

# AFRICAN DEVELOPMENT BANK GROUP



## SOMALIA

### STRENGTHENING INSTITUTIONS FOR PUBLIC WORKS PROJECT

#### APPRAISAL REPORT

Public Disclosure Authorized

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## **Currency Equivalents**

*As of September 2016*

1 UA = USD 1.39434

1 UA = EURO 1.25255

## **Fiscal Year**

Somalia: 1 July – 30 June

## **Weights and Measures**

1 metric tonne = 2204 pounds (lbs)

1 kilogram (kg) = 2.200 lbs

1 meter (m) = 3.28 feet (ft)

1 millimeter (mm) = 0.03937 inch (“)

1 kilometer (km) = 0.62 mile

1 hectare (ha) = 2.471 acres

## Grant Information

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**RECEIPIENT:** FEDERAL REPUBLIC OF SOMALIA

**EXECUTING AGENCY:** MINISTRY OF PUBLIC WORKS, RECONSTRUCTION AND HOUSING (MPWR&H)

### Financing plan

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Source	Amount (UA) million	Instrument
ADF-13 PBA	3.3m	Grant
TSF Pillar 1	2.2m	Grant
Federal Republic of Somalia	0.50	Counterpart
<b>TOTAL COST</b>	<b>6.00</b>	

**NB:** Counterpart funds will be provided 'in kind' through staff time and office space as is required

### Timeframe - Main Milestones (expected)

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Concept Note approval	August, 2016
Project approval	23 <sup>rd</sup> November 2016
Effectiveness	December 2016
Completion Date	30 June 2019
Closing Date	31 <sup>st</sup> December 2019

### Acronyms and Abbreviations

BRA	Benadir Regional Administration
COMPACT	Somali Compact, Outcome of Somali New Deal Conference, 2013
CT	Country Team
ERP	Economic Recovery Plan
ESMP	Environmental and Social Management Plan
FGS	Federal Government of Somalia
GBV	Gender-Based Violence
HCS	Human Capital Strategy
IDPs	Internally Displaced Persons
IMPWCM	Inter-Ministerial Public Works Coordination Mechanism
JfYA	Jobs for Youth in Africa Strategy
NDP	National Development Plan
NGO	Non-Governmental Organisation
M&E	Monitoring and Evaluation
MPWR&H	Ministry of Public Works, Reconstruction and Housing
MOF	Ministry of Finance
MSME	Micro, Small and Medium Enterprises
PCR	Project Completion Report
PMT	Project Management Team
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
PSG	Peace and State Building Goals
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
SDRF	Somali Development and Reconstruction Facility
SIF	Somalia Infrastructure Fund
SOPs	Standard Operating Procedures
ToT	Training of Trainers
TSNA	Transport Sector Needs Assessment
TSF	Transition Support Facility
TYS	Ten Year Strategy
UA	Unit of Account
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
VC	Video Conference

## Project Summary

### 1. Project Overview:

After two decades of conflict, Somalia is now on a path to emerge from fragility to recovery and aims to re-assert its sovereignty to maintain peace and stability. The Federal Government of Somalia (FGS) is committed to take ownership and responsibility for the country's future. To remedy these challenges and based on the results of prior AfDB financed infrastructure assessments, FGS has requested AfDB to provide a UA5.5m grant from its ADF-13 PBA (UA 3.3m) and TSF Pillar 1 (UA 2.2m) allocations to Somalia for capacity development of the Ministry of Public Works, Reconstruction and Housing (MPWR&H) and sub-Federal State level administrative bodies (hereafter referred to as States' Administrations or States), thereby enabling them to fulfil their mandates of providing access to public services. In addition, FGS has requested AfDB to include Somali youth as direct beneficiaries of this project. This is accomplished through trainings for employment and entrepreneurship in public works.

### 2. Project Outcomes:

The development objective of the project is to improve the capacities of MPWR&H and State-level Authorities responsible for public works to enable them to independently plan, manage and oversee infrastructure construction projects and maintenance works. This includes their ability to work with all relevant stakeholders and ensure the involvement of local communities and other marginalized groups (e.g. women and the youth). The public works sector is starting to boom, but reconstruction and rehabilitation efforts are held back due to the scarcity of qualified staff. The enhanced and certified expertise of youth achieved through the project's activities will lead to an increase of employment in the sector, result in higher household incomes and help rebuilt the country. The outlined project will help pave the way for a well capacitated and sovereign Somali government.

