



Enabling poor rural people
to overcome poverty

Somalia

North-Western Integrated Community Development Programme Phase II (NWICDP II)

BFFS-46-SO/BFFS-46A-SO/OFD-46-SO

Supervision Report

Main report and Appendices

Mission date: April 2012

Project No: 165

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SOMALIA

North-Western Integrated Community Development Programme – Phase II (NWICDP II)

Supervision mission: April 2012

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Acronyms and Abbreviations

| | |
|-----------|-------------------------------------------------------------|
| BFFS | Belgium Fund for Food Security |
| BoQ | Bill of Quantity |
| CAHW | Community Animal Health Worker |
| CAW | Community Agriculture Worker |
| CCA | Community Credit Association |
| CHAST | Children's Hygiene and Sanitation Transformation |
| CHW | Community Health Worker |
| CSAP | Community Strategic Action Plan |
| DAEO | Community District Extension Officer |
| DD | Demand Driven |
| DRF | Drug Revolving Fund |
| FSAU | Food Security Assessment Unit |
| HP | Health Post |
| ICB | International Competitive Bidding |
| INGO | International Non-Governmental Organisations |
| LCG | Land Care Group |
| M&E | Monitoring and Evaluation |
| MCH | Mother and Child Health |
| MOA | Memorandum of Agreement |
| MoA | Ministry of Agriculture |
| MoH | Ministry of Health |
| MoL | Ministry of Livestock |
| MoMEWR | Ministry of Mining, Energy and Water Resources |
| MoNP | Ministry of National Planning |
| NWICDP II | North-Western Integrated Community Development Programme II |
| PCU | Programme coordination unit |
| PHAST | Participatory health and sanitation transformation |
| SCG | Saving and Credit Group |
| SWC | Soil and water conservation |
| TBA | Traditional birth attendant |
| ToT | Training of trainers |
| TU | Technical Unit |
| VDC | Village development committee |
| WMC | Water management committee |

SOMALIA

North-Western Integrated Community Development Programme – Phase II (NWICDP II)

Supervision mission: April 2012

A. Introduction¹

1. The 2nd IFAD-BFFS direct supervision mission for NWICDP II took place from 22 March to 03 April 2012. The objectives of the mission were to: (i) review the cumulative progress made by the programme during its first 24 months of implementation (1 April 2010 to 31 March 2012); (ii) follow-up on the recommendations made by the February 2011 IFAD supervision mission and the December 2011 joint IFAD/BFFS and Transtec SA follow-up mission; (iii) assess the overall compliance with the provisions of the Financing Agreement; and (iv) provide recommendations for further enhancing the overall implementation performance and long-term sustainability of anticipated programme outputs, outcomes and impact.

2. The mission held discussions with the staff of the Programme Coordination Unit (PCU) and relevant partners of the Ministry of Agriculture (MoA), Ministry of Livestock (MoL), Ministry of Mining, Energy and Water Resources (MoMEWR), Ministry of Health (MoH), and the Ministry of National Planning (MoNP), at headquarters and district level to review relevant technical, financial management and implementation issues and solutions.

3. Field visits were carried out to 12 villages in 5 districts in 2 regions: Hargeisa and Faraweyne in Maaroodi-Jeex region and Borama, Zeila, and Lughaya in Awdal region. During these field visits, the mission consulted the target beneficiaries (pastoralists, agro-pastoralists, small-scale irrigation farmers and women), Village Development Committees (VDCs), Water Management Committees (WMCs), Land Care Groups (LCGs), Community Credit Associations (CCAs), Women Saving and Credit Groups (WSC), and Health Committees (HCs).

4. Programme activities reviewed by the Mission during field visits included: (i) rehabilitation and construction of water points (balleys, shallow-wells, sandstorage dams); (ii) construction of on-farm and off-farm water and soil conservation (SWC) structures for watershed management; (iii) rehabilitation/equipment of Aburin agriculture research station and extension training centre; (iv) construction of latrines; (v) rehabilitation, construction and equipment of MHC centres; (vi) establishment of drug revolving funds for Health Posts; (vii) establishment of women's Savings and Credit Groups (SCGs); (viii) demonstration farms for irrigated fodder crops (Alfa-Alfa and Rhodes grass) and livestock fattening.

5. This supervision mission report: (i) summarizes the mission's findings regarding programme achievements, implementation problems and proposed solutions; (ii) recommends specific actions for improving programme performance and long term sustainability; and (iii) records agreements reached with the PCU.

6. The mission's findings and recommendations were discussed in two wrap-up meetings; the first with the PCU held on 2 April 2012 and the second with the MoNP held on 3 April 2012. A copy of the final version of the Aide Memoire was sent by IFAD to Transtec SA at the end of April 2012 and comments received have been incorporated into this report.

7. The mission would like to express its sincere appreciations for the excellent collaboration, professional assistance and warm hospitality from the Somaliland² authorities, the PCU staff, partners and beneficiaries met during the mission.

B. Programme Summary

8. In line with the BFFS food security strategic objectives the NWICDP II aims to sustainably improve income, food security, nutrition, access to water, health and sanitation of the target groups. It is composed of 4 components: (i) Livestock and Agriculture Development; (ii) Access to Water and Sanitation; (iii) Access to Rural Health Services; and (iv) Programme Management and

¹ The mission was composed of Mr Abdelmajid Slama, Agriculture Economist (IFAD consultant), Ms Rose Thompson Coon, IFAD Country Programme Manager for Somalia, (IFAD NEN Division) and Mr. Leon Williams, Associate Country Programme Manager (IFAD NEN Division).

² The use of the name Somaliland does not indicate any position taken by IFAD.

Coordination. Capacity building for gender mainstreaming is a cross cutting objective in all interventions. The programme covers 9 districts of which 5 are in the region of Maaroodi-Jeex (Hargeisa, Gabiley, Baligubadle, Salahley and Farawayne) and 4 are in the region of Awdal (Borama, Baki, Zeila and Lughaya). The target group include some 40 000 pastoral and agro-pastoral households (HHs) and HHs practising small scale irrigation, amounting to a total target group of 240 000 persons residing in 120 communities, composed of cluster villages and satellite villages. The programme area covers semi-arid areas increasingly threatened by climate change, rangeland degradation, water scarcity and vulnerable livelihood systems.

9. The programme is financed by an IFAD supplementary funds comprising a BFFS Grant of USD 5.7 million (BSF-BE-46-SO), a BFFS Top-up Grant of USD 0.98 million (BSF-BE-46A-SO), an OFID Grant of USD 1.5 million (OFD-46-SO) and an in-kind contribution from programme beneficiaries. The total financing amounts to USD 8.1 million. The original programme was approved by IFAD's Executive Board on 21 April 2010 and is being implemented by Transtec SA, a private consulting firm selected through a competitive bidding process. It is directly supervised by IFAD.

Table 1: NWICDP II Financing

| Financing | Amount | Approval | Effective | Completion | Closing |
|---------------|------------------|-----------|-----------|------------|-----------|
| BFS-BE-46-SO | 5 658 000 | 22-Apr-10 | 17-Mar-10 | 31-Dec-13 | 31-Mar-14 |
| BFS-BE-46A-SO | 978 225 | 22-Dec-11 | 20-Mar-12 | 31-Dec-14 | 30-Mar-15 |
| OFD-46-SO | 1 500 000 | 13-Feb-12 | na | na | na |
| TOTAL | 8 136 225 | | | | |

10. The programme was originally designed for implementation over a 4 year period starting on 1 April 2010 and ending on 30 March 2014, subdivided into sequenced phases. As a result of the additional financing referred to above, the implementation period has been extended by 9 months to 31 December 2014. As per the amendment letter dated 20 March 2102 between IFAD and Transtec SA, the revised implementation period is composed of:

Inception (6 months): 1 April to 30 September 2010

Implementation (45 months): 1 October 2010 to 30 June 2014

Final Phase (6 months): 1 July to 31 December 2014.

11. Annual work plans and budgets (AWPBs) are prepared from 1 October – 30 September annually to coincide with the agricultural seasons.

C. Overall Assessment of Programme Implementation Progress

12. Overall implementation progress is moderately satisfactory but variable among components and sub-components. While some delays accumulated during early implementation the programme now operating in 105 communities and is now expected to accelerate implementation and expenditure to overcome the early implementation delays. This is a result of security improvements, completion of the PCU staffing, and the good management of the programme.

13. Physical progress during PY1 had been below targets particularly for animal health services, SWC works and construction of water points and latrines. During the first 6 months of PY2, physical progress is on track and AWPB targets are likely to be achieved. The physical progress to date is summarized in Appendix 5. The programme's appraisal targets have been revised to better reflect the emerging priorities of the targeted communities following the completion of many of the Community Strategic Action Plans (CSAPs). The revised targets are indicated alongside the appraisal targets in Appendix 5.

14. As of 31 March 2012, the programme has been operating for 50% of its original 4 year period. IFAD has disbursed 70.66 % of the original funding to Transtec, resulting in a disbursement factor of 1.41.

15. Physical progress against the revised appraisal targets can be summarised as follows:

- **Highly Satisfactory:** Community mobilization through the establishment of gender sensitive Village Development Committees (VDCs); participatory preparation and approval of CSAPs; empowerment of beneficiaries through training in literacy and gender awareness; capacity building through training of extension officers, Community Agriculture

Workers (CAWs), veterinary assistants, Community Health Workers (CHWs) and Traditional Birth Attendants (TBAs); asset creation (rehabilitation of 2 Mother and Child Health (MCH) centres); provision of Drug Revolving Funds (DRFs) to existing health posts and village dispensaries.

- **Satisfactory/Moderately Satisfactory:** Establishment of irrigation and rainfed demonstrations on farmer's fields, organisation of farmers field days, community seed bank establishment, community credit associations, women's saving and credit groups, rehabilitation and construction of balleys, construction of sand storage dams, and training in CHAST/PHAST.
- **Moderately Unsatisfactory:** Animal health services; animal fattening through contract farming; establishment of farmer field schools; construction of SWC structures (contour banks and gabions); construction of animal health posts; construction of shallow wells, boreholes and latrines; establishment of health posts, drug revolving funds for referral hospitals, and training of Imams on dangers of FGC.

16. All activities for which progress is moderately unsatisfactory are expected to accelerate rapidly through 2012 and for many the delays in implementation are related to seasonality of implementation – i.e. certain activities can only be undertaken following the rainy season. A more detailed picture of progress against the AWPB targets is provided in Appendix 5.

17. Most of the recommendations made by IFAD/BFFS February 2011 supervision mission and December 2011 follow-up and implementation support mission have been addressed satisfactorily by the PCU (details are provided in Table 2A and Table 2B in Appendix 2). Remaining recommendations which are still relevant are reiterated in this report.

D. Outputs and Outcomes, by Component

Component 1 - Livestock and Agriculture Development (moderately satisfactory)

18. **Animal health services.** Following the recent finalisation of the CAHW impact assessment and effectiveness study, the training of district level veterinary assistants has been completed (with 100% of total revised programme target achieved). The PY2 targets for training of CAHWs and construction of 4 health posts are expected to be met.

19. **Crop and livestock integration.** Training of district extension officers and community agriculture workers is completed (with 100% of total revised programme target achieved). The establishment of irrigated and rainfed demonstration plots at farmers' fields is on track with 40% achievement of total revised programme target. The establishment of farmers' field schools with co-funding from FAO is yet to take place whereas the rehabilitation work of Aburin adaptive research and extension training station is on-going and training has begun. The foundation seeds of sorghum, maize, cowpea, sesame and millet have been purchased in preparation for setting up the community seed banks.

20. **Contracting arrangements for livestock fattening.** Except for the demonstrations at farmers' field for the production of irrigated green fodder, the high value livestock fattening activities are behind schedule and need to be accelerated. Special emphasis should be placed on supporting women interested in livestock fattening through contracting arrangements. These include the collection and delivery of dry fodder from pasture and small scale irrigated green fodder production.

21. **Access to micro-finance.** To date, the progress made in the following activities is on track: (i) establishment of Community Credit Associations (CCAs) to provide in-kind credit (tractor hours and oxen credit); and (ii) establishment of women led Saving and Credit Groups (SCGs), their training and provision of start-up capital. The repayment rate of the micro loans by CCAs and SCGs borrowers is on track and exceeds 85%. Given the high demand expressed by the communities, the appraisal target for the SCGs is revised upward by 25%. However, the CCAs and SCGs require more capacity building and coaching to ensure their sustainability and capacity to develop viable micro-enterprises.

| Agreed action | Responsibility | Agreed date |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------|
| Component 1: Livestock and agriculture development | | |
| Accelerate the training of existing and new community animal health workers (CAHWs) as per the following schedule: <ul style="list-style-type: none"> ➤ 20 by end May 2012 ➤ 20 by end June 2012 ➤ 20 by end August 2012 | PCU | May 2012 onwards |
| Accelerate the promotion of contracting arrangements for livestock fattening | PCU | 2012 and onwards |
| Provide the members of CCAs and women SCGs with skills training and business planning on income generating activities such as: preparation of hides, processing of surplus food, grain milling and grinding, dairy processing and livestock fattening | PCU | June 2012 onwards |
| Accelerate recruitment of a micro-finance specialist/short term consultant to support the institutional development and growth of CCAs and SCGs on the basis of the TOR and identification of suitable candidates, to be submitted by the PCU to IFAD | PCU, IFAD CPM/BFFS focal point | 30 June 2012 |
| Promote the establishment of an APEX women saving and credit groups at regional level to share experiences, build capacity and advocate for improved rural financial services | PCU | July 2012 onwards |
| Promote water saving technologies (such as drip irrigation) in the irrigated farm demo plots as well as provide assistance for procurement and installation of such equipment. | PCU | June 2012 onwards |

Component 2 - Access to Water and Sanitation (moderately satisfactory)

22. **Watershed Management.** The progress made in the achievement of the watershed protection outputs is behind target both for PY1 and the first half of PY2. Out of the total target of 16 watershed sites, only 4 had been identified in collaboration with the communities and the MoA however each is much larger than the 16 were originally planned to be. As of 31 March 2012, civil work in the form of construction of contour banks, gabion and check dams has been initiated in 2 watersheds only: Qalooc watershed since December 2011 and Taysa-Aburin watershed since March 2012. The works in these 2 sites are expected to be completed by end of June 2012, on time for the crop season (starting early July 2012). On the basis of a sample of completed SWC work reviewed by the mission, the design and construction of contour banks seem to be efficient for on-farm SWC. The anticipated improvement in soil moisture could more than double current yields per ha of sorghum and maize in addition to contributing to crop diversification through the introduction of short cycle cash vegetable crops such as onion, cow pea and water melon.

23. **Water points.** The progress made in the rehabilitation and construction of water points is variable. While the construction of sand storage dams is within target (100% for PY1 and 50% for the first 6 month of PY2), it is moderate for balleys with only 30% of PY1 target being achieved and behind targets for the establishment of shallow wells and boreholes (15% and 0% respectively of the revised programme targets). Regarding the quality of balley water for drinking, while some improvement is made through the construction of separate balleys for livestock and human use to avoid contamination, additional improvements are urgently needed through the promotion of purification tablets and the use of ceramic filters.

