring the smooth running and effective outputs of individual projects. Human resource capacity, institutional mechanisms, financial resources, and political will are all key factors in establishing a social protection programme. If any of these fail to work, the

whole social protection capacity development strategy has the potential to collapse.

In 2016, Somalia spent 0.8 per cent of gross domestic product (GDP) on social safety nets, even though it received 16 per cent of GDP (USD \$1.2 billion) in humanitarian aid⁴. Somalia received USD \$1.9 billion in official development assistance (ODA) in 2019, comprised of roughly equal volumes of humanitarian and development Aid⁵. Protecting vulnerable groups and creating income opportunities are crucial to prevent childhood poverty from progressing into adulthood. In resource-constrained environments such as Somalia, short to medium term humanitarian assistance will be required to complement social protection systems. A social protection system capable of generating synergies requires a policy and legislative strategy, including the budget framework.

To raise living standards, an estimated USD \$1.64 billion per year is needed to target the poor (ignoring administrative and logistics costs)⁶. Based on the funding breakdown outlined in Table 19 of this report, administrative costs are currently estimated at approximately 19 per cent of total funding equating to an estimated USD \$1.95 billion of funding required.

The development of a single government registry system involves significant planning and investment. The system must have clear objectives and must be updated regularly to keep the system dynamic and be flexible to adapt to possible future changes. The government registry must be subject to ongoing auditing and quality control to ensure the accuracy of data is maintained and the responsibility for the system must be clearly defined and the Government has the capacity to reliably maintain the system. A high level of security of beneficiary data needs to be always maintained. Before data are shared or existing beneficiary database systems are made interoperable, policies and reporting need to be established which should be aligned to an agreed sector-specific international data protection regime. This will ensure all involved in data sharing are committed to the same principles.

Addressing these challenges and implementing a plan to establish a Social Protection system will require a systemic approach as well as clear communication between governments and social partners. The challenges will also require a greater capacity to design, deliver and monitor social protection programmes.

3. Not finalised at the time of writing this report

4. World Bank. (April 2019). Source: Report No. AUS0000407 Somali Poverty and Vulnerability Assessment. Findings from Wave 2 of the Somali High Frequency Survey

5. Aid Flows in Somalia, April 2020

6. World Bank. (April 2019). Source: Report No. AUS0000407 Somali Poverty and Vulnerability Assessment. Findings from Wave 2 of the Somali High Frequency Survey

2. INTRODUCTION

2.1 Background

Social protection has primarily been concerned with the actions taken in response to vulnerability, risks, and deprivation which are deemed socially unacceptable within a given polity or society⁷.

The United Nations (UN) defines social protection as *“a set of public and private policies and Programmes undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing”*. This definition is underpinned by shared fundamental values concerning acceptable levels and security of access to income, livelihood, employment, health and education services, nutrition, and shelter.

World Bank defines Social Protection as a *“Social protection system to help the poor and vulnerable cope with crises and shocks, find jobs, invest in the health and education of their children, and protect the ageing population”*.

The Federal Government of Somalia (FGS) defines social protection as *“government-led policies and Programmes which address predictable needs throughout the life cycle in order to protect all groups, and particularly the poor and vulnerable, against shocks, help them to manage risks, and provide them with opportunities to overcome poverty, vulnerability, and exclusion”*

In developing countries, social protection is grounded on a widely shared understanding that poverty is multidimensional and persistent in time and across generations. Social protection, therefore, is increasingly seen as an appropriate, feasible and affordable response to address long-term poverty and vulnerability, moving away from a previous tendency to see any sort of welfare in the world’s poorest countries as unproductive and unaffordable⁸. Thus, social protection can have the objective of addressing economic and social risk and vulnerability as well as alleviating extreme poverty.

2.2 Social Protection in Somalia

Social Protection is recognised as a core strategy for tackling poverty and vulnerability while strengthening inclusive social development and equitable economic growth and ensure access to health care, basic income security for children, disabled, internally displaced person/s (IDP), elderly and vulnerable women. A growing global consensus affirms that such social protection systems provide indispensable support for achieving the Sustainable Development Goals (SDGs), strengthening outcomes that support core development objectives⁹. Social protection interventions directly contribute to inclusive and resilient growth through

several mechanisms including human capacity development and social risk management.

Somalia is one of the poorest countries in Sub-Saharan Africa. Nearly 7 of 10 Somalis live in poverty which is deepest in rural areas and IDP settlements¹⁰. The combination of conflict and recurrent natural disasters in Somalia makes it one of the most vulnerable countries in the world. The causes of vulnerability in Somalia are many and varied and include not only the conflict and the impact of repeated natural disasters, but also economic, social, and political vulnerabilities. In order to look towards a longer-term approach in Somalia, it is, therefore, necessary to think more broadly and development focused than the traditional emergency humanitarian interventions and start to address the vulnerability through social protection Programmes thereby providing a more sustainable platform to absorb the shocks resulting from natural disasters such as flood, drought, and locust invasion.

In Somalia, some form of social protection has existed for years albeit unstructured or informal. This is often supplemented by remittances sent to family and friends through the international and local diaspora communities living abroad and within the country. However, these autonomous systems are becoming less effective as population pressure and climate change make rural livelihoods more tenuous. Since 2001 there has been growing use of cash and vouchers in Somalia to respond to humanitarian crises. Cash was utilized to a great extent during the famine response in 2011/12 due to the World Food Programme (WFP) being forced to withdraw from South Central Somalia in 2010 by Al-Shabaab.

Nonetheless, agencies currently lack a coordinated and harmonized cash transfer direction for the future of Programming in Somalia based on government coordinated effort. In the last few years there has been growing use of Non-governmental Organisations (NGO) consortia approaches, where a number of agencies essentially worked on the same Programme, to the same objective, but in different locations. These agencies work together on the Somalia Resilience Programme (SomReP)¹¹ and a consortium led by the Norwegian Refugee Council (NRC): Building Resilient Communities in Somalia (BRiC’s)¹².

Humanitarian agencies are increasingly recognising that irregular, ad-hoc and short-term responses to hunger and vulnerability are neither cost-efficient nor particularly effective in terms of building long term resilience to shocks. Some agencies working in Somalia are therefore now calling for improved programming and a paradigm shift towards the longer-term, more predictable assistance that forms the basis of social protection. This shift will require ongoing effort by humanitarian agencies to engage with the government and to harmonize information and flow of

7. Conway, de Haan and Norton, 2000

8. Devereux 2000; Devereux et al 2005

9. EU Social Protection Systems Programme. (2019) Lessons from the EU-SPS Programme. Implementing social protection strategies

10. Wave 2 of the SHFS, 2019

11. ACF, ADRA, CARE, COOPI, DRC, Oxfam, and World Vision

12. NRC, SCI, IRC, Concern and CESVI.

Aid funds.

Recently¹³, the FGS has come up with the first Somalia Social Protection Policy (SSPP) through the Ministry of Labour and Social Affairs (MoLSA) which aims to contribute to the Federal Government of Somalia's commitment to peace and prosperity by ensuring that development is equitable, inclusive, and compassionate. The SSPP is intended to act as a social contract between the government and the people of Somalia. The policy envisions strengthening all components of a social protection system, including linking with the development of a single registry and the long-awaited national identity documents (ID). It advocates for beginning with transitional safety nets then transitioning to social protection. The policy had been identified in the Resilience Chapter of the National Development Policy 8 (2017-2019) and will contribute to the current Social Development Roadmap and National Development Plan 9 (2020-2024).

According to the policy, the government intends to work with different actors including development partners, civil society groups and encourages the private sector to develop products that increase the participation of the informal sector and transfer risk from the poorest households. The policy will rely on careful collaboration across a host of actors to achieve the maximum impact.

The Social Protection policy draws on the social and development priorities, strategies, and Programmes set out by the FGS and on evidence and lessons learned from international, regional, and national experience. It is coordinated with its development and humanitarian partners. The FGS recognises that:

- There is a need to transition from the current reliance on fragmented and short-term humanitarian aid to more regular, predictable, and long-term assistance.
- Social transfers, primarily in the form of cash, are highly appropriate in the context of Somalia. They can reach the extreme poor, can impact on multiple dimensions of poverty, and are a feasible starting point for developing a nationally owned social protection system.

The social protection system will provide long-term, predictable support to the most vulnerable demographic groups, enabling them to effectively manage shocks and risks experienced throughout the lifecycle. It will pay special attention to the needs of particularly vulnerable categories of the population, including children, women, youth, the elderly, persons with disabilities, IDPs and returnees, marginalized groups, and people of working age who are without employment or who face chronic and seasonal difficulties in accessing productive livelihoods. It will support flexible and rapid scale-up to enable effective, community-wide responses to shocks and provision of seasonal or short-term emergency assistance where needed.

13. 2019

14. Social transfers are a form of social assistance provided by public and civic bodies to those living in poverty or in danger of falling into poverty. (Regional Hunger and Vulnerability Programme, 2017). Social transfers are specific social security benefits, either in cash or in kind, i.e. a transfer of income or services, from one group in a society to another, e.g. from the active to the old, the healthy to the sick, or the affluent to the poor, among others. Social transfers are organised through different social security schemes. These schemes can be classified in two major groups, according to their financing mechanisms: contributory schemes and non-contributory schemes. In any given country, several schemes of different types generally co-exist and may provide benefits for similar contingencies to different population groups. (ILO, 2011)

2.3 Background of the Study

The Somalia Social Transfers Project deals with the establishment and operation of a Technical Assistance Facility (TAF), to support the development of coherent and cost-effective policies on social transfers in Somalia. The overall objective is to support the development and implementation of a strategy on a social safety net and social transfers as part of a long-term social protection system. Further the project emphasis is on the following two specific objectives:

- 1) To support international donors to Somalia in their dialogue on a social safety net system and social transfers, through a Donor Working Group (DWG) on social transfers, with the relevant Somali institutions, and,
- 2) To support the Government in their efforts to set up and implement a Social Protection Policy.

The Integrated Local Economic Development (ILED) social safety net (SSN) component is based on strong collaboration with the FGS and understanding its desire to establish a government-led social transfer mechanism¹⁴ as part of the SSPP, as endorsed by the FGS Cabinet. The ILED different pillars are: 1) stability, security, and governance, 2) economic development and 3) social transfer

One part of the ILED SSN component is to support the development of a government-led social transfer mechanism, as part of the 2040 goal of the SSPP. This social transfer mechanism is expected to be based on partnerships between the Government, Development Finance Institutions (DFIs) and the private sector as well as Civil Society Organisations (CSO), NGOs and humanitarian actors, all of whom bring an operational capacity and understanding of what is required to respond to the needs of the poorest and most vulnerable and transform the delivery of social protection from protective/preventative approaches to more productive/transformational ones.

2.4 The purpose of the study

The study will focus on the financial flows related to Social Transfers Programmes (STPs) in Somalia, how these flows are accounted for and evaluated in terms of efficiency, effectiveness, and value for money as an important part of the SSPP. The study will identify the present situation of financial flows for cash-based programming/cash transfer processes. In this regard, the study will carry an in-depth analysis of social transfers and related proactive cash Programming. Based on this, develop recommendations for the next steps in the financial work on strengthening of the systems, processes and relevant skills required to deliver financial accountability.

2.5 The Specific Objectives of the study

- 1) Assess the present financial arrangements being used by donors, their contractors/implementing partners, strength, and weaknesses
- 2) Identify key actors, institutions that are involved financial transfer process including business communities in Somalia and Identify main gaps potential for capacity building for these actors
- 3) Identify the relationship of NGO based cash transfer system and how it can be linked to and/or feed into a possible government lead social transfer system.

3. METHODOLOGY

3.1 Approach

The study primarily adopted key informant interviews and expert views were used to gather research data. Moreover, an in-depth literature review related to financial flows related to STP in Somalia and other similar contexts was conducted to give complementary results to findings from the key depth interviews.

3.2 Review of documentation and literature

The study incorporated a review of relevant documentation and literature to build a comprehensive understanding of Somalia's context of existing Programmes, as well as the policy context.

A comprehensive desk literature review of all available relevant literature was undertaken from a wide range of sources including previous studies. Further, the study built on previous work and will complement the Cash Working Group's subcontracting of Global System for Mobile Communications (GSMA) Mobility for Humanitarian Innovation (M4H) Programme which will be undertaken concurrently to this analysis.

3.3 Data collection and analysis

Knowledgeable stakeholders who were involved in the financial transfer process in Somalia with a diverse set of representatives from Donors, international NGOs, UN agencies, consortia, and Government were interviewed as shown in **Annexe A**.

Narrative analysis was carried out on all field notes/interview transcripts to provide an informative narrative for the study. The data collected was provided by key informants and validated to ensure data quality. The desk review was used to complement the data from the key informant interviews.

3.4 Research limitations

The primary limitation of this study was that key informant interviews were conducted over Skype, Zoom and Microsoft Teams, with travel constraints and the timeframe for completing the report which was both directly attributed to COVID-19.

Given the time constraints, key informant interviews focused on the top key Aid providers which are the 10 donors that make up 86.5 per cent of total funding and consortiums and Government Departments, thus actors such as Local NGOs, Federal Member States were not interviewed. It is understood that Somali financial institutions and private sector support the community by providing funding, however, there are inadequate records to support this or provide enough detail for inclusion in this report.

3.5 Terminology

Discussions with stakeholders revealed that social transfers, cash transfers, safety net, shock response and humanitarian and development are not clearly defined. It was also noted that it was often not clear in differentiating between humanitarian and development other than humanitarian is a shorter term with a higher monthly amount paid to beneficiaries in the long term. However, social protection can be viewed by the Government's level of participation whether financial or in implementation and/or management capacity. Currently, the FGS does not have financial input or management capacity over social protection but with the recent introduction of the social protection policy, this will change. So currently where questionable, funding is considered to be humanitarian aid.

To ensure consistency, the terminology used in this report has been provided by the TAF team and is outlined in **Annexe B**.

4. PROJECT/PROGRAM OVERVIEW

4.1 Official Development Assistance (ODA)

The World Bank, United Kingdom, European Union, and Germany were the largest providers of development aid in 2019, together providing more than 50 per cent of total development aid (approximately USD \$ 500 million). The largest 10 donors provided 87 per cent (USD \$ 808.5 million) of development aid in 2019.

The overall summary of overseas development assistance ODA for the past 3 years is shown in Table 1 which highlights a significant estimated increase in development aid for the 2020 financial year. However, due to the recent desert locust infestation and the Coronavirus (COVID-19) pandemic, more funding is being allocated to humanitarian aid to deal with these shocks.

Table 1 – Humanitarian and Development Funding

	2018 USD\$ (Actual)	2018 %	2019 USD\$ (Actual)	2019 %	2020 USD\$ (Estimate)	2020 %
Humanitarian	1,196.0	55.1%	934.3	50.3%	93.1	9.7%
Development	975.3	44.9%	924.1	49.7%	864.7	90.3%
ODA	2,171.3	100.0%	1,858.4	100.0%	957.8	100.0%

The 2020 projections do not reflect the full scale of support expected for this year, especially for humanitarian aid, which is more difficult to predict.

Source: *Aid Flows in Somalia - April 2020*

No humanitarian aid funds flow through the Treasury Single Account (TSA), Table 2 is a summary of the development funds from 2018 to May 2020 channelled through the TSA. Donor funding channelled through the TSA was estimated at \$231.8 million for 2020 financial year with \$104.5 million received up to May 2020 with World Bank being the main donor, providing \$64.6 million (64.9 per cent of total funds received)

Table 2-ODA channelled through the TSA

	2018	2019	2020 to May 2020	
USD Million				
Foreign grants channeled through the TSA	110.0	112.0	104.4	2020 Actual - year to date
Total Development aid*	975.0	924.0	864.7	2020 - Annual Estimate
Development aid channeled through the TSA	11.3%	12.1%		

*Source: *Aid Flows in somalia - April 2020*

Table 3: Donor Funds by project by Donor channelled through the TSA

Project	Budget 2020 (USD\$ million)					
	Total	Turkey	World Bank	European Union	African Development Bank	United Nations
Bilateral	30.0	30.0				
RCRFII Budget Support	46.5		46.5			
Multilateral	33.0			33.0		
Multi-partner Trust Fund (SFF)	4.8		4.8			
Capital Injection Project	4.5		4.5			
Public Financial Management	10.5		10.5			
ICT Sector Support	1.2		1.2			
SCORE	5.7		5.7			
RCRF-Project Support	2.0		2.0			
SOPTAP (Petroleum)	0.2		0.2			
Economic & Financial Governance	5.7				5.7	
Urban Investment Planning Project	4.2		4.2			
District Rehabilitation Project (S2S)	1.9					1.9
Education Sector Program Implementation Grants	4.8			4.8		
SEAP	2.2		2.2			
SNHCP	30.9		30.9			
Road Infrastructure Program	3.0				3.0	
SIEMID	2.2				2.2	
Scaled Up Project	20.5		20.5			
Urban Investment Planning Project	0.5		0.5			
Somalia Urban Resilience Project (PH2)	10.8		10.8			
Energy Sector Project	0.7				0.7	
Biyoole Project	5.9		5.9			
Total	231.8	30.0	150.3	37.8	11.6	1.9
Percentage of donor contributions to total Budget	100%	12.9%	64.9%	16.3%	5.0%	0.8%
Funds Received to May 2020	104.5	7.5	64.6	30.8	0.9	0.7

4.2 Humanitarian Reporting

Every month agencies prepare a cluster¹⁵ report (3W template). 3W refers to 3 ways of reporting: 1) what, 2) where and 3) who. Clusters¹⁶ report against targets, reporting on humanitarian funding distributed to beneficiaries, submitting their monthly report to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) who consolidate the data and publish on the Humanitarian Data Exchange (hdx) website¹⁷. From the second quarter of 2020, the National Cash Working Group (CWG) is coordinating the reporting of multi-purpose cash assistance (MPCA) and cluster reporting.

Annexe C provides a summary of cluster data as reported on the hdx website. If a person receives cash-based assistance from more than one sector (for instance, a water voucher and a multi-purpose cash grant), that person will be counted more than once. Hence, there is some potential for double-counting, although this is estimated to be relatively limited. For the month of May, 2,075,694 people received assistance with 52 per cent of the funds received by voucher and 48 per cent cash, of which 42 per cent related to mobile cash. 53 per cent of the funds were restricted, 47 per cent unrestricted and 73 per cent of the funding was unconditional (23 per cent conditional). Conditional transfers are transfers where conditions are attached to entitle the beneficiary to receive the funds. For example: carrying out work or attending training, children attending school funds. Restricted transfers are where there is restriction/s to particular goods or services or particular vendors. Implementing Agents work with pre-selected vendors and make available pre-selected goods that can be purchased by beneficiaries.

4.3 Somalia Humanitarian Fund (SHF)

4.3.1 Background

The Somalia Humanitarian Fund (SHF) is a multi-donor country-based pooled mechanism created in 2010 to allocate funding for the most urgent life-saving interventions in Somalia. Combining flexibility and strategic focus, the SHF ensures timely allocation and disbursement of resources, enables effective humanitarian action and strengthens coordination. The SHF enables donors to channel funds regardless of the nature, location, or mode of delivery of the response.

With the SHF, governments and private donors can channel their contributions into a common, unearmarked fund to deliver life-saving assistance to people who need it most. SHF funds are prioritized and managed locally and support the highest-priority projects of the best-placed responders; mainly international and national NGOs and some UN agencies - through an inclusive and transparent process that meets priorities set out in the Humanitarian Response Plan (HRP). This ensures that funding is available and prioritized locally by those closest to people in need.

The SHF is managed by the OCHA. The SHF funds activities that have been prioritized as the most urgent and strategic to address critical humanitarian needs in the country, in close alignment with the Somalia HRP; it also funds interventions in support of the immediate response to sudden-onset crises or at times of rapidly deteriorating humanitarian conditions in the country.

The SHF is funded through contributions from the UN Member States but can also receive contributions from individuals and other private or public sources.

The SHF received funds of USD \$58.9 million in 2019 of which USD \$56.7 million was utilized with allocations of USD \$53.4 million and USD \$3.3 million utilized for direct and support costs. Of the funds allocated, USD \$4 million (7.5 per cent) was distributed by cash transfer. This allowed beneficiaries immediate access to food, facilitated access to safe water where there were severe water shortages and allowed beneficiaries to purchase emergency shelter and non-food items (NFI) kits. Unconditional Cash transfers were 65 per cent compared to conditional cash transfers of 35 per cent¹⁸.