### 3. Needs Assessment:

AfDB supported the development of Needs Assessments in the Energy, Transport, Water and ICT sectors in Somalia. The Transport Sector Needs Assessment (TSNA) in particular makes reference to the public works sector – and specifically the MPWRH – and the critical need for capacity building. While various donor interventions exist in the area of skills development for the youth including in the construction sector, the twin approach of institutional capacity building with construction sector skills development for the youth is new. The Bank's fragility assessment in Somalia reveals that over the years, the country's infrastructure and human capital development has been severely constrained by war, violence, and wide spread poverty levels. There is an urgent need to step up the scale, coherence, coordination and quality of all capacity development activities in Somalia.

### 4. Bank Added Value:

The Bank has been requested by the FGS to set up a Multi-Partner Fund with a focus on infrastructure, the Somalia Infrastructure Fund (SIF), under the Somalia Development and Reconstruction Facility (SDRF) as part of the New Deal COMPACT agreement. The Bank has prepared a pipeline of projects for financing (both by donors and Bank resources) under SIF and the *Strengthening Institutions for Public Works Project* is included in the pipeline as one of the first projects to be delivered. This project is foundational to delivering on the rest of the SIF pipeline, given the need for skills and capacity that this project will start to develop. The cross-fertilisation and lessons from this will be of significant added value. The project will benefit from the Bank's extensive prior experience in this field in various African countries and particularly from the various projects on financial and economic governance in Somalia.

### 5. Knowledge Building:

The project will deliver valuable insights through reports on legislative reforms, building assessments and training modalities that have proven successful in public works. Moreover, significant benefits will result from the knowledge dissemination through the coordination mechanism and the Video Conference (VC) connection among the involved institutions. This project will also support the development of a database and tracking system for project beneficiaries.

## VIII. RESULTS-BASED LOGICAL FRAMEWORK

**Country and project name:** Somalia – Strengthening Institutions for Public Works Project

**Purpose of the project:** The purpose is to Enhance the Capacities of Somali Public Works Authorities and to Create Employment and Entrepreneurship Opportunities in Public Works.

	RESULTS CHAIN	PERFORMANCE INDICATORS		MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES	
		Indicator (including CSI)	Baseline 2016			Target 2019
IMPACT	<p><b>Impact:</b> Improved Institutional Capacity of Somali Public Works Ministries to Deliver Public Services and Enhanced Quality of Life of Somalis</p>	<p>Multidimensional Poverty Index, Headcount %</p> <p>Youth Unemployment Rate</p>	<p>81.2 (2010 estimate)</p> <p>Male (61.6 – in 2012) Female (74.3 – in 2012)</p>	<p>Below 75</p> <p>45% (male), 50% (female)</p>	<p>Human Development Index Reports</p> <p>UNDP Somalia Human Development Report, National Development Plan (NDP) Reports</p>	<p><b>Assumption:</b> National elections in 2016 and possible ministerial changes (government transition) could affect project start up.</p> <p><b>Mitigation:</b> Consultations for the design process included engagements with senior civil servants and documentation of agreements to ensure retention of historical memory and institutional commitments in the event of any ministerial changes.</p>

OUTCOMES	<p><b>Outcome 1:</b> Framework Conditions for Public Works Established.</p>	1.1 Score on Ibrahim Index of African Governance.	10.6 (2016)	15	Mo Ibrahim Foundation Index of African Governance Reports	<p><b>Risk:</b> Financial management weaknesses could affect accountability for project funds.  <b>Mitigation:</b> Only funds earmarked for the top-up of 18 personnel in the Ministry of Public Works will go through Government systems if the Implementing Agency finds fiduciary safeguards in place after initial capacity build-up (see implementation arrangements). All other payments for goods and services will be done through direct payment. Monthly payroll verification and staff headcount will be conducted by UNOPS as a third party.</p>
	<p><b>Outcome 2</b> Capacity of Public Works Authorities Enhanced.</p>	1.2 CPIA infrastructure rating	1.0 (2015)	3.2 (or equivalent average of East Africa rating)	AfDB CPIA rating, Government reports Donor reports	
	<p><b>Outcome 3</b> Employment and Entrepreneurship Opportunities for Somali Youth Created in Public Works.</p>	2.1. Number of FGS Ministries with enhanced Capacity and Equipment.	0	1	Project Reports/UN Agency Reports	
	<p>2.2 Number of State-Level Public Works Authorities with enhanced Capacity and Equipment (5 States &amp; BRA).</p> <p>3.1 Number of additional direct Jobs created (in 7 PW Authorities, Employed in PW or active as Entrepreneurs in PW Value-Chains).</p>	0	6	Project Reports/UN Agency Reports		
OUTPUTS	<p><b>Component 1</b> 1.1 Legislative Assessments with Recommendations for Prioritized Review and Alteration Completed.</p>	Percentage of Laws, Acts and Policies Mandating MPWR&H reviewed and prioritized for revision.	0%	90%		<p><b>Risk:</b> Professional personnel trained through the project may leave for 'greener pastures'.  <b>Mitigation:</b> The project will provide incentive payments to newly recruited personnel for motivation. In addition, investments in office equipment, management training for top management and the development of policies and procedures could create a conducive working environment to enhance personnel retention.</p>
	<p>1.2 Functioning Coordination Bodies for Public Works Related Activities Established and Performing.</p>	Number of Quarterly Meetings of Inter-Ministerial Public Works Coordination Mechanism (IMPWCM).	0	10		
	<p>1.3 Basic Building Assessments of Ministerial Buildings (FGS, 5 State Ministries and BRA) in Mogadishu and the 5 State Capitals Completed.</p>	Percentage of Ministerial Buildings (FGS, State Capitals and BRA) assessed (location, demolition required or renovation possible, estimated budget requirements to bring to functioning level etc.)	0	90%		

