

PRESS STATEMENT

PHA RESPONDS TO THE GERMAN MISSION TO KENYA PRESS STATEMENT

JALAM-HARFO ROAD REHABILITATION WORK CONTINUES DESPITE GIZ ABANDONING ITS CONTRACTUAL OBLIGATIONS

Puntland Highway Authority (PHA) responds to the press statement by German Mission to Kenya published on September 6, 2018. That statement highlighted the German Federal Government's decision to terminate the cooperation between GIZ and PHA. The statement further summarized the root causes behind this unfortunate development in the following two main categories:

- a) *"Despite significant and promising results in the beginning of the project in 2016, the contributors of the project subsequently realized that the cooperation between the implementing partners in Puntland was gradually deteriorating. The process led to fundamental principles of transparency and accountability being no longer sufficiently in place during the actual construction works".*

- b) *Repeated attempts by the German Embassy and GIZ to restore an enabling environment for external support did not result in the required changes. Consequently, the cooperation between GIZ and PHA had to be terminated. The federal Government as well as the Government of Puntland State of Somalia have been informed accordingly.*

Firstly, PHA would like to point out that, contrary to the above press statement, there have been no *"gradual deterioration of cooperation between implementing partners in Puntland"* at any time, nor there was any kind of *"process leading to fundamental principles of transparency & accountability"* being eroded.

If the term "contributors" mentioned above is intended to mean the financial contributors of the project, EU and Germany in this case, the parties have not been directly involved in the project activities on the ground. Both have neither attended any of the project meetings with local partners, and have never communicated a single concern of any kind to the implementing partners working in Puntland.

On the question of fundamental principles of transparency & accountability being eroded, please note that the requirements for accountability and transparency is most pronounced with regards to financial management. The project's financial management was always, and still is, tightly under the control of GIZ. In case the donor funds allocated for the project were in the hands of the local partners, GIZ team could have reason to raise concerns of transparency & accountability. When they have full control of both technical and financial matters of the project, as is the case now, there can be no

excuse for them to openly discredit and defame the Somali people in general, and Puntlanders and their government in particular.

Secondly, regarding the so-called *“repeated attempts by the German Mission in Kenya and GIZ to restore an enabling environment for external support”*. Let us again point out that there was never any communication of that sort received by anyone of the implementing partners on the ground. In fact even the steering committee for the project which consisted of all major stakeholders have never been convened to discuss project issues of concern, if any.

GIZ project team under the leadership of Mr. Christoph Schmidt was the party in direct communication with donor partners (the EU & Germany). We believe that the source of such damaging reports to the German Mission in Kenya must have come from none other than this team. The team’s distortions of facts have apparently worked for them. The German Mission in Kenya wrote in the press statement *“We are aware of the importance of the Garowe-Galkayo corridor as a lifeline for the economy of the country and the wider region. However, we as international partners can not compromise on quality in implementation and accountability and transparency in using donor funds”*. PHA take this opportunity and ask the German mission in Kenya to have its facts checked and not add insult to an injury.

Project records and other internal written communications provide a stark contradiction between the press statements by the German Mission in Kenya and the realities on the ground. One compelling evidence of such a contradiction is the latest email from Mr. Schmidt to the CEO of Puntland Highway Authority on January 25, 2018. That was 2 or 3 weeks before the team themselves disappeared into thin air. The email’s core message is quoted below:

With regards to PHA accounting systems, Mr. Schmidt wrote to the CEO: *“Thank you all for the meeting this week and the developed way ahead. Especially regarding the financial obligations within the existing financing agreement of PHA and GIZ, significant progress has been made. We can state that the existing accounting systems of PHA are sound and reflect about 53% of the government contributions towards the SRMP project as established in a joint exercise conducted by GIZ and PHA. That is a very good result and we thank especially finance department and CEO for the efficient cooperation”*.