24. **Latrines and Sanitation.** The establishment of latrines and household training in hygiene and sanitation is a priority demand of all communities and highly appreciated by women. The latrines are being constructed on a cost sharing arrangement. The pits are excavated by the community after which the Programme funds the construction of the slabs, superstructure and the door. As of 31 March 2012, about 103 latrines are completed (21% of total programme target) benefitting 11 communities. The latrine ventilation problem encountered during NWICDP I has been solved through an improved design with open roof and the installation of an appropriate metallic door. The cleaning and maintenance issue of the latrines have been also better addressed. Each latrine is assigned to a group of 3 to 4 households for their own use providing they take full responsibility of its maintenance under the supervision of the VDC's health sub-committee. The training on CHAST/PHAST is on-going and has benefited 8 710 households (22% of total programme target) in 17 communities.

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| Agreed action | Responsibility | Agreed date |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------|
| Component 2: Access to water and sanitation | | |
| Accelerate the selection of the remaining watersheds and the participatory preparation of land use plans prior to implementation of physical works | PCU | September 2012 onwards |
| Accelerate the construction of latrines through cost sharing with focus on underserved villages to achieve the 2012 target of 180 latrines and beyond. | PCU | June 2012 onwards |
| Accelerate the introduction of ceramic household filters to ensure the safe use of balley water and the training of local artisans to produce these ceramic filters. If further delays are to be expected, consider alternative options to ensure immediate access to water purification methods for HHs using balley water for domestic purposes. | PCU | Immediately |
| Consider increasing the capacity of the existing balley of Baliahmed community through its deepening by one meter to improve natural recharge of the surrounding shallow wells -subject to technical feasibility. | PCU | Immediately |
| Undertake a chemical, bacteriological and mineral quality analysis of the Baliahmed balley water to identify the causes of ongoing child and mother diarrhea resulting from its use and possible solutions for improving the safe use of such drinking water. | PCU | Immediately |
| Consider enhancing water availability for the densely populated Gerisa and Fadhixun communities who are severely affected by recurrent droughts by providing additional water point(s). (e.g. second protected shallow well on the basis of a negotiated cost sharing arrangement whereby the community digs the well and NWICDP II provides ring walling). | PCU | As soon as possible |

Component 3 - Access to Rural Health (moderately satisfactory)

25. This component is being implemented in partnership with MoH. To this effect, a Memorandum of Agreement between NWICDP II and the MoH was signed in early February 2012. As of 31 March 2012, the progress made in achieving the physical outputs under the rural health component is variable. The delivery of the outputs related to the renovation of MCHs, the training of TBAs, the training of CHWs and the provision of drug revolving funds for 27 existing village dispensaries are on track. The training of Imams on dangers of FGC is on-going and the appraisal target is increased threefold to ensure an adequate coverage of the 120 communities directly targeted by the programme. On the other hand, the construction and equipment of new Health Posts has not started and the renewal/provision of drugs for referral hospitals is yet to materialize.

| Agreed action | Responsibility | Agreed date |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|
| Component 3: Access to rural health component | | |
| Timely construction and equipment of health posts as per the following schedule: <ul style="list-style-type: none"> ➤ 2 by end June 2012 ➤ 4 by end July 2012 ➤ 4 by end September 2012 | PCU | According to schedule |
| Enhance the monitoring of drug revolving funds' inventories and record keeping by CHWs. Provide calendars to CHWs to ensure accurate recording of dates of dispensations as soon as possible. | PCU/Primary Health Officers | Bi-monthly |
| Prioritise training of younger CHWs and ensure that selection of CHWs is based on competence for the assignment. | PCU | Immediately onwards |

E. Programme Implementation Performance

26. **Programme management performance (satisfactory).** The programme continues to be well managed and the PCU is coordinating the programme activities in a proactive and efficient manner. The PCU staffing was increased with an assistant financial officer in January 2012³. In future, IFAD requests Transtec/PCU to engage IFAD in the recruitment of PCU staff (i.e. no-objection and sharing of CVs, as has been the practise in the past). The performance evaluations for the PCU staff, as per IFAD recommendations, have been initiated in 2012. The results of the 2011 performance evaluations had not been shared with Transtec as of 31/04/2012. The limited resources of the programme engineer to coordinate the civil works continue to hamper progress to some degree. The programme has struggled with unbalanced implementation of the AWPB and while budgets are generally respected, achieved of targets has been varied.

27. **Monitoring and evaluation (satisfactory).** The system is well-designed and regularly reports on progress at different levels. M&E information is used for planned purposes as evidenced by recent revisions to the appraisal targets. The M&E system is based on:

- Baseline data: (i) RIMS survey; (ii) village profiles which are updated regularly and (iii) Community Strategic Action Plans. Data is collected by the M&E officers and field staff. The M&E Officer also collects secondary data at district level.
- Activity/output tracking: (i) a Master Activity sheet is updated monthly and includes data on the status of various activities in each village; and (ii) a physical progress report is updated quarterly. These databases are updated using information provided by activity/component leaders. Many indicators in the logframe are not regularly tracked though the information is available; it is important that this key data is regularly collected in the central database. Such indicators could include e.g. the area of land ploughed and planted and harvested in the monitoring data.
- Impact measurement: Recent qualitative impact studies have focused on CAHWs, boreholes, sand storage dams and health posts. While relatively basic these studies have generated some interesting recommendations and lessons, which are taken into consideration in implementation.

28. With regard to progress reporting and planning the lead role is taken by the Programme Coordinator rather than the M&E officer and M&E assistant. As per previous recommendations on this issue, the programme should ensure that the M&E staff engaged in progress reporting and planning.

29. As per discussions during the two last IFAD missions, the target group figures should be revised for the Programme. The number of beneficiaries and target communities should be aligned to the appraisal figures. As there are some changes due to the addition of new communities, the presentation should still read (e.g.) 160 communities of which 120 are priority/directly benefitting and the remaining 40 could be described as consolidation communities.

30. The M&E system (reporting framework, logframe etc.) has not yet been updated to incorporate the BFFS Top-up funding and OFID Grant. This should be done in the next revision of the logframe; in addition a clear link should be maintained to the appraisal targets and deviations justified as necessary – this can be done by included a column in the physical progress reporting table which provides the appraisal targets. The mission also provided suggestions for additional data which should be incorporated in the Master Activity sheet in order to centralise collection of key data.

31. Given the importance of the watershed development activities, it is important to collect adequate baseline data to enable clear demonstration of impact at a later stage. This should include data on area cultivated, crops grown; yield increases obtained, frequency of crop failures etc. The M&E team should also review the RIMS 1st and 2nd level indicators to identify those

³ The current team consists of a Programme Coordinator, Finance and Administration Officer, Assistant Administration/Logistics Officer, Regional Coordinator (Maaroodi-Jeex Region), Engineer, two Assistant Regional Coordinators (Maaroodi-Jeex, Awdal), Gender Expert, M&E Expert who is tasked with the Awdal Regional Coordinator responsibilities, two Public Health Officers (Maaroodi-Jeex, Awdal), and two Credit Officers (Maaroodi-Jeex, Awdal). An M&E Assistant joined the team in March 2011 and an Assistant Financial Officer in January 2012.

relevant to the programme in order to begin reporting using the RIMS system once the software at IFAD has been updated to include Somaliland.

32. Gender focus (highly satisfactory). The programme gender strategy was finalised and endorsed in February 2011 calling for 30% to 50% female participation and representation in programme activities. Gender considerations are being successfully addressed as cross-cutting issues in all programme components. Regular community sensitization and mobilization campaigns have been held and resulted in improved participation of women in the VDCs and in the management sub-committees for the Programme investments (health, water and credit funds). As of 31 March 2012, female participation in VDCs reached 100% of appraisal targets but the quality and modalities of participation still need close monitoring. In addition, there is a high demand for the establishment of women's Saving and Credit Groups and the appraisal targets have been increased accordingly.

33. Poverty Focus and Effectiveness of Targeting Approach (highly satisfactory). The programme targeting approach is outlined in the Programme Implementation Manual. It includes: (i) within the large geographic area, selecting vulnerable (pastoral and agro-pastoral) communities with limited or no access to basic water where health facilities are lacking; and (ii) within communities, focus on the households with no or limited productive assets. The approach is effective and the programme's outreach to the poorest pastoralist communities was improved by selecting new remote communities in the programme intervention zone in 2011. As of 31 March 2012, programme activities are being implemented in 105 vulnerable communities of which 74 (70 %) are from NWICDP I in need of consolidation and 31 (30%) new communities. The list of the participating 105 communities is provided in Table 1 in Attachment I.

34. Knowledge management (satisfactory). The programme has initiated several impact assessments in order to produce lessons, best practises and recommendations for further improving the programme interventions. Such impact assessments have included the Community Animal Health Workers, Dilla Borehole case study and the sand storage model.

35. The programme staff members have actively participated in several KM initiatives (the Livestock and Dairy Learning Route in Kenya and the Learning Route on Rural Micro-Finance) and are applying the acquired knowledge in their respective functions. The Flipcam video recorder provided to programme staff during the livestock learning route has proven a useful tool and should be used to collect structured documentary evidence of programme impact for example through short interviews with programme beneficiaries. These could be properly edited and shared with IFAD for wider dissemination.

36. Partnerships (highly satisfactory). Partnerships being developed by the programme are well documented in the progress reports. Valuable collaboration is underway with several UN agencies (FAO, WFP, UNICEF, UNIDO and others) and INGOs operating in the area, leveraging the comparative advantage and resources of each partner. The status of partnerships and linkages with major on-going and potential donors programmes is described below:

- **WFP:** Discussions are proceeding with the objective to establishing a partnership under the WFP concept of "food for assets" where beneficiaries of direct food assistance would undertake productive work on infrastructure such as rehabilitation of water points, rural feeder roads and rangelands. Such partnership would include the installation of a borehole and water distribution network (food for assets for laying the pipeline) for the Tokoshi community of Zeila district in Awdal region as well as in the northern Sanaag region (with OFID funding which will allow further expanding the Programme area).
- **UNICEF:** Partnership is on-going for potable water interventions. UNICEF has already provided 11 hand pumps for the shallow wells constructed by the project (free-of-cost), and the continuation of this collaboration looks positive.
- **FAO⁴:** The on-going collaborations with the programme are:
 - With Somalia Water and Land Information Management (SWALIM) and Food Security Assessment Unit (FSAU) for joint planning and mapping with the MoA Lands Department of Natural Resources to support the implementation of NWICDP II interventions in watershed planning, soil and water conservation, water points and irrigation development.

⁴ The FAO /CTA was the Programme Coordinator of NWICDP-I.

- With MoA in the re-establishment of Aburin agriculture research station for crop testing and mother seed production. Similarly, the programme is providing funds to supplement FAO resources for a joint farmer field school and CAW training that will be conducted over a 6-month period (the cropping season) at the Aburin research station.
- With MoL in livestock marketing chain strengthening in Togdheer.
- **Danish Refugee Council (DRF):** Partnership is being established in conjunction with MoA for the development of the Taysa-Aburin watershed.
- **German Agro-Action:** On-going collaboration in watershed management in Awdal Region in the form of experience and learning sharing (progress reports and field visits) among respective programmes.
- **CARITAS International (Swiss Group):** Knowledge sharing (extension material) for potable water supply, health and sanitation (PHAST/CHAST)
- **ICARDA:** For technical backstopping in the areas of social, policy and economics research with focus on animal feed; milk value chain; herbal, medicinal and aromatic plants; microfinance; results measuring as part of monitoring and evaluation activities. An ICARDA assessment mission facilitated by the PCU visited Somaliland in late December 2010; the report has been shared with IFAD and the PCU. There are also possibilities to further collaborate with respect to follow-up of the assessment findings.
- **UNIDO:** The UNIDO programme on Market Integration and Progress through Skills and Employment in Rural Somaliland (MIPSERS) was designed as a collaborative action between the UNIDO and NWICDP II teams. The programme was implemented in the NWICDP II target communities with the support of the NWICDP II staff. It was completed in February 2012. A second 12-month follow up phase is currently under design and is expected to start in April 2012.
- **OFID:** OFID has provided a large grant to support access to improved health services and for the development of livestock value chain. The activities will be implemented in the latter part of the PY2.

37. Partnerships with relevant Ministries have been established and the Memoranda of Agreement (with MoA, MoL, MoH, and MoMEWR) are a positive step. The agreements aim to engage the 4 concerned ministries as implementing partners within their areas of expertise as part of an exit strategy for sustainability, ownership and scaling up considerations. The mission commends this initiative and recommends the PCU to accelerate the signing of the Framework Agreement with the Ministry of Planning. This form of partnership was not conceivable at the time of NWICDP I due to the weak ministerial capacities in Somaliland. Including the technical personnel from these ministries in monitoring and implementation support missions to the field will provide good opportunities to strengthen local capacity to implement similar investments in the future.

| Agreed action | Responsibility | Agreed date |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|
| General | | |
| Address PTA comments on OFID grant design document at QA review | PCU/IFAD | 15 April 2012 |
| Update the programme logframe to reflect the additional outputs, outcomes and activities resulting from the top up funding from IFAD/BFFS and OFID | PCU | 30 May 2012 |
| Monitoring and evaluation | | |
| Integrate output, outcome and impact indicators for IFAD/BFFS Grant, IFAD/BFFS top-up and OFID Grant financing in one master matrix that include original appraisal indicators and targets and clearly indicate where these have been revised | M&E Officer and M&E Assistant | 30 April 2012 |
| Review the RIMS Handbook and identify the most relevant Level 1 (Output) and Level 2 (Outcome) indicators. Provide list to IFAD for review together with suggestions for methodology for assessing progress on Outcome indicators. | M&E Officer and M&E Assistant | 30 April 2012 |
| On site supervision of civil work | | |
| Resolve the constraint of inadequate on-site quality control and supervision of civil works through embedded contract agreements to mobilize short-term local consultants combining junior and experienced engineers under the overall guidance and responsibility of the program senior civil engineer. | PCU | Immediately |
| Partnership | | |
| Accelerate the finalisation of the pending Memorandum of Agreement between the NWICDP II and the Ministry of National Planning | PCU | 30 May 2012 |

F. Fiduciary Aspects

38. **Financial Management (satisfactory).** The project's financial management system is effective and reliable with only a few minor problems. Staff are competent and experienced. The audit, which was conducted by a Belgian firm, was detailed and thorough (see below) and though qualified, the qualifications were not considered material by IFAD's Controller's and Finance Division.

39. **Disbursement (satisfactory).** Approximately 72% of the original BFFS financing has been disbursed from IFAD to Transtec SA with 50% of the project life completed. However total expenditure is significantly lower at just USD 1.78 million or 32% of the original BFFS grant. Including beneficiary contributions of USD 201 841, the total expenditure is USD 1.99 million. An increased rate of expenditure will be required once disbursement of the BFFS Top-up and OFID Grant begins.