<b>OUTPUTS</b>	<b>Component 2</b> 2.1 Enhanced Capacity of MPWR&H.	Number of MPWR&H Staff trained and enabled to perform departmental work.	0	50 (50% women)	Project Quarterly reports/Bank Supervision Missions/Project MTR Report.	<b>Risk:</b> Deteriorating security situation in parts of the country could affect project implementation and supervision. <b>Mitigation:</b> A third party with limited mobility restrictions for its staff will be entrusted with the responsibility for on-the ground project implementation support and monitoring.
		Number of Action Plans (Guidelines) on 1) youth employment, 2) gender mainstreaming and 3) Environmental and Social Safeguards in public works projects.	0	1 each		
	2.2 Enhanced Capacity and Equipment of State Ministries.	Number of State Level Public Works Authorities supported through staffing, training and equipment	0	6		
	2.3 Youth Trained for Public Works Related Employment and Entrepreneurship.	Number of Youth Trained for Employment or Entrepreneurship in Public Works Value Chain.	0	1100 (50% women)		
	<b>Component 3</b> Effective project management	All activities completed as planned within budget by 12.2019.	0	100%	Project Quarterly reports/Bank Supervision Missions/Project MTR Report.	
<b>Components</b>						
<b>Component 1:</b> Framework Conditions for MPWR&H, 5 State Ministries and BRA Established to Plan, Execute and Monitor Infrastructure Projects. Key activities: Assessment of Public Works Legislation, Draft Revision of one public works law through intensive stakeholder consultations under MPWR&H leadership, Inter-Ministerial Coordination Mechanism for Public Works Established, Building Assessment Capacity Strengthened in MPWR&H and State Ministries, Basic Assessments of Ministerial Buildings.						(UA0.37m)
<b>Component 2:</b> MPWR&H Fulfilling its Mandated Role and Employment Opportunities for Somali Youth Created in Public Works in Mogadishu and 1 local community in each of the 5 States. Key Activities: Capacity Needs Assessments, Finalization of Organization Chart, Recruitment of Personnel, Training, Purchase of Equipment, Internships and Apprenticeships at MPWR&H, Trainings to enable Youth to work in PW or become Entrepreneurs in PW Value-Chains.						(UA 4.10m)
<b>Component 3:</b> Project Management: This includes recruitment and management of Third Party Implementing entity, routine project supervision, M&E, logistics and studies.						(UA 1.53m)

**PROJECT TIMEFRAME**

	TASKS	2016			2017				2018				2019			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Project Approval															
2	Publication of GPN															
3	Appointment of PM and PSO															
4	Project effectiveness															
5	Project Launch															
6	Project activity implementation															
7	Submission of Audit Reports															
8	Project Supervisions															
9	Project Mid-term review															
10	Project Completion Report															

# REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED GRANT TO THE FEDERAL REPUBLIC OF SOMALIA FOR CAPACITY DEVELOPMENT IN PUBLIC WORKS.

Management submits the following Report and Recommendation on a proposed grant of UA 5.5 million [Five and a Half Million Units of Account] from the ADF-13 PBA (UA3.3 million) and TSF Pillar 1 (UA 2.2 million) to finance the ‘*Strengthening Institutions for Public Works Project*’.

