CEO DECISION MEMO

DATE: JUNE 13, 2022

TO: Charles North, Acting CEO		
FROM: Fazle Rabbani, CEP Regional Manager; Morten Sigsgaard, Country Team Lead; Sven Baeten, Grant Operations Team Lead; Kirsten Majgaard, QA Team Lead; and Anthony Fifi Bentil, Risk and Finance Team.		
SUBJECT: Approval of Puntland's Accelerated Funding grant		
Country: Puntland State of Somalia	**Grant Agent:** UNICEF	**Start Date:** 05/01/2022
Grant Type: Accelerated Funding	**Agency fee % (+US$ amount):** 7% (US$234,500)	**Original End Date:** 04/31/2023
Amount: US$3,350,000	**Grant duration:** 12 months	**New End Date:** -
Current Disbursement: Not Applicable		

Action request

Approve the request for Accelerated Funding for Puntland State of Somalia.

Request Summary

Puntland State of Somalia is experiencing a drought that has been intensifying since November 2021. 45 percent (1.5 million) of Puntland's population are now facing extreme levels of food insecurity, with pockets of famine conditions[1]. The proposed US$3.35 million Accelerated Funding grant is aimed at helping the most vulnerable drought-affected children, including those with disabilities stay in school and to provide displaced children access to education as part of the Puntland's planned drought response. The program has been jointly designed by Puntland's ministry of education with support from the Education Cluster and the Grant Agent and has been endorsed by the LEG. The program has 7 components:

Component 1: Payment of education costs for poor and vulnerable children.
Component 2: Water, Sanitation and Hygiene (WASH) services for schools.
Component 3: Provision of school meals in most severely affected schools.
Component 4: Provision of teaching and learning materials.
Component 5: Cash transfers to support teachers.
Component 6: Capacity strengthening of teachers and CECs to teach and support crisis-affected children.
Component 7: Strengthening MoEHE capacity to manage and coordinate the emergency response, enabling collection of timely data.

[1] OCHA, Somalia: Drought Situation Report No. 6 (dated April 20, 2022)

The program will be implemented in 12 districts[2] within Puntland. Within these districts, schools which have closed or are about to close, and have the potential to expand enrolment but have no emergency support will be prioritized. Up to 12,000 primary school children (50% girls) in government and community-run primary schools will initially be targeted, as well as 300 teachers and 350 community education council members.

Teaching and learning materials will be provided to 12,000 children; scholarships provided to 6,500 children (50% girls) while schools will waive school fees for another 2,880 children (50% girls). WASH support will be provided to 8,000 children (50% girls), hygiene kits to 2,000 girls, and school feeding to 4,000 children (50% girls). 50 schools will get water tanks, and 10 schools will get latrines and handwashing facilities and be connected by pipeline to a water source. 300 untrained teachers (20% female – as few female teachers are available) and 60 head teachers will receive in-service teacher training, teacher guides and cash incentives. 350 community education council members (29% female) will be trained. 18 regional and district education officers will receive incentives and 2 technical advisors will be hired for coordination. A digital attendance application will be rolled out to 80% of the target schools.

Current Portfolio

Puntland has one active ESPIG, one active Accelerated Funding grant, and one active ESPDG:

Grant	Amount in US$	Grant Agent	Closing date	Notes
ESPIG	14,430,000	UNICEF	Dec 31, 2023	ESPIG approved in Aug 2017; top-up approved in Nov 2020.
Accelerated Funding	2,890,000	UNICEF	July 31, 2022	Approved in Oct 2020
ESPDG	699,785	CARE	Dec 31, 2024	Approved in Feb 2021

Puntland also received a COVID-19 Accelerated Funding Grant of US$1.3 million, managed by UNICEF, which closed in 2021.

The currently active accelerated funding grant addresses issues related to the protracted crisis which has been affecting education provision in rural areas before the current emergency. Secretariat considers that reallocation from the current accelerated funding grant towards the new emergency is not feasible. As ofJune 12, 2022, Puntland's US$2.89 million Accelerated Funding grant saw cumulative expenditure at $1.94 million (excluding the agency fee) and transfers and commitments, mostly on school construction at $0.91 million. In other words, a total of $2.85 million (98.6%) were spent or committed, with all construction contracting concluded and contractors onsite working towards the July 31 closing date deadline. Reallocation would require to annul contracts, and abandon ongoing construction.

[2] The 12 districts are identified as "drought hotspots" based on the following criteria: (1) Located in hard-to-reach areas, (2) Districts which have been identified by UNOCHA, FSNAU or MoEHE as severely affected by the current drought, (3) Districts where schools have already closed or are at the point of closing due to drought, (4) Districts with limited or no ongoing emergency response, (5) Districts which have received a significant number of migrating pastoralists or IDPs.

Eligibility Criteria

Puntland meets the 3 eligibility criteria for accelerated funding:

(1) Somalia (including Puntland State of Somalia) is eligible for System Transformation Grant (STG) funding. Following the GPE replenishment in July 2021, the Board decided in September 2021 to provide an STG allocation for Somalia of US$ 98.74 million.[3]

(2) Somalia (including Puntland) is affected by a crisis for which a humanitarian appeal has been launched and published by the UN Office of Coordination for Humanitarian Affairs, with education as a part of that appeal. Somalia's Humanitarian Response Plan (HRP) 2022 was issued in December 2021, and education is a part of the appeal[4].