15. sector

16. Sectors

17. <https://data.humdata.org/visualization/somalia-cash-Programmeing-v3>

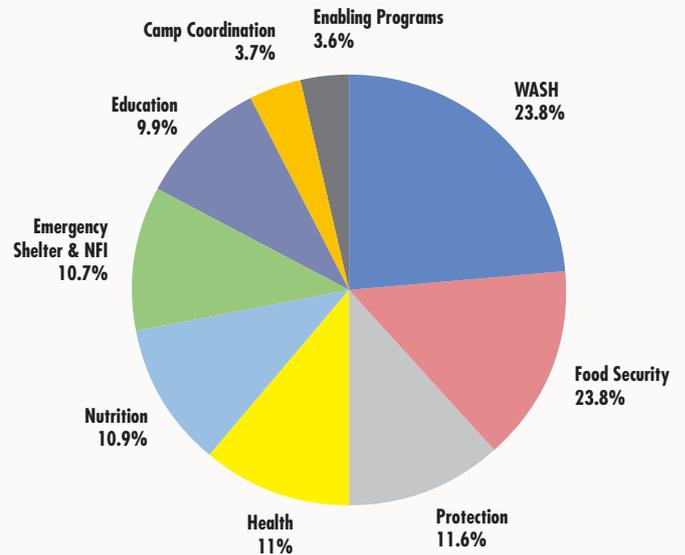
18. Somalia Humanitarian Fund, 2019 Annual Report

Table 4: SHF 2019 Contributions and Fund Utilization

Details	Amount (\$USD million)	Percentage %
Contributions		
Germany	13.5	22.9%
Sweden	8.6	14.6%
Denmark	7.2	12.2%
Netherlands	6.8	11.5%
Norway	5.6	9.5%
Australia	5.3	9.0%
United Kingdom	4.9	8.3%
Ireland	3.4	5.8%
Switzerland	2.0	3.4%
Canada	1.4	2.4%
Republic of Korea	0.2	0.3%
Total Contributions	58.9	100.0%
Administration Costs		
Direct Costs	1.9	
Program Support Costs	1.0	
Audits	0.4	
Total Administration Costs	3.3	5.8%
Allocations	53.4	94.2%
Total Funds Utilized	56.7	100.0%

Funds were allocated across 9 clusters with the Water, Sanitation & Hygiene Programme (WASH), food security, health and nutrition receiving 60 per cent of the allocation.

Figure 1: 2019 Funds Allocation by Cluster



OCHA Somalia’s Humanitarian Financing Unit (HFU) manages the fund on a day-to-day basis on behalf of the Humanitarian Coordinator. The UNDP Multi-Partner Trust Fund (MPTF) Office serves as the Fund’s administrative agent and receives, administers, and manages contributions from donors, and disburses funding to OCHA, UN agencies, and Programmes.

OCHA’s humanitarian response update for Somalia was presented at the Humanitarian Country Team (HCT) on the 8th July 2020 which reported on the Humanitarian Response Plan (HRP) funding overview. USD \$442 million has been provided for the HRP which represents 43.8 per cent of the \$1.01 billion requirement. USD \$35.3 million has been provided for the COVID-19 response which represents 15.6 per cent of the USD \$225.6 million requirement.

The SHF accountability framework outlines measures to increase accountability and mitigate risks. It comprises of interlinked pillars which include capacity and performance assessment and risk assignment; project monitoring (field and remote) and financial spot checks; financial and Programmatic reporting; project audits and evaluations.

4.4 Shock Responsive Safety Net for Human Capital Project (SNHCP). World Bank – Baxnaano Programme.

4.4.1 Background

The Safety Net for Human Capital Project (SNHCP) is a national cash transfer programme (NCTP) aimed at increasing resilience of poor and vulnerable households through income support.

The FGS is the lead implementing agency, as well as the World Bank (WB), and the implementing partners, namely the United Nations Children’s Fund (UNICEF) and the United Nations World Food Programme (WFP).

The MoLSA is responsible for the overall project management, implementation, monitoring and coordination with other Ministries and Federal Member States (FMS) of the SNHCP. A Project Implementation Unit (PIU) has been established within MoLSA and is responsible for the day-to-day management and administration of the project.

The SNHCP “Programme” is supported by a SNHCP “Project” (Baxnaano Project) which is funded through a pre-arrears clearance Grant provided by the International Development Association (IDA) of the World Bank Group, to the Federal Government of Somalia. The Baxnaano project is for three years (2019-2022) with support of USD \$65 million funded by the World Bank and includes three (3) components:

Component 1: Nutrition-linked Unconditional Cash Transfers (USD \$53 million equivalent)

Component 2: Delivery Systems and Institutional Capacity Building (USD \$ 6 million equivalent)

Component 3: Project Management, Monitoring and Evaluation and Knowledge Management (USD \$ 6 million equivalent)

The SNHCP is not humanitarian assistance. All communications will aim to present the SNHCP as building a bridge beyond the delivery of humanitarian assistance and lay the foundations for human capital and government systems building.

The targeting of beneficiary households is conducted in three stages:

- 1) Selection of districts.
- 2) Selection of communities in the targeted districts, and
- 3) Community-based participatory targeting (CBPT) of households in selected communities based on the household eligibility criteria. The project covers 200,000 households with a total of 21 districts selected across the Federal Member States (FMS). Selected districts meet the following selection criteria: predominantly rural districts with high distress rating, considering vulnerability in terms of malnutrition, and past impact and/or risk of drought.

MoLSA has contracted the WFP and UNICEF as the two main service delivery partners for the SNHCP. WFP and UNICEF will support the implementation of components 1 and 2, respectively. WFP has been contracted to deliver predictable cash transfers. Component 3 is managed by the MoLSA.

Component 1 will finance cash transfers to beneficiaries, service fees to payment delivery agencies and implementing partners to support field activities, goods related to IT devices for supporting the cash transfers business processes, limited consultancy services of individuals and direct and indirect WFP costs for the delivery and monitoring of the component’s activities.

The fund’s allocation of USD \$53 million is nutrition-linked unconditional cash transfers with USD \$48 million distributed to beneficiaries and USD \$5 million relating to administrative and indirect costs. Cash transfers are currently for one (1) year, but it is expected that further funding will be provided to enable the cash transfers to beneficiaries to be extended for another two (2) years.

WFP has entered into an agreement with implementing partners to manage the SCOPE system¹⁹ which includes registration of beneficiaries, monitoring and management of beneficiary details.

WFP manages the distribution of funds to beneficiaries. With cash transfers distributed through the WFP SCOPE system using eCard, which allows beneficiaries to access funds as cash. However, as a result of the COVID-19 pandemic and the financial service providers raising concerns about the groups of people visiting their branches to access funds, WFP adopted the use of mobile money (MM) as a means to transfer funds to beneficiaries. Currently, cash transfers through mobile money are 20 per cent of total cash funding distributed to beneficiaries with 80 per cent distributed through eCard (SCOPE Card).

19. WFP’s beneficiary identity and benefit management system

USAID is a major funder and accepts the use of SCOPE Card to distribute funds but not the use of mobile money. Whilst there is legislation and regulations in place for the MNO industry, few have been implemented due to a lack of resources and capacity, as well as the political context. The Ministry of Posts and Telecommunications (MoPT) of the FGS oversees the ICT sector and covers all aspects of telecommunications: regulation, monitoring and management. The Ministry provides registration certificates but does not interfere with matters related to mobile money or cash transfers. As a result, the ICT Sector is not operating in a fully regulated context.

Mitigation measures in place during the COVID-19 pandemic include:

- combining transfers, i.e. distributing funds every 2 months with a 3-month redemption period to reduce the number of transfers per beneficiary
- Training Implementing Agents on how to manage biometric scanners (cleaning and disinfecting)
- Introduction of the WFP eShop App: This app is linked to the SCOPE system and allows beneficiaries to shop on-line and have the goods delivered (where feasible).

MoLSA has overall management and monitoring responsibilities, supported by WFP and UNICEF for the implementation of components 1 and 2. WFP and UNICEF will carry out monitoring activities in accordance with the programmes result framework and the provisions under their contract to assist the third-party monitoring agent to facilitate the required monitoring activities and ensure timely and quality monitoring and reporting to MoLSA on progress and challenges towards the Programme monitoring indicators. In addition, MoLSA will hire a third-party monitoring (TPM) agency to undertake quarterly monitoring and verification of the cash transfer component of the project. This organization will carry out field monitoring to determine whether cash distribution activities are carried out in accordance with project standards.

Component 2 will be implemented concurrently with component 1 and establishes the key building blocks of the national cash transfer programme (NCTP) delivery system and strengthen the institutional capacity of MoLSA and relevant government ministries to gradually take over full management and implementation of a safety net Programme and form the foundation for a more comprehensive social protection system in Somalia

Component 3 is for the establishment of a Project Implementation Unit (PIU) within the MoLSA, to strengthen MoLSA's coordination arrangements, promote learning and knowledge management through robust M&E and support explore a design of a pilot productive safety net targeted at youth

4.4.2 Process - Component 1

Disbursement of funds under Component 1 will be managed through an initial advance and subsequent replenishments to WFP directly from the WB, upon evidence of achievement of the results specified by the project and supported by claims for reimbursement of eligible expenditures.

Funds transferred to the Implementing Agencies (IA) to cover their administrative costs is based on the IA's monthly invoices submitted to WFP. However, at the beginning of the project, they can also request an advance of up to 30 per cent of their total operating budget costs, which will be deducted from subsequent monthly invoices.

The process for the distribution of funds is detailed in the *Somalia: Shock Responsive Safety Net for Human Capital Project (SNHCP) Project Operations Manual, October 2019* and the following are based on this manual and discussions with key informants.

4.4.2.1 Fund Flow Process – World Bank to WFP

- a) A request for funds is forwarded MoLSA who approves and submits the request to the Ministry of Finance (MoF)
- b) MoF enters the details into the Governments Financial Management Information System (SFMIS) recording the amount of funds against the budget and also enters these details into the World Banks "client connection" system to request a funds transfer.
- c) World Bank transfers funds direct to WFP. MoF can obtain details from the client connection system as to when funds have been transferred to WFP

Figure 2 outlines the fund flow process.

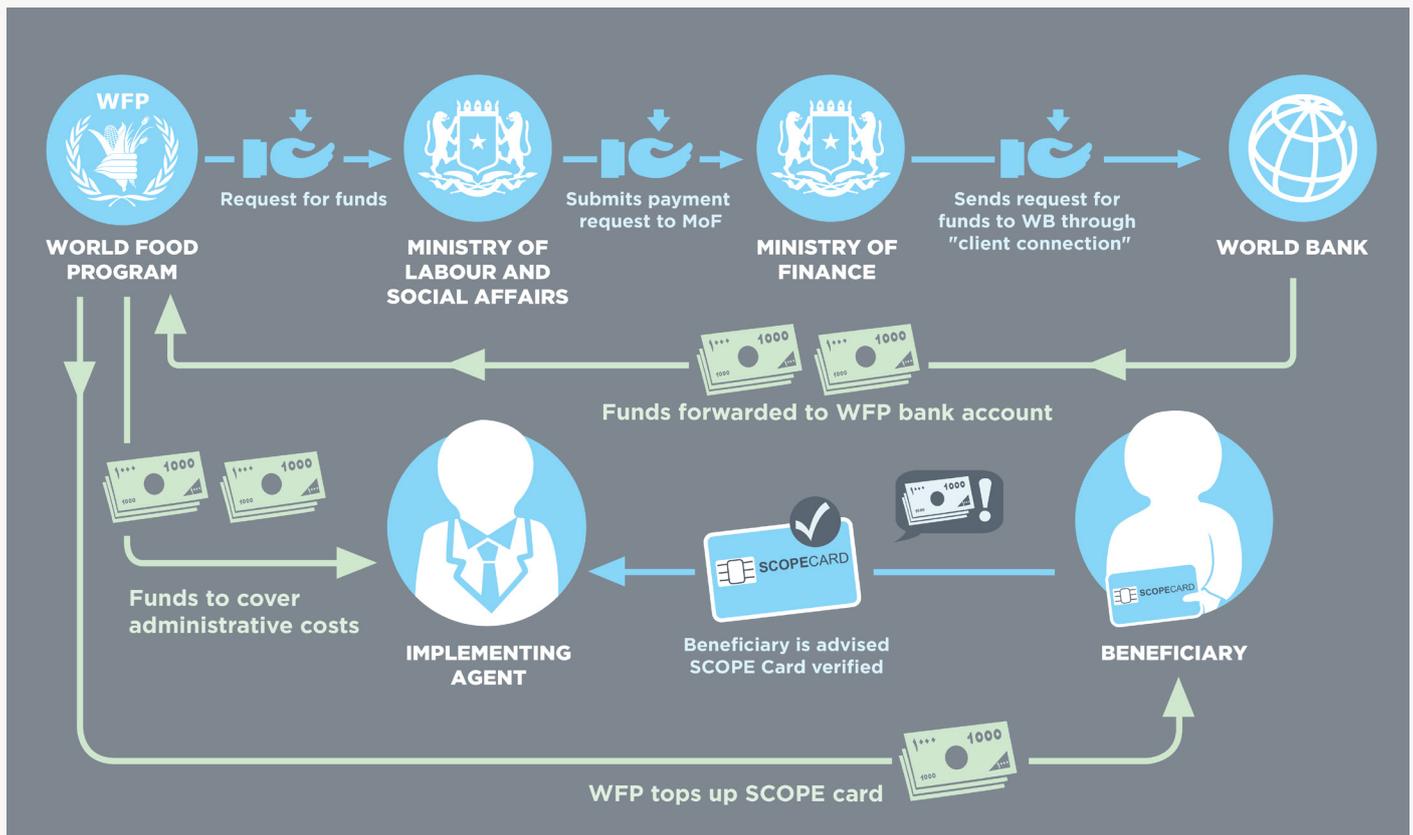


Figure 2: Funds flow – SCOPE Card

4.4.2.2 Fund Flow Process- SCOPE Card

Funds distributed under the Baxnaano project are all cash transfers, no vouchers are issued. The process for the issue of eVouchers by WFP is covered separately in this report.

- Distribution Cycle & Distribution List Creation:** At the beginning of each quarter, WFP will create a distribution cycle in SCOPE.
- Creation and verification of Payment list:** After verifying the distribution list, WFP finance creates and verifies a payment list which commits funds to the beneficiaries and links each enrolled beneficiary household's unique SCOPE card number to the amount set in the cycle.
- Approval of payment list:** Head of WFP Area Office performs a final check and approves the payment list.
- Top Up of Beneficiary Cards:** WFP contacts every relevant IA (who have access to POS devices) and instructs them to download the e-tokens and top up the beneficiary household SCOPE cards. Each household representative brings the household SCOPE card and inserts it into the point-of-sale machine. The POS verifies the card and displays the amount that the beneficiary household is entitled to receive. The beneficiary can then redeem from any branch of the financial service provider (FSP). In order to avoid overcrowding at the distribution points of the FSP, IA's will agree with them on a maximum number of cards to be topped up daily.
- Authentication for Redemption:** Once the top-up is done, beneficiaries go to the nearest AMAL bank branch for authentication and redemption of the assistance. Through the POS device, the bank staff can verify that the card has been topped up and the account credited. The beneficiary is then required to press their fingerprints on the scanners to confirm their identity. Only people successfully authenticated can receive cash assistance.
- Redemption:** The beneficiary receives their sum of cash top-up. Cash withdrawal data from the POS device is instantly recorded on the SCOPE card preventing multiple withdrawals by the same household. The beneficiary receives a receipt showing the amount of funds withdrawn and the balance remaining. The same data is also recorded into the SCOPE system once the POS machines are synchronized online.
- Reconciliation:** At the issue of the redemption, WFP reconciles accounts in SCOPE to match the approved payment lists with amounts redeemed by the households. Every month, WFP also performs bank reconciliation to track all advances paid to the FSP.

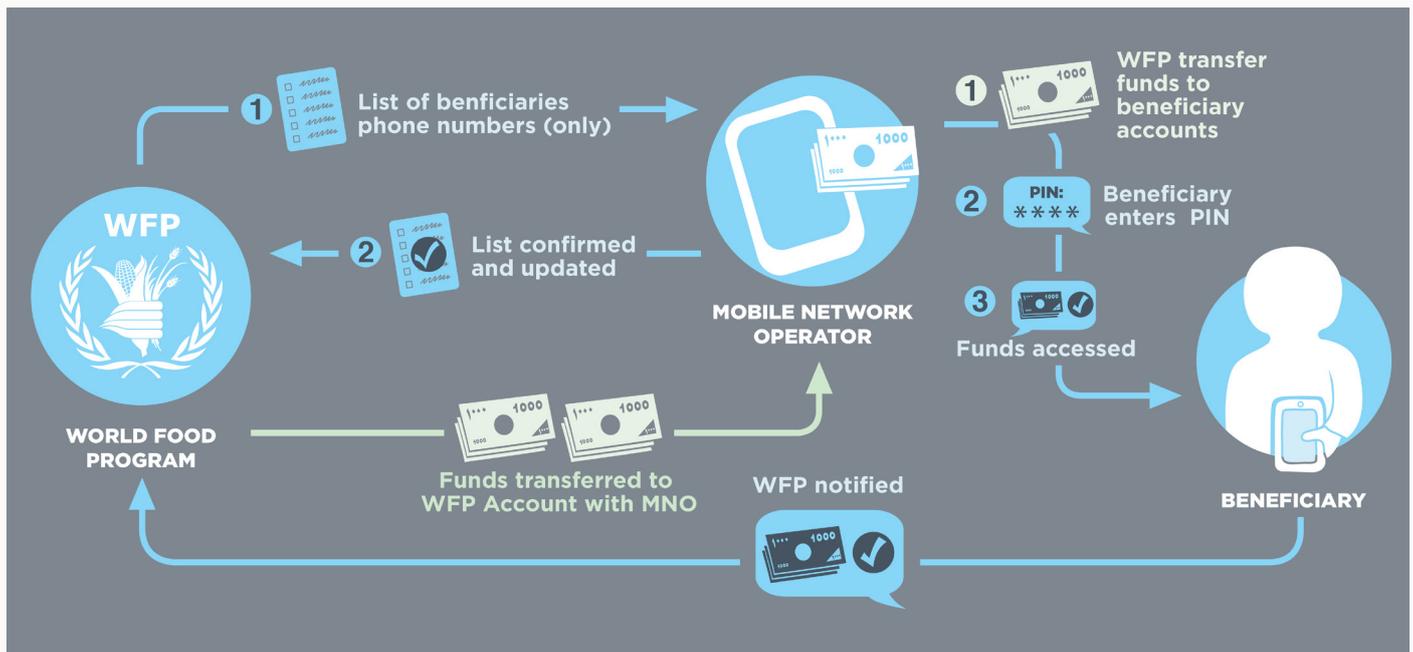


Figure 3: Funds Flow - Mobile Money

4.4.3 Process - Component 2

4.4.2.3 Fund Flow Process- Mobile Money

Fund flows from World Bank to WFP is outlined under 3.2.2.1

- a) WFP produce a list of beneficiaries from the SCOPE system. All details are removed except the phone numbers, and the list is sent to the MNO

4.4.4 Process - Component 3

- d) WFP transfer funds into their mobile money account with the MNO and based on the approved beneficiary listing transfers funds to each beneficiary. A message is automatically sent to the beneficiary advising them of the funds transferred
- e) Beneficiary's access funds by entering their PIN. Any wrong PIN entered is immediately alerted to WFP
- f) WFP pay the MNO commission after the transactions are completed

- b) MNO checks the list to confirm all numbers are active and provides the name of the person whom the phone number is registered to.
- c) The list is returned to WFP who verify the details. If any beneficiary is not registered, then WFP organizes for a SIM card to be provided by the MNO to the beneficiary who must register with the MNO.

Disbursement of funds under Components 2 will be managed through an initial advance and subsequently according to an established schedule with funds transferred directly from the WB to UNICEF.

- a) UNICEF submit a request for funds to MoLSA who approves and submits the request for funds to the Ministry of Finance (MoF)
- b) MoF enters the details into the Governments Financial Management Information System (SFMIS) recording the amount of funds against the budget and also enters these details into the World Banks "client connection" system to request funds transfer to UNICEF.
- c) World Bank transfers funds direct to UNICEF

Disbursement of funds under Components 3 will be managed through an initial advance and subsequent replenishments to MoLSA by the World Bank, upon evidence of achievement of the results specified by the project and supported by claims for reimbursement of eligible expenditure.