## I. STRATEGIC THRUST & RATIONALE

### 1.1 *Project linkages with country strategy and objectives*

**1.1.1. After two decades of conflict, Somalia is now on a path to emerge from fragility to recovery and aims to re-assert its sovereignty to maintain peace and stability.** The Federal Government of Somalia (FGS) is committed to take ownership and responsibility for the country’s future. At this stage, however, the governance structures are not in place and public administration is not functioning due to the following key challenges:

- i. Inexistent or defunct building and other infrastructure;
- ii. Ineffective regulatory system and oversight capability to handle the reconstruction in urban centres and inexistence of inter-country (rural) transportation networks;
- iii. Limited capacities (human capital with required equipment) within and insufficient legal backing of Ministries (co-existing government institutions, unclear roles and responsibilities) - see details under Project Rationale below; and
- iv. Insufficient urban infrastructure to accommodate the 42% urban population (Somalia’s population: 12m)

**1.1.2.1 To remedy these challenges and based on the results of prior AfDB financed infrastructure assessments, FGS has requested AfDB to provide a UA5.5m grant** from its ADF-13 PBA (UA 3.3m) and TSF Pillar 1 (UA 2.2m) allocations to Somalia for capacity development of the Ministry of Public Works, Reconstruction and Housing (MPWR&H) and sub-Federal State level administrative bodies (hereafter referred to as States’ Administrations or States), thereby enabling them to fulfil their mandates. The Ministry of Finance also requested that a project component to improve the people’s livelihood be included in the envisioned *Strengthening Institutions for Public Works Project*<sup>1</sup>. The project builds on and goes beyond the ongoing initiatives of the FGS, MPWR&H, UN-HABITAT and UNOPS as well as AfDB’s own Somalia portfolio that aim to develop the capacity of the FGS to deliver services to the population of Somalia.

**1.1.2.2 The Federal Government of Somalia recognizes in its Economic Recovery Program (ERP) for 2014 – 2015** and the soon to be released National Development Plan, of which current drafts are available, the need develop further infrastructure project planning, execution and monitoring capabilities, to enhance the coordination between MPWR&H and State Ministries of Public Works as well as an urgent need to create post-conflict job opportunities.

**1.1.3 The project concentrates on capacity development of MPWR&H, relevant Public Works State Ministries and Administrations** so as to enable the institutions to 1) lead the reconstruction of Somalia, 2) coordinate reconstruction efforts amongst each other, 3) regulate sustainable urban and rural development and the construction sector, and 4) manage and maintain public assets, all of which are the institutions’ mandates.

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<sup>1</sup> **Public Works (PW)** is the combination of physical assets, management practices, policies, and personnel necessary for government to provide and sustain structures and services essential to the welfare and quality of life for its citizens. *Source: American Public Works Association.*

## **1.2 Rationale for Bank's involvement**

**1.2.1.1 The drivers of fragility in Somalia are both complex and multifaceted.** Due to the long history of conflict, the country's infrastructure and human capital have been severely constrained by war, violence and widespread poverty levels. This has affected the capacity of the government to provide basic services to the growing population. In addition, high levels of youth unemployment create frustration and increase youth vulnerability to risky and criminal behaviours. It is estimated that 70% of Somalia's population is under 30 years. Unemployment in Somalia stands at 54% for persons between 15-64 years but is as high as 67% for youth aged 14-29 years.

**1.2.1.2 The project relates to the focus area on 'strengthening governance, human and institutional capacity'** contained in paragraph 7.3.6 of the Somalia Country Brief (2013-2015, extended to 2016). The Bank's Country Brief identifies youth unemployment as one of the key challenges to economic growth and outlines the Enhanced Programme for Somalia which includes a focus on human capacity strengthening. That is consistent with the inclusive growth agenda outlined in the Bank's Ten Year Strategy (TYS), the Human Capital Development Strategy (HCS), the Gender Strategy (2014-2018), the recently approved High 5s (contribution to 'Improving the Quality of Life for the People of Africa') and the Jobs for Youth in Africa Strategy (2016-2025). Similarly, the Bank's Strategy for Addressing Fragility and Building Resilience (2014 – 2019) observes that employment creation is crucial in fragile states.

**1.2.1.3 The Bank chairs the Peace and State Building Goals 4 (PSG 4) sub-working group on 'Infrastructure', and the dialogue over a long period of time in this group and with MPWR&H among others has led to the identification of the need to build capacity quickly in the Public Works sector in Somalia.** Building capacity in this sector, including in MPWR&H and related Ministries in the State Administrations, and putting in place the relevant laws, regulations, standards and codes, is foundational for the infrastructure rehabilitation and development of Somalia. This is considered to be crucial for future investments in the hard infrastructure.