40. As the mobilisation and planning phase is now effectively complete the focus of the project will now shift to investment and expenditure is expected to accelerate significantly over the remainder of the current AWPB (through procurement of vehicles, ambulances and mobile veterinary clinics in particular) and over the coming years. If the accelerated rate of implementation is maintained it should be possible to fully and effectively utilise the available funds before the completion date.

41. Expenditure has been somewhat unbalanced across categories to date. For example, in PY1, expenditure against the Civil Works category was just 27% of the amount planned, while for Training, TA, Studies and Workshops it was 80% and Salaries and Allowances it was 100%.

42. A similar pattern can be seen in the expenditures by component. In PY1 expenditure against the three investment components ranged from 27% to 54% of the planned amount, while expenditure for Component 4 – Programme Management and Coordination was 94% of the planned amount. Overall just 15% to 19% of the allocation for the investment components (1, 2 & 3) has been utilised while 48% of the allocation for Component 4 – Programme Management and Coordination has been utilised. Similar patterns are emerging for 2011-2012.

43. A relatively large share of the budget was allocated to Programme Management and Coordination at design (c. 40%), and of the USD 1.78 million spent to date, USD 1.19 million (66%) has been on Programme Management and Coordination (plus Transtec SA management fee), while the remaining USD 0.59 million (34%) has been spent on the investment components. While this is of concern it must be remembered that Coordination includes the considerable resources have been allocated to community mobilisation and the development of village profiles and community strategic action plans in the early stages of the programme and it is expected that financial performance across components will gradually rebalance towards appraisal targets as implementation continues and the focus shifts from planning to investing. However this should be closely monitored.

44. **Counterpart funds (satisfactory).** Beneficiaries have to date provided approximately 47% of the estimated beneficiary contribution. There is no counterpart funding from Government.

45. **Compliance with grant agreement covenants (satisfactory).** All covenants are complied with.

46. **Procurement (satisfactory).** The PCU procurement practices are in line with IFAD procurement guidelines. The procurement processes and findings/decisions are well documented by the PCU. Detailed procurement plans and the procurement modalities have been prepared.

47. **Audit (satisfactory).** The audit for 2010-2011 included a number of repeat observations from the audit of the inception phase. Most of the issues have now been satisfactorily settled and were in any case quite minor. However careful attention should be paid to the following issues raised by the audit to ensure the relevant observations are not repeated: (i) access to the book-keeping software; (ii) consistent allocation of expenses to the same categories; and (iii) accuracy and completeness of financial statements.

48. Given the expenses involved in transporting original documentation from the PCU to the current auditor located in Belgium, Transtec SA should consider recruiting a local audit company (ideally a partner of a major international audit firm).

| Agreed action | Responsibility | Agreed date |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------|
| Financial management | | |
| Timely preparation of bidding documents for vehicles, ambulances and mobile veterinary clinics and their submission to IFAD prior review and clearance well in advance of tendering. | PCU, TRANSTEC SA | April 2012 onward |
| TRANSTEC SA to improve the flow of funds from the Programme Account in Brussels to the Program Account in Djibouti through <ul style="list-style-type: none"> ➤ Timely transfer to the PCU of sufficient amounts to avoid cash flow problems and delays in contracting. ➤ Timely submission of withdrawal applications to IFAD | TRANSTEC SA | Immediately and onward |
| Update the programme cost by component to reflect the top up funding from IFAD/BFFS and OFID cofinancing. | PCU | 30 April 2012 |
| Change the current practice of 15 July cut off date for submission of AWP&B to IFAD into a 31 August practice to allow additional time for the preparation of more accurate annual budget estimates. | PCU, TRANSTEC SA | 31 August 2012 onward |
| Audit | | |
| Ensure the flagged in March 29 auditors report for the financial statements for the 12 month PY1 ending September 30, 2011 are settled. | PCU/TRANSTEC SA | Prior to next audit exercise |
| PCU to liaise with IFAD to review the appropriateness of maintaining or not the current auditors (MAZARS) for 2012 audit exercise and beyond. | PCU IFAD | October 2012 |

G. Sustainability

49. **Institutional sustainability (satisfactory).** Memorandums of Agreement recently signed with the Ministries establish a clear framework for collaboration. The engagement of Ministry staff in the day-to-day activities of the programme should be developed continuously. The VDCs should be supported to use their strategic action plans to incorporate all priorities not just those with the potential to be funded by IFAD. This will strengthen the communities' interest to continue developing the strategic action plans.

50. **Social sustainability (Empowerment – satisfactory; Quality of beneficiary participation – highly satisfactory).** The programme is widely recognised as the most effective programme in rural areas in terms of mobilising and engaging communities. Key enabling factors include a large budget relative to other agencies; the use of local staff with knowledge of the programme area and long-standing partnership with many of the participating communities; the ability and resources of programme staff to travel frequently and extensively in the rural areas; and the transparent and participatory manner in which community mobilisation and distribution of programme benefits are conducted. There is an extremely high level of ownership at beneficiary level.

51. **Economic and financial sustainability.** Repayment rates for community credit funds and SCGs are relatively high. Many groups and individuals engaged with the programme would benefit from the support of a business planning and management expert to provide advice on maximising profitability of small business activities and on expanding them.

52. **Technical sustainability.** It is essential that O&M arrangements are put in place for all programme investments and that the establishment of these arrangements is tracked in the regular progress reports. This includes sand storage dams, boreholes, shallow wells and other works (as per the recommendations of the 2011 impact study).

53. The mission visited a number of sites of works which had been implemented during NWICDP I including gabions and an integrated watershed management site and in both cases the works were in good condition and were functioning effectively. Since the watershed development interventions of the NWICDP I, the Ijara watershed has become an important site for rainfed agriculture and soil erosion appears to have been significantly reduced with increased vegetation appearing. Farmers who had abandoned their plots here are now returning in large numbers and new settlements are being established.

54. **Environmental sustainability.** There is a lack of hydrogeological studies of Somaliland. While the programme has constructed a number of boreholes and shallow wells, other agencies

have constructed/are planning to construct many more in the near future. The Ministry of Minerals, Energy and Water Resources is rightly concerned about their own capacity to regulate borehole drilling and over the lack of concern other agencies are taking with regard to ensuring sustainable rates of extraction. The Ministry has requested support to undertake detailed hydro geological studies in the Haute Plateau region where much of the population is based and where drilling is expected to take place.

55. **Exit strategy (moderately satisfactory).** It is essential that the programme places considerable focus on: (i) building the capacity of the VDCs; (ii) establishing appropriate O&M arrangements for all investments made; and (ii) ensuring that relevant Ministries are consulted carefully and involved in planning and implementation to enable them to take over health posts, mobile veterinary clinics, ambulances etc. once the programme is completed.

56. There is very limited capacity to continue funding programme interventions from the public budget following completion. The SCGs and CRFs are therefore of particular importance, as are efforts to link SCGs to formal financial institutions. The TA to be recruited to provide support to the SCGs will consider the possibility of establishing an apex organisation and linking the SCGs with an existing financial institution.

57. **Potential for Scaling-up and Replication (highly satisfactory).** The programme has huge potential for scaling-up, partly because poverty and hunger are so widespread and development aid so limited, and partly due to the nature of the interventions. Development partners have already begun to scale-up the interventions of the NWICDP I and II, in particular SWC interventions, watershed development and sandstorage dams. There is considerable potential for geographic expansion of the project investments in water harvesting and SWC and for the addition of new activities such as construction/rehabilitation of rural roads.

| Agreed action | Responsibility | Agreed date |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|
| <i>Institutional sustainability</i> | | |
| Enhance capacity building at community and district level through refresher training and institutional support of VDCs, their sub-committees and TUs as key partners for sustainability with focus on good governance of the assets and support services created by the programme. | PCU | Continuous |

H. Impact

58. **Food security.** The programme impact on food security appears to be significant. The area of land being farmed in areas near to sand storage dams and on treated watersheds is increasing. Farmers who previously abandoned their land during the dry season are now able to cultivate throughout the year in some cases. Farmers are also returning to land which had been abandoned due to erosion and water shortage.

59. **Increase in incomes.** Labour intensive works provide an important source of income (cash) at an appropriate time of the year. The on-farm works are being undertaken in the dry season when there is limited agricultural work available and when food supplies are beginning to run short making a significant contribution to food security.

60. **Policy impact.** The success of watershed management activities has resulted in this being adopted as a key aspect of the Ministry of Agriculture's long-term plans. The Programme has also supported the key ministries in delivering the strategy papers on Food Security and Agricultural Development. Other agencies are also increasing investment in watershed management. The impact assessment of the CAHWs convinced the Ministry of Livestock to continue supporting the CAHWs.

61. **Other impacts.** The increased use of latrines will have benefits for health and sanitation.

62. Overall it appears possible that the substantial impacts of the NWICDP I will be matched or exceeded by the NWICDP II. Impact is considered satisfactory at present but could become highly satisfactory over time.

I. Conclusion

63. This is a good and well managed programme which is overcoming initial implementation delays and is expected to achieve at least satisfactory progress over time and is likely to achieve its development objectives with positive, sustainable impacts on incomes, nutrition and health in targeted communities.

64. The programme continues to be well appreciated by the benefiting communities and government officials. This appreciation is reflected in the communities' willingness to contribute to programme activities with in-cash and in-kind, thus creating an enabling environment for rapid implementation and scaling-up of activities with community contributions, and ensuring ownership and sustainability of the programme investments.

65. The Somaliland Government expressed to the mission their specific appreciation for the NWICDP II and the tangible results it is producing.

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Appendices

Appendix 1: Summary of Project Status and Ratings

Basic Facts

| | | | | | | |
|----------------------|--------------------------------------------------------------------------|-------------------------|-------------------|----------------------------|-------------------------|-----------------------------|
| Country | Somaliland | | Project ID | BE-46-SO | Loan/Grant No. | BE-46-SO |
| Project | North-Western Integrated Community Development Programme Phase II | | | | Supp. Loan/Grant | BE-46A-SO OFD-46-SO |
| Date of Update: | 28-Jun-12 | Last Supervision | March 2012 | | Financing terms | Grant |
| Supervising Inst. | IFAD | No. of Supervisions | 2 | | | |
| | | | | | | USD million Disb.rate% |
| Approval | 22/03/2010 | Quality at entry rating | | Total costs | 8.136 | |
| Agreement - Transtec | 17/03/2010 | Effectiveness lag | | BE-46-SO | 5.658 | 72.06% |
| Effectiveness | 17/03/2010 | Problem project | | BE-46A-SO | 0.978 | |
| MTR | n/a | | | Co-financing: OFD-46-SO | 1.500 | |
| Current completion | 31/06/2014 | Last Amendment | 22.5.2012 | Domestic: by beneficiaries | in kind | NA |
| Current closing | 31/12/2014 | Last Audit | March 2012 | | | |

Project Performance Ratings

| B.1 Fiduciary Aspects | Last | Current | B.2 Project implementation progress | Last | Current |
|-------------------------------------|-------------|----------------|--------------------------------------------|-------------|----------------|
| 1. Quality of financial management | na | 5 | 1. Quality of project management | na | 5 |
| 2. Acceptable disbursement rate | na | 5 | 2. Performance of M&E | na | 5 |
| 3. Counterpart funds | na | 5 | 3. Coherence between AWPB & implementation | na | 4 |
| 4. Compliance with loan covenants | na | 5 | 4. Gender focus | na | 6 |
| 5. Compliance with procurement | na | 5 | 5. Poverty focus | na | 6 |
| 6. Quality and timeliness of audits | na | 5 | 6. Effectiveness of targeting approach | na | 6 |
| | | | 7. Innovation and learning | na | 5 |

| B.3 Outputs and outcomes | Last | Current | B.4 Sustainability | Last | Current |
|------------------------------------------|-------------|----------------|-----------------------------------------------|-------------|----------------|
| 1. Agriculture & Livestock Development | na | 4 | 1. Institution building (organizations, etc.) | na | 5 |
| 2. Access to Water & Sanitation | na | 4 | 2. Empowerment | na | 5 |
| 3. Access to Rural Health Services | na | 3 | 3. Quality of beneficiary participation | na | 5 |
| 4. Programme Management and Coordination | na | 5 | 4. Responsiveness of service providers | na | 5 |
| 5. Gender mainstreaming | na | 5 | | | |

Overall Assessment and Risk Profile

| | Last | Current |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| C 1 Physical/financial assets | na | 4 |
| C 3 Food Security | na | 5 |
| C 3 Overall implementation progress (Sections B1 and B2) | na | 4 |
| Rationale for implementation progress rating Implementation is somewhat below target but is expected to accelerate over the remainder of the implementation period. | | |
| C 4 Likelihood of achieving the development objectives (section B 3 and B4) | na | 5 |
| Rationale for development objectives rating The project is mostly on target with respect to the realisation of outcomes, and is expected to meet its objective at completion. | | |
| C 5 Risks | Short description of major risks for each section and their impact on achievement of development objectives and sustainability | |

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| | |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fiduciary aspects | Slow flow of funds during the inception phase and PY1. |
| Project implementation progress | The programme became effective in March 2010 with a 6 month inception phase running from 1 st April to 30 September 2010. Progress made during the inception phase was slow due to administrative constraints (insurance issues, management capacity). These problems were solved during the first quarter of PY1 even though these problems resulted in slow implementation progress during PY1 (mainly due to missed agricultural season). The PY 2 WA was only submitted last week of March 2010 and funds disbursed from IFAD by end of March. Nevertheless, the implementation progress during the first half of PY2 has been impressive and the implementation is likely to be on track by end PY2. |
| Outputs and outcomes | The achievement of physical outputs and outcomes is still variable across components, related to the seasonality of the implementation in certain components. The health component outputs are currently behind the annual targets. |
| Sustainability | The community-driven approach and high commitment of local communities and authorities ensures a level of sustainability. Nevertheless, the project needs to invest in the WMCs and other O&M structures to ensure the sustainability of the investments. |

Follow-up Actions

| Issue/problem | Recommended Action | Status/Timing |
|--------------------------------------------------------------|--------------------------------------------------------------|---------------|
| Inadequate on-site quality control of civil work supervision | Contract local consultants to undertake on-site supervision. | Immediately |
| | | |
| | | |