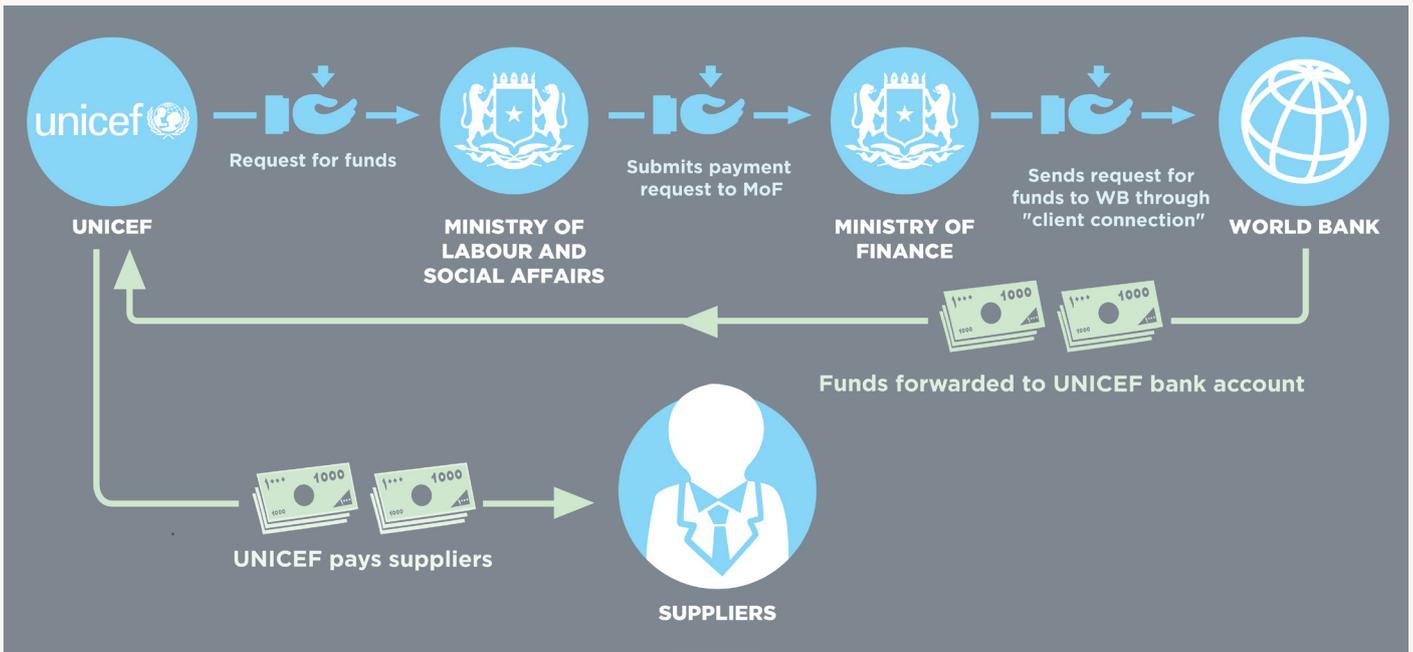


Figure 4: Funds Flow - Component 2

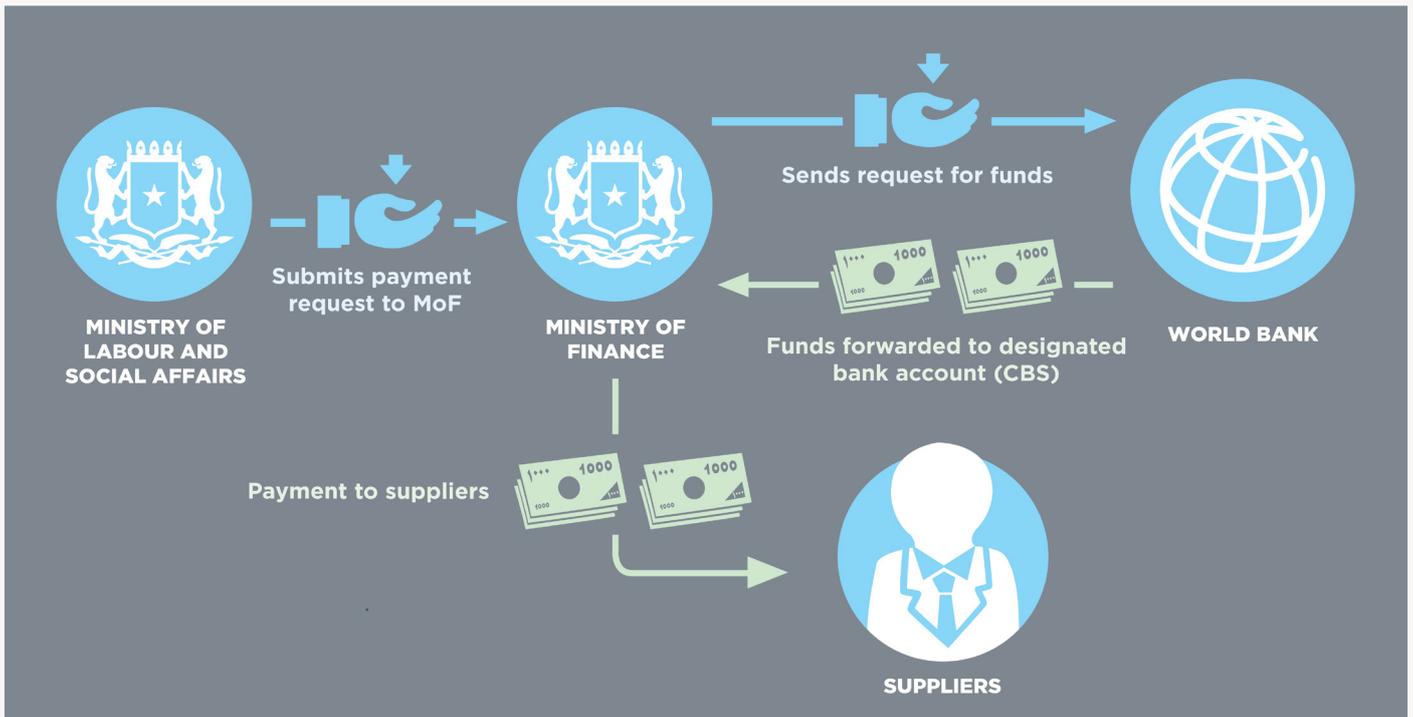


Figure 5: Funds Flow - Component 3

4.4.5 Summary of Funding

The breakdown of funding of the Baxnaano Programme is outlined in Table 5.

Table 5: Baxnaano Funding Breakdown

Project	Funding (Million\$ USD)	Costs				
		Development	Admin	Indirect	Direct Beneficiary Funding	% Beneficiary funding
Component 1	53		5		48	91%
Component 2	6			6		0%
Component 3	6			6		0%
Total	65	65	5	12	48	74%

\$20 per month x 12 months - 200,000 households

Table 6: SNLRP Fund Breakdown

Project Details	Funding (Million\$ USD)	Humanitarian	Costs		Direct Beneficiary Funding	Beneficiary funding %
			Admin	Indirect		
Component 1	39			6	33	85%
Component 2	1		1			0%
Total	40	40	1	6	33	83%

600,000 persons (100,000 households) x \$40 / \$60 (average \$55). 100,000 x \$55 x 6 months

4.5 Safety Net Locust Response Project (SNLRP)

4.5.1 Background

The Shock Responsive Safety Net for Locust Response Project (SNLRP) for the FGS is the proposed second phase of the World Bank's regional response to the desert locust crisis – the 'Emergency Locust Response Programme' (ELRP) – using the Multiphase Programmatic Approach (MPA). The USD \$40 million ELRP financing is an IDA grant commencing June 2020 to support people affected by the worst desert locust plague in decades which is threatening the food security and livelihoods of the people of Somalia.

The SNLRP will be complemented by the recently approved IDA-funded Somalia Crisis Recovery Project (SCR, P173315) and together both projects will support all three pillars of the MPA. The proposed SNLRP will focus on addressing the negative immediate impact of the locust infestation on the poor and vulnerable households by providing shock responsive funding to meet their short-term food security and consumption needs and enhancing their resilience through cash transfers²⁰.

The SNLRP project is USD \$40 million with two (2) components:

Component 1: WFP USD \$39 million. USD \$33 million distributed to beneficiaries and USD \$6 million for implementation, support, indirect & administrative costs. 600,000 persons (100,000 households) x USD \$40 / USD \$60 (average USD \$55). 100,000 x USD \$55 x 6 months

Component 2: MoLSA USD \$1 million. Administration costs for the operation of the Project Implementation Unit (PIU)

The project covers 43 districts of which 14 districts are already receiving support under the Baxnaano Programme. Therefore, SNLRP will provide both vertical and horizontal funding. Where beneficiaries are receiving support under Baxnaano they will receive USD \$40 per month²¹ for 6 months and beneficiaries not receiving support under Baxnaano will receive USD \$60 per month for 6 months

4.5.2 Process

4.5.2.1 Component 1

The funds are managed and distributed by WFP whereby the flow of funds is the same as component 1 of the Baxnaano Programme.

- a) A request for funding is sent by WFP to MoLSA who review, approve and forward onto MoF
- b) MoF check the request, approve, and enter the details in the SFMIS against the budget and the world Bank "client connection" system
- c) WB pay direct to WFP's bank account
- d) WFP transfer funds to the Implementing Agencies to cover administration costs based on their submission of their budget to WFP
- e) WFP transfer funds to beneficiaries either through SCOPE Card or mobile money.

The process is outlined in paragraph's 3.4.2.2 (Figure 2) and 3.4.2.3 (Figure 3) respectively

4.5.2.2 Component 2

- a) A request for funding and warrant is sent from MoLSA to MoF
- b) MoF enters the details in the SFMIS.
- c) MoF request funds from World Bank
- d) World Bank provide (advance) funding to the FGS designated bank account (held at the Central bank of Somalia)
- e) MoF raise the payment to MoLSA's supplier/s

The fund flow is outlined in Figure 5.

4.5.3 Summary of Funding

Table 6 provides a breakdown of the SNLRP project funding showing separately the project administrative & indirect costs.

20. Source: Shock Responsive Safety Net for Locust Response Project, Somalia Management Plan (SMP)

21. Beneficiaries under Baxnaano receive \$20 per month

4.6 Somalia Crisis Recovery Project (SCRP)

The SCRCP, approved by World Bank in May 2020 is a USD \$ 137.5 million IDA grant that aims to “*support the recovery of livelihoods and infrastructure in flood and drought-affected areas and strengthen capacity for disaster preparedness nationwide.*” The Project is planned for a duration of 6 years and will provide immediate support to the areas hardest hit by these crises by supporting the recovery of livelihoods and infrastructure in flood and drought-affected areas and will also strengthen Government’s systems and capacity for disaster preparedness. It will also focus on control, restoration, and prevention measures and together with the SNLRP both projects will support all three pillars of the Multiphase Programmatic Approach (MPA)

The Project’s immediate response will benefit up to 1.7 million Somalis – particularly the most vulnerable populations, farming communities, Internally Displaced Peoples, rural and urban communities, and host communities with a strong focus on female-headed households – affected by locusts and flooding.

The Project will provide basic services and livelihood support, including:

- establishing a cash-for-work scheme for vulnerable households.
- controlling the desert locus population through the ground and aerial spraying operations and surveillance.
- restoring and protecting farmers’ capacity for agricultural production, and
- promoting household hygiene and methods of treatment.

In addressing medium-term flood recovery, the Project will rehabilitate water and sanitation systems, broken or non-functioning flood control systems (such as embankments, drainage, and irrigation canals), health facilities, bridges, and smaller roads.

The project is made up of 5 components:

Component 1: Immediate basic services and livelihood support for early recovery (USD \$30 million) to the flood-affected states of Hirshabelle, South West, and Jubbaland and locust-affected areas nationally.

Component 2: Medium-term flood recovery (USD \$42million) to support the rehabilitation of critical public and community infrastructure³ in line with build-back-better and climate-resilient standards in the flood-affected states of **Hirshabelle**, South West and Jubbaland.

Component 3: Longer-term disaster risk management and preparedness (USD \$24.5million). will have a national scope and focus and will set the analytical and policy groundwork and capacities to enable a government-led, integrated approach to flood and drought risk management and preparedness.

Component 4: Project Management (USD \$6 million) will support overall Project management and coordination by the Project Management Unit located the Ministry of Finance.

Component 5: Contingency Emergency Response Component (CERC) (USD \$5million). included in the Project in accordance with Investment Project Financing (IPF) Policy, The CERC will serve as a first-line financing option for a response. and is flexible enough to incorporate the new Crisis Response Window Early Response Allocation (CRW ERA) criteria so that it can be mobilized as part of an early response to an eligible food security crisis or disease outbreak

The project is not yet fully established so information regarding fund flows etc are not available.

4.7 World Food Programme (WFP)

Under the SCOPE system, the WFP can distribute eVouchers to beneficiaries²². eVouchers can be unconditional or conditional depending on the donor’s requirements and is strictly for supplying food commodities to beneficiaries. For donors that request direct cash transfers mobile money is used. Donors that request funds to be distributed by eVoucher is generally in line with their mandate to provide food security. This ensures that beneficiaries buy food commodities only.

Currently, 45 per cent of the funds distributed to beneficiaries is through eVouchers and 55 per cent is through mobile money.

The process for issuing eVouchers to beneficiaries is through the SCOPE Card which is topped up in the same manner as cash, with:

22. eVouchers are not used for Baxnaano or SNLRP

- a) Beneficiaries going to one of the pre-selected traders to redeem their voucher to purchase from a pre-selected range of goods
- b) The Trader has access to the SCOPE system so he can see the amount of the voucher on the card and if there are any restrictions on the goods that can be purchased.
- c) The details are entered into the SCOPE system and the beneficiary is provided with a receipt showing the amount purchased and the balance remaining on the voucher
- d) Details are automatically updated in the SCOPE system and the trader is paid by WFP based on the voucher redemption information

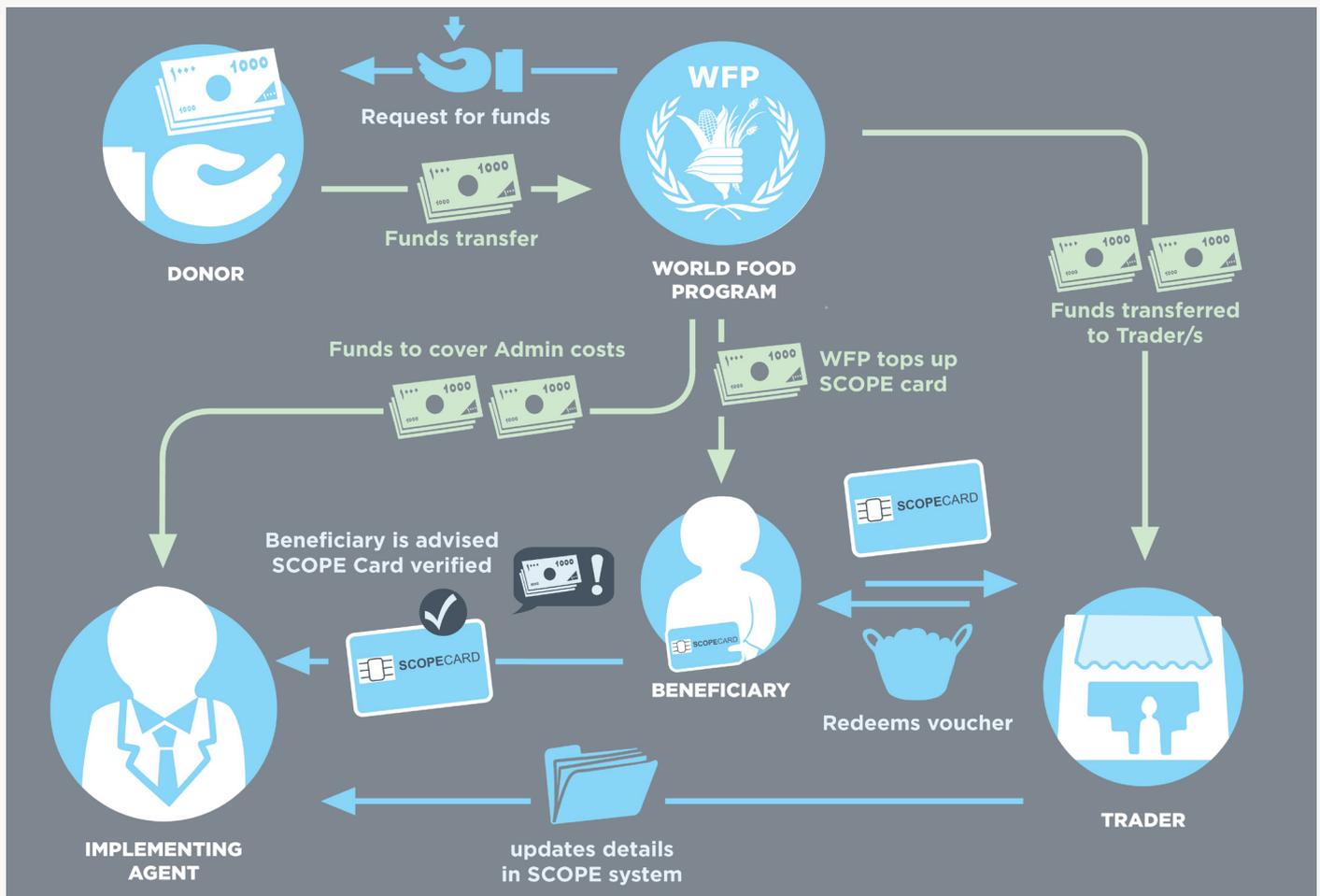


Figure 6: Funds Flow – eVoucher

4.8 European Commission's Civil Protection and Humanitarian Aid Operations (ECHO)

4.8.1 Background

The ECHO's 2020 budget is €51 million (USD \$58.2 million) with 40 per cent allocated to food security and basic needs addressed through cash assistance and 60 per cent relating to multisector programming: Education in Emergency (EiE), Health/Nutrition, WASH, Protection, Shelter/CCCM, Disaster Risk Reduction/Preparedness, Support to Operations. ECHO is one of the biggest Aid providers for food security in Somalia. EU humanitarian funding supports aid organizations delivering life-saving assistance to vulnerable people, including people affected by conflict, drought, or food shortages, to enable them to meet their most urgent needs. This assistance includes food, shelter, access to clean water and basic health services, protection, and education.

Earlier in 2020, the EU also provided €11 million (USD \$12.6 million) to the UN's Food and Agricultural Organisation (FAO) to help it tackle the locust outbreak and protect the livelihoods of affected farmers and pastoralists in the region. Following the recent torrential rains that caused devastating floods and landslides across the region, the EU mobilized €1.4 million (USD \$1.6 million) in emergency assistance to respond to immediate needs in Somalia²³.

ECHO previously distributed food assistance in-kind, moved more to food voucher and then more recently have moved to Multipurpose Cash Transfer (MPCA). So now where possible, rather than in-kind aid, EU-funded support in Somalia reaches the people in need through cash transfers. This system enables households to buy what they urgently need to feed and sustain their family including education for children and health care for the sick. In addition, using

cash transfers helps to overcome some of the accessibility challenges that exist in the country which has recently become more challenging as a result of the current COVID-19 pandemic.

ECHO co-fund projects with ECHO Partners (Implementing Agents) who will submit their expression of interest (EOI) to ECHO. It is from these EOIs that determine where funding will be distributed. Generally, funding provided to beneficiary households is for 6 months up to a maximum of 12 months. The amount of funding is based on the maximum amount per the minimum expenditure basket (MEB).

Implementing Agents submit a pre-agreed budget and report to obtain funding from ECHO. Implementing Agents are responsible for registration, monitoring and the distribution of funds to beneficiaries

4.8.2 Process

Cash transfers are through mobile money with funds transferred to ECHO Members (Implementing Agencies) for distributing to beneficiaries.

Annexe D outlines the process and the flow of funds.

4.8.3 Summary of Funding

Administration costs account for 7 per cent of funding with ECHO looking at a total cost to transfer ratio (TCTR) for action purely using cash (specifically Multipurpose Cash Transfers) as the delivery modality. The cost transfer ratio (CTR)²⁴ contains the same information as the TCTR but is expressed differently. For large scale cash programme (meaning > €10m), ECHO will apply a ratio of 85/15; 85 per cent of the budget shall go directly in the pocket of the beneficiaries and 15 per cent for the Implementing Agent to cover their costs.

Table 7: ECHO Funding Breakdown

Funding Details	Funding (Million\$ USD)	Humanitarian	Admin & Indirect Costs	Direct Beneficiary Funding	Beneficiary funding %
2020 Funding	58.2	58.2	9.0	49.2	85%

Ratio used based on large scale cash programs (>\$10million)

23. Source: https://ec.europa.eu/echo/where/africa/somalia_en

24. Refer to: Grand Bargain best practice guidance on "Cost-Efficiency Analysis of Basic Needs Programmes"

4.9 Department for International Development (DfID)

4.9.1 Background

The UK Government is a major supporter of the Multi-purpose Trust Fund focusing on humanitarian cash transfers which are unrestricted and unconditional with mobile money the predominant method of distributing funds to beneficiaries. DfID uses the Cash Consortium as the Implementing Agent for MPCA.

DfID has no set per cent of indirect costs against the total budget but it is estimated that approximately 10 per cent of total funding relates to indirect costs. The 2019 Bilateral funding was £153 million (USD \$194.8 million) with 56.9 per cent (£87 million) relating to development aid and 43.1 per cent (£66 million) relating to humanitarian aid.

DfID has a monitoring agent, (MESH²⁵) who conducts “spot checks” on a selection of beneficiaries. Implementing partners also carry out checks.

There is a household economy review that was being carried out in 2020, but that is currently on hold as a result of COVID-19.

4.9.2 Summary of Funding

Table 8: DfID Fund Breakdown

Funding Details	Funding (Million\$ USD)	Humanitarian	Development	Admin Costs	Beneficiary Funding	Beneficiary funding %
2019 Bilateral Aid	194.8	84.0	110.8	19.5	175.3	90%
<i>10% indirect costs - IA costs not included</i>						

4.10 Food and Agricultural Organization (FAO)

4.10.1 Background

Funded by USAID, FAO's cash plus programme provides for quick impact humanitarian response and recovery activities, whilst also aiding longer-term efforts in social protection and resilience programmes. Through the programme, FAO has provided USD \$5.5 million in cash transfers in Somalia from the start of the year to April 2020, reaching more than 42,000 households, and agricultural inputs, with the latter reaching 6,000 households²⁶.

=FAO is focusing more on "cash plus" activity which combines cash transfers with inputs such as farming tools, seeds, supplementary animal feed or fishing equipment - and/or technical training and activities for vulnerable communities to protect and restore their livelihoods. Cash plus is offered in various sectors and the objective of the cash plus approach is to stimulate productive livelihood activities and provide more sustainability. Funding is based on the maximum amount per the MEB.