**1.2.2 The Bank has been asked to set up a Fund, the Somalia Infrastructure Fund (SIF), under the Somalia Development and Reconstruction Facility (SDRF) as part of the New Deal COMPACT agreement.** The Bank has prepared a pipeline of projects for financing (both by donors and Bank resources) under SIF and the *Strengthening Institutions for Public Works Project* is now included in the pipeline of projects as one of the first projects to be delivered. This project is foundational to delivering on the rest of the SIF pipeline, given the need for skills and capacity that this project will start to develop.

**1.2.3 The Bank has been supporting the preparation of Needs Assessments in the Energy, Transport, Water and ICT sectors in Somalia.** The Transport Sector Needs Assessment (TSNA), in particular, makes reference to the Public Works sector – and specifically the MPWRH – and the critical need for capacity building.

**1.2.5 MPWR&H for example is now 'operating' with 65 employees (before the conflict: 1600). Only four of these 65 employees are young graduates with a technical background.** The Ministry has 41 offices at its disposal that have been recently renovated but are not furnished and equipped. Moreover, the Ministry has only three computers, no specialized software and no cars. There is a dire need to step up the scale, coherence, coordination and quality of all capacity development activities in Somalia, starting with the FGS through institution building for public works. While the project does not include the execution of infrastructure works, it paves the way for progressively managing and overseeing the implementation of public works projects, e.g. construction and renovation of roads (strong link to SIF), ministerial buildings, schools, hospitals, courts and other public facilities.

### *1.3 Donor Coordination*

**1.3.1 The main donor coordination mechanism in Somalia is the framework provided by the New Deal for Somalia and the Compact priorities on Peace and State Building.** There are various Donor Working Groups for the Peace and State Building Goals (PSGs) with sub-groups for various thematic areas. These groups are within the broad framework of the SDRF. This project falls under the PSG 4 Sub-Group on Infrastructure, which the Bank is currently chairing. The other PSGs 1, 2, 3 and 5 have similar Donor Working Groups and Sub-Groups. The Bank is also a member of the WG on youth employment in Somalia. There are similar Working Group structures for the other PSGs (1, 2, 3 and 5). A PSG Working Group comprises Government representatives, Donors, Private sector and Civil Society. The various Donor Trust Funds for Somalia have also become rallying points for contributing donors to coordinate their activities. These include (i) the World Bank Multi-Donor Trust Fund, (ii) the UN Multi-Donor Trust Fund, (iii) the Somalia Stabilisation Fund and (iv) the AfDB Social Infrastructure Fund.

**1.3.2 There are various donors active in the area of institutional capacity building and youth employment.** The World Bank through its Multi-Partner Trust Fund is currently financing a Capacity Injection Project (\$40.0m) which aims at strengthening the staffing and institutional capacity of selected line ministries and central agencies to perform their core functions. Similarly, through the UN Multi-partner Trust Fund, UNDP is financing the Somalia Strengthening Institutions Project (\$14.3m) designed to enable the FGS and the Puntland Government to fill critical capacity gaps in civil service and to strengthen the capacity of key ministries and agencies to perform core government functions. Lastly, there is the Joint FGS-UN Somalia Youth Employment Programme (\$54.5m) which seeks to address constraints to growth in six value chains and enhance long-term employability of 20,000 youth with short-term employment for 30,000 youth. Appendix 3 gives a summary of financing of key donor activities in the areas of capacity development and youth employment.

**1.3.3 The Project adopts a multi-pronged approach, is seen as urgently needed and highly prioritized by the FGS.** It will provide direct support to address the capacity building needs of MPWR&H, the State Level Public Works Ministries as well as the Benadir Regional Administration (BRA). In addition, it will equip young people with construction related skills to ensure that the required human capital needs, i.e. solid expertise for employability in the construction sector, exist locally to match the demand. **While various donor interventions exist in the area of skills development for the youth including in the construction sector, the twin approach of institutional capacity building with construction sector skills development for the youth is new.** The cross-fertilisation and lessons from this will be of significant added value. The project will benefit from the Bank's extensive prior experience in this field in various African Countries and particularly from the various projects on financial and economic governance in Somalia.

## **II. PROJECT DESCRIPTION**

### *2.1. Project components*

**2.1.1 Development Objective:** The development objective of the project is to enhance the capacities of Somali Public Works Authorities (MPWR&H, State-Level Authorities responsible for Public Works and BRA) to enable them to independently plan, manage and oversee infrastructure construction projects and maintenance works and to create employment and entrepreneurship opportunities in Public Works. The former includes the ability of Public Works Authorities to work with all relevant stakeholders and ensure the involvement of local communities and other marginalized groups (e.g. women and the youth).

**