(3) The application demonstrates that GPE funds will not displace government and other donor funds but will be in addition to other resources. The Somalia 2022 HRP of US$1.46 billion is only 19.2% funded, and the education section of the HRP, valued at US$95.4 million, is merely 1.3% funded[5]. Therefore, GPE funds will not be displacing other government or donor funds.

Significant Opportunities:

The AF program will ensure education continuity for up to 12,000 (see footnote 3) of Puntland's most vulnerable children, including internally displaced children, during what has been called the worst drought in a decade. The investment in the AF program, including scholarships and teacher compensation, will help prevent dropout and loss of past education investments. school meals and water provision components may prevent death and mitigate further malnutrition of children, which will have a positive impact on their learning.

The Education Cannot Wait (ECW) Multi-Year Resilience Program (MYRP) in Puntland is implemented by Save the Children and is expiring September 2022. This limits the scope for

[3] To respond to the drought in Somalia, and following successive requests from the FGS, Puntland and Somaliland governments, the Secretariat announced Accelerated Funding allocations to the three entities amounting to 20% of Somalia's System Transformation Grant allocation, which will be deducted from it. The 20% amounts to US$19.75 million. It was split across the three entities using the distribution key from past years under the GPE 2020 operating model (FGS 54%, Somaliland 29%, Puntland 17%) with the caveat that the distribution key is undergoing review and may be modified based on more recent data and using a new needs-based allocation formula, following consultations. The amounts announced were thus: (1) Federal Government of Somalia: US$10.66 million, announced January 27, 2022; approved in the amount of US$10 million on May 2, 2022; (2) Somaliland: US$5.73 million, announced on March 14, 2022, application yet to be received; and (3) Puntland: US$3.35 million, announced on March 17, 2022 - the present application.

The US$19.75 million announced in total for the three entities was above US$10 million which would be applicable in line with the new Operational Framework adopted by the Board on May 27, 2022 (which caps AF allocations at US$10 million). As this new cap was not applicable when the current application was submitted, the Secretariat considers that it should not yet be applied, considering that FGS already applied for US$10 million.

[4] HRP, pp. 54-55. Somalia ranks 2nd from the bottom on the 2021 Fragile States Index following decades of armed conflict, displacement, drought, floods, and desert locust infestations. 71 per cent of all Somalis live below the poverty line. The overall number of people in need of humanitarian assistance and protection has increased every year from 5.2 million people in 2020 to 5.9 million in 2021 and currently projected to rise to 7.7 million people in 2022. On 23 November 2021, FGS declared a drought emergency, as the country experienced three consecutive failed rainy seasons. (HRP, p. 5) and since then the drought has deepened: with 4.9 million people affected, of which 4.8 million need urgent food assistance (OCHA, Somalia Humanitarian Bulletin, March 2022, dated April 12, 2022).

[5] OCHA Financial Tracking Service, accessed June 13, 2022

collaboration with ECW around actual education delivery. Yet it is expected that the experience of the AF program will inform the new MYRP design (PD, p. 23). The AF and MYRP program outcomes are aligned (PD, p. 22) The AF grant will use the same standard teacher incentives rates as the MYRP and as agreed with the Education Cluster.

Significant Issues and Risks

The political crisis affecting the Federal Government of Somalia since February 2021 was resolved with the successful presidential elections on May 15, 2022. Once a federal government cabinet is appointed, discussions about Puntland's semi-autonomous status are expected to commence. The federal government and the federal member states have argued that Puntland should be subsumed under the federation as a regular federal member state. To date, the Puntland government has refused this idea, though this may change depending on intra-Somali government dynamics. Because of the severe drought and associated humanitarian crisis, the education donor group has agreed that Puntland can apply for Accelerated Funding (AF).

The complex country context poses several risks to implementation, including conflict, security, limited capacity, and poor data. The delayed presidential elections and political uncertainty have led to an increase in violent attacks across Somalia, further obstructing access which was already difficult in areas held by the Islamic extremist forces of Al-Shabaab. Children, particularly girls displaced by the drought and the most marginalized children may face harassment and sexual exploitation. The program document outlines the GA's extensive experience safeguarding children and its adherence to the Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) policy.

The AF grant will be supported by grant agent UNICEF. Puntland's current ESPIG and Accelerated Funding supported by UNICEF have faced a range of risks, chiefly lack of access to select schools due to armed conflict, but also attempted government interference in procurement processes, which the grant agent has successfully managed, sometimes with support of the Secretariat and the Coordinating Agency (EU). As with all GPE grants across Somalia, the country team will actively monitor such risks through close dialogue with the grant agent and involve other teams in the Secretariat including Risk and Finance as needed.

Recommendation

The Review Meeting (RM) concluded, based on the Secretariat's quality assurance review, that the **RM recommends the CEO approval of an Accelerated Funding of US $3,350,000 for Puntland State of Somalia with UNICEF as grant agent**.

RECOMMENDED DECISION

Grant: Accelerated Funding

Country: Federal Government of Somalia

CEO/2021/12-XX–XXXX

CEO approves the accelerated funding request for Puntland State of Somalia in the amount of US$3.35 million plus an additional US$234,500 in agency fees to UNICEF as the grant agent.

The full decision language can be found in Annex A below.

Annex A – Observations and Report Backs

Puntland State of Somalia	
Observation	*For the government and the grant agent*: - The program is not using the government mechanism for teacher remuneration. This is acceptable, since this is an Accelerated Financing addressing an emergency situation. However, dialogue around making use of the government mechanism for teacher remuneration for future grants should continue during Puntland and/or Somalia's partnership compact development process.

Date: June 13, 2022



Charles North, Acting CEO