Appendix 2: Progress against previous missions recommendations

Table 2A: Implementation of the Recommendations of IFAD February 2011 Supervision Mission (as of 31 March 2012)

| # | Recommendation – Action Required | Responsibility & agreed date | Status |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall Recommendations | | | |
| 1. | Signature of the Memorandum of Agreement (MOA) with MoA, MoL, MoH, MoMEWR and MoNP | PCU February 2011 | -Draft MOA with MoNPD not signed. -MOA with MoA, signed on 29 February 2102 - MOA with MoL, signed on 9 February 2012 -MOA with MoH signed on 5 February 2012 -MOA with MMEWR signed on 15 February 2012 -MoAs include revised targets to incorporate BFFS supplement funding and OFID grant funding. |
| 2. | Submission of the RIMS baseline survey report in March 2011 | PCU | Completed on time |
| 3. | Follow-up on ICARDA, OFID and UNIDO missions for partnerships. | IFAD CPM and PCU | -UNIDO project funded and completed in February 2012. -Funding agreed obtained by Government of Japan for a follow-on phase expected to start in April 2012. -OFID funding approved in January 2012. - Partnership with ICARDA seems not materialized |
| 4. | Acceleration of the participatory preparation, and endorsement of CSAPs: •20 CSAPs by 30 April •50 CSAPs by 30 September •30 CSAPs by 31 December | PCU & VDCs | -As of 31 March 2012, the number of prepared and endorsed CSAPs reached 96 (96 % of target) |
| Programme Management and Coordination Component | | | |
| 5. | Speed up recruitment of an M&E assistant with the objective to select a female candidate to improve gender balance of the PCU composition | PCU April 2011 | -Appointed on 31 March 2011. - Female officers constitute 33% of PCU staff. |
| 6. | Improve targeting at community level to focus on the poorest villages at the CSAP preparation stage. | PCU; VDCs continuous | -Ongoing. -Poverty is one of criteria for selecting communities for Programme intervention. |

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| # | Recommendation – Action Required | Responsibility & agreed date | Status |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. | Improve targeting at village level to focus on the most vulnerable households and particularly women-headed. | PCU; VDCs Continuous | -Ongoing. -Specific activities empowering disadvantaged beneficiaries embedded in implementation procedures. |
| 8. | Undertake a full inventory of target communities covered during BRP and NWICDP-I. | PCU March 2011 | -Completed on time -M&E database (Excel) inventory includes village Profiles. |
| 9. | Intensify IFAD supervision and implementation support during 2011 and 2012 as follows: •Implementation support mission in September 2011. •Supervision mission in March 2012. •Implementation support mission in October 2012. | IFAD & PCU | Implementation support mission fielded in November 2011. Supervision mission fielded in March 2012. |
| 10. | Speed up the thematic study on the success factors of the sustainability of the Dilla borehole and the community health post revolving fund. | PCU M&E April 2011 | Study completed on time |
| 11. | Establish and implement a formal performance evaluation system for PCU staff. | PC December 2011 | Performance based evaluation system (the GE HR system) in place. First staff evaluation completed in February 2012. |
| Livestock and Agriculture Development Component | | | |
| 12. | Assist the MoL to speed up the impact assessment on the effectiveness and impact of CAWs. | PCU April 2011 | Completed & report submitted in October 2011. |
| 13. | Provide the TU teams with training on leadership, team building and management. | PCU continuous | Ongoing through in service training and coaching |
| 14. | Provide a convincing case to IFAD/BFFS justifying the provision of a 4WD twin cab pickup to the MoA Lands Department. | PCU | -MoA requires 6 vehicles at district to sustain program extension and technology transfer activities - Procurement of vehicles to be finalized by July 2012. |
| 15. | Redirect tractor hours earmarked for land preparation to on-farm water harvesting structures. | PCU March 2011 | -No need to redirect tractor hours as adequate funds are already available for construction of on-farm water harvesting structures using machines under the respective line budget. -Work is now being done by labour intensive methods. |

| # | Recommendation – Action Required | Responsibility & agreed date | Status |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16. | Include in the agricultural starter packs, hand tools for crop management. | PCU | -Hand tools are now part of the agricultural starter packs -Seed was procured from farmers in January 2012. |
| 17. | Include a rural micro-finance specialist in the forthcoming IFAD implementation support mission of September 2011. | IFAD/BFFS September 2011 | Postponed to last quarter of 2012 |
| Access to Water and Sanitation Component | | | |
| 18. | Rehabilitation and construction of water points should be complemented by specific measures to ensure quality and safe water for human use. | PCU Continuous | -on-going -As a first step, balleys are now constructed with a modified design including a silt trap and inflow control bank. -Introduction of household ceramic bio-filters not materialize |
| Access to Rural Health Services Component | | | |
| 19. | Selection of the new CHWs should aim at a minimum of 30% female CHWs when 50% is not realistic or possible. | PCU | On going at an acceptable rate |
| 20. | TBAs selection and training should target mothers between the age of 25 and 45 years. | PCU | On going with an acceptable rate |

Table 2B: Implementation of the Recommendations of IFAD December 2011 Follow up and Implementation Support Mission

| # | Recommendation – Action Required | Responsibility | Status |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Livestock and Agriculture Development Component | | | |
| 12. | Trainings of the new and existing CAHWs should commence immediately considering the positive results of the impact assessment and MoL endorsement. | PCU As soon as possible | Scheduled for April 2012, after the training of Veterinary Assistants just completed in March 2012. |
| 13. | Repayment of the tractor hour credit services should be followed up and documented carefully as well as the first 10 women SCG repayment rates, before scaling up the activity. | PCU | - On going -Credit repayment is proceeding satisfactory |
| 14. | TORs for the Rural Financial Services consultant should be finalised by January 2012 and contracted as soon as possible. | PCU& IFAD As soon as possible | -TORs and budget sent to IFAD CPM on 6 Dec 2011. - CPM is expected to select and mobilize the consultant during 2012 |
| Access to Water and Sanitation Component | | | |
| 18. | Participatory land use plans should be developed, as originally planned by the programme, before the physical works on the watersheds begin. | PCU Continuous | --On- going -Completed for Qalooc and Taysa. |

| # | Recommendation – Action Required | Responsibility | Status |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Water interventions should be coupled with adequate sanitation capacity building and the observations and recommendations of the recent sustainability and impact study on the water investments should be incorporated in the programme implementation approach. The Programme Implementation Manual should be adopted accordingly. | PCU Continuous | -On going |
| | The maintenance issues of communal latrines to be clearly defined and agreed with the recipient community before physical works start with the communities. | PCU | -Completed. - Latrine maintenance is assigned to household users under the responsibility of the Village Health Committee. |
| Access to Rural Health Services Component | | | |
| 19. | HP construction works to start as soon as possible as well as the procurement of the MCH equipment. With respect to the high district level health staff turnover, the MoH' responsibilities with regards to staffing should be clearly spelled out in a relevant agreement between the PCU and MoH. | PCU | -Under process; construction will take place during the second and third quarter of 2012. -Rehabilitation of additional MCHs waiting availability of BFFS top-up funds. -High turnover of staff in rural areas is common The issue is being discussed with the MoH for possible allowances by the program. |
| 20. | Trainings on FGM, STDs; optimal feeding practises and O&M of MCH clinics should be initiated as soon as possible. | PCU | On-going activities. |
| | Revolving drugs to be provided to the MCH centres and hospitals preceded by the relevant training. | PCU | -On-going with the understanding that CDP-II does not include provision of revolving drugs for MCH centres. This part of medical equipment. |
| Programme Management and Coordination Component | | | |
| 5. | The PRAs, VPs and CSAPs should be finalised without further delay for all of the 100 communities currently being targeted by the Programme. | PCU/M&E | Completed. |
| 6. | The multi-disciplinary TUs district level for extension should be supported with transportation means so as to enable them to carry out extension field visits. | PCU | -Fuel and vehicle hire is provided; - Procurement of vehicles and mobile veterinary clinics is under process |
| 7. | Transtec in collaboration with IFAD should review the programme's current procurement procedures (especially with respect to the appropriateness of the current ceiling of USD 20 000). Transtec to submit a proposal for IFAD review. | Transtec; IFAD | -Current arrangements are not a problem as long as there is rapid response from IFAD. |

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| # | Recommendation – Action Required | Responsibility | Status |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 8. | Vehicle procurement should be initiated without further delays. | PCU | -Adequate funds transferred to program account at the end of March 2012 (WA 6) -Procurement expected to be finalised by 30 June 2012. |
| 9. | Staff performance evaluations should be carried out immediately and the findings shared and discussed with Transtec. Transtec to communicate with IFAD should the findings suggest further action from Transtec. | IFAD/BFFS and PCU | -Completed -No action required |

**Appendix 3: Financial: Actual Financial Performance by Financier;
Disbursements by Category and by Component**

Table 3A: Programme Financing by Component

| Component | Financing | | | | | Total Expenditure (31/3/12) | | | | | | | | | |
|----------------------------------------------------|------------------|----------------|----------------|------------------|------------------|-----------------------------|------------|----------------|------------|------------|-----------|----------|-----------|------------------|------------|
| | IFAD/BFFS Grant | Bene. | BFFS Topup | OFID | Total | IFAD/BFFS Grant | % | Bene. | % | BFFS Topup | % | OFID | % | Total | |
| Component 1: Livestock and Agriculture Development | 1 215 583 | | | | | 225 908 | 19% | | | | | | | | |
| Component 2: Access to Water and Sanitation | 1 477 684 | | | | | 249 590 | 17% | | | | | | | | |
| Component 3: Access to Rural Health Services | 690 945 | | | | | 105 066 | 15% | | | | | | | | |
| Component 4: Programme Management and Coordination | 2 225 844 | | | | | 1 060 940 | 48% | | | | | | | | |
| Gender Mainstreaming | 48 344 | | | | | 13 594 | 28% | | | | | | | | |
| Subtotal | 5 658 400 | 433 000 | 978 225 | 1 500 000 | 8 569 625 | 1 655 097 | 29% | 201 841 | 47% | 0 | 0% | 0 | 0% | 1 856 938 | 22% |
| Transtec Management Fee | | | | | | 129 400 | | | | | | | | | |
| Total | 5 658 400 | 433 000 | 978 225 | 1 500 000 | 8 569 625 | 1 784 497 | 32% | 201 841 | 47% | 0 | 0% | 0 | 0% | 1 986 338 | 23% |

Table 3B: Utilisation of BFFS Grant by Category

| Category | Allocation | Disbursed | | Balance | | Expenditure | | | | | | | | | | Unspent Balance | |
|----------------------------------------|------------|-----------|-----|------------|------|-------------|---------------------|-----------------|----------------|-----------------|-----------|-------------------------|------------------------|--------------------|-----------|-----------------|--|
| | | | | | | 2011-2012 | | | | Programme Total | | | | | | | |
| | | USD | % | USD | % | Planned | Actual (28/2/12) | % of planned | % of actual | Planned | Actual | % of planned exp. | % of actual exp. | % of allocation | USD | % | |
| 97Z Advance of Funds | | 2 344 344 | | -2 344 344 | | | | | | | | | | | | | |
| 1. Civil Works | 898 000 | 159 931 | 18% | 738 070 | 82% | 637 109 | 115 964 | 18% | 22% | 975 739 | 207 403 | 21% | 12% | 23% | 690 597 | 77% | |
| 2. Vehicles, Equipment and Materials | 530 000 | 241 255 | 46% | 288 745 | 54% | 489 923 | 70 356 | 14% | 14% | 800 023 | 200 499 | 25% | 11% | 38% | 329 501 | 62% | |
| 3. Capital for Revolving Fund | 490 000 | 68 824 | 14% | 421 176 | 86% | 285 300 | 22 930 | 8% | 4% | 456 800 | 142 824 | 31% | 8% | 29% | 347 176 | 71% | |
| 4. Training, TA, Studies and Workshops | 1 885 000 | 677 616 | 36% | 1 207 384 | 64% | 545 225 | 186 906 | 34% | 36% | 1 053 500 | 719 777 | 68% | 40% | 38% | 1 165 224 | 62% | |
| 5. Operations and Maintenance | 500 000 | 207 012 | 41% | 292 988 | 59% | 151 765 | 63 084 | 42% | 12% | 284 487 | 196 393 | 69% | 11% | 39% | 303 607 | 61% | |
| 6. Salaries and Allowances | 460 000 | 169 813 | 37% | 290 187 | 63% | 134 600 | 42 209 | 31% | 8% | 230 550 | 188 202 | 82% | 11% | 41% | 271 798 | 59% | |
| Unallocated | 512 000 | | 0% | 512 000 | 100% | | | | | | | | | | 512 000 | 100% | |
| Transtec Management Fees | 383 400 | 129 400 | 34% | 254 000 | 66% | | 17 930 | | 3% | 275 845 | 129 400 | | 7% | 34% | 254 000 | 66% | |
| TOTAL | 5 658 400 | 3 998 195 | 71% | 1 660 205 | 29% | 2 243 922 | 519 378 | 23% | 100% | 4 058 795 | 1 784 497 | 44% | 100% | 32% | 3 873 903 | 68% | |