On the Technical side, Mr. Schmidt wrote: *“We remain committed to follow the agreed approach of joint surveys and measurements on site by GIZ/PHA. To that end, GIZ will provide an international consultant and an additional total station as soon as possible (next week). We strongly believe that by doing so, both parties will be able to fulfill their contractual obligations resulting from both the construction contract and the financing agreement”*.

Summing-up, the above statements quoted from Mr. Schmidt’s email reflects the true condition of the project at the end of January this year. The meetings referred to in the email were held at PHA offices in Garowe on 22 and 24 January 2018, the last between the parties. GIZ once again has failed to follow

through their agreed approach of joint surveys and measurements and as such have not succeeded to fulfill their latest commitments. With only 4 months left of the 42-month original project time, not much to show for the past 38 months and worse of all not even a clear workable strategy at this 11th hour for the way forward, GIZ team simply chose to disappear, abandoning their core contractual obligations well documented in the signed stakeholder agreements listed below.

Stakeholder agreements

There are a number of signed agreements which together form the basis of the current project implementation work. They are as follows:

1. The original agreement between the government of the Federal Republic of Germany and the government of Somali Democratic Republic on technical cooperation dated 28 June 1979. This serves as bases for all other subsequent agreements in all parts of Somalia
2. The Implementation agreement in support to Road Authorities in Somalia between the government of Puntland and GIZ signed on 24 October 2015. This agreement specified implementation time frame of 42 months starting December 2014 and ending May 2018.
3. the contract between EU/Germany on the one hand and GIZ on the other hand, signed on 20 December 2014. EUR 9 Million was provided as the first allocation to support the transport sector in Puntland. The amount included the costs incurred by the German Implementing Organization, GIZ. GIZ was the party charged with the execution of the agreements and as such had the responsibility to take the lead.
4. The Financing Agreement between GIZ and Puntland Highway Authority signed in Garawa on September 3rd 2016 after the GIZ's own Commercial Suitability Assessment was found to be successful.
5. The GIZ prepared construction contract documents signed between the winning contractor (ICC) and the Contracting Authority (PHA) signed on April 1, 2018.
6. The Inception Report prepared by GIZ in May 2015 and jointly presented by GIZ/PHA in a well-attended Validation workshop held in Garawa on December 2nd 2015. The Inception report intended to serve as the Road Map for the entire project implementation work.

The above documents contain all relevant contractual obligations and guiding principles for each of the parties involved in this project. These documents will be the basis used to identify the party responsible for the mess we find ourselves in. In the meantime no party deserves to be subjected to the whims of an individual who may totally lack the right attitude for team work.

Truth will prevail

The government and people of Puntland acknowledge that Germany ranks among the most prominent development partners in Somalia and that “The Sustainable Road Maintenance Project (SRMP) is partly funded by them. We are certainly grateful to the people and government of Germany. We would like to add that we are also aware GIZ is doing good work in many parts of the world and therefore do not deserve to be blamed as an organization for the failures of individual teams. Its the SRMP team working in Somalia, the program manager in particular, that we believe should do the right thing and accept responsibility for this failed mission. Sufficient evidence exists to show that the government of Puntland have provided full support for the project, including financial contributions from its meagre resources. The government also fully cooperated with the GIZ team and gave them the lead, hoping good results will be delivered. The party that failed to deliver their contractual obligations must take responsibility for it.

Somalia may be one of the world’s poorest and most fragile countries today. But let it be clear, its proud people will not bow down to the veiled threats of suspension of financial support because they have called a spade a spade. Nor that our people will sell their dignity or accept undeserved humiliation in exchange for the HOPE of receiving some donated funds. More so if those funds are in hands of incompetent team intent to cover up their own failings.

Puntland Highway Authority (PHA) will take full responsibility for its actions. GIZ is expected to do the same. To that end, PHA proposes the appointment of a third party jointly selected by the two sides of this dispute and let their findings be final. We only ask for a fair treatment from our international donor partners, nothing more, nothing less.

THE TRUTH WILL EMERGE AND MOST CERTAINLY PREVAIL.

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