Cash transfers can be unconditional or conditional, i.e. cash for work. Conditional funding involves a community targeting criteria requiring community work to be carried out, which is checked by the Implementing Agent (IA) and once the work has been verified, the beneficiary receives the funding. Beneficiaries who are disabled, malnourished, elderly (with no support) receive unconditional funding despite the fact they may live in a region where conditional funding is provided.

Cash transfers paid to the agricultural sectors are paid in the low season to ensure that farmers have funds to carry them through to the harvest season. They are also provided with agricultural needs through the cash-plus system providing them with seeds, fertilizer etc. to get them established for the agricultural season. FAO has partnered with SomRep with SomRep providing the funding and FAO providing the in-kind assistance.

The main channel of distributing funds used to be via money vendors (financial service providers) but as a result of COVID-19, they have recently moved to mobile money through Mobile Network Operators (MNO) that allows

the UN agency to continue providing support in a safe way to the affected populations during the COVID-19 pandemic.

Paper vouchers were used in the agricultural sector until last year, but paper vouchers prove to be restrictive and labour intensive requiring physical presence in the locations where the vouchers were being distributed, FAO has since moved to electronic vouchers.

The majority of FAO's funding comes from international donors, with the major donors being USAID, ECHO, DfID with the FAO Head office providing funding for capacity development of staff. A breakdown of funding by donor is not available.

Humanitarian funding duration varies depending on what is being funded and the nature of the funding. There are approximately 350,000 households in the FAO database.

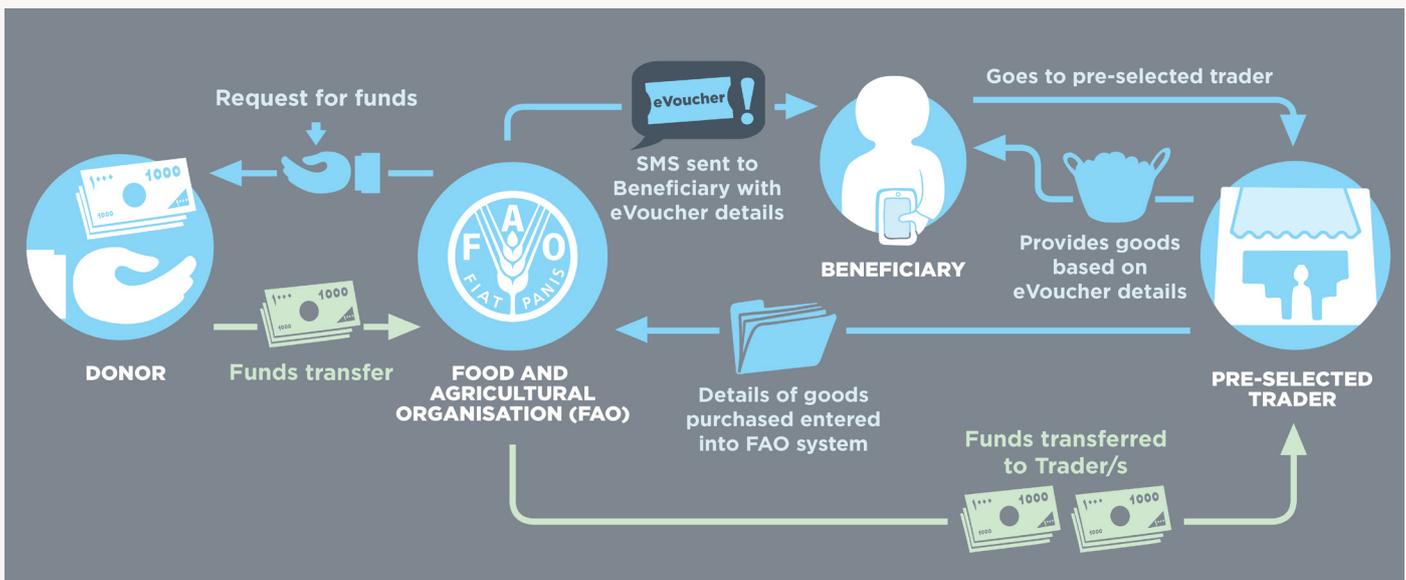
FAO identifies and registers beneficiaries using a combination of targeting methods:

a. Geographic targeting - FAO uses FSNAU IPC release to prioritize targeting regions and districts with the highest number of persons in need (PIN). FAO prioritize targeting of beneficiaries in IPC 3 & 4

b. Community-led targeting After regions and districts with the highest number of PiN is identified, FAO works with its implementing partners to identify vulnerable households that fit the categorical targeting criteria

c. Categorical targeting: FAO, working with the community and its implementing partners apply the listed categorical selection criteria to identify vulnerable households for registration. Categorical targeting starts with categories of community members who are generally considered as "vulnerable". The criteria vary based on project and livelihood zones. However, the focus is on the poor and vulnerable in rural populations and ensure that at least 30 per cent include persons with disabilities, elderly and most vulnerable. Female-headed households with productive capacity are also a focal point. Categorical targeting based on vulnerability is simple, fair and can reduce inclusion errors. The indicators being either yes/no, i.e. gender, disabled, presence of elderl

26. Source: <https://somalia.un.org/en/44244-round-activities-un-system-somalia-april-2020>

Figure 7: Funds Flow – FAO eVoucher

Unconditional cash transfer selection criteria include:

- Vulnerable female-headed households (e.g. widowed, pregnant and/or lactating).
- Households with chronically ill, disabled and/or elderly (65+ years) members unable to engage in productive activities
- Vulnerable child-headed households (over 16 years old)
- Vulnerable households with more than two children under 5 years of age
- Registered/or hosted rural IDPs unemployed and without any regular income or assets
- Households with children who are severely or moderately malnourished
- Households with the least holding of land and/or livestock (classified as very poor in terms of asset holding in that village).

For Cash Plus Agriculture, Livestock and Fisheries activity-specific criteria are added such as access to land, animal holding etc.

IA oversee eVoucher activity and conduct training within the regions as to how beneficiaries can redeem vouchers. FAO have tight due diligence procedures to ensure no breach of privacy, IA has limited access to beneficiary data.

Distribution of funds is through FAO with IA's assigned to carry out the registration and verification of beneficiaries entering the data into the FAO system. eVouchers are used to purchase food commodities only with pre-approved traders²⁷ where beneficiaries can purchase pre-selected goods. The FAO system is deployed on android devices,

linked to FAO's server. Implementing agencies monitor the process and upload data onto the FAO server.

FAO's objective is to transition beneficiaries that are chronically affected from (short term) humanitarian funding to longer-term (social protection) funding.

FAO engages with MOLSA on ongoing activities at a technical level for MoLSA to provide technical inputs into ongoing processes and activities. Going forward, FAO plans to scale up their support, and have already commenced discussions with MOLSA to identify gaps in the sector and based on FAOs comparative advantage and funding, plan to support in several areas going forward including system strengthening and research.

All beneficiaries have access to a toll-free hotline to contact IA/FAO regarding any issues relating to funding. This hotline can be used to resolve any issues associated with receiving funds, fund assistance and reporting fraud.

4.10.2 Process

The FAO system records the registration of beneficiaries. There is a targeting criterion where FAO try to be as inclusive as possible working under the IPC 1 – 4 phases²⁸, selecting people in crisis and emergency and stressed households, focusing on areas/regions with the highest concentration of eligible households.

The IA goes to areas to register households, which is carried out in a community context with elders consulted in the selection process. Registration tools are that the IA collect basic information: name, number of members of the household and other supporting questions. A photo is taken of the principal beneficiary and alternate beneficiaries who are then fingerprinted, and the household is geo-tagged. The data collected by the IA is uploaded onto the FAO

27. Over 300 pre-approved vendors

28. Acute food insecurity phases

database. As a result of the COVID-19 pandemic, biometric data collection has been suspended at registration and verification. However, GPS photos are collected with the same used for verification.

Beneficiaries are registered using mobile registration tools (ODK, biometric data collection equipment, cameras). Beneficiary data collected during registration is securely transmitted (encrypted) to FAO servers. A primary beneficiary is registered, along with nominated alternate beneficiaries and FAO transfers the beneficiary mobile number to an agreed alternative household member should the primary household beneficiary become incapacitated.

a. To verify the beneficiary data collected, FAO forwards mobile numbers to mobile network operators (MNO) who are required to provide names associated with the provided mobile numbers.

b. Mobile numbers and names provided by the MNO are verified against what was collected at registration.

c. FAO then forwards the verified list (encrypted and delivered via mobile devices) to pre-agreed devices for beneficiary validation through biometric data collection

d. Data collected through the biometric validation is compared with data collected at registration

e. Finally, a representative sample of beneficiaries is called to verify the registration process.

f. Disbursement authorizations are raised, routed internally for clearance, and sent to MNO's for payment of beneficiaries.

4.10.2.1 eVouchers

a. The donor provides funds to FAO once the relevant data is provided to meet the donors "request for funds" requirement.

b. The beneficiary is sent an SMS by FAO from the FAO system, (by region²⁹) advising them of their voucher number and other relevant information. The voucher number is produced from the FAO database system

c. The beneficiary goes to one of the designated traders to

redeem their voucher.

d. Traders have access to the FAO system and enter the voucher code into the system which provides details of what the beneficiary can purchase with their voucher and the value of the voucher

e. The beneficiary purchases the goods, and the trader enters the details into the FAO system to record the details of the goods purchased and amount.

f. The beneficiary is provided with a receipt showing how much they have spent and the voucher balance remaining

g. Traders are paid after redeemed e-vouchers data is collated & verified-post input distribution.

FAO is looking at options of establishing a unique identifier for verification, i.e. voice or face recognition. This is being reviewed under the CWG' s current study on **Developing Guidelines for Cash Transfers in Somalia**.

4.10.2.2 Mobile Money – Cash Transfers

Cash transfers by Mobile money are carried out through FAO with the Implementing Agents providing registration, monitoring and verification of beneficiaries.

Annexe D outlines the process and the flow of funds

Implementing Agents are paid on a monthly/quarterly basis by FAO based on submission of the pre-agreed budget and report on year-to-date spending

4.10.3 Summary of Funding

The annual (deliverable) budget for 2019 was USD \$97million which 95 per cent related to humanitarian and 5 per cent to development. Funding provided to beneficiaries was 70 per cent³⁰ with 7 per cent relating to indirect costs and 23 per cent to administrative costs associated with implementing the projects.

Table 9: FAO Funding Breakdown

Funding Details	Funding (Million\$ USD)	Costs Humanitarian	Costs				% Beneficiary funding
			Development	Admin	Indirect	Direct Beneficiary Funding	
2019 Funding (Delivered)	97.0	92.1	4.9	22	7	68	70%

* Breakdown by donor not available

29. Funding level differs from region to region

30. On average between 65 per cent – 70 per cent. 70 per cent used for financial analysis

4.11 Save the Children International

4.11.1 Background

Save the Children International (SCI) is the world's leading independent organization for children and their vision is a world in which every Somali child attains the right to survival, protection, development, and participation. SCI pursues several core values: accountability, ambition, collaboration, creativity, and integrity.

SCI believes in building resilience amongst communities in Somalia and are committed to doing so through:

- Provision of basic social services in education, health, and protection
- Strengthening of government capacity to deliver such services
- Working with communities and children to promote their rights³¹.

SCI have strong processes and procedures in place, which are reviewed annually. Field Teams target areas for spot checks to ensure funds are being disbursed as intended. Humanitarian is a big focus: poverty and vulnerability. Funding is on a community-based approach, funding the most vulnerable, consulting local authorities and the Cash Working Group as to where other funding is currently going to avoid any overlap.

As part of the SCI community-based approach, Village Relief Committee (VRC) is established which must comprise of at least 40 per cent women. Local authorities, VRC and the village are educated on fraud and mismanagement of funds and sign off on a funding agreement. The VRC assists with approval of beneficiaries and provides oversight and ensures that funding is adequately disbursed, local authorities sometimes opt to cover more villages and less funding per household. It has been questioned as to whether this approach is as effective as providing more funding per household and fewer people. This has not been looked at in detail. No payments are made to the VRC as SCI standard operating procedures prohibit this as the VRC are voluntary positions.

Selected beneficiaries are subject to public verification; applied selection criteria by the VRC. SCI gets the community together to meet, calls up beneficiaries and the community has a vote. If approved by the public, then the person is accepted as a beneficiary. SCI are currently reviewing the verification and approval of the beneficiaries' process.

Beneficiaries must provide ID when registering to receive funding, sometimes using fingerprint scanning and SCI is currently considering how this can be done differently to be more effective. Local Governments collect their own data on funding, maintaining good records and a good

understanding of what funding is being provided to their district.

The bulk of SCI's funding is from International donors with funding distributed by mobile money. SCI have a contract with 3 of the MNO. Very few funds are conditional, SCI discourages this. There are strict levels of checking concerning beneficiaries accessing funds. SCI carries out public verification checks and random check of beneficiaries to ensure they are receiving their funds.

It is expected that some level of fraud exists with mobile money. SCI have a toll-free fraud hotline for people to report fraud of funding. It is proving to be successful as there is community pressure to ensure funds are not fraudulently used. Prior situations have proven this where reported fraud cases have been investigated³² and the money recovered.

4.11.2 Process

SCI has approximately 25 per cent of its budget allocated to provide SIM cards and mobile phones if required. There is no formal control over how many SIM cards a household has, and the MNO's do not prohibit more than one SIM card per household. Ensuring that a household has not been chosen twice to receive funding is handled at the community level through verifications and through engaging the VRC who know the community. A random review between projects with other donors also verifies that there is no double-up of households receiving funding.

Annexe D outlines the process and the flow of funds

4.11.3 Summary of Funding

Most projects have a staffing component, more often sensitization tasks which are charged based on the level of effort on the project. Donors may (although not often) stipulate that a certain per cent of the funding must go to the beneficiary.

A Budget is submitted to the donor and SCI regularly reports back to the donor on spending against budget. Funds are acquitted to SCI based on these budget reports. SCI produces (internal) budget value analysis reports monthly to closely monitoring budget spending. Reports are provided to the Donor quarterly or 6-monthly, depending on the donors reporting requirements.

The SCI's 2019 budget was USD \$12.9 million with 2 per cent funded internally. 35 per cent of this budget relates to administration (26 per cent) and indirect costs (9 per cent). The development funds account for approximately 4 per cent of current cash being distributed to beneficiaries.

The MoPIED's role in the SCI's project varies. In cases where the project is government-led MoPIED have sign-off and approve the project before it is approved by the donor, which means they also have input into the project design.

31. Source: <https://somalia.savethechildren.net>

32. By SCI, MNO and community support

Table 10: SCI Funding Breakdown

Project Details	Funding (Million \$ USD)	Humanitarian	Development	Admin & Indirect Costs	Direct Beneficiary Funding	Beneficiary funding %
2019 Funding (Delivered)	12.9	12.4	0.5	4.5	8.4	65%
<i>External Funding 98%</i>						
<i>Internal Funding 2%</i>						

Table 11: SCI Funding by Donor

Donor	Amount (USD \$millions)	%
SC Finland various donors/general funds	0.3	2%
BMZ - Federal Ministry for Economic Cooperation and Development	0.2	2%
DFID - Department for International Development	0.5	4%
ECHO - European Civil Protection and Humanitarian Aid Operations (European Commission)	2.5	19%
German Federal Foreign Office	0.6	5%
Government of Finland Ministry of Foreign Affairs	0.3	2%
OFDA - Office of Foreign Disaster Assistance	0.2	1%
UNHCR - United Nations High Commissioner for Refugees	0.1	0%
Unrestricted funding (\$800)	-	0%
USAID - United States Agency for International Development	8.2	64%
EC DEVCO - International Cooperation and Development (European Commission)	0.2	2%
Grand Total	12.9	100%

4.12 Somalia Resilience Programme (SomReP)

4.12.1 Background

The Somalia Resilience Programme (SomReP) was formed following the 2011 famine and is an approach to tackle the challenge of recurrent droughts and the chronic vulnerability that results among pastoralists, agro-pastoralists, and peri-urban households across Somali. Seven International Non-governmental Organizations (INGOs); Action Against Hunger (AAH), Adventist Development and Relief Agency (ADRA), Cooperative for Assistance and Relief Everywhere (CARE), Cooperazione Internazionale (COOPI), Danish Refugee Council (DRC), Oxfam and World Vision, with deep experience in Somalia have joined as a long term consortium to build and field test a resilience model based on the latest global resilience thinking, innovative livelihood approaches for the Somalia context, and bridging the relief to development continuum.

With support from several donors, SomReP has implemented several projects which aim at enhancing the resilience of vulnerable communities by increasing their adaptive and absorptive capacities, through community participatory planning, the use of financial instruments such as savings groups and the management of rangelands and eco-system health. In addition, SomReP assists communities to plan for and respond to shocks while developing the capacities of individuals and institutions to transform dynamics to create an enabling environment for economic growth and improved well-being

Table 12: SomReP Donors (2020 Budget)

Donor	Project	Budget (USD\$)	2020 Budget Contribution
SIDA	SIDA-2	6.5	3.5
EU	EU - Restore	8.0	4.2
SDC	SDC-5	6.0	2.0
DFAT	DFAT-7	2.0	2.7
BMZ			2.5
FAO			0.5
Funding Gap*			3.8
		22.5	19.3

* Expecting to fill the gap with KFW-OFDA-World Bank. All at different proposal stages

The SomReP (2018 to 2023) strategy envisions a similar role, however with a stronger focus on providing pathways out of poverty for the most vulnerable by building the capacity of households to diversify their income opportunities, linking them with informal and formal self-help mechanisms, and improving market access for those with some capacities to promote economic growth for self-employment, employment for others and ultimately, sustained food security.

Humanitarian funding for shock response funding is distributed through cash transfers carried out at a community level operating on a self-help mechanism. Cash transfer programmes are the use of cash or eVouchers as a means of enabling households to have access to their basic needs for food and non-food items or services or to buy assets essential for recovery. SomReP cash transfer programmes include cash for work, where beneficiaries are engaged in activities and paid for the hours worked or unconditional cash transfer during emergency response and recovery programming.

There is a focus on self-help groups with SomReP and the Food & Agricultural Organisation (FAO) partnering to provide seeds to farmers (by FAO) and cash (by SomReP). SomReP continues to support community groups which comprise of more than 70 per cent women.

SomReP maintains a contingency fund of between USD \$300k – USD \$500k which is used for a localized crisis – shock response funding. Donors contribute to the contingency fund at varying levels and funding is distributed based on proposals submitted.

4.12.1.1 Resilience Building

Somalia Livestock Insurance Programme (SLIP)

The Index-based Livestock Insurance (IBLI) was launched in Kenya in 2010 in the Marsabit district and then expanded to Wajir, Isiolo, Garissa, Turkana, Mandera; in Ethiopia, IBLI started in Borana county in 2012 and expanded since then to the Somali county. Using the IBLI contract, starting in Kenya in 2015 with the assistance from World Bank, a public-private partnership was developed (Kenya Livestock Insurance Programme", KLIP). The Government purchases insurance on behalf of pastoralists as a social protection measure

Similarly, in Ethiopia, since 2018 the UN World Food Programme has been purchasing IBLI insurance as a social protection measure on behalf of vulnerable pastoralists in the Somali region (Satellite-Based Insurance for Pastoralists in Ethiopia, SIPE)

In July 2019, the World Bank and the International Livestock Research Institute (ILRI) completed a pre-feasibility study³³ for index-based livestock insurance in Somalia, verifying key requirements:

- Technical viability – verified for about 70 per cent of the territory
- Potential for market uptake and positive socio-economic impact – confirmed
- Institutional and operational conditions – challenging but signs of improvement
- Significant need for capacity building and awareness creation

The Livestock Insurance Programme (SLIP) is in the process of being developed. SLIP intends to be based on an Index-Based Livestock Insurance (IBLI) Programme, which is a shock response tool, targeting poor pastoralists and not so poor (vulnerable) pastoralists and allows:

1. A satellite-based livestock insurance Programme with a proven track record to protect pastoralists against drought
2. A micro and a macro insurance component to ensure coverage for the poorest and most vulnerable
3. The target of 125,000 beneficiaries over 5 years

The objective of SLIP is to:

1. Build drought resilience of pastoralists by developing and providing access to an index-based livestock insurance system and by supporting the restoration of degraded rangelands;
2. Provide the poorest with a fully paid for safety net against the impacts of drought;
3. Build a delivery vehicle that can be used by humanitarian partners and donors to reach beneficiaries early in the face of drought.

Policies are purchased, either by pastoralists themselves or by Government on their behalf. During the season, satellites monitor the greenness of the ground. ("Normalized Difference Vegetation Index", NDVI) and thus the availability of forage for livestock. If the greenness index falls below a pre-defined threshold, this indicates that no forage is available for livestock.

Using mobile payment systems, the insurance company issues a payout to the insured pastoralists in the area where the lack of forage was detected. As payouts are issued already during the season, pastoralists can purchase fodder and/or veterinary services, keeping their animals alive.

The ability to pay into the SLIP is an issue, especially for the poorest – therefore agricultural insurance tends to be subsidized. There are also capacity challenges and low levels of trust which may hamper insurance uptake.