Table 3C: Financial Performance against AWPB Targets by Component/Category

| Component | 2010-2011 | | | | 2011 - 2012 (to 28/2/12) | | | | Total Programme | | | |
|-----------------------------------------------------------|------------------|----------------|--------------|-------------|--------------------------|----------------|--------------|-------------|------------------|------------------|--------------|-------------|
| | Planned | Actual | % of planned | % of actual | Planned | Actual | % of planned | % of actual | Planned | Actual | % of planned | % of actual |
| Component 1: Livestock and Agriculture Development | | | | | | | | | | | | |
| 1. Civil Works | 34 500 | 5 415 | 16% | 1% | 74 800 | 0 | 0% | 0% | 109 300 | 5 415 | 5% | 0% |
| 2. Vehicles, Equipment and Materials | 129 500 | 13 296 | 10% | 1% | 282 100 | 0 | 0% | 0% | 411 600 | 13 296 | 3% | 1% |
| 3. Capital for Revolving Fund | 157 000 | 110 915 | 71% | 12% | 288 000 | 22 720 | 8% | 0% | 445 000 | 133 635 | 30% | 8% |
| 4. Training, TA, Studies and Workshops | 70 370 | 26 386 | 37% | 3% | 130 440 | 41 820 | 32% | 11% | 200 810 | 68 206 | 34% | 4% |
| 5. Operations and Maintenance | 10 200 | | 0% | 0% | 26 650 | 5 356 | 20% | 0% | 36 850 | 5 356 | 15% | 0% |
| 6. Salaries and Allowances | 4 950 | | 0% | 0% | 27 900 | 0 | 0% | 0% | 32 850 | 0 | 0% | 0% |
| Subtotal | 406 520 | 156 012 | 38% | 17% | 829 890 | 69 896 | 8% | 11% | 1 236 410 | 225 908 | 18% | 14% |
| Component 2: Access to Water and Sanitation | | | | | | | | | | | | |
| 1. Civil Works | 292 130 | 86 024 | 29% | 9% | 652 150 | 104 875 | 16% | 18% | 944 280 | 190 899 | 20% | 12% |
| 2. Vehicles, Equipment and Materials | 23 100 | | 0% | 0% | 40 000 | 43 650 | 109% | 9% | 63 100 | 43 650 | 69% | 3% |
| 4. Training, TA, Studies and Workshops | 28 300 | 5 040 | 18% | 1% | 48 700 | 10 000 | 21% | 2% | 77 000 | 15 040 | 20% | 1% |
| 5. Operations and Maintenance | 5 600 | | 0% | 0% | 0 | 0 | 0% | 0% | 5 600 | 0 | 0% | 0% |
| Subtotal | 349 130 | 91 064 | 26% | 10% | 740 850 | 158 525 | 21% | 29% | 1 089 980 | 249 589 | 23% | 15% |
| Component 3: Access to Rural Health Services | | | | | | | | | | | | |
| 1. Civil Works | 12 000 | | 0% | 0% | 95 000 | 11 089 | 12% | 4% | 107 000 | 11 089 | 10% | 1% |
| 2. Vehicles, Equipment and Materials | 39 800 | 6 905 | 17% | 1% | 94 323 | 1 909 | 2% | 0% | 134 123 | 8 814 | 7% | 1% |
| 3. Capital for Revolving Fund | 14 500 | 8 979 | 62% | 1% | 14 300 | 210 | 1% | 0% | 28 800 | 9 189 | 32% | 1% |
| 4. Training, TA, Studies and Workshops | 54 125 | 51 698 | 96% | 5% | 61 625 | 17 076 | 28% | 4% | 115 750 | 75 974 | 66% | 5% |
| 5. Operations and Maintenance | 3 900 | | 0% | 0% | 4 040 | 0 | 0% | 0% | 7 940 | 0 | 0% | 0% |
| Subtotal | 124 325 | 67 582 | 54% | 7% | 269 288 | 30 284 | 11% | 8% | 393 613 | 105 066 | 27% | 6% |
| Component 4: Prog. Management and Coordination | | | | | | | | | | | | |
| 2. Vehicles, Equipment and Materials | 117 700 | 104 109 | 88% | 11% | 73 500 | 24 797 | 34% | 6% | 191 200 | 134 739 | 70% | 8% |
| 4. Training, TA, Studies and Workshops | 339 930 | 314 279 | 92% | 33% | 288 700 | 115 010 | 40% | 28% | 628 630 | 546 963 | 87% | 33% |
| 5. Operations and Maintenance | 113 022 | 104 559 | 93% | 11% | 120 775 | 57 728 | 48% | 8% | 233 797 | 191 037 | 82% | 12% |
| 6. Salaries and Allowances | 91 000 | 95 924 | 105% | 10% | 106 700 | 42 209 | 40% | 9% | 197 700 | 188 202 | 95% | 11% |
| Subtotal | 661 652 | 618 871 | 94% | 66% | 589 675 | 239 744 | 41% | 50% | 1 251 327 | 1 060 941 | 85% | 64% |
| Gender Mainstreaming | | | | | | | | | | | | |
| 4. Training, TA, Studies and Workshops | 15 550 | 10 594 | 68% | 1% | 15 760 | 3 000 | 19% | 1% | 31 310 | 13 594 | 43% | 1% |
| Subtotal | 15 550 | 10 594 | 68% | 1% | 15 760 | 3 000 | 19% | 1% | 31 310 | 13 594 | 43% | 1% |
| Total Programme Budget | 1 557 177 | 944 123 | 61% | 100% | 2 445 463 | 501 448 | 21% | 100% | 4 260 336 | 1 655 097 | 39% | 100% |

Table 3D: Financial Performance against AWPB Targets by Component/Activity

| Component | 2010-2011 | | | | 2011-2012 | | | | Total Programme | | | |
|-----------------------------------------------------------------|------------------|----------------|--------------|-------------|------------------|----------------|--------------|-------------|------------------|------------------|--------------|-------------|
| | Planned | Actual | % of planned | % of actual | Planned | Actual | % of planned | % of actual | Planned | Actual | % of planned | % of actual |
| Component 1: Livestock and Agriculture Development | | | | | | | | | | | | |
| 1.1 Community-based animal health services | 127 450 | 800 | 1% | 0% | 157 000 | | 0% | 0% | 284 450 | 800 | 0% | 0% |
| 1.2 Crop and livestock integration | 221 870 | 128 833 | 58% | 14% | 624 650 | | 0% | 0% | 846 520 | 128 833 | 15% | 8% |
| 1.3 Contract farming | 7 100 | 2 000 | 28% | 0% | 17 100 | | 0% | 0% | 24 200 | 2 000 | 8% | 0% |
| 1.4 Community credit funds | 61 100 | 24 379 | 40% | 3% | 31 140 | | 0% | 0% | 92 240 | 24 379 | 26% | 1% |
| Subtotal | 417 520 | 156 012 | 37% | 17% | 829 890 | 69 896 | 8% | 14% | 1 247 410 | 225 908 | 18% | 14% |
| Component 2: Access to Water and Sanitation | | | | | | | | | | | | |
| 2.1 Watershed management | 162 450 | 53 139 | 33% | 6% | 334 370 | | 0% | 0% | 496 820 | 53 139 | 11% | 3% |
| 2.2 Water points | 142 580 | 37 926 | 27% | 4% | 352 400 | | 0% | 0% | 494 980 | 37 926 | 8% | 2% |
| 2.3 Pit latrines | 27 500 | 0 | 0% | 0% | 54 080 | | 0% | 0% | 81 580 | 0 | 0% | 0% |
| Subtotal | 332 530 | 91 065 | 27% | 10% | 740 850 | 158 525 | 21% | 32% | 1 073 380 | 249 590 | 23% | 15% |
| Component 3: Access to Rural Health Services | | | | | | | | | | | | |
| 3.1 Improved MCH care and feeding practices | 62 625 | 16 812 | 27% | 2% | 205 648 | | 0% | 0% | 268 273 | 16 812 | 6% | 1% |
| 3.2 Increased capacity of health workers and health authorities | 43 300 | 41 791 | 97% | 4% | 45 300 | | 0% | 0% | 88 600 | 41 791 | 47% | 3% |
| 3.3 Drug revolving funds | 18 400 | 8 979 | 49% | 1% | 18 340 | | 0% | 0% | 36 740 | 8 979 | 24% | 1% |
| Subtotal | 124 325 | 67 582 | 54% | 7% | 269 288 | 30 284 | 11% | 6% | 393 613 | 105 066 | 27% | 6% |
| Component 4: Programme Management and Coordination | | | | | | | | | | | | |
| 4.1 Participatory planning and M&E | 219 450 | 208 261 | 95% | 22% | 162 300 | | 0% | 0% | 381 750 | 208 261 | 55% | 13% |
| 4.2 Programme coordination | 442 202 | 410 610 | 93% | 43% | 427 375 | | 0% | 0% | 869 577 | 410 610 | 47% | 25% |
| Subtotal | 661 652 | 618 871 | 94% | 66% | 589 675 | 239 744 | 41% | 48% | 1 251 327 | 1 060 940 | 85% | 64% |
| Gender Mainstreaming | 15 550 | 10 594 | 68% | 1% | 15 760 | 3 000 | 19% | 1% | 31 310 | 13 594 | 43% | 1% |
| Total Programme Budget | 1 551 577 | 944 124 | 61% | 100% | 2 445 463 | 501 448 | 21% | 100% | 4 254 736 | 1 655 097 | 39% | 100% |

Appendix 4: Compliance with Financing Agreement Covenants: Status of Implementation

| Article/ Section | Covenant | Target/Action Due Date | Compliance Status/Date | Remarks |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|---------|
| Section 2.1 | <i>The services.</i> The service provider shall: (a) Implement the programme with due diligence and efficiency in accordance with the agreement and each Workplan and budget approved by the Fund; (b) Apply such administrative procedures as provided in the agreement and further detailed instructions provided by IFAD from time to time; and (c) Properly account for all proceeds received and the utilisation thereof. | Continuous | Complied with as of 31 January 2011 | |
| Section 3.01 | <i>Work plans and Budgets.</i> The service provider shall: (a) on the date of the entry into force of the agreement submit to the Fund a draft work plan and budget (WPB) covering all programme activities to be carried out in the inception phase; and (b) no later than 1 August 2010 and no later than 15 July in each subsequent Programme year submit to the Fund a draft WPB covering all Program activities to be carried out in the subsequent Program Year or the final phase as the case may be. | Continuous | Complied with on time | |
| Section 4.4 | <i>Performance Security.</i> The service provider shall maintain, all times during the Programme Implementation Period and until the submission to the Fund of the last required Audit Report , a Performance Security in a form acceptable to the Fund in the amount of two hundred thousand Euros (euro 200,000) | Continuous | Complied with on time | |
| Section 5.1 | <i>Program Account.</i> The service provider shall : (a) open and thereafter maintain in a bank acceptable to the Fund, a current account denominated in US dollars for Program operations (the "Program Account") ; (b) and provide the Fund with the details of such account using the Bank Account Certification Form (schedule 1 of the Agreement) | Continuous | Complied with | |
| Section 5.5 | <i>Use of Programme Account.</i> The service provider uses the amounts in the Programme Account only for the implementation of the Programme. Any interest accrued on the amounts in the Programme shall be used only for the purposes of the Programme. | Continuous | Complied with | |
| Section 5.7 | <i>Financial transactions and financial Statements.</i> All financial transactions relating to the Programme Account shall be recorded by the Service Provider ledger account established for the Programme. The Service Provider shall prepare consolidated financial statements for the Programme for each calendar year and deliver such financial statements to the Fund within 3 months of the end of each such year. | Continuous | Complied with | |

| Article/ Section | Covenant | Target/Action Due Date | Compliance Status/Date | Remarks |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Section 5.8 | <i>Appointment of Auditors.</i> Within (90) days of the date of entry into force the agreement, the Service Provider shall appoint, with the prior approval of the Fund, independent auditors to audit the financial statements relating to the programme for the first calendar year. Thereafter, as soon as practical but in no event later than (90) days after the beginning of each calendar year, the Service Provider, with the prior approval of the Fund, shall confirm such auditor's appointment or so appoint new independent auditors for such calendar year. | 31 March | Complied with | |
| Section 5.9 | <i>Auditing and submission of Audit report.</i> The service provider shall: (a) Submit to the Fund for no objection the ToRs of the audit (b) Submit to the Fund by 31 March of the subsequent year the audited financial statements and the auditors management letter (c) Submit to the Fund the reply to the auditor's management letter within two (2) months of receipt thereof. | 30 May 2010 31 March 2011, 2012, 2013, 2013 Variable | Complied with for the inception phase Complied with for programme year 2011-2012 Complied with for Programme year 2010-2011. Not yet due for 2011-2012 | |
| Section 6.1 | Procurement of goods and services for the Program shall be carried out by the Service Provider in conformity with the provisions of the Fund's Procurement Guidelines (the "Procurement Guidelines ") , as such as amended from time to time by the Fund's Executive Board | Continuous | Complied with | |
| Section 6.2 | <i>Prior approval by the Fund for Procurement.</i> Prior approval by the Fund is required for: (i) recruitment and employment contract amendments in respect of any of the key personnel of the Programme; (ii) subcontracting and subcontract amendment in respect of any subcontractors; (ii) any contract of goods and services with a total value of more than twenty US dollars (USD 20,000) | Continuous | Complied with | |
| Section 6.5 | <i>Ownership of logistics.</i> Ownership titles of vehicles, equipment and other property procured under the Programme (" the Programme Property") shall be vested in the Service Provider or another owner acceptable to the Fund for the duration of the Programme. | Continuous | Complied with | |

| Article/ Section | Covenant | Target/Action Due Date | Compliance Status/Date | Remarks |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------|---------|
| Section 7.1 | <i>Insurance.</i> The Service Provider shall arrange appropriate insurance for individual consultants, equipment and supplies used for the Programme, as may be specified in the Programme description and implementation arrangements. | Continuous | Complied with | |
| Sections 9.1 & 9.2 | <i>Reporting.</i> The Service Provider shall submit to the Fund: (i) Every three (3) months narrative reports to the Fund in the form prescribed by the Fund, setting out the implementation progress of the Programme Each such Quarterly Report shall include an interim Statement of Expenditures covering the three month period. (ii) No later after forty-five (45) days after the end of each calendar a comprehensive annual report on the Programme, in the form prescribed by the Fund, together with a final statement of Expenditures for such Program Year. | Quarterly Annually | Complied with Complied with | |
| Section 11.7 | <i>Resident Programme Manager.</i> The Service Provider shall ensure at all times during the Programme Implementation Period, a full time employed a resident programme manager acceptable to the Fund to be in charge of the Services. | Continuous | Complied with. | . |
| Section 11.8 | <i>Transfer of Funds.</i> Prior to any making any requests for transfers to the Programme Account or requests for payment of Management Fee , the Service Provider shall provide to the Fund a certificate, in the format set forth in Schedule 4 of the Agreement , evidencing authority of person or persons authorized to sign such applications and the authenticated specimen signature of each person. | With first withdrawal application | Complied with. | |

Appendix 5: Physical progress measured against AWP & B and appraisal targets

Table 1: Physical Progress by Component

| Output Indicator | Unit | Appr. Target | Revised Target | PY1 Oct 2010-Sep 2011 | | PY 2 Oct 2011-Sept 2012 | | Cumulative | |
|---------------------------------------|------|--------------|----------------|--------------------------|--------------|----------------------------|---------------------------|------------------|---------------------|
| | | | | Target | Achieved. | Target | Achieved 31 March 2012 | As of March 2012 | % of revised Target |
| TARGETING | | | | | | | | | |
| Participating district | No | 9 | 9 | 9 | 9 (100%) | 9 | 9 (100%) | 9 | 100% |
| Participating communities (1) | No | 120 | 120 | 100 | 85 (85%) | +35 | 17 (50%) | 102 | 85% |
| Benefiting HHs | No | 40 000 | 40 000 | 33 300 | 29 215 | +10 885 | 5 843 (54%) | 35058 | 88% |
| LIVESTOCK & AGR | | | | | | | | | |
| Animal Health | | | | | | | | | |
| Phase 1 CAHWs retrained (2) | No | 30 | 30 | 30 | 0 | 30 | 0 | 0 | 0 |
| New CAHWs trained (2) | No | 30 | 30 | 15 | 0 | 30 | 0 | 0 | 0 |
| District veterinary assistant trained | No | 9 | 15 | 10 | 0 | 10 | 15 (150%) | 15 | 100% |
| Animal health posts established | No | | - | - | - | 4 | 0 | 0 | 0 |
| Crop & Livestock Integration | | | | | | | | | |
| MoA district ext. officers trained | No | 9 | 9 | 9 | 9 (100%) | NA | NA | 9 | 100% |
| CAW trained and equipped | No | 40 | 40 | 30 | 30 (100%) | +10 | 10 (100%) | 40 | 100% |
| Irrigated demonstration plots | No | 50 | 25 | 10 | 10(100%) | 10 | 0 | 10 | 40% |
| Rainfed demonstration plots | No | 100 | 50 | 20 | 20 (100%) | 20 | 0 | 20 | 40% |
| Farmer field schools (3) | No | 6 | 6 | 1 | 0 | 2 | 0 | 0 | 0 |
| Farmer field days | No | DD | 8 | 2 | 0 | 2 | 3 (15%) | 3 | NA |
| Community seed banks (4) | No | 40 | 40 | 10 | 0 | 20 | 10 | 10 | 25% |
| Contract Farming | | | | | | | | | |
| Farmer trained – irriga. fodder (5) | No | 40 | 40 | 30 | 10 (33%) | +10 | 0 | 10 | 25% |
| Contracted feedlot operations | No | 15 | 15 | 2 | 0 | 6 | 0 | 0 | 0 |
| Community Credit Funds | | | | | | | | | |
| Credit for tractor services (6) | hour | 10 000 | 10 000 | 3 000 | 3 000 (100%) | 4 000 | 0 | 3 000 | 33% |
| Credit for to oxen (7) | oxen | 300 | 300 | 100 | 100 (100) | 100 | | 100 | 33% |
| Women's saving/ credit groups | No | 40 | 50 | 14 | 11 (79%) | 29 | 10 (34%) | 21 | 42% |
| ACCESS TO WATER AND SANITATION | | | | | | | | | |
| Watershed management | | | | | | | | | |
| SWC work | ha | 24 000 | 24 000 | 6 000 | 8 000 (133%) | 6 000 | 8 000 (133%) | 16 000 | 67% |
| Watersheds to be protected (8) | No | 16 | 16 | 4 | 2 (50%) | 4 | 2 (50%) | 4 | 25% |
| Contour banks constructed | km | 280 | 280 | 70 | 5 (7%) | 70 | 26 (37%) | 31 | 11% |
| Gabion and stone check dams | M3 | 960 | 960 | 240 | 137(14%) | 240 | 0 | 137 | 14% |
| Water points | | | | | | | | | |
| Balley rehab/construction (9) | No | 20 | 20 | 7 | 2 (30%) | 7 | 4 (60%) | 6 | 30% |
| Shallow wells (10) | No | 20 | 20 | 5 | 3 (60%) | 6 | 0 | 3 | 15% |
| Boreholes (11) | No | 3 | 3 | 1 | 0 | 3 | 0 | 0 | 0 |
| Sand storage dams (12) | No | 10 | 10 | 2 | 2 (100%) | 4 | 2 (50%) | 4 | 40% |

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| | | | | | | | | | |
|------------------------------------|-----|-------|------------|-------|------------|-------|-----------|--------------|-------------|
| Latrines and sanitation | | | | | | | | | |
| Benefiting villages | No | | | | | | | | |
| Latrines (13) | No | 480 | 480 | 180 | 85 (47%) | 180 | 18 (10%) | 103 | 21% |
| CHAST/ PHAST | HH | 40000 | 40000 | 11000 | 8709 (79%) | 10000 | 0 | 8 709 | 22% |
| ACCESS TO HEALTH | | | | | | | | | |
| Improved health nutrition | | | | | | | | | |
| MCH centers rehabilitated (14) | No | 3 | 3 | 2 | 2 (100%) | +1 | 0 | 2 | 67 % |
| Health posts established (14) | No | 10 | 10 | 0 | - | 10 | 0 | 0 | 0 |
| New TBAs trained and equipped | No | 40 | 40 | 30 | 30 (100%) | +15 | 0 | 30 | 75% |
| Existing TBAs retrained | | 40 | 40 | 40 | 40 (100%) | - | - | 40 | 100% |
| Imam trained on dangers of FGC | No | 40 | 120 | 30 | 0 | 30 | 26 (78%) | 26 | 22% |
| Community health workers | | | | | | | | | |
| CHWs trained | No | 40 | 40 | 30 | 28 (93%) | +12 | 0 | 28 | 70% |
| Drug revolving funds (DRFs) | | | | | | | | | |
| For HPs and MCH centers | USD | 15400 | 15400 | 9300 | 9510(102%) | 5890 | | 9510 | 62% |
| For referral hospitals | USD | 5200 | 5200 | 5500 | 0 | 5200 | 0 | 0 | 0 |
| COORDINATION & MANAGT. | | | | | | | | | |
| Participatory planning | | | | | | | | | |
| VDCs established | No | 120 | 120 | 100 | 100 (100%) | 20 | 11(55%) | 111 | 93% |
| CSAPs prepared and approved | No | 120 | 120 | 100 | 85 (85%) | 35 | 11 (31%) | 96 | 80% |
| Communities trained in gender | No | 120 | 120 | 70 | 70 (100%) | 50 | 32 (64%) | 102 | 85% |
| Women members in VDCs | No | 30 | 30 | 30 | 30 (100%) | 30 | 60 (200%) | 90 | 300% |
| Women/men trained in literacy (15) | No | DD | DD | DD | 400 | DD | 100 | | NA |

Notes:

1. The next outreach to additional communities is scheduled for the 3rd quarter of 2012.
2. Training deferred to 2nd quarter 2012; following training of Veterinary Assistants.
3. To be executed by FAO; Aburin research station (MoA) organised as training venue.
4. Seed in store at Gabiley and Borama as stock for seed banks for distribution as starter packs with seed repayments.
5. 10 sites for on-farm irrigated forage demonstration plots confirmed.
6. Tractor services to start at beginning of cropping season (May).
7. Oxen to be distributed at beginning of cropping season (May).
8. 4 sites confirmed, communities and MoA and TA mobilized, works started on Qalooc watershed in December; and on Taysa-Aburin watershed in March.
9. 2 balleys scheduled for completion in early April to achieve 133% of work plan target. The BoQ for an additional balley has been prepared but rehabilitation will not commence until July when moist clay will be available as the embankment will need compacting.
10. BoQs for 5 new wells are prepared and work will start in April when soil moisture conditions are favourable for digging. 5 existing wells will be raised at Dhubato when the 2 sand storage dams are completed.
11. Geophysical surveys completed at Odweyne, Wadamakahil and Dilla, and underway at Zeila. Results will be available in April and contracts for installation awarded in June.
12. An additional 2 sand storage dams are currently under construction and will be completed by mid-April to achieve 100% of work plan target.
13. An additional 35 pit latrines are currently under construction and will be completed by May.
14. Civil work for health posts and MCHs is scheduled to begin in May. Sites and type of health facility have been agreed with MoH within its strategic plan. Works will be completed to targets by September 2012.
15. Women's groups have volunteered to include men that want to participate in literacy.

Appendix 6: Audit Log

1. Summary Audit Table

Audit: March 2010 – 30 September 2011

| Financial Year | Audit Observations as per Audit Report | | Audit Observations Settled | | Audit Observations Outstanding | |
|---------------------|----------------------------------------|-------------|----------------------------|-------------|--------------------------------|-------------|
| | Numbers | Value (BDT) | Numbers | Value (BDT) | Numbers | Value (BDT) |
| Mar 2010 – Sep 2010 | 1-12 | | 8-12 | | 1-7 | |
| Oct 2010 – Sep 2011 | 13-14 | | 14 | | 13 | |
| Total : | 14 | | 6 | | 8 | |

2. Detailed Audit Table

| Sl. No. | Fin. Year | Risk: Low/ Med/ High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/ outstanding (USD) | Remarks |
|---------|-------------------------|----------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------------------------|
| 1 | March 2010 – Sept. 2010 | Low | | <p>Treasury Cycle – payment voucher – sign off by beneficiary. Payments to suppliers and employees are performed by cheque. For each payment, a payment voucher is prepared by the Programme Financial Officer that is approved by the Program Coordinator and countersigned by the beneficiary (signature or fingerprint). As the Program Financial Officer hands the cheque to the beneficiary, he is responsible for verifying that the beneficiary is entitled to receive the cheque. In the absence of a list of signatures for the main beneficiaries an ex-post identification of the beneficiary is not possible. We recommend that the PFO issues a signature list of the employees and main recurring suppliers. This list should be communicated to the Programme Administrator so that he/she can validate that the cheque was received by the proper supplier/employee</p> | | <p>Management comment Inception Phase. Transtec agrees that this can be done for the staff of the programme. However for the suppliers this is not practical since suppliers have different employees who may receive cheques and to obtain a specimen signature of all these people, and to maintain the list up to date, will prove to be difficult.</p> <p>Management comment Year 1: For beneficiaries identification this is done through countersignature on the payment voucher on receipt of the cheque. In the case of suppliers this is enforced with the usual business practice of the supplier's official stamp and/or separate official receipt of payment. In the case of employees, specimen signatures are contained in their contracts.</p> | Improved | | Repeat Observation – Year 1 action plan not implemented |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------|
| 2 | March 2010 – Sept. 2010 | Low | | Treasury Cycle – interest income on Programme Account. We understand that the Programme Accounts (USD and EUR) do not generate interest income. We suggest renegotiating the terms and conditions of the Programme Account so that interest income is received on the cash balances. | | <p>Management comment Inception Phase. Transtec will ask IFAD if an interest-bearing account may be opened to hold the unspent programme funds. Should such agreement be obtained a deposit account can be opened for the programme.</p> <p>Management Comment Year 1: Accounts in currencies in the bank in Brussels other than EUR cannot grant any interest revenue.</p> | Improved | | Repeat Observation |