The proposed SLIP is a pilot for which is in the advocacy stage with donors and anticipating making this programme a reality in the next 2 to 3 years.

Village Savings and Loan Association (VSLA)

Informal safety nets include self-help groups such as the Village Savings and Loans Association (VSLA) and the use of remittances for community projects and vulnerable household needs.

The VSLA initiative is designed to meet the economic needs of vulnerable women. Women come together and form groups in which they make regular financial contributions and can take loans when required. Under the Programme, the women receive business start-up grants and training in courses such as bookkeeping, management, and entrepreneurship. These savings groups act as an informal social safety net. Funding can be provided by beneficiaries' cash for work funding paid directly to the VSLA with SomReP topping up as required. VSLA is community-run and operated with the software system (and training) and advice on how to structure their loan fund provided by SomReP³⁴. "Cash for work" funding goes to the VSLA but as expected at time members cannot fully fund so SomReP may top-up. This is on an "as required" basis.

SomRep finance Village Savings & Loans Associations (VSLA) in different ways, depending on their level of institutional maturity. SomRep channels grants through the VSLA to support community-level early action. This ranges from USD \$100 to USD \$500 per group. They donate/contribute this grant to Early Warning Committee's contingency plans (which SomRep supports them to develop).

Early Warning Committees (EWC) is part of a holistic community-led disaster risk management approach. These community-level EWC are trained and supported by agencies to monitor simple early warning (EW) indicators and develop contingency plans for rapid onset (floods, conflict) and slow onset (drought and climate change) disasters. By linking EW indicators to their contingency plans, EWCs identify when early action is needed, and when to advocate the implementing agency or government for actions beyond their resources and capacity. This allows VSLA to become more involved in decision making during a community-level crisis.

At Approximately 18 months: SomReP will pull together VSLA (3 to 10) to establish Business Councils and establish revolving loan funds (USD \$2,500 to USD \$150,000) to support these group to administer credit to membership to grow their business.

After approximately 30+ months, they are formed into a District Board and are linked with a micro-finance provider. SomRep supports them with a USD \$50,000 – USD \$100,000 business development fund which allows larger groups (30+ VSLAs) to draw credit from a larger revolving loan fund.

33. Livestock Insurance Programme, Somalia. Project Proposal, November 2019. ILRI, SomRep & CERES, Agriculture Risk Management

34. Source: <https://somrep.org/our-projects/>

4.12.2 Process

Community volunteers assist with the beneficiary registration and eligibility process, carrying out checks at the community level. Cash is used to disburse funding in the Agriculture producing Programme with transfers distributed in the low (income generating) season.

Annexe D outlines the process and the flow of funds for cash transfers

4.12.3 Summary of Funding

Administrative costs depend on the donor. Core donors agree on 30 per cent: with 23 per cent being an indicative per cent for office Administrative and 7 per cent for indirect/overhead costs. However, it is expected that this may change in the future as more donors come on board.

Figure 8- Community Action Process



Table 13: Funding Breakdown

Program Details	Funding (Million\$ USD)	Humanitarian	Admin & Indirect Costs	Beneficiary Funding	Beneficiary funding %
2020 Annual Budget	19.3	19.3	5.8	13.5	70%

Table 14: Funding breakdown by Donor

Donor	Project	Budget (USD\$)	2020 Budget Contribution
SIDA	SIDA-2	6.5	3.5
EU	EU - Restore	8.0	4.2
SDC	SDC-5	6.0	2.0
DFAT	DFAT-7	2.0	2.7
BMZ			2.5
FAO			0.5
Funding Gap*			3.8
		22.5	19.3

* Expecting to fill the gap with KFW-OFDA-World Bank. All at different proposal stages

4.13 USAID

The United States (USAID) funds play a crucial role in emergency response providing nearly half of all humanitarian aid in 2019 (USD \$455 million). The UN's revised 2020 HRP for Somalia was released in July 2020, requesting a total of USD \$1.01 billion to respond to the acute needs of 3 million of the most vulnerable people in the country, an increase from the 2.9 million prioritized to receive assistance under the initial plan. The plan was revised to account for the impacts of desert locust infestations, coronavirus disease (COVID-19) mitigation measures, and heavy flooding during the April-to-June Gu³⁵ rainy season, and reprioritizing funds toward COVID-19-related health and WASH interventions, as well as multi-sector programming to address new and continued humanitarian needs.

The revised funding request represents a 4 per cent decrease from that of the January 2020 Somalia HRP; the decline is partially attributed to the cancellation of some activities that cannot be implemented amid COVID-19-related restrictions. In response to Somalia's humanitarian need, USAid has contributed a total of USD \$427.1 million to Somalia in 2020.

USAID/ Bureau of Humanitarian Assistance (BHA) supported the UN World Food Programme (WFP) and five international non-governmental organizations (INGOs) to

provide emergency food assistance to people experiencing acute food insecurity in Somalia, primarily through cash transfers for food and U.S.-sourced cereals, pulses, and vegetable oil. With more than USD \$275 million funding received in the 2020 financial year from USAID/BHA and other donor support, humanitarian actors reached approximately 2.2 million people with emergency food assistance in May 2020, reducing food consumption gaps at the household level and preventing worse area-level outcomes in parts of northern Somalia.

USAID/BHA implementing partners are working to improve access to health care services across 16 regions of Somalia. Often integrated with nutrition, protection, and WASH Programming, USAID/BHA provides medical supplies, supports health units, and trains community health workers to support urgent health needs. In addition, State/ Bureau of Population, Refugee and Migration (PRM) partners support essential health interventions for IDPs and other vulnerable populations in Somalia.

4.13.1 Summary of Funding

The latest 2020 figures are as reported in the *"Fact Sheet #3 Fiscal Year (FY) 2020"*. The figures shown in Table 15 indicates the date of commitment or obligation, not appropriation, of funds. Funding figures reflect publicly announced funding as of August 7, 2020.

Table 15: Funding breakdown by Donor

NON-FOOD ASSISTANCE				USD \$millions
Non-Food Assistance				87.80
Program Support				0.05
Total Non-Food Assistance Funding				87.85
FOOD ASSISTANCE				
Cash Transfers for Food		Metric Ton		
	Cash Transfers for Food	13,269	16%	70.00
	In-kind assistance	68,650	84%	
		81,919	100%	
				205.79
Total Food Assistance				275.79
INTERNATIONAL HUMANITARIAN ORGANISATION				
Multi sector assistance Protections: Refugee Assistance				39.65
Total Funding for Complex Emergency in 2020				403.29
COVID-19				
Non-Food Assistance				17.60
International Humanitarian Organisations				6.24
Total COVID-19 Funding				23.84
TOTAL USAID/BHA FUNDING				427.13

35. main rainy season

4.14 Cash Consortium

4.14.1 Background

The Somali Cash Consortium, INGOs, supported by the European Union (EU) humanitarian aid and other institutional donors, provide life-saving multi-purpose cash to vulnerable Somali communities, exclusively through mobile-money transfers. The Cash Consortium focuses on famine prevention and providing a life-saving humanitarian response to reduce household consumption gaps (primarily food) in the most affected districts in Somalia. The project specifically targets populations in integrated phase classification (IPC) 3 and IPC4 especially the newly displaced and worst affected pastoralist/agro-pastoralist communities.

The Cash Consortium is building better and more robust cash transfer systems, by working with all stakeholders to streamline each stage of the cash-transfer process; from community registrations to payment aggregation, reporting, forecasting and coordination. Humanitarian funding is transferred to beneficiaries using mobile money. Funding is reviewed and retargeted each year. The annual budget for 2020 is €15million (USD \$16.9 million) of which 80 per cent is distributed to beneficiaries.

As a check to determine the distribution of funding and if there are any potential overlaps, a recent biometrics test was carried out on 6,000 beneficiaries. Of the 6,000 tested there were 2 duplicates identified. It is currently being considered to implement a system whereby beneficiary details are not doubling up, i.e. overlap in funding provided to beneficiaries. The next step would be to share the data with WFP and the long-term plan is to link databases of beneficiary details. However, to minimise protection risks of greater interoperability, data sharing should be governed by strict, auditable, and accountable compliance with established data protection regulations.

A new Programme, Integrated Local Economic Development (ILED) is planned to commence at the end of 2020. This programme is mostly urban-based and will include value & skill training, safety net cash transfers and aims to:

- i. Increase the reach and legitimacy of local and municipal authorities, and their capacity to provide services.
- ii. Promote reconciliation and peacebuilding, including by addressing drivers of conflicts; and deliver peace dividends (through SSPP Goals 1 and 2).
- iii. Revitalise and expand the local economy with a focus on

livelihood enhancements, job creation, and broad-based inclusive growth, with a particular focus on opportunities for women and youth (in the medium term through improved human capital).

- iv. Provide safety nets to extremely poor people to contribute to strengthening their recovery and resilience (in the short term)

The Cash Consortium is currently going through the contracting process for an ECHO funded project initially targeting 2,200 households. The objective of this project is to provide cash support, but also to link to the existing EU-ILED skills programmes too. For example, cash support will be provided to participants in skills training programmes.

4.14.2 Process

Donors enter into an agreement to provide funding to Cash Consortium who in turn enter into a sub-agreement with Implementing Agencies. Funds from donors come to the Cash Consortium and are then transferred to each (Implementing) partner agency in line with the sub-grant agreement conditions. Funds are received from donors based on their conditions which differ from donor to donor.

Partner agencies have commercial contracts with the different MNO's and transfer the funds based on their contractual arrangements. The transfer from the Cash Consortium to implementing (partner) agencies follows the same frequency set by the donor, while transfer to MNO's is normally done monthly in advance of the transfer to beneficiaries.

Annexe D outlines the process and the flow of funds for cash transfers

The Cash consortium do not negotiate MNO's fees (blanket approach) but it is intended that this will be reviewed under the current mapping process that is being carried out by the cash consortium and GSMA "[Developing Guidelines for Cash Transfers](#)".

4.14.3 Summary of Funding

Implementing agencies have 20 per cent allocated to administration costs. Indirect costs of 7 per cent do not require a budget to be provided but a budget is required for in-country costs, i.e. monitoring, management etc. over 7 per cent. Most costs are related to targeting, sending staff out to conduct training in communities, monitoring visits. 80 per cent of funding goes to beneficiaries.

4.15 Building Resilient Communities in Somalia (BRIC's)

4.15.1 Background

BRIC's is a humanitarian Consortium that takes a holistic approach to support Somali communities in developing their capacity to resist and absorb minor shocks without undermining their ability to move out of poverty³⁶.

Cutting across the 'humanitarian / development' spectrum, the BRIC'S programme balances its response to short-term humanitarian needs with the longer-term aim of building community and household capacities to deal with the shocks and stresses that drive those humanitarian needs in the first place. Thus, the project provides a continuum of humanitarian and rehabilitation/development assistance that improves the absorptive (short-term) and adaptive (medium- and long-term) capacities of communities and households. The nexus of the two results into the transformation of the communities from cyclically vulnerable ones to ones having in-built capacities to handle shocks and stresses.

35. main rainy season

BRIC's commenced in 2013 and has handled more than USD \$200 million of grant projects in Somalia. BRIC's has a strong community investment, multi-integrated Programme, water and sanitation and community engagement. And implementing good practices in the community-based initiatives with a focus on early action, strong health and nutrition and governance.

Joint meetings are held with MOPIED and reports are provided by the donor and BRIC's for projects funded by EU and WB. The EU has a Programme Steering Committee for resilience projects with MOPIED and the states with meetings generally held annually. For DFID funded projects, an overview of the project is provided to MoPIED. However, no project reports are shared. BRIC's are currently

preparing quarterly factsheets (national and state level) to provide quarterly updates to both state and national level MOPIED teams. A team of 14 focal persons (approximately 2 per state) has been established and are now working towards regular quarterly meetings between MOPIED and the BRIC's team.

BRIC's is working with the Cash Consortium on the pilot safety net programme, funded by ECHO commencing with 2,200 households. BRIC's is also working on a harmonized approach with SomRep

4.15.2 Process

All agreements with mobile money operators are at the field (implementing agency) level.

a. The donor provides funding to BRIC's (as per an agreement between the two parties)

b. BRIC's enters into an agreement with the Implementing Agent

c. Implementing agents (IA) carry out a full registration of the beneficiaries with the registration carried out at the household level. Biometrics is not used when registering beneficiaries. Beneficiaries are required to produce some form of identification with a lot of personal data collected. All registrations are done through an ONA platform (OKD based) and provide GIS coordinates (Geoinformation systems) as a unique identifier to record the house location.

Toll-free call centres are set up to provide support to beneficiaries will any problems relating to funding including reporting on potential fraud.

Annexe D outlines the process and the flow of funds for cash transfers

36. Source: <https://www.nrc.no/what-we-do/brcis-consortium-building-resilient-communities-in-somalia/>

4.15.3 Summary of Funding

BRIC’s budget is £64 million (USD \$80.1 million) over 3 ½ years (£18.5 million per year, USD \$23.3 million). Resilience grants make up 80 per cent of total funding with 20 per cent relating to humanitarian.

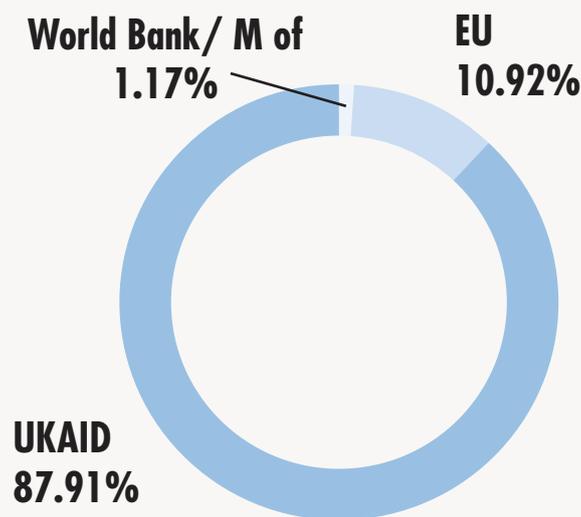
DfID has a format for calculating indirect/direct costs and treats staff costs relating to capacity building as direct costs (not administration or indirect costs). All programme staff are under direct costs while all finance/logs/HR/ are under indirect costs. The average estimate of fund allocation is 21/79 per cent/ with 79 per cent going to beneficiaries.

As outlined in Figure 9, BRIC’s funders include World Bank (1.2 per cent), EU (10.9 per cent) and UK Aid (87.9 per cent)

Table 16: BRIC’s Fund Breakdown

Funding Details	Funding (Million\$ USD)	Development	Humanitarian	Admin / Indirect Costs	Direct Beneficiary Funding	Beneficiary funding %
Project Funding	80.1	64.08	16.0	16.8	63.3	79%
Annual Budget	23.3	18.64	4.7	4.9	18.4	79%

Figure 9: Funding by Donor



4.16 Italian Aid

4.16.1 Background

Italian Aid has had an agency in Somalia since 2015 and provides support to the Ministries of Labour and Social Affairs (MoLSA) whose focus is on job creation and sustainability. The Italian Aid budget for 2020 is €30 million (USD \$35.4 million) with 65 per cent allocated to development and 35 per cent allocated to humanitarian funding. Italian Aid is funding a social protection programme which is in two phases with phase one ending in early 2020. The objective of this programme is to set up a social protection programme for Somalia under MoLSA. The second phase of the programme UNICEF & WFP will provide support and capacity development to MoLSA.

This is a pilot programme with 1,000 households (in Mogadishu). It is expected that this pilot project will be managed by MoLSA and include the registration of beneficiaries. WFP will assist with setting up a system that is built on the SCOPE system. UNICEF will be contracted to work on the capacity building within MoLSA with the support of WFP. In the first phase of the project (2018-2019 - USD \$2 million), there was no funding to beneficiaries as all funding related to implementation costs.

The second phase of the project, (2020–2021, USD \$2 million) will provide funding to beneficiaries: 1,000 households x USD \$35 per month over 12 months which equates to USD \$420,000 with USD \$80,000 relating to administration costs. WFP will assist with the distribution of cash transfers with the remainder of the funding for phase 2 of USD \$1.5million allocated to UNICEF for the capacity building of MoLSA.

4.16.2 Process

Italian Aid provides funding to the UN Multi-Partner Trust Fund (MPTF) for Somalia and has signed a specific agreement with the MPTF earmarking the funds for this programme. Funds are to the MPTF office specifying their destination to this joint programme.

Funding flows from Italian Aid to the UN (New York) through to contracting/implementing agent (IA), i.e. WFP/ UNICEF who in turn have a sub-contract with national and international NGO's to deliver assistance. The IA's also facilitate the payment of services as required by MoLSA.

Funds will not flow through the TSA as the Italian Government instructs that funds must flow through UN Agencies. Italian Aid contracts UN Agencies and funds are sent directly to the Implementing Agents (UN Agency). MPTF report to Italian Aid on the allocation of funds.

However, with the SPP, the MoLSA has a bank account opened with Dahabshiil Bank where funds are transferred from the IA to this bank account to enable MoLSA to pay their project-related expenses. MoLSA issues a warrant to WFP who transfer funds to their (MoLSA's) bank account. Funds are issued in advance based on an (agreed) quarterly budget forecast. The Project is audited annually.

4.16.3 Summary of Funding

Table 17: Italian Aid Fund Breakdown

Funding Details	Funding (Million\$ USD)	Development	Humanitarian	Admin & Indirect Costs	Direct Beneficiary Funding	Beneficiary funding %
Annual Funding (€30 million)	35.4	23.0	12.4	2.5	32.9	93%
SPP programme Phase 1 (2018-2019)	2.0	2.0		2.0		0%
SPP programme Phase 2 (2020-2021)	2.0	2.0		1.6	0.4	21%

4.17 Ministry of Finance

4.17.1 Background

The Ministry of Finance has strong accountability layers in place to safeguard public funds with the External Assistance Fiduciary Section (EAFS) established under the Office of the Accountant General. The EAFS is responsible for all donor projects, reporting to donors, risk management. The Project Implementation Units (PIUs) established in respective line ministries implementing donor projects. The PIU is responsible for procurement, processing payment requests, donor reporting, M&E etc. EAFS oversees the PIUs who submit payment requests and donor reports to EAFS.

The Director-General of the Ministry is the responsible officer for authorising payment requests submitted to the Office of the Accountant General for payment.

Training is provided annually to the PIUs on public financial management and reporting (reports produced from the SFMIS). A standard financial reporting template for projects is used to prepare cash basis IPSAS compliant financial statements. A quality review checklist is also in place to assist in ensuring quality financial reports are produced by the PIUs.

Procurement guidelines for donor projects are implemented and are a combination of FGS and donor requirements, i.e. WB has procurement guidelines which they require compliance with. Specifically, a "no objection" is required from the WB task Team Leaders for procurements under the WB funded projects and the FGS Comprehensive Operating Procedures Manual (COPM) has recognised this procedure which may apply to any externally financed project.

Budget support flows through the main TSA Bank account. This account and all other (sub-TSA) bank accounts are managed by the Office of the Accountant General. There is a "no warrant, no spend" policy strong controls over spending and reporting. There is an Internal Control and Compliance Department within the office of the Accountant General, which oversees processes to ensure that procedures and controls are maintained

FGS reports are compliant with International Public Sector Accounting Standards, cash basis of accounting and comply with Government Financial Statistics. All operative and management reports are produced from the SFMIS with IPSAS reports collated externally from SFMIS data of which is maintained, updated on a real-time basis as transactions occur. The SFMIS also has some specific project reports e.g. the cumulative (Project-to-date) statement of sources and application of funds which are produced to meet the reporting requirements of donors.

Final approval and certification of the year-end financial reports are by the Accountant General of the Federal Government of Somalia upon review and authorization by the line Authorizing Officer and Head of the Project Implementation Unit. The Office of the Auditor General carries out audits of project financial statements in accordance with internationally recognized auditing standards.

A Comprehensive Operating procedures Manual (COPM) is in place which supports processes and procedures of the FGS PFM.

Restructuring of the OAG (over 12 months ago) has put in place a new structure that strengthens segregation of duties and enables the Accountant General to deliver effectively and efficiently on her legal and operational mandate.

The MoF operates a robust payroll system which ensures that all salaries are paid directly into the beneficiary bank account. Donors have reviewed this system several times to ensure that the process and procedures remain robust.

The SFMIS / EFT is linked to the Central Bank of Somalia's banking system. FGS's objective is to move away from cash payments to paying suppliers by direct credit to their bank account³⁷.

There are bank accounts opened by MDA's (generally at the request of the donor) and are operating outside of the TSA. This is an issue that is being addressed with the recent adoption of the revised PFM Act which includes the provision that the Minister for Finance must approve all funding with opening and closure of any (FGS) bank account requiring the approval of the Accountant General.

37. aiming for over 90% of payment to be processed via direct credit (no timeframe provided)

4.18 Ministry of Labour and Social Affairs

4.18.1 Background

The Ministry of Labour and Social Affairs (MoLSA) is working with donors on social protection programmes³⁸, the main programme being the Baxnaano Programme. The MoLSA is responsible for the overall project management, implementation, monitoring and coordination with a Project Implementation Unit (PIU) established within MoLSA which is responsible for the day-to-day management and administration of the programme.

To provide support on the distribution of beneficiary funds and providing capacity development to the MoLSA, MoLSA has contracted the WFP and UNICEF as the two main service delivery partners. Component 3 which is the establishment of a PIU is managed by the MoLSA with funds disbursed by WB upon evidence of achievement of the results specified by the programme.

Funds for component 1 and 2 are not channelled through the TSA but a request for funding is requested by MoLSA to MoF who record the details in the IFMIS against the programme budget and submit the funding request to WB.

WFP manage the registry system with UNICEF providing capacity development. It is intended that the system will be established to accommodate *all* programmes in the future. The Operations Manual for SNHCP relates to the Baxnaano Programme and it is desirable that this manual is revised to cover all programmes.

Italian Aid is providing support for a social protection programme supporting households in the Mogadishu area with an ILED linked programme currently being planned. All programmes are supported by UNICEF and WFP and whilst using the same system for distribution of beneficiary funds, the systems are currently operating separately.

For the Italian Aid programme, MoLSA has a bank account which operates outside of the TSA. The MoLSA requests funds from the Implementing Partner (WFP) to pay project-related expenses.

4.19 AIMS system

4.19.1 Background

AIMS is an on-line system administered by the Ministry of Planning, Investment & Economic Development (MoPIED). AIMS is a web application that enables partners to share data on development and humanitarian aid flows for Somalia. The system which was implemented in November 2019 and its objective is to help make aid more effective by increasing transparency, accountability, and coordination.

In consultation with donors, a Decree has been drafted which support the monitoring of the system. Donors enter the data into the system with MoPIED providing oversight and management. Before data is entered into the system, a concept note is submitted to MoPIED for approval. Once approved, the donor is provided with an input code to enable them to enter the data into the system.

As of 13th July 2020, there were 235 Registered Users, 875 projects, 628 organizations with disbursements totalling USD \$609.2 million

Annexe E provides the report produced from the AIMS system. As the system is newly implemented the data may not be complete, however, the report does provide an outline of what information can be provided from the AIMS system

38. Safety Net for Human Capital Programme (SNHCP)

4.20 Mobile Network Operators

4.20.1 Background

Somalia launched its first mobile money service company in 2009. The Zaad service established by Somalia based company-Telesom was successfully penetrated to different regions in the country. Thereafter, a number of companies started this service in different regions of the country including NationLink, Hormuud, Gollis and Somtel³⁹.

In the last decade, mobile money has accelerated financial inclusion for many people in the developing world as evidenced by the progress made in Somalia, Kenya and other countries in Africa, Asia and Latin America. For this reason, it is seen as both “potential” financial inclusive and financial integration tool⁴⁰. Hormuud is one of the companies providing mobile money services to Somalia. The services provided on mobile money include payment of school fees, wages and salaries, daily purchases and transactions, utilities, and remote remittance.

The World Bank defined financial inclusion as:

“Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs-transaction, payment, saving, credit and insurance-delivered in a responsible and sustainable way.”

Another reason that facilitated mobile banking in Somalia was fragile security and poor infrastructure that Somali people face with mobile money posing less risk than taking cash. It was difficult to carry cash in many parts of Somalia because of security and transportation issues. Huefner and Bykere (2015) emphasized this point saying: ***“The boost to remittance flows from mobile money is particularly valuable for countries that rely on such flows for external financing, especially since many remittance recipients do not have a bank account. Mobile banking also increases financial security for people living in unsafe regions such as Somalia, where it is difficult to hold cash or carry cash to make deposits and payments and saves on transportation costs in regions with unfavourable transport infrastructure or weather conditions.”***

The Central Bank of Somalia (CBS) is the main authority when it comes to mobile money. The Ministries of Posts, Telecommunications and Technology are the authorities that oversee the ICT sector in Somalia. Somalia formalized its mobile money regulations in 2019, through the approval of the Mobile Money Regulation (2019) under the CBS. However, despite the laws, regulations and Acts regarding mobile money that have been developed and approved by Parliament in recent years, very few are implemented. The main evidence of compliance and implementation is

relating to the initial and annual licensing of Mobile Network Operators (MNOs), but there has been little progress concerning the regulation of the MNOs or their mobile money activities, due to limited capacity and resources and the underlying political context.

To operate in Somalia, MNOs must register and apply for licenses from various institutions. Firstly, registering with the Ministry of Commerce and Industry (MoCI). Next, they apply for a telecom license with the MoPT followed by a financial institution license and finally a mobile money license with the CBS⁴¹.

Whilst there are many benefits to using mobile money for cash transfers, there are several issues that include lack of adherence to the sector’s regulations and legislation as well as the identification of beneficiaries to fit know-your-customer (KYC) requirements. Hormuud, one of the largest MNO’s operating in Somalia was interviewed on behalf of the MNO (ICT) sector.

Hormuud operates through the CBS mobile money transfer regulations but has an issue of the restrictions governing the system cited as a result of the absence of national ID card system is the electronic wallet limit of USD \$ 300. When topping up beneficiaries MMW, the wallet cannot exceed this limit. This can become an issue when topping up a beneficiaries MMW if the beneficiary has savings and the transferred funds result in the MMW balance exceeding USD \$300 as the transfer will be rejected.

Basic data is gathered when a person applies for a SIM card. Hormuud does not collect any biometric data or photos. This is because they are yet to implement the know your client (KYC) policy because most of their areas of operations are controlled by Al Shabaab who are opposed to KYC regulations and also the lack of implementation of the KYC regulations as a result of no national ID system

4.20.2 Process

Hormuud has two options for electronic wallet transfers:

- a) Self-managed cash transfer electronic wallet where we give the wallet to the client to manage their transfers, and
- b) Managed transfer serves, Hormuud transfers on behalf of the agency

With the self-managed cash transfers, Hormuud gives the Agency access to their system (setting up an account), providing several layers of authorities with Hormuud supporting the agency as they manage their transfers. The agency transfers the funds to their account with Hormuud and through Hormuud’s system transfer the funds directly to the beneficiaries MMW.

39. Sayid Aden Gas, Department of Economics, Marmara University. Istanbul, Turkey (July 2017).
Mobile Monday, Cashless Society and Financial Inclusion: Case Study on Somalia and Kenya.

40. Africa Development Bank, (2012).

41. GSMA SOP Regulatory Environment Analysis (2020)

Managed transfers are what most agencies opt to use, where they request Hormuud to transfer the funds to the beneficiaries which require the Agency to transfer the funds to Hormuud (in advance) who in turn activate the transfer based on the information provided by the Agent.

Hormuud has no role in the verification of beneficiaries other than providing the details of the SIM holder to the Agency. This is carried out at the request of the Agency. Only Hormuud SIM holders can receive funds through Hormuuds' system

Hormuud allows Agencies to use their system for transferring cash so long as they meet their threshold:

- a) Larger target beneficiaries at least over 100 per location,
- b) A set number of transfers

If a beneficiary does not have a SIM card, the Agency organises one with the MNO (Hormuud). There are no conditions attached to obtaining a SIM, any adult person is allowed but must provide the following details:

- a) Full name
- b) City of residence
- c) what activity is the person involved in

Hormuud then registers the SIM under the beneficiary name.

- a) Agencies submit only the telephone numbers of their beneficiaries to Hormuud who in turn provide the names registered with those number so that they can confirm the names and telephone numbers match against the Agency records.
- b) Once the list is verified by the Agency, the final list is submitted to Hormuud via email. This list includes the phone number, beneficiary name and the amount to transfer to each beneficiary.
- c) Before Hormuud makes the transfer, they confirm that the Agency has sent the money to Hormuuds account because the system does not allow a transfer before the account has been credited⁴². For Agencies that manage their transfers through their account with Hormuud, funds are transferred to their account and the Agency then uploads the data to carry out the

transfers.

- d) Sending money: Once the list is ready, Hormuud uploads the list into their system.
- e) Once it is uploaded the system will identify any numbering error. The system will also generate a report of all beneficiaries who will receive the transfer and the total amount.
- f) Any Hormuud number will receive the transfer except if:
 - A number/MMW has more than the limited threshold amount (USD \$300), or
 - The phone number that been reported as stolen
- g) Transfers are batched and not done individually.
- h) Hormuud produces a report from the system which lists of who received the transfer, those who didn't receive and why they didn't and the total amount of funds transferred.
- i) Hormuud sends the list of those who didn't receive the transfer to the agency for action/correction. Once it is corrected, Hormuud make the transfer
- j) Within 10 minutes of the transfer, Hormuud can upload, confirm the transfer and generate reports and balance account.
- k) This list is forwarded to the agency to make the necessary corrections

For Agencies who self-manage transfers, the process is similar, but with there are different layers of authorization for the funds' transfer process with each stage requiring a user password to access the system.

If a beneficiary loses his/her SIM and has reported the loss, Hormuud puts the beneficiary in contact with the relevant Agency to deal with. Once this has been dealt with and a new SIM is provided, the funds are then transferred to the beneficiary he/she will be able to get the money

42. Hormuud's system does not allow transfers before funds have been credited to their account

5. SOCIAL PROTECTION PROGRAMMES

Baxnaano Programme

The Baxnaano Programme funded by World Bank (USD \$65 million) was implemented in 2019 for 3 years with funding provided to 200,000 households. The project is contracted out to UNICEF and WFP, with WFP managing the transfer of funds to beneficiaries using their SCOPE system and mobile money.

MoF record the transfer of funds request from UNICEF / WFP in the Governments SFMIS and request funds from the World Bank who transfer directly to WFP / UNICEF.

Social Protection (Pilot) Programme: Italian Aid.

This pilot programme commenced in 2018 with phase 1 ending in 2019. The second phase of the programme which provides funding to 1,000 households in the Mogadishu area complements Baxnaano who are targeting rural areas through the Somalian States.

The programme is managed by WFP for the distribution of funding to beneficiaries with funds transferred directly to the UN Implementing Agency (WFP) who in turn transfer funds to MoLSA's bank account quarterly in advance (to cover administrative costs) based on the agreed budget funding MOLSA's project-related costs

Cash Consortium/BRIC's/ECHO

This programme which is currently going through the contracting process will be aimed at providing cash support to participants in skills training programmes and will link to the existing EU-ILED skills programmes.

It is intended that the programme will be implemented with teams from the FGS and FMS's, linking the programme to the Baxnaano Programme by transitioning to use their (WFP/Baxnaano) Management Information System (MIS) in due course. More coordination is being carried out by the Cash Working Group (CWG), which is mapping the safety net Programmes.

Table 18: Social Protection Programmes

Donor	Funding (USD\$ millions)	Duration	Households	Details
World Bank (Baxnaano)	65.0	2019 - 2022	200,000	21 (predominantly) rural districts through the Federal Member States
Italian Aid	4.0	2018 - 2021	1,000	Mogadishu area
ECHO				In contracting process

6. FRAUD & CORRUPTION

Issuing money always involves exposure to fraud and corruption and mismanagement of funds. An effective fraud and misconduct risk management approach encompasses controls that have three objectives:

- Prevent instances of fraud and misconduct from occurring in the first place.
- Detect instances of fraud and misconduct when they do occur.
- Respond appropriately and take corrective action when integrity breakdowns arise.

The challenge for agencies is to develop a comprehensive strategy that helps them:

- Understand the various regulatory and evaluative frameworks that apply to them
- Ensure that controls such as risk assessments, codes of conduct, and whistle-blower mechanisms are in place and supported by management and
- Create a broad-ranging ethics and compliance programme that manages and integrates fraud prevention, detection, and response efforts.

Discussions with key informants highlighted varying levels of monitoring in relation to mitigating fraud and mismanagement of funds, ensuring funds are received by the intended beneficiary. This includes education at the community level (community “buy-in”), contracting of third-party monitoring agents, spot and random checks by IA’s and donors and toll-free hotlines to report fraud.

Under the social protection programmes, MoLSA has overall management and monitoring responsibilities, supported by WFP and UNICEF with a dedicated monitoring and evaluation (M&E) officer hired as part of the MoLSA PIU team who will lead the project monitoring and evaluation. WFP and UNICEF carry out monitoring activities in accordance with the results programme framework and the provisions under their respective service contracts, to ensure timely and quality monitoring and reporting back to MoLSA on progress and challenges towards these monitoring indicators.

MoLSA has also hired a third-party monitoring (TPM) agent to undertake quarterly monitoring and verification of the cash transfer component of the project. This organization will carry out field monitoring to determine whether cash distribution activities are done in accordance with project standards. They will review the following distribution processes:

- (i) The overall functioning of the distribution centres and verification processes.
- (ii) Effective communication of the project rules to the beneficiaries.
- (iii) Verifying accurate distribution of the entitlement of beneficiaries and beneficiary family members, as listed in the beneficiary lists.
- (iv) Accessibility and function of processes for updating beneficiary information; and
- (v) Compliance in the issuing of authorization forms to the verified beneficiaries.

Monitoring activities, listed below, will be carried out on an on-going basis. TPM activities will include:

- (i) On-site monitoring at distribution sites to verify enrolment and distribution processes are carried out according to agreed protocols.
- (ii) Site visits at vendor locations to assess the effectiveness of the distribution system, the ability to utilize cash payments, and identify protection and security risks to beneficiaries.
- (iii) Household monitoring visits to quantify the project’s benefit on food security and nutrition at the household level.
- (iv) Measuring the process effectiveness and programme experience link to nutrition services through referrals.
- (v) Quarterly reporting on monitoring findings delivered to MoLSA.

To complement field monitoring visits and in line with the inter-agency standing committee (IASC) principles on accountability to affected populations, WFP Somalia has a complaint and feedback mechanism (CFM), or a hotline, that handles complaints and feedback from all stakeholders. The CFM not only aims at strengthening accountability

to communities but also to identify a range of protection, fraud, and diversion. The hotline is managed by WFP through a call centre located in Somalia (Puntland), which is open from Sunday through Thursday from 8.30 am to 5 pm. The call centre hosts 14 WFP staff and can be accessed from all over Somalia.

Other Donors and Implementing Partners interviewed advised that they have monitoring and review processes in place, i.e. public verification checks, a random check of beneficiaries to ensure they are receiving their funds, actively involve communities to ensure “buy-in” regarding the working with donors to ensure funds are properly disbursed.

Community involvement is a focus point with donors and IA’s educating communities and local authorities on fraud. Save the Children International provides education to the village relief council, villages and local authorities with all parties signing off on a funding agreement.

Toll-free hotlines are set up to provide beneficiaries with support regarding funding and also to report fraud. This has proved successful with the SCI citing the case where fraud was reported, investigated by SCI and the MNO with the funds recovered.

Field team visits are carried out for spot-checking to ensure funds are being disbursed as they should with some agencies and donors using third party monitoring agents. Under the monitoring and evaluation (M&E) programme for Somalia (MEPS) International business and technical consultants incorporated (IBTCI) is leading a range of M&E and technical assistance activities on behalf of USAID/East Africa and DfID. IBTCI provides regular, hands-on technical assistance to USAID and Implementing Partners. ECHO does not contract a TPM but carries out their own field visits and monitoring.

Biometric data collection, geo-tagging is widely used at the registration and verification stage. Registration of beneficiaries is carried out at the community level, with most IA’s using biometric data collection. During the COVID-19 pandemic, WFP has continued to use biometric data collection, providing training to their IA’s on hygiene processes for sanitizing finger scanning systems. However, some IA’s have suspended biometric data collection due to the hygiene and social distancing restrictions, opting instead to use GPS photo tagging as an alternative.

7. SUMMARY

A social protection system is an on-budget social service which provides basic social security (including income security) to all, with a focus on addressing vulnerabilities and risks throughout the lifecycle. The FGS defines social protection as *'government-led policies and programmes which address predictable needs throughout the life cycle in order to protect all groups, and particularly the poor and vulnerable, against shocks, help them to manage risks, and provide them with opportunities to overcome poverty, vulnerability, and exclusion'*⁴³.

Discussions with stakeholders highlighted that there is a focus on providing more sustainable funding to beneficiaries. Social protection is viewed by the Government's level of participation whether financial or in an implementation and/or management capacity. Currently, the FGS does not have financial input or management capacity over social protection but with the recent introduction of the social protection policy, this will change.

Communities are effectively involved in the approval of beneficiaries and the community-based approach is strong with different self-social protection schemes in place such as the Village Savings and Loan Association (VSLA). Multi-purpose cash assistance (MPCA) is the preferred method of distributing humanitarian funds to beneficiaries as this provides unconditional, unrestricted cash to the vulnerable enabling them to use the money on food, household items of their choosing.

As a result of the COVID-19 pandemic which imposed travel restrictions and social distancing measures, the method of distribution of funds to beneficiaries moved more to mobile money. Additional mitigation measures were put into place to ensure funds are distributed to beneficiaries and at the same time complying with COVID-19 restrictions.

Cash transfers through mobile money have become increasingly popular with mobile phone penetration of 92 per cent and mobile money penetration rate of 73 per cent⁴⁴ in Somalia, mobile money transfers provide a positive alternative to other methods of distributing cash to beneficiaries. Unlike other methods such as eVouchers where there is often a requirement of a physical presence and for cash distribution which requires access to formal banking services which are limited in some rural areas, mobile money is providing more accessibility for beneficiaries anywhere, anytime subject to access to a SIM card and mobile phone. This provides for greater flexibility, particularly for nomadic and displaced people.

However, there is some reluctance to use mobile money as a result of issues surrounding transparency, verification, and lack of regulation by the MNO's. The Cash Consortium in conjunction with GSMA and funded by DfID is currently

carrying out a mapping process in relation to cash transfers using mobile money.

Beneficiary data that is collected by implementing & contracting agents who manage beneficiary registration and distribute beneficiary funds are stored in the agent's own database. WFP uses its own system called SCOPE and provides access to its implementing agents to record beneficiary data in their system. Other contracting agents and implementing agents are using online data collection system (e.g. ONA) with some others using excel sheets stored on their internal information management/archiving system.

Donors, and implementing agencies have monitoring processes in place regarding the distribution of funds ensuring funds are received by the intended beneficiary. Toll-free hotlines are established which have proven to be effective with people reporting fraud and the agency and community coming together to recover the funds.

Effective delivery of social protection requires strong leadership at the FGS (& FMS) level. MoLSA is leading the social protection portfolio of the FGS in close coordination with MoHDM and MoPIED (Somali Social Protection Policy 2019). Currently, with the support of contracting agents, there are pilot programmes within MoLSA which are focused on strengthening of systems and capacity to transition social protection to the FGS. The main programme being Baxnaano programme (and the recent humanitarian SNLRP) with other pilot programmes coming into operation this year.

Funds for the Baxnaano programme and SNLRP are not channelled through the FGS TSA with the donor paying the contracting agents directly. The data is recorded in the SFMIS at the budget level only, i.e. the budget is committed to allow budget monitoring. Lack of capacity within FGS and lack of confidence in the use of country systems by donors has been cited as the reasons for this.

The recently implemented AIMS system which is managed by MoPIED and supported by OCHA provides the first system to record all donor funding for Somalia. The data is entered by the donors which are subject to pre-approval by MoPIED. As of 13th July 2020, there were 235 registered users, 875 projects, 628 organizations with 2020 financial year disbursements totalling USD \$609.2 million. Reports can be produced from the AIMS system by project, date, organization, location, sector, and sub-sector.

Of the financial data collected during this study, 60 per cent related to humanitarian funding with an estimated average of 81 per cent of the total funds flowing through to beneficiaries. And on average 19 per cent of total funding

43. Somalia Social Protection Policy

44. Mobile Money in Somalia – Ecosystem Mapping, The World Bank/Altai Consulting, June 2017

relating to administrative & indirect costs. Costs associated with larger amounts of funding are guided by the total costs transfer ratio (TCTR) and the cost transfer ratio (CTR).

The Office of the Accountant General (OAG) under the Ministry of Finance (MoF) oversees and manages all transactions relating to public funds (including donor funds) that are channelled through the TSA. The Accountant General ensures that external assistance funds channelled through the EAFS are managed through FGS PFM systems to the greatest extent practicable and the satisfaction of relevant donors without compromising on accountability, transparency, probity and value for money

There is an EAFS Unit established in the OAG which is responsible for managing aid funds from external donors and development partners. The EAFS operate in line with the fiduciary and financial procedures set out in the COPM and the APM, together with additional fiduciary procedures agreed with development partners to ensure that external assistance channelled to the FGS uses country PFM systems.

A Project Implementation Unit (PIU) is established in the respective line ministries implementing donor projects. This PIU oversees the donor funds of the Ministry and submits payment requests and reports to the EAFS. A Comprehensive Operating Procedures Manual in place & regular training provided to the PIUs.

Report submitted to donors is produced directly from the SFMIS. The SFMIS captures information in real-time, therefore financial reports can be generated at any time. The SFMIS data is regularly reviewed and bank reconciliations are carried out regularly with the eventual move to daily The SFMIS is reconciliations is linked to the CBS banking system. Work is underway to move away from cash payments and Implement direct credit payments to suppliers

The FGS has recently adopted the revised Public Financial Management Act which includes provisions to strengthen the management of donor projects including the requirement for the Minister for Finance to approve all funding. This process to be implemented through MDA and donor awareness campaign of legislative requirements.