| Sl. No. | Fin. Year | Risk: Low/ Med/ High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/ outstanding (USD) | Remarks |
|---------|-------------------------|----------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | March 2010 – Sept. 2010 | Medium | | Finance & Accounting – comparison budget to actual expenditure. The pro forma special purpose financial statements prepared by Transtec contain a comparison of budgeted and actual expenses for the inception period and indicate a variance on category level. The risks late identification of budget overruns. We suggest a regular actual to budget analysis documented by means of a memo explaining the main variances. | | Management comment Inception Phase. Budget overruns are permitted up to a limit of 10% on any one budget line, provided that the global budget is not exceeded. Reports exist within the Access software that allow for the historical monitoring of budget consumption. It will be recommended to analyse these reports at least on a weekly basis. Furthermore, the implementation of purchase orders within the procedures where the budget line is clearly identified will allow for a more accurate planning of budget consumption. Management comment Year 1: We confirm that the staff were closely following budget line expenditures on a monthly basis. It is to be agreed once and for all that the limit of 10% is only on Grant category, not individual budget lines. | Not fully implemented | | Repeat Observation – The actual versus budget analysis is performed quarterly but not on weekly basis as indicated by management in the previous year. |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | March 2010 – Sept. 2010 | Low | | <p>IT General Controls – accounting software. Transtec developed an Access-based tool to record the following transactions:</p> <ul style="list-style-type: none"> - All funds received from IFAD; - Transfers between accounts; - Expenditures made; - Advances received or paid; <p>The tool is composed of 2 databases that are stored on a shared server location and protected by password. We understand that there is 1 password that enables to access the 'bookkeeping' module (in order to record transactions) and 1 password to access the other menus. There is risk as the set-up of the database is not user-based as passwords are shared therefore users that record data cannot be identified (no logging of physical access to the database). We recommend that it would be investigated if a log file of the access to the database can be generated in order to validate the physical access to the database. In addition, we recommend that a procedure is put in place ensuring regular change of passwords.</p> | | <p>Management comment Inception Phase. Transtec will investigate the feasibility of these recommendations and will apply them if possible.</p> <p>Management comment Year 1: Since this is feasible as per consultations with the IT Financial Expert, we confirm the password will be changed on a periodical basis ideally quarterly. Current IT system does not allow generating individual user code. There is only one user and no one else has access. The user does not have access to close the month, nor to the transaction of previous months already closed. The user has no access to make changes at several levels. Any such changes require a specific administrator password that only the project manager has.</p> | Not fully implemented | | <p>Repeat Observation: Feasibility has been analysed by Transtec. However, current IT system does not allow to generate an individual access code per user. It is recommended to change the general password on a periodical basis.</p> |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | March 2010 – Sept. 2010 | Low | | Finance & Accounting – timely accounting for expenditures. In principle expenditures are account for on cash basis. We observe that the 'document date' of the accounting entries is not always accurate. Example: wages of September 2010 were paid out on Sept. 30 th but account for with 'document date' Sept 1 st . There is a risk of incorrect cut-off at period end. The risk is limited taking into account that Program Administrator verifies all cash transactions are accounted for in the corresponding month. Application of cash-based accounting requires that expenditures are accounted for on transaction date. Increased attention is recommended for the timely registration of the cash transactions in Access. | 7 917 | Management comment Inception Phase. Transtec accepts this is a valid comment and will be more attentive in the future to the correct dating of the transactions. Management comment Year 1: Unfortunately Transtec cannot check this due to remote management but will ask the project financial officer to be more attentive while introducing the dates and stress on the fact that only dates showing on the bank statements should be entered in the local account. | Not fully implemented | | Repeat Observation: Specific attention has been given to align date of payment with the date entered in the accounting record. The account date is based on the date of the bank statements of Omaar banking company. However when the dates are compared to the date of the payment voucher we observe for a number of transaction differences. However, as the programme administrated has no access to the payment vouchers, the bank statements date is the only point of reference for review. A cash payment dated October 2010 of USD 7,916.66 was included in the Programme Financial statements as per September 30, 2010. In application of the cash based accounting principle, this transaction should have been accounted for in the reporting period ending September 30, 2011. |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | March 2010 – Sept. 2010 | Medium | | <p>Finance & Accounting – allocation of costs to IFAD categories. Our sample based test on the allocation of expenses to budget lines indicates that the following expenses were not consistently allocated to the same category:</p> <ul style="list-style-type: none"> - Rental fees for cars: allocated to the Category 2: Vehicles, equipment and materials, and to Category 5: Operations and maintenance. An amount of EUR 350 was allocated to Category 5 whereas it should have been allocated to Category 2. - Wages of the M&E expert: allocated to Category 5: Operations and Maintenance in June 2010 (USD 2 500) whereas allocated to the Category 4: Training, Technical Assistance, Studies and Workshops in other periods. <p>There is a risk of incorrect allocation of expenses to budget lines of IFAD categories.</p> <p>We recommend that internal controls focused on ensuring a consistent allocation of expenses are fine-tuned. We recommend the identification of the budget line when the purchase order is created (subject to approval by the Program Coordinator)</p> | | <p>Management comment Inception Phase. During the inception period the budget was revised many times at the request of the client. The expenses were introduced at the moment they were incurred in the budget line applicable at that time, which may have subsequently changed due to reallocations between the budget lines. For the future, as the budget has been approved by IFAD such discrepancies should be minimal and Transtec will pay more attention to the correct coding of expenses. The recommendation to indicate the budget line on the purchase order is to be implemented in the procurement procedures.</p> <p>Management comment Year 1: Since Transtec doesn't have access to PO, it can't check introduction of budget lines but will make sure to remind the staff of the need and importance to do so. The budget line reallocation is due to the fact that TT is keen to maintain correct records.</p> | Not fully implemented | | <p>Repeat Observation. We understand that it was communicated to the local staff that the budget line needs to be entered on the PO or payment vouchers. During our sample testing it was evidenced that the request was not applied consequently. We recommend to remind the correct application of the procedures to the team members. As of October 2010, the salaries of the guards are allocated to Category 4: Training, Technical Assistance, Studies and Workshops, whereas they were allocated to Category 5: Operations and Maintenance in the inception period. IFAD does not have a limit of 10% overrun on any budget line. The 10% may be used as an internal check level. The limit of 10% is on the total category expenditure before a request to IFAD for reallocation is needed.</p> |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7 | March 2010 – Sept. 2010 | Medium | | Treasury Cycle – execution of bank transfer. Bank transfers from the Programme Account (EUR and USD accounts) are subject to the Transtec 'representation et pouvoirs de signature' procedure. In practice the bank transfer is performed by means of electronic payment using the ISABEL banking software. The ISABEL software enables a 'segregation of duties' – principally through use of password protected ISABEL cards with segregated authorities. In practice, the electronic authorisation is not separated from the preparation of the payment run because the Treasury Administrator holds the ISABEL cards and performs both duties. The risk is the absence of segregation of duties when executing electronic bank transfers. We recommend to fine-tune internal procedures so that electronic payments are performed in application of the segregation of duties principle. | | Management comment Inception Phase. The Transtec Treasury Office never makes payments using the ISABEL software with first obtaining the authorisation of the General Director or Managing Director of Transtec. The principle of internal delegation of authority will be strictly applied. Management comment Year 1: No comments! | Not fully implemented | | Repeat Observation. The treasury administrated still holds both ISABEL cards but we understand that the necessary approvals are requested before performing the actual payments (sign off of the paper version of the payment request). Our sample testing of the approval of this paper version of the payment requests for the Year 1 period did not reveal any remarks. |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8 | March 2010 – Sept. 2010 | Low | | <p>Purchase Cycle – written procedures. Procedures for monitoring the purchases for the NWICDP Phase II programme exist but are not formalised. Transtec has no written procedure that clearly identifies for the NWICDP II programme:</p> <ul style="list-style-type: none"> - The employees involved; - The roles and responsibilities of the employees involved - The flow of documents and templates used or required - The internal key controls performed - <p>Absence of written procedures could result in tasks or responsibilities that are not clearly understood by all employees involved. Taking into account the importance of the purchase cycle (further increased in next years) and that the flow of transactions is unique for each programme, we recommend that a written procedure is issued, tailored to the specific programme, and communicated to all employees involved.</p> <p>66.</p> | | <p>Management comment Inception Phase. The PIM has been finalised and present to IFAD in Jan 2011 for their agreement on the procedures therein. The PIM includes a section on the Procurement Procedures which have to be applied in conjunction with the prescribed procedures of IFAD. Nonetheless Transtec will ask the Programme Coordinator to write a short document detailing the steps in the procurement process and who is responsible for each task.</p> <p>Management comment Year 1: No comment.</p> | Fully implemented. | | A procurement process note has been issued by the Project Coordinator which identifies the different steps of the procurement process (purchase request, issue, check availability of funds, evaluation quotations) and the responsible staff member assigned. A PIM has been issued. |
| 9 | March 2010 – Sept. 2010 | Low | | <p>Purchase Cycle – use of purchase orders. Our sample test on the eligibility of expenditures revealed that purchase orders (PO) are used for a limited number of expenditures. For instance, no PO is issued for the following expenditures:</p> <ul style="list-style-type: none"> - Training costs (EUR 1 967) - Per diem for workshop participants (EUR 5 590) - Premises renovation (EUR 2 500) <p>Risks of non-authorized purchase commitments is present. This risk is however limited since all expenses are subject to ex-post approval at payment. Notwithstanding the observation that the concerned expenses were properly approved at payment date, we recommend to install a procedure ensuring the use of pre-numbered purchase orders that are subject to ex-ante formal authorisation.</p> | | Purchase orders are used for all transactions except where there are signed contracts. In the case of per diems, they are paid in arrears calculated from the approved employee timesheet or working/training course attendance records in lieu of purchase orders; when there is a lack of PO, it means it is per diem associated with training or there has been a cost against a firm verifiable written quotation. | Fully implemented | | For the establishment of a PO a threshold level of USD 500 has been set. However, taken into account the specifics of a number of costs, no PO is issued, even though the cost is above the threshold level. Examples are per diems for seminars, fuel... |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | March 2010 – Sept. 2010 | Low | | Finance & Accounting – formalization of internal controls performed by the Finance Officer. The Program Financial Officer accounts for the transactions in an Access database. At the end of each month, the Access database file is sent to the Programme Administrator for independent review. The Programme Administrator performs a number of controls (reconciliation of opening and closing balances, eligibility of expenses, allocation of expenses to budget lines) and closes the Access accounting period and send the Access database back to the Program Financial Officer. There is no audit trail that evidences the controls performed by the Programme Administrator during the inception period. According to Transtec this is due to the fact that the inception period is a period of start-up and internal control procedures were not yet fully developed. There is an absence of proof that internal controls have been performed during inception phase. Risk is considered limited since eligibility of expenses has alternatively been tested by the local external accounting firm. As of Jan. 2011 a dedicated standard document ('Checklist for managing the caisse locale of a programme') is in use evidencing the internal controls that are performed. The checklist is to be completed and signed by the Programme Administrator and countersigned by the Programme Director and the Executive Director. We recommend that the checklist is completed on a monthly basis and that the accounting period is not closed (and the Access database is not sent back to the PFO) until all 3 signatures are available. | | The closure of the accounts at the end of each month is only done after the Programme Director has performed the necessary checks on the contents of the accounts. As indicated, these checks have now been formalised as from January 2011 in the form of the Checklist. The Access database will not be sent back to the PFO without the accounts having been duly signed by the respective parties. Management comment Year 1: No comment! | Fully Implemented | | We have tested the existence and sign-off of the checklist for managing the caisse locale of the programme and not remarks need to be formulated. |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | March 2010 – Sept. 2010 | Low | | Payroll Cycle – approval of timesheets. Employees complete a timesheet on a monthly basis. The timesheets are formally approved by the Programme Coordinator. There is however no formal approval of the timesheets of the Programme Coordinator. There is a risk that unauthorised services will be charged to the programme via timesheets. Transtec should issue a procedure that ensures independent review and approval of the timesheets of the Programme Coordinator (segregation of duties principle). The execution of the independent control should result in an audit trail. | | The client has indicated that the timesheets of the Programme Coordinator do not need to be formally approved. However following the recommendations of this audit, we will request the approval of these timesheets by the client. In the absence of a signature by the client we would propose that Transtec signs to confirm the accuracy of the timesheets (checks which are carried out in any case before the expert is paid his fees for the month). Management comment Year 1: Transtec will bring the lack of signature on certain timesheets to the team leader's attention; most probably he was absent in those days! This will be rectified and for the future he will be reminded to sign them upon his return to the office. It will be noted that the programme coordinators timesheets are signed by Transtec Project Manager Ms Rola Khalifeh | Fully Implemented | | The timesheets of Mr Harris are signed by Mohammed el Asaad, executive director of the Beirut officer. Mr El Asaad will however delegate this to the programme administrated in case of his absence. Time sheets need to be signed by three persons (expert, team leader and programme coordinator). In our sample testing of 20 timesheets, four were not signed by the team leader and one was not signed by the expert. However, all time sheets were approved by the programme coordinator. |

| Sl. No. | Fin. Year | Risk: Low/Med/High | Audit Ref. | Audit Observation | Total Amount per Obs. (USD) | Action taken by the programme /PMU | Present status (Auditors Validation Result) | Total amount not settled/outstanding (USD) | Remarks |
|---------|-------------------------|--------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------------|
| 12 | March 2010 – Sept. 2010 | Low | | Treasury Cycle – authorization of bank transfers. The Transtec 'representation et pouvoirs de signature' procedure identified the employees that the entitled to authorise bank transfers. Payment is performed by a Transtec Treasury Officer, using the ISABEL software. We observe that the initial advance payments to the Program Coordinator were paid by Transtec itself as no money was yet received from IFAD. For 2 months, these payments were authorised by the General Director of Transtec who is not formally included in the above mentioned policy. There is a risk of unauthorised payments/payments not compliant with Transtec delegation of authority. A strict application of internal delegation of authority seems appropriate. | | The Transtec Treasury Officer never makes payments using the ISABEL software without first obtaining the authorisation of the General Director or Managing Director of Transtec. The principle of internal delegation of authority will be strictly applied. | Fully Implemented | | Sample testing in 2011 did not reveal any remarks. |
| 13 | Oct 2010-Sep 2011 | | | The Year 1 financial statements contain USD 7 000 with regard to medical and funeral expenses for a deceased staff member. Transtec management will try to recover the expenditures incurred during the inception phase and Year 1. No revenues have been accounted for yet as the recovering process is still ongoing. | 7 000 | | | | |
| 14 | Oct 2010-Sep 2011 | Low | | Treasury Cycle – cash transactions related to tender procedure. When entering the tender process, a fixed fee of USD 20 has to be paid by the offering party. During the Year 1 period, USD 1,000 was received as a result of companies issuing a quotation. The revenue/receipt is not recorded in the Programme Account nor the expenses (USD 729) covered by the cash payments. We recommend to include these transaction in the Access database and the programme financial statements | 1 000 | Transtec consulted with IFAD about whether to record this income in the local account or consider it as petty cash; IFAD recommended treating the tender document fee as petty cash. Transtec will abide by IFAD's recommendations. | | | |
| | | Sub Total: | | | | | | | |

Appendix 7: Supervision Mission Schedule and Persons Met

Mission Schedule

| Date | Time | Itinerary |
|----------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 March 2012 | 19.30 | Arrival to Nairobi (Slama) |
| 23 and 24 March 2012 | | Security training in Nairobi & travel arrangements to Hargeisa |
| 25 March 2012 | 10:00 | Arrival to Hargeisa (Slama) |
| | 11: 00-17:00 | Review meeting with the (PCU) and finalization of Mission Programme |
| 26 March 2012 | 08:30- 17:30 | Field visits (Slama) to 3 villages in the district of Hargeisa in Mararoodi-Jeex Region- <u>Balli Ahmed village</u> : balley rehabilitation for drinking water, women saving and credit group, literacy training <u>Gadhka Warsame Xaad</u> : balley construction for drinking water, construction of latrines, TBAs training, TOT training on nutrition <u>Dhubato village</u> : construction of sand storage for aquifer recharge for irrigation and drinking water |
| 27 March | 09:00 | Arrival to Hargeisa (Thompson Coon and Williams) |
| | 08:30-17:30 | Field visits: (Slama) to 3 villages in the districts of Hargeisa and Faraweyne in Maaroodi-Jeex Region. <u>Xagal village</u> : Stabilization of river banks from erosion to protect 4 shallow wells for drinking water, construction of latrines <u>Aburin village</u> : rehabilitation of Aburin agriculture demonstration and farmers' training centre, construction of balley for supplementary irrigation of seed production <u>Faraweyne village</u> : rehabilitation of MCH Center, construction of a double balley and latrines. |
| 28 March 2012 | 09:30 -18:00 | Field Visits : (Slama, Thomspn Coon and Williams) to 1 village in Borama district in Awdal <u>Qalooc village</u> : on going on farm soil and water conservation work SWC work in a major watershed to increase the productivity of rainfed crops and introduce high value vegetables Overnight accommodation in Borama |
| 29 March 2012 | 7:30-18:00 | Field visits (Slama, Thompson Coon and Williams) to 5 villages in the districts of Borama, Zeila and Lughaya in Awdal Region: |

Halimale village: pilot irrigated fodder production and sheep ruminant fattening for scaling up through contract farming in the livestock commodity chain.

Weeraar village: balley rehabilitation for drinking water, drug revolving fund for a health post.

Fadhihun village: construction and equipment of protected shallow well, construction of latrines for household groups.

Fardolagu-hidh village: latrines construction, drug revolving fund for a health post.

Garisa village: establishment of a women saving and credit group, latrines construction.

Overnight accommodation in Borama

| | | |
|---------------|---------------|---------------------------------------------------------------------------------------------|
| 30 March 2012 | 09:00-12:00 | Return to Hargeisa |
| | 31 March 2012 | 09.00-17.00 Preparation of Aide -Memoire and discussion with PC and his deputy |
| 01 April 2012 | 09.00-16.00 | Report writing and thematic discussions with PCU |
| | | Field visit (Williams): visit to a sand storage dam under construction in Hargeisa district |
| 02 April 2012 | 14:00-16.30 | Wrap up meeting with PCU: discussion of A.M |
| 03 April 2012 | 09:00 - 10.30 | Ministry of Planning wrap- up meeting |
| | 11:00 | Departure to Nairobi and Rome |

Persons Met

NWICDP II-PCU

| | |
|------------------------|--------------------------------------|
| Noel Harris | Program Coordinator |
| Sulub A.Aman | Deputy Program Coordinator |
| Salah Hersi Hussein | Finance Officer |
| Yacine Mohamed Yussef | Assistant Finance officer |
| Ali Ahmed Olhaye | Assist. Regional coordinator (MJR) |
| Mohamed Jamaa Husein | Assistant Credit Officer (MJR) |
| Faiza Ibrahim Mohamed | Gender Officer |
| Abdirashid Osman | Civil Engineer |
| Safia H.Abubakar | M&E officer |
| Khadija mohamed | Assistant M&E |
| Saeed Yusuf .Kahin | Administrative Assistant |
| Asha Abdi Suldán | Health Officer (M/Jeex) |
| Abdikadir Musa Warsame | Assist. Regional Coordinator (Awdal) |
| Ahmed Yasin Hassan | Credit officer |
| Said Yusuf Hassan | Health Officer (Awdal) |

Ministries

Ministry of National Planning and Development

| | |
|--------------------------|------------------|
| Abderrashid Ahmed Guleid | Director General |
|--------------------------|------------------|

Ministry of Agriculture

| | |
|------------------------|-----------------------------|
| Abdilaahi Ismail Farah | Director General |
| Ibrahim Kahin | Director of Crop production |

Ministry of Mining, Energy and Water resources

| | |
|---------------------|-------------------------------|
| Yusuf Hassan Ismail | Regional coordinator (M/Jeex) |
| Seed Ahmed Jibril | Director General |
| Ahmed Dirir | Director of water department |

Other contacts

Somalia Agriculture Technical Group

| | |
|--------------|--------------------------|
| Hussein Haji | Executive Director, SATG |
|--------------|--------------------------|

SPASDRA (civil work contractor)

| | |
|----------------------|--------------------|
| Abdurrahman Mohamoud | Executive Director |
|----------------------|--------------------|

Target Communities

Baliahmed (Hargeisa district) -Pastoral community

| | |
|----------------------|-------------------------------------------|
| Abdi Muse Madar | Chairman, VDC |
| Ahmed Mohamed Geedi | Chairman, Livestock VDC Sub-Committee |
| Shamis Mohamed Madar | Chairwoman, women saving and Credit Group |
| Hindi Haji Mohamoud | Traditional birth attendant |

Gadhkawarsame Xaad (Hargeisa district)- Pastoral community

| | |
|--------------------|-------------------------------------------|
| Ali Hassan Abdi | Chairman, VDC |
| Abdi Osman Handule | secretary, VDC |
| Koos Mohamed Hayd | Chairwoman, women saving and Credit Group |
| Abdi Mohamed Jama | Literacy teacher |

Dhubato (Hargeisa district) - irrigated agriculture community

| | |
|------------------------|-------------------------------|
| Ismail Muhumed Ibrahim | Chairman, VDC |
| Khadar Abdellahi | Chairman, Water sub-Committee |

Xagal (Hargeisa district) – Pastoral community

Mohamoud sheikh Abdullahi Chairman, VDC

Anayo (Hargeisa district)- Irrigated agriculture community

Ibrahim Hussein VDC chairperson

Aburin (Faraweyne district) - Agro-pastoral community

Mohamed Hussein Technician, Aburin research Center

Faraweyne (Faraweyne district) - Pastoral community

Adelfatah Mohamed Jamaa Qualified nurse, MHC

Qalooc (Borama district)- Agro-pastoral community

Mohamed Hussein Egel Chairman, VDC

Hussein Dahir Secretary, VDC

Hawa Barkhad Kooshin member, VDC

Weeraar (Borama district) - Irrigated agriculture community

Ahmed Farah, Obsiye Community health worker

Haliima Dahir Ashur Secretary, VDC

Fadhihun (Lughaya district) - Pastoral community

Mohamed Aden Abdi Chairman, VDC

Cibaado Ahmed Traditional birth attendant

Abdullahi Omar Abdullahi literacy teacher

Geerisa (Zeila district)-Pastoral community

Khaire Dhayane Giire Chairman/ VDC

Muse Ahmed hami Secretary, VDC

Anab Egeh Tukale member, VDC

Scada Abdullahi Hassan member, Women Saving and credit group

Halimaale (Borama district)- Irrigated agriculture community

Saleeban Elmi Ammir Irrigation and livestock farmer (irrigated fodder)

Udaan (Gabiley district)- Irrigated agriculture community

Hassan Ibrahim Irrigated farmer

Attachment 1: Participating Communities

| Region/District | Village | Household | Population | Main Livelihood System |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Awdal Region | | | | |
| <i>Zeila district</i> | New (3) Daraya-dhere Habas Jidh Old –from phase I (6) Zeila Abdul-qadir Tokhoshi Gerisa Fardo-laguhidh Elgal | 250 430 600 500 250 583 416 250 250 | 1,750 3,010 4,200 3,500 1,750 4,081 2,912 1,750 1,750 | Irrigated farmers Irrigated farmers Pastoralist; small business Pastoralist; fishing Pastoralist Pastoralist; salt mining Pastoralist Pastoralist |
| <i>Baki district</i> | New(4) Ali-haydh Arro-waren Dhuhunka Gab Old –from Phase I (11) Dibiraweyn (Baki) Geed-diqsi Dilla Admadoni Jaarohorato Ruqi Old Baki Heego Hamarta Hoorey Adaad | 500 220 100 200 500 250 416 166 416 416 250 250 250 200 200 | 3,500 1,540 700 1,400 3,500 1,750 2,912 1,162 2,912 2,912 1,750 1,750 1,750 1,400 1,400 | Pastoralist Irrigated farmers Agro-pastoralist rainfed Pastoralist; irrigation Irrigated farmers Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Irrigated farmers Irrigated farmers Irrigated farmers Irrigated farmers Irrigated farmers |
| <i>Lughaya district</i> | New (6) Balayga Gobdhere Beeyogaraaca Sabawanaag Sheed-deer Tuurka Old –from Phase I (3) Lughaya Gargaara-bari Fadhihun | 360 200 200 100 150 200 416 166 333 | 2,520 1,400 1,400 700 1,050 1,400 2,912 1,162 2,331 | Irrigated farmers Irrigated farmers Pastoralist Fishing Pastoralist; irrigation Irrigated farmers Pastoralist ;fishing Irrigated farmers Pastoralist |
| <i>Borama district</i> | New (3) Bal-dhere Shirwac-lagubanay Ceel-bahay Old –from Phase I (15) Degma-lagas Arrogaranug Abuqays Boon Gorayocawl Asho-ado Qulijed Qalooc Amoud Holhol Idhan Tulli Walaalgo Halimale Weraar | 350 500 250 333 300 416 583 450 120 583 500 250 300 583 450 500 166 166 | 2,450 3,500 1,750 2,331 2,100 2,912 4,081 3,150 840 4,081 3,500 1,750 2,100 4,081 3,150 3,500 1,162 1,162 | Agro-pastoralist rainfed Agro-pastoralist rainfed Pastoralist; irrigated Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Irrigated farmers Irrigated farmers |

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| Region/District | Village | Household | Population | Main Livelihood System |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maaroodi-Jeex Region | | | | |
| <i>Hargeisa district</i> | New (7) Gadhka-warsame-haad Weeraarta Adadley Balli ahmed Badarwanag Balikahl Ilinta-dhexe Old- from Phase I (7) Haraf, Boqol-jire Horohaadley Malawle Makhayada-Inanta Maluugta, Annayo xagal, Hareed Darabudhuq Dhubato Awarkhadle | 360 200 600 300 250 500 300 200 200 90 250 150 n/a 150 | 2,520 1,400 4,200 2,100 1,750 3,500 2,100 1,400 1,400 630 1,750 1,050 n/a 1,050 | Pastoralist Pastoralist Agro-pastoralist rainfed Pastoralist Agro-pastoralist rainfed Pastoralist Agro-pastoralist rainfed Irrigated farmers Pastoralist Agro-pastoralist rainfed Irrigated farmers Pastoralist Irrigated farmers Irrigated farmers |
| <i>Gabiley district</i> | New (2) Udaan Beeyoqaloocon Old –from Phase I (15) Gabiley Taysa Dhalaada Ilkaweyne Boodhley Agabar Galoolay Agamso Geedballadh Ceelbaxay Goray Gogeyssa-hoose-sare Idhanka Gabiley Aadala Boqor | 250 400 300 300 160 300 300 300 250 350 200 300 180 70 150 200 200 | 1,750 2,800 2,100 2,100 1,120 2,100 2,100 2,100 1,750 2,450 1,400 2,100 1,260 490 1,050 1,400 1,400 | Irrigated farmers Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Irrigated farmers Agro-pastoralist rainfed Agro-pastoralist rainfed Irrigated farmers Agro-pastoralist rainfed Irrigated farmers Pastoralist Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist rainfed Irrigated farmers Irrigated farmers |
| <i>Farawayne district</i> | New (2) Gadhkayogol Sh. Moodhle Old –from Phase I (6) Farawayne Aburin Dhaboolaq Balliabne Laaleys Garabis | 400 300 350 300 200 300 100 190 | 2,800 2,100 2,450 2,100 1,400 2,100 700 1,330 | Agro-pastoralist rainfed Agro-pastoralist rainfed Agro-pastoralist Agro-pastoralist rainfed Irrigated farmers Pastoralist Agro-pastoralist rainfed Agro-pastoralist rainfed |
| <i>Salahley district</i> | New (2) Qolcadey Raybadka, Kalagoye Old –from Phase I (6) Salahley Toon Dhimble-riyale, Hunduli Hadhig, Sharmarke Araweelo Maygaagto | 450 450 600 250 200 200 100 100 | 3,150 3,150 4,200 1,750 1,400 1,400 700 700 | Agro-pastoralist rainfed Agro-pastoralist rainfed Pastoralist ; small business Pastoralist Pastoralist Pastoralist Pastoralist Pastoralist |

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| Region/District | Village | Household | Population | Main Livelihood System |
|-----------------------------|------------------------------|-----------|------------|-----------------------------|
| Baligubadle district | New (2) | | | |
| | Gumar | 500 | 3,500 | Agro-pastoralist rainfed |
| | Baargoo | 200 | 1,400 | Agro-pastoralist rainfed |
| | Old- from Phase I (5) | | | |
| | Baligubadle | 300 | 2,100 | Pastoralist; small business |
| | Gumburaha | 150 | 1,050 | Pastoralist |
| | Sayla-bari | 150 | 1,050 | Pastoralist |
| | Habasweyn | 200 | 1,400 | Pastoralist |
| | Darfacle, Cunaqabad | 150 | 1,050 | Pastoralist |
| Total (105) | | 30,388 | 212,716 | |
| New communities | 31 | | | |
| Old communities | 74 | | | |
| Livelihood system | | | | |
| • Pastoralism | 37 Communities (35%) | | | |
| • Agro-pastoralism | 43 communities (40%) | | | |
| • Small irrigation | 25 communities (30%) | | | |

Attachment 2: Responses to Issues Raised by PTA/QE review on Food Security for Pastoralists Program (FSPP) – (OFID grant funding)

| Subject | Comment | Response |
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| Sustainability/O&M - Livestock | <p>The proposal focuses very much on investments in facilities and not on how those facilities will be operated and maintained properly in the long-run, particularly regarding livestock. For example, who is responsible for O&M of:</p> <ul style="list-style-type: none"> ➤ animal health posts ➤ mobile veterinary clinics – operation by private vets would be preferable ➤ slaughterhouses - and there is no capacity building of training people in hygienic slaughtering and operating and maintaining such a facility. ➤ stockyards - are there fees to use them? Ensure if possible that they are managed by livestock associations. <p>Are there other feasible options for financing livestock vaccination programs other than continuous external financing?</p> | <p>The health posts are operated and maintained by trained Community Animal Health Workers (CAHWs) supervised by trained district level Veterinary Assistants trained by NWICDP II in partnership with Ministries of Livestock. Drugs are provided and or administered by CAHWs with full cost recovery. Vaccines against specific animal health outbreaks are free or subsidized by the Ministries of Livestock using the proceeds of taxes on exported animals in the case of Somaliland.</p> <p>The operation and maintenance of the mobile veterinary clinics (MVC) to deliver quality and timely animal health services is a joint responsibility between public and private vets. Each MVC provided by the program is a public facility managed by a public sector vet under the overall responsibility of Ministry of Livestock. Private veterinary assistants and CAHWs are involved by the MVC for animal health treatment on a fee basis and cost recovery of drugs. The above arrangement would be included in the transfer agreement of the MTV between NWICDP II and the Ministry of Livestock. Leasing the MVC to private vet under specific conditions would be a potential exit strategy option to consider.</p> <p>Holding grounds are low cost investment facilities at strategic locations along the livestock export routes to provide private sector led basic facilities (water, shelter, drugs and vaccines, fodder) for use on a fee basis by livestock holders, animal and fodder traders, veterinarians and assistant veterinarians. The responsibility of their management would be determined on a case-by-case basis to achieve efficiency and sustainability. This would include: livestock associations, village committees, private operators.</p> |

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| Community-based animal health services | <p>Ensure that a reliable channel of supply of vet medicine is established in order to avoid stock disruptions. The recommended practice is to link CAHWs with vet pharmacies if they exist. Alternatively the capacity of public agencies to provide vet medicines should be assessed and if weak the project should support such a channel. Ensure that disease prevention is part of the national plan for disease prevention (i.e. vaccination campaigns).</p> <p>Suggestion to develop an integrated community-based, learning and sharing model for environmentally-safe and hygienic animal treatment and disease prevention sites near the animal health posts is meaningless.</p> | <p>Veterinary drugs and vaccines are regularly provided by private veterinary pharmacists in Somaliland, Djibouti and Ethiopia, including the livestock trans-boundary areas. Private suppliers stocks particularly for vaccines are determined and monitored closely with concerned Public Livestock Authorities and disruptions are unlikely.</p> <p>Given the economic importance of the livestock sector in Somaliland and Ethiopia, their respective Ministries of Livestock have national animal disease prevention plans of regional relevance. The role of animal health posts and particularly the trans-boundary ones is crucial in the implementation coordination of such plans within a regional effort. The proposed development of a knowledge management model for a bottom up disease prevention at the grass root and health post level is instrumental and in line with PTA recommendation.</p> |
| Rangeland management. | Increasing mobile network coverage to allow pastoralists to get information about markets and ranges (evidence from Ethiopia). Needs more focus on rangeland management such as controlled grazing. | Rangeland management is an element of the programme. Mobile network coverage is widespread. |
| Value Chain Development - contract farming. | Contract farming for production of feed for animals – how will this continue after the project? | The successful contract farming arrangements and opportunities promoted and demonstrated by the Program for the provision to of fodder and young animals for fattening by women groups and livestock traders would be scaled up and continue on a demand driven basis. |
| Value Chain Development - Feedlots | Has the economic viability of feedlotting been assessed? In the absence of grading systems of livestock carcasses and payment of quality carcasses the high cost of feed for fattening normally makes this unviable. | The economic viability of fattening sheep and goats is known in Somaliland using the low cost high quality and well preserved hay collected in the rangelands of the Haud Plateau or the cost effective production and drying of alfa-alfa and Rhodes grass by small irrigated farmers. The pilot demonstration activities at contact farmer's fields supported by NWICDP II for the production of irrigated alfa –Alfa and Rhodes grass combined with sheep fattening confirmed a high economic rate of return. Pilot demonstrations for small ruminant fattening with quality hay collected in the rangelands is planned by NWICDP II in the context of women led income generating activities. |

Hashemite Kingdom of Jordan
Agricultural Resource Management Project II – ARMP II
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Appendices

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| Value Development – Forage production | Chain – | Forage production as an income generating activity can only be undertaken by farmers with access to irrigation – it would be better to specify this | 67. Agreed and it is the case. However, it should be mentioned that the collection and drying of natural grass in rangelands at the right time for hay making offer a sustainable low cost/high return undertaking for animal fattening that need to be promoted. |
| Value Development Slaughter slabs | Chain – | Has the option of establishing one larger slaughterhouse facility strategically located at the end of the meat/livestock route and close to the main consumption point been considered? | 68. Given the deteriorated roads, the remoteness of livestock routes away from the main consumption points (Hargeisa, Borama, Djibouti, the dispersed rural population and lack of refrigerated trucks and facilities, the proposed recommendation is not applicable to Somaliland. Hargeisa and Borama have good slaughterhouse facilities. The livestock export to the Gulf countries and Djibouti is in the form of live animals. |
| Value Development - Dairy | Chain | Suggest waiting until a next phase to invest in the dairy sector, following results of the sector analysis study. | Agreed. |
| Water management | | Only sanddams are mentioned - would be good to build in possibility and training to look at large number of water retention measures suitable for these areas - subsurface dams, floodwater spreading, hafirs etc. | This is planned. |
| Rural Health Services | | The money being spent on 4 wheel drive ambulances would be better spent on vaccines and training. | 69. The need for four wheel drive ambulances to serve the Somaliland rural poor with focus on remote areas is urgent given the bad road conditions and the complete lack of public transportation and the high cost of a non-reliable private transportation facilities. The 5 ambulances are justified to support the important network of mother and child health care centres and health posts established by IFAD and other partners to transport life threatened patients to referral hospitals. The ambulances will be assigned to rural districts. The risk of misuse of the ambulances is minimal. The transfer agreement of the ambulances between NWICDP II and the Ministry of Health would include the necessary conditions to mitigate such risk. |