Table 19: Funding summary breakdown

Project Details	Funding (million) \$ USD	Development	Humanitarian	Humanitarian Funding to Total Funding %	Admin/ Indirect Costs	Direct Beneficiary Funding	Beneficiary Funding %
Baxnaano Programme	65.0	65.0	-	0.0%	17.0	48.0	73.8%
BRIC's - Funding	80.1	64.1	16.0	20.0%	16.8	63.3	79.0%
BRIC's Annual Funding	23.3	18.6	4.7	20.0%	4.9	18.4	79.0%
DfID (2019)	194.8	110.8	84.0	43.1%	19.5	175.3	73.8%
ECHO	58.2	-	58.2	100.0%	12.0	46.2	79.4%
FAO	97.0	4.9	92.1	94.9%	29.1	67.9	70.0%
Italian AID - Annual Funding	35.4	23.0	12.4	35.0%	2.5	32.9	93.0%
Italian AID - SPP	4.0	4.0	-	0.0%	3.6	0.4	10.0%
Save the Children Fund	13.0	0.5	12.5	96.0%	4.5	8.4	65.0%
SNLRP	40.0	-	40.0	100.0%	7.0	33.0	82.5%
SomReP	19.3		19.3	100.0%	5.8	13.5	70.0%
TOTAL	565.1	226.0	339.1	60.0%	105.7	459.3	81.3%

MoPIED's involvement in projects is on an ad hoc basis. MoPIED has a role in project design for specific projects only where donors have involved them (e.g. EU NAO and many UN and WB projects work with them directly). Currently, MoPIED is working on a process⁴⁵ for reviewing whether projects are in alignment with the NDP9. The proposed review process would ensure MOPIED engagement in project design.

The poverty strategy for NDP-9 is organized into four pillars:

- 1) Pillar 1: Inclusive politics
- 2) Pillar 2: Security and the rule of law
- 3) Pillar 3: Economic
- 4) Pillar 4: Social development

The NDP-9 also identifies 6 "imperatives" that will both inform and bind together the four pillars and shape all interventions undertaken by government and its development partners under the NDP-9:

- a) Strengthen gender and other kinds of social equity –
- b) Build the resilience of households, communities, and government
- c) Better manage Somalia's environment and natural resources
- d) Prioritise durable solutions to long term displacement
- e) Strengthen the interface between humanitarian and development planning
- f) Governance

45. Not finalised at the time of writing this report

8. RECOMMENDATIONS

8.1 Humanitarian and Social Protection

The Baxnaano programme is a social protection programme under the safety net for human capital development. With the recent locust invasion, a shock response project, the SNLRP is a “mirror” humanitarian programme to the Baxnaano programme providing the vertical funding to existing Baxnaano beneficiaries and horizontal funding to beneficiaries not receiving safety net funding under Baxnaano. This provides a good example of linking humanitarian with social protection and avoiding overlaps due to the harmonized beneficiary database.

With the number of people in need on the IPC list, there needs to be harmonization between the most vulnerable in chronic poverty and people in shock receiving humanitarian funding to transition the people in chronic poverty across to social protection providing them with longer-term funding. This can be achieved by harmonizing beneficiary data and linking of systems between donors and implementing partners to pave the way for the eventual establishment of the government registry system. However, there needs to be strict regulations and policies to support this.

8.2 Transitioning Social Protection to FGS

8.2.1 Social Protection

With the Somali economy largely dependent on climate-sensitive activities such as agriculture which provides 60 per cent of Somalia’s gross domestic product, 80 per cent of its employment, and 90 per cent of its exports⁴⁶ Somalia is vulnerable to the effects of natural disasters which directly impacts the economy and livelihood of Somalis. Any negative climatic events quickly disrupt these activities, as well as the livelihoods they support, and easily translate into a humanitarian crisis. Shocks contribute to extreme poverty and vulnerability, constraining economic opportunities and livelihood. About 66 per cent of Somali household’s report experiencing at least one type of shock in the past 12 months⁴⁷.

A social protection system should include both income and consumption smoothing to build resilience and enable households to anticipate and/or recover from shocks. Sub-Saharan countries on average spend only 1.6 per cent of GDP on social safety nets. In 2016 Somalia spent even less at 0.8 per cent of GDP, even though it received 16 per cent of GDP (USD \$1.2 billion) in humanitarian aid⁴⁸. Protecting

vulnerable groups and creating income opportunities are crucial to prevent childhood poverty from progressing into adulthood. In resource-constrained environments such as Somalia, short- to medium term humanitarian assistance will be required to complement social protection systems.

These are long-term challenges that need a policy response in the short term. The challenges are also inter-related, which will require a systematic approach that ensures coherence across the social protection sector at a policy, administrative and institutional level and which connects social protection to other government initiatives in sectors such as labour, the environment, agriculture and economic development. A capacity development strategy will also be required for implementing some or all of the proposed policies, while the participation of social partners in meeting these challenges will be essential both for securing popular support and for successful implementation.

A centralised programme also faces a huge administrative burden that encompasses not only the registering and payment of participants but also ensuring the smooth running and effective outputs of individual projects. As a result, local governments need to play an active role in the implementation of projects and therefore require the resources and capacity to do so. National governments need to co-ordinate the programme as a whole, oversee monitoring and evaluation and ensure adequate financing both at the federal and state level.

The approach toward a national social protection system managed by the FGS and FMS will require a clear plan to be established outlining the funding and capacity requirements from donors and FGS & FMS.

The plan involves two parts:

- 1) **A costing plan**, which will require details of activities identifying the types of inputs or required resources to implement each activity. This will include a robust monitoring and evaluation framework to continuously monitor and improve the programme. Monitoring should collect regular data on specified indicators and track the disbursement of funds. This involves the integration of SDG indicators into the project and programmatic indicators and
- 2) **A financing (or resource mobilisation) strategy**. This step includes making a systematic projection of domestic resources available in the next (say) three to five years. Identifying funding gaps which are the differences between the project costs and the availability of different sources of funding including own source revenue and development partner support.

46. ILED Approach Paper, March 2020

47. World Bank. (April 2019). Source: Report No. AUS0000407 Somali Poverty and Vulnerability Assessment. Findings from Wave 2 of the Somali High Frequency Survey

48. World Bank. (April 2019). Source: Report No. AUS0000407 Somali Poverty and Vulnerability Assessment. Findings from Wave 2 of the Somali High Frequency Survey

A social protection costed plan will provide the FGS with a concrete action plan for implementing the social protection strategies sustainably and cost-effectively.

The plan will:

- 1) Determine the capacity requirements of MoLSA and other Government Institutions.
- 2) Identify the government registry system to be used (noting the pilot programmes currently underway in the MoLSA)
- 3) Consider the capacity of the existing SFMIS to accommodate social protection payments
- 4) Determine the funding requirements for the social protection system. what is the total cost of providing how much support to how many people? Fully forecast the cost of the SSPP and its associated programmes. FGS will need to decide on transfer types, levels, and coverage, and then budget the human resource and systems development costs associated with delivering the selected Programmes. The amount of financing from Somalia itself will depend both on political prioritisation given to social assistance as well as levels of poverty and vulnerability
- 5) Determine how FGS will fund social protection and what timeframe is required to enable this?
- 6) Identify fund shortfall requiring donor financing over the phase-in period. A pooled funding mechanism could be an appropriate way of aggregating donor contributions, with the added value of smoothing out donor funding cycles. At a national level, medium-term financial planning is required and multi-annual financial commitment necessary.
- 7) Obtain multi-year commitment from donors (based on the FGS social protection “road map” phase-in approach)
- 8) “Ring fence” the funding using a FGS designated bank account and separate reporting mechanisms under the SFMIS. Consider the establishment of a social protection fund.
- 9) Based on the review of current systems maintained by donors and implementing partners to work toward the integration of beneficiary data to the government registry system
- 10) Gaining donor confidence in government systems. What policies/processes need to be strengthened to give donors confidence to use FGS systems. This could mean working with donors to establish processes, policies.
- 11) Plan out the move from humanitarian to social protection for people under the IPC list

- 12) Implement regulations & legislation of MNO's: Legislation and regulations are in place, but few have been implemented due to a lack of resources and capacity, as well as the political context.
- 13) For development partners, consider a Payment for Results (P4R) arrangement which may incentivise government progress. Such contractual agreements define indicators for financial disbursements, following evidence of progress.
- 14) Determine how to move to a more sustainable, fiscally financed model in the medium to long-term (lobbying parliament, public communications)?

Financing

A social protection system capable of generating synergies requires a policy and legislative strategy, including the budget framework. Somalia received USD \$1.9 billion in official development assistance (ODA) in 2019, comprised of roughly equal volumes of humanitarian and development Aid⁴⁹.

It is important over time that FGS starts and continues to increase contributing the resources it can, both in the form of staff and Ministry structure and financial resources for transfers. Doing so will increase FGS authority over Somalia's social protection system. While upfront political and financial commitment by government is important, sustainability involves four interacting areas:

- 1) Human resource capacity,
- 2) Institutional mechanisms,
- 3) Financial resources, and
- 4) Political will.

If any of these fail to work, the whole social protection capacity development strategy has the potential to collapse.

To raise living standards, an estimated USD \$1.64 billion per year is needed to target the poor (ignoring administrative and logistics costs)⁵⁰. Based on the funding breakdown outlined in Table 19, administrative costs are currently estimated at approximately 19 per cent of total funding. Table 20 below shows the social benefits to households in cash as a per cent of GDP for the years 2016 – 2019 for other countries with the 2019 year ranging from 4.72 per cent in South Africa to 20.21 per cent in Italy and on average 13.9 per cent of GDP.

Table 20 Social Benefits to households by Country

Social benefits to households: In cash, % of GDP, 2016 – 2019

Country	2016	2017	2018	2019
Austria	18.68%	18.20%	17.9%	17.81%
Belgium	16.94%	16.87%	16.9%	17.00%
Brazil	16.96%	18.32%	0.0%	0.00%
Canada	9.98%	9.98%	10.0%	10.05%
Chile	3.89%	3.80%	3.7%	0.00%
Colombia	10.14%	10.14%	10.3%	0.00%
Costa Rica	4.27%	4.10%	4.4%	0.00%
Czech Republic	12.70%	12.36%	12.4%	12.51%
Denmark	16.53%	16.24%	15.8%	15.80%
Estonia	11.58%	11.32%	11.4%	11.52%
Euro area	16.92%	16.71%	16.6%	16.74%
European Union	15.96%	15.74%	15.6%	15.69%
Finland	19.41%	18.87%	18.4%	18.15%
France	19.82%	19.59%	19.5%	19.49%
Germany	15.52%	15.61%	15.6%	15.90%
Greece	19.89%	19.05%	18.7%	18.43%
Hungary	12.63%	12.03%	11.5%	10.94%
Iceland	5.93%	6.55%	6.8%	7.42%
Indonesia	0.13%	0.16%	0.0%	0.00%
Ireland	8.40%	7.75%	7.2%	6.88%
Israel	5.27%	5.62%	5.6%	0.00%
Italy	19.84%	19.66%	19.7%	20.21%
Japan	12.61%	12.46%	12.5%	0.00%
Korea	4.77%	4.87%	5.2%	0.00%
Latvia	10.64%	10.42%	10.3%	10.60%
Lithuania	10.95%	10.95%	11.8%	12.16%
Luxembourg	14.84%	15.16%	15.0%	14.96%
Mexico	2.52%	2.56%	2.7%	0.00%
Netherlands	11.24%	10.88%	10.5%	10.27%
New Zealand	9.56%	9.14%	9.3%	0.00%
Norway	15.44%	14.97%	14.3%	14.80%
Poland	15.27%	15.08%	14.9%	15.50%
Portugal	17.19%	16.57%	16.4%	16.36%
Slovak Republic	13.92%	13.57%	13.2%	13.38%
Slovenia	16.35%	15.89%	15.4%	15.42%
South Africa	4.34%	4.31%	4.6%	4.72%
Spain	15.60%	15.26%	15.4%	15.81%
Sweden	13.09%	12.79%	12.6%	12.34%
United Kingdom	13.23%	12.83%	12.7%	12.55%
United States	14.62%	14.46%	14.3%	0.00%
Average	11.31%	11.15%	12.3%	13.91%

Source:

<https://data.oecd.org/social-exp/social-benefits-to-households/>**Table 21 – Social Benefits including in-kind**

Social Expenditure includes in-kind

Country	2018
Australia	17.81%
Austria	26.60%
Belgium	28.91%
Canada	17.33%
Chile	10.95%
Czech Republic	18.72%
Denmark	27.99%
Estonia	18.40%
Finland	28.71%
France	31.20%
Germany	25.14%
Greece	23.45%
Hungary	19.45%
Iceland	16.01%
Ireland	14.38%
Israel	16.03%
Italy	27.91%
Japan	21.88%
Korea	11.13%
Latvia	16.20%
Lithuania	16.16%
Luxembourg	22.41%
Mexico	7.52%
Netherlands	16.68%
New Zealand	18.93%
Norway	24.98%
OECD - Total	20.05%
Poland	21.13%
Portugal	22.61%
Slovak Republic	16.95%
Slovenia	21.20%
Spain	23.71%
Sweden	26.06%
Switzerland	16.02%
Turkey	12.52%
United Kingdom	20.59%
United States	18.72%
Average	20.12%

Source:

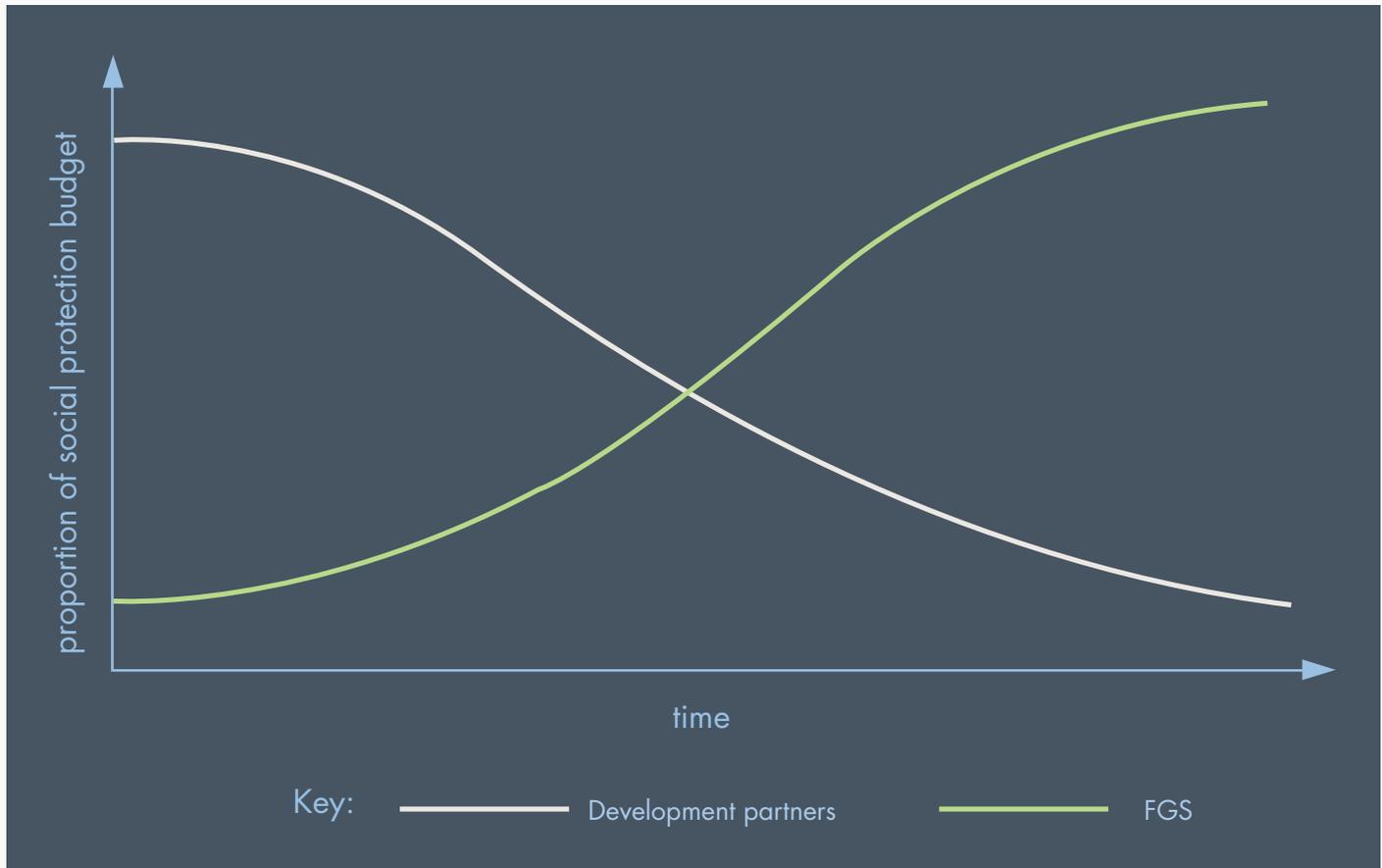
<https://data.oecd.org/social-exp/social-spending.htm#indicator-chart>

Whereas as shown in Table 21 total social benefits which includes cash benefits, direct in-kind provision of goods and services, and tax breaks ranges from 7.52 per cent in Mexico to 31.2 per cent in France and on average 20.12 per cent

It is anticipated that development partners funding will play a key role over the short and medium-term with a phase-in approach and over time, government funding as a proportion of the social protection budget should rise above development partner contributions.

The increasing contribution of government and donor financing is illustrated in Figure 10 below.

Figure 10: Financing trajectory



This will require the MoF to ensure on-budget contributions while recognising the need for significant longer-term financing (multi-year) guarantees from development partners. Financial provision for social protection transfers should be included in the FGS budget process, even during the phase-in stage, shown as third-party contributions by donors to the social protection policy with FGS's contribution increasing over time and development partners contributions decreasing. Staffing and administrative overheads for the central MoLSA and FMS equivalents will need to be included and phased in over time as the capacity of MoLSA and FMS is developed. This will prompt domestic debate about social protection being an investment in the national interest, rather than consumption expenditure and the value for money this represents.

It is anticipated that the World Bank, EC, and DFID could be key financial contributors, but ideally, other bi- and multi-lateral agencies would also contribute, including Sweden, Denmark, and Italy. US funds continue to play a crucial

role in emergency response with the United States providing nearly half of all humanitarian aid in 2019 (USD \$455 million).

However, USAID does not fund national systems development or channel resources through country systems; the US supports health care services, livelihoods approaches (now termed resilience, but without supporting state institutions) and economic growth (which rarely includes the most marginalised). Nor does the US fund cash transfers via any Somali authorities or private sector financial service providers, requiring funds to be distributed via UN closed-loop channels (i.e. WFP's SCOPE). This may mean that US funds are focused on humanitarian funding with other donor resources prioritised for social protection. As mentioned earlier in this report, harmonising humanitarian with development programming will ensure compatible practices are adopted which are aligned to government adopted policies.

8.2.2 Government systems

The development of a single government registry system involves significant planning and investment. The system must have clear objectives and must be updated regularly to keep the system dynamic and be flexible to adapt to possible future changes. The government registry must be subject to ongoing auditing and quality control to ensure the accuracy of data is maintained and the responsibility for the system must be clearly defined and the Government has the capacity to reliably maintain the system. A high level of security of beneficiary data always needs to be maintained. Before data are shared or existing beneficiary database systems are made interoperable. Policies and reporting need to be established which should be aligned to an agreed sector-specific international data protection regime. This will ensure all involved in data sharing are committed to the same principles. Alignment with the EU General Data Protection Regulation (GDPR) standard is desirable (particularly where robust domestic legal and regulatory frameworks are absent)⁵¹.

With the recent implementation of the Social Protection Policy-2019, support is being provided to the FGS (MoLSA) to establish a system and provide capacity development for the move toward a Government Social Protection system. Currently, WFP is managing the database on behalf of FGS with UNICEF assisting with capacity development. However, beneficiary funds are not channelled through the TSA. This is mainly due to lack of confidence by donors in the government systems and the lack of capacity within government (both system and manpower) to manage this. It is anticipated with the phase-in approach to FGS implementing the social protection system and determining the SFMIS capacity will be addressed in the initial stages.

The Shock Responsive Safety Net for Human Capital Project (SNHCP) Project Operations Manual (October 2019) has been prepared Baxnaano programme specific. This manual should be updated to provide a more generic manual to cover all programmes

The FGS operates a bespoke SFMIS and the capacity and ability of this system to manage social protection payments will need to be reviewed, and ideally, the government registry system integrated with the SFMIS to facilitate social protection payments.

Discussions with key informants highlighted that implementing (partners) agents operate their own system, FAO has their own database from which beneficiary data is recorded and eVouchers and cash transfers are processed. WFP have the SCOPE system which they devolve to their implementing agents to manage the beneficiary data with WFP managing the transfer of beneficiary funding. IA's database systems can be an online data collection system (e.g. ONA) with some others using excel sheets stored on their internal information management/archiving system.

As part of the transition phase these systems should be reviewed to ensure:

- 1) What beneficiary information is being collected
- 2) Data integrity – what processes are in place to ensure the integrity of the beneficiary data. Are there any "ghost" beneficiaries?
- 3) What unique identifier is there for each beneficiary/household, i.e. beneficiary number? Look to harmonize these unique identifiers
- 4) Possible automatic integration of systems to the government registry
- 5) What bio-metric system should be established to record beneficiary data?

The payment models to be adopted will need to be identified. Investments in cashless digital payment models for the operationalisation of integrated social protection offer opportunities to both improve the effectiveness and efficiency of delivery while promoting a more developmental payments system. Modern Government-to-People (G2P) payments systems offer robust cash transfer models, making financial inclusion integral to the country's developmental policy and programming, whilst also developing a more reliable and sustainable means of social protection implementation. Cashless payment mechanisms such as mobile money further facilitate financial integration and market participation, particularly within isolated communities.

The benefits of digital cash transfers can extend beyond the ease of implementing cash transfer programmes towards reducing corruption and other financial leakages in the system and improving efficiencies by reducing administrative delays and generating potential largescale cost saving.

51. BASIC - Better Assistance in Crises (May 2020). Review and Analysis of Identification and Registration Systems in Protracted and Recurrent Crises

8.3 Harmonization of Activity Groups

Interoperability between datasets can potentially assist with deduplication of beneficiaries. A transition plan towards developing a Government registry is needed which takes full account of data protection and privacy best practice. To assess this, it would be appropriate for the FGS to commission a Data Protection Impact Assessment (DPIA) to consider options and implications for its strategic objectives and the data management has⁵².

The concept note between SomRep & WFP commences the relationship between the two organizations to develop a collaborative relationship. SOMREP is currently partnering with FAO who are providing seeds etc. with SomRep providing the cash⁵³.

There are also other Informal safety nets at the community level which are community-based initiatives. These include self-help groups, Village Relief Committee and the Village Savings and Loans Associations (VSLA) and the use of remittances for community projects and vulnerable household needs. These initiatives involving the community are working successfully as self-help safety networks and for providing social protection and education to villages to encourage them to become more involved in these types of community activities.

Harmonizing activity groups can ensure there is no funding overlap with organizations coming together to provide complementary support and supply of services to the vulnerable. Besides bringing the community activities together under the social protection programme it can provide a more sustainable approach to safety net funding and assist communities to deal with shock responses as these activities provide beneficiaries with access to funds & support during low season and in time of shocks.

8.4 Mobile Network Operators

Response from key informants was positive concerning MNO's citing "value for money" services the MNO's offer. Regardless, there is still some uncertainty as to the security and transparency of using MNO for cash transfers. Some donors opt not to use MNO but rather using the WFP SCOPE system as a means to transfer funds to beneficiaries. This is likely to be as a result that the Somali Information and Communications Technology (ICT) sector operates in a largely unregulated environment in all three Somali regions. While legislation and regulations have been developed and approved by Cabinet, few have been implemented due to a lack of resources and capacity, as well as the political context. Noting the Somalia Mobile Money Regulation (2019) is the most significant piece of legislation with regards to mobile money⁵⁴.

The major challenge that remains for the Somali government to resolve is the lack of regulation which may make it

susceptible to fraud, theft and laundering. More still, mobile money is vulnerable to terrorism financing because there is a weak "know your customer" compliance, in line with global banking standards, meaning few SIM cards and mobile money accounts are registered using a valid form of identification subsequently resulting into limited accountability and traceability. This can be directly attributed to the lack of a national ID system.

To transform this trajectory that poses a threat to the future of digital financing in Somalia, the government should establish parity between online and offline credit for mobile payments, develop trusted "Know-Your-Customer" systems so that illicit business norms and fraud are mitigated, ensure interconnection between mobile payments and Mobile Network Operators and implement legislation and regulation.

Control over access to mobile money could be seen as another area where donors may not use MNO. While other systems such as the WFP SCOPE system has a very strong one-on-one verification using biometrics (fingerprint scanning) for registration and verification, beneficiaries only require a PIN to access mobile money funds which may not provide adequate security over beneficiary's funds as PINs can easily be shared or stolen. Options are being considered in building tighter security around mobile money access to include biometric verification and access. This may include voice recognition or facial recognition. Voice recognition can involve the beneficiary making a phone call to verify funds through voice recognition, whereas facial recognition as an option may be limited as not all people have access to a smartphone.

Biometrics' requires a physical presence to obtain biometric verification with distribution points required to move around Somalia to issue funds. Due to security issues and the recent the COVID-19 pandemic, this has proven to be difficult and, in some areas, has ceased altogether with geodata obtained instead. With mobile phone penetration of 92 per cent, the mobile money penetration rate of 73 per cent, mobile money is more easily accessed throughout Somalia and does not need to be reliant on accessing any system or collection point for beneficiaries to access cash and beneficiaries don't need to travel. Therefore, strengthening registration and verification processes for MNO need to be introduced.

The National Payment Act is under development in Somalia, which will give rise to a legal framework and give the Central Bank of Somalia power to lead, organize and supervise all types of payments. Additionally, Puntland State hopes to replace the FGS regulations with their own. So far, the following regulations have been drafted but not yet approved: Bank Licensing Regulation, AML regulation, Mobile Money regulation, and the Telecommunications Services Law.

52. Reference: BASIC - Better Assistance in Crises (May 2020).

Review and Analysis of Identification and Registration Systems in Protracted and Recurrent Crises

53. FAO operates cash plus activities

54. Source: GSMA – SOP Regulatory Environment Analysis, Altai Consulting, April 2020\fraud

9. ANNEXURES

9.1 Annexe A: Stakeholders Interviewed

Representatives	Interviewee
Donors (Somalia Section)	
ECHO / EU	Quentin Le-Gallo
Department for International Development (DFID)	Jake Peters
World bank	Nadia Selim
Italian Aid	Stefano Stirpe
UN Agencies	
World Food programme (WFP)	Delphine Dechaux Barbara Leseni Rumbidzai Chitombi Jamdi Khalif Andreas Deuble Serene Philip Ana Fernandez Martinez
Food and Agriculture Organization (FAO)	Nkatha Consolata Ezana Kassa Ishaku Mshelia
UNDP and OCHA for coordination purposes	Sarah Cramer
International NGOs	
Save the children	Chad Anderson
Mobile Network Operators	
Hormuud	
Consortium representatives	
Somalia Cash Consortium	Alessandro Bini Rory Crew
Cash Working Group	Mary Karanja
BRICs consortium	Martin Goddeeris
SOMREP consortium	Kevin Mackey
Government of Somalia	
Ministry of Planning, Investment and Economic Development (MOPIED)	Asad Yusuf Qanyare <i>Director of AIMS Program</i>
Ministry of Labor and Social Affairs (MOLSA)	Hassan Ahmed Hassan <i>Financial Management Specialist</i> Mariam Mohamed <i>Social Policy Advisor</i>
Ministry of Finance (MoF)	Abdinasir Ahmed: <i>Head of EAFS, Office of the Accountant General</i> Robert Ojala: <i>PFM Reforms Expert, Office of the Accountant General</i> Anab Sabriye: <i>Accounting and FM TA, Office of the Accountant General</i>

9.2 Annexe B: Terminology

Administrative Costs: All the costs required to deliver the transfers (and, in some cases, other related services). These activities include the identification of target population receiving and processing applications, dealing with appeals, processing payments, undertaking monitoring, evaluation and learning, and exercising oversight over how Programme resources are used.

Agent: An entity or retail outlet where an e-cash transfer can be spent or redeemed for cash, and/or where e-cash account holders can perform other transactions. Different Financial Service Providers (FSP) – such as banks, mobile network operators or remittance companies – can have agents. Agents are managed by an FSP, not a humanitarian agency

Biometric Authentication: Technologies that measure and analyse human physical and/or behavioural characteristics for authentication purposes e.g. fingerprint, voice print, iris recognition

Bulk Payment: A simultaneous transfer of funds from an entity to many recipients. This term is often used to describe the mobile money services used for humanitarian Programmes (as opposed to person-to-business or person-to-person payments).

Cash-based Intervention: Humanitarian terminology. Cash provided in response to a Shock (natural disaster)

Cash-for-work: The use of cash payments as an aid instrument and alternative or complement to in-kind forms of assistance, such as food aid. Beneficiaries are made to do some public work to access social transfer benefits

Cash plus: This term refers to complementary Programming where CTP is combined with other modalities or activities. Complementary interventions may be implemented by the same agency/agencies providing CTP, or potentially by other agencies working in collaboration. Examples might include provision of training and/or livelihood inputs, or behavioural change communication Programmes.

Cash transfer Programmes: Programmes that transfer cash to eligible people or households. Common variants include child allowances, social pensions, needs-based transfers, and conditional cash transfers.

Community-based adaptation projects: Adaptation projects that seek to enhance the resiliency of communities, and/ or the ecosystems on which they rely, to climate change.

Community-based social protection: An informal grouping of activities that protect community members from risk through “locally arranged social protection measures that are predicated on people’s cultural beliefs, norms and values.”

Community-based targeting: Community-based targeting uses established community groups to identify the beneficiaries of a specific Programme within their communities.

Community care: Any form of assistance, support and care that enables people to overcome or manage whatever condition, disability or set of life circumstances they face. ‘Community-based’ refers to the idea that vulnerable people should live alongside ‘ordinary’ people in their local communities, rather than be segregated. This type of care tends to be seen as the best setting in which to empower the user to participate in society and to take control of his/her own life.

Conditional transfers: Provide money to poor family’s contingent on them making investments in human capital, such as keeping their children in school or taking them to health centres on a regular basis.

Delivery Mechanism: Means of delivering social transfer (e.g. smart card, mobile money transfers, cash in envelopes, etc.)

E-Cash: Any electronic substitute for cash that provides full, unrestricted flexibility for purchases. It may be stored, spent, and/or received through a mobile phone, prepaid ATM/debit card or other electronic transfer

E-Transfer: A digital transfer of money or vouchers from the implementing agency to a Programme participant. E-transfers provide access to cash, goods and/or services through mobile devices, electronic vouchers, or cards (e.g., prepaid, ATM, credit, or debit cards). E-transfer is an umbrella term for e-cash and e-vouchers

E-Voucher: A card or code that is electronically redeemed at a participating distribution point. E-vouchers can represent cash or commodity value and are redeemed using a range of electronic devices

E-Wallet: Software that resides on a smart card or mobile phone SIM card, and holds or can receive electronic cash and a digital signature

Financial Service Provider (FSP): An entity that provides financial services, which may include e-transfer services. Depending upon your context, it may include e-voucher companies, financial institutions (such as banks and microfinance institutions) or mobile network operators (MNOs). FSPs includes many entities (such as investment funds, insurance companies, accountancy firms) beyond those that offer humanitarian cash transfers or voucher services, hence within CTP literature FSP generally refers to those providing transfer services

Informal social protection: Community-based informal safety nets, such as remittances from relatives living abroad, borrowing between family/community members, work reciprocity and gift exchanges.

Minimum Expenditure Basket (MEB): Defined as what a household needs – on a regular or seasonal basis – and its average cost over time. The MEB can be a critical component in the design of interventions including Multipurpose Cash Grants/Assistance (MPG/MCA), with transfer amounts calculated to contribute to meeting the MEB

Mobile Money: Mobile money uses the mobile phone to access financial services such as payments, transfers, insurance, savings, and credit. It is a paperless version of a national currency that can be used to provide humanitarian e-cash payments

Multipurpose Cash Grant (MPG)/ Multipurpose Cash Assistance (MCA): MPGs or MCAs are defined as a transfer (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, a set of basic and/or recovery needs. They are by definition unrestricted cash transfers. The MPG/MCA can contribute to meeting a Minimum Expenditure Basket (MEB) or other calculation of the amount required to cover basic needs but can also include other one-off or recovery needs.

Public works Programmes (or workfare): Where income support for the poor is given in the form of wages (in either cash or food) in exchange for work effort. These Programmes typically provide short-term employment at low wages for unskilled and semiskilled workers on labour-intensive projects such as road construction and maintenance, irrigation infrastructure, reforestation, and soil conservation. Generally seen as a means of providing income support to the poor in critical times rather than as a way of getting the unemployed back into the labour market.

Restricted Transfer: A restricted transfer requires the beneficiary to use the assistance provided to purchase specific items or types of goods or services. Vouchers are by default restricted transfers, as there will at minimum be restrictions on where a voucher can be spent.

Safety nets: Non-contributory transfer Programmes targeted in some manner to the poor and those vulnerable to poverty and shocks. Analogous to the U.S. term welfare and the European term social assistance

Safety net system: A collection of Programmes, ideally well-designed and well-implemented, complementing each other as well as complementing other public or social policies.

Social protection: A tool available to governments for protecting individuals from the consequences and drivers of deprivation and social exclusion. On a more operational level, social protection systems provide contributory or non-contributory forms of income support that reduce and prevent poverty; ensures access to basic social services to all, especially for groups that are traditionally vulnerable or excluded; stimulates productive inclusion through the development of capabilities, skills, rights and opportunities for the poor and excluded; builds resilience and protects people against the risks of livelihood shocks throughout their lifecycle; and helps remove structural barriers, including barriers within the household, that prevent people from achieving well-being. Social protection systems can include various schemes and Programmes, including universal schemes, social assistance, social insurance, employment guarantees and other public employment Programmes, and measures to facilitate access to education, health, and care services

Social protection benefits: Are transfers to households, in cash or in-kind, intended to relieve them of the financial burden of several risks and needs. These include disability, sickness/healthcare, old age, survivors, family/children, unemployment, housing, and social exclusion not covered elsewhere

Social Transfers: A benefit provided by the government or another actor to an individual (or household) is considered to need a specific type of social assistance.

Social assistance: The provision of social security benefits financed from the general revenue of the government rather than by individual contributions, with benefits adjusted to the person's needs. Many social assistance Programmes are targeted at those individuals and households living under a defined threshold of income or assets. Social assistance Programmes can focus on a specific risk (for example, social assistance benefits for families with children), or particularly vulnerable groups (for example, poor elderly people).

Unconditional Transfer: Unconditional transfers are provided to beneficiaries without the recipient having to do anything in return to receive the assistance.

9.3 Annexe C: Cluster Report – May 2020

Cluster Data by Beneficiary	
Month: May 2020	
People assisted	2,075,694
Value transferred	28,166,019
Number of partners	34
FSC	1,867,402
Shelter	126,319
MPCA	75,062
CCCM	3,875
WASH	3,036
Total	2,075,694

CLUSTER DATA BY BENEFICIARY												
	Total	% to Total People	Food, Shelter Cluster	% to Total People	Shelter/NFI, CCCM and WASH	% to Total People	MPCA	% to Total People	CCCM	% to Total People	WASH	% to Total People
People	2,075,694		1,867,402		126,319		75,062		3,875		3,036	
Value	\$ 28,166,019		\$ 20,713,600		\$ 2,954,324		\$ 4,317,349		\$ 160,466		\$ 20,280	
Partners	34		20		4		11		7		1	
Value voucher	856,908	41%	856,908	41%		0%		0%		0%		0%
Voucher - Paper	83,100	4%	5,964	0%	74,100	59%		0%		0%	3,036	100%
eCash	37,262	2%	30,030	1%		0%	7,232	10%		0%		0%
cash	67,662	3%	67,662	3%		0%		0%		0%		0%
Cash-in-Hand	4,183	0%	4,183	0%		0%		0%		0%		0%
mobile cash	880,198	42%	756,896	36%	52,219	41%	67,830	90%	3,253	84%		0%
eVoucher	145,759	7%	145,759	7%		0%		0%		0%		0%
Unspecified	622								622	16%		
	2,075,694		1,867,402		126,319		75,062		3,875		3,036	
Restricted	1,104,828	53%	1,030,728	50%	74,100	59%		0%		0%		0%
Unrestricted	970,866	47%	836,674	40%	52,219	41%	75,062	100%	3,875	100%	3036	4%
	2,075,694		1,867,402		126,319		75,062		3,875		3,036	
Conditional	484,150	23%	474,954	23%		0%	2,285	3%	3,875	100%	3036	4%
Unconditional	1,507,196	73%	1,392,448	67%	41,971	33%	72,777	97%		0%		0%
Unspecific	84,348				84,348	67%						
	2,075,694		1,867,402		126,319		75,062		3,875		3,036	
Average per person	\$13.57		\$11.09		\$23.39		\$57.52		\$41.41		\$6.68	

Source:
<https://data.humdata.org/visualization/somalia-cash-programing-v3/#more-people-assisted>
<https://data.humdata.org/visualization/somalia-cash-programing-v3/#more-people-assisted>

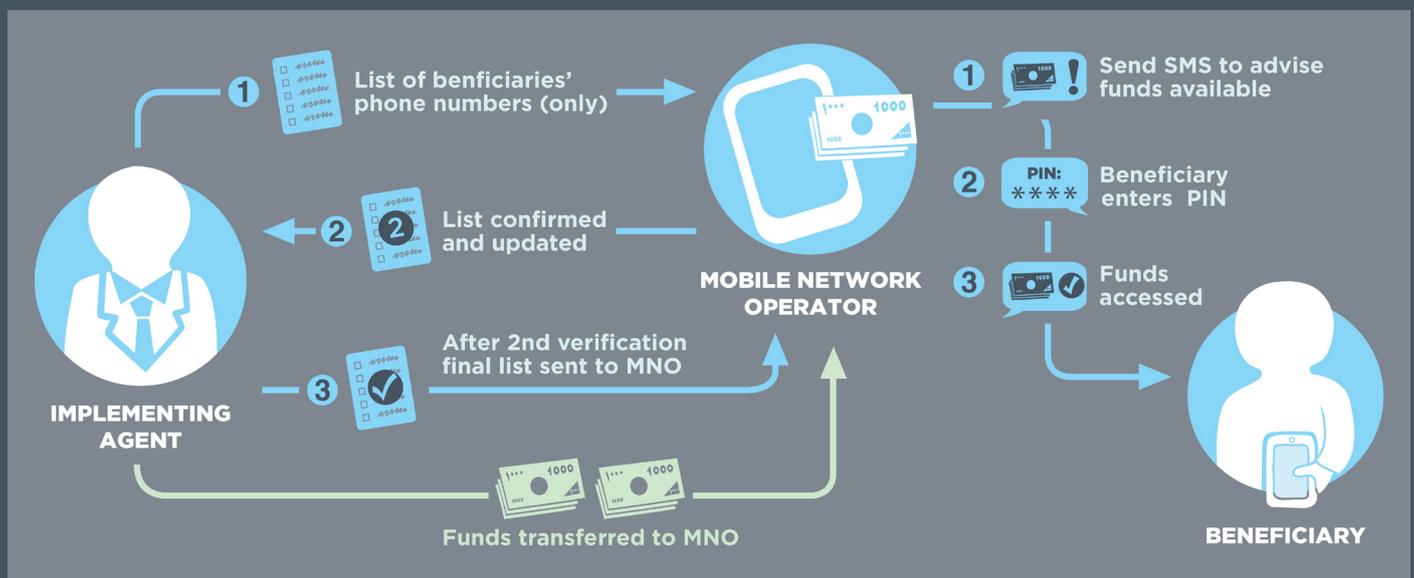
9.4 Annexe D: Cash Transfers

All agreements with Mobile money operators are at the field (implementing agency) level.

Process

- a) IA forwards list of beneficiaries' mobile phone number to MNO
- b) MNO checks details to ensure that a beneficiary does not have more than 1 phone number and enters the details on the list and returns to the IA
- c) IA carry out a second verification, then sends the report back to MNO
- d) MNO transfers funds to a beneficiary who automatically receive a message advising of the fund's transfer
- e) Money is accessed by the beneficiary entering their PIN.
- f) MNO provides a report when funds have been accessed
- g) MNO is paid commission once the transfers have been affected
- h) IA carry out post-distribution monitoring. And monitor transactions on a random basis

Fund Flow Process



9.5 Annexe E: AIMS System Report

Note: This report is a guide to the information that can be obtained from the AIMS system.
<https://aims.mop.gov.so/home>. The accuracy of the data has not been verified or confirmed.

SomaliAIMS envelope report			
Generated on Thursday, July 16, 2020 (Currency: USD)			
	2020		
	Humanitarian	Development	Total
African Development Bank	-	31,539,409	31,539,409
Australia	3,125,000	-	3,125,000
Canada	15,294,118	6,617,647	21,911,765
Denmark	7,535,204	24,505,327	32,040,531
EU	58,181,818	41,477,273	99,659,091
Finland	1,910,112	20,460,828	22,370,940
France	2,696,629	-	2,696,629
Germany	64,764,567	79,775,281	144,539,848
Global Fund	-	23,097,753	23,097,753
IMF	-	348,165,504	348,165,504
Ireland	-	-	-
Italy - AICS	5,227,273	14,590,909	19,818,182
Japan	-	6,316,279	6,316,279
Kuwait	-	-	-
Netherlands	10,112,360	-	10,112,360
Norway	13,641,133	47,219,307	60,860,440
Saudi Arabia	-	-	-
Sweden	12,610,086	67,596,567	80,206,653
Switzerland	10,105,263	16,842,105	26,947,368
UK - DFID	58,312,500	91,612,500	149,925,000
UN OCHA	-	-	-
UN Peace Building Fund	-	-	-
UNDP	-	12,042,012	12,042,012
UNESCO	-	-	-
UNFPA	-	-	-
UNICEF	-	18,696,238	18,696,238
USAID (USA)	-	-	-
World Bank	-	365,500,000	365,500,000
	263,516,063	1,216,054,939	1,479,571,002
	18%	82%	100%

9.6 Annexe F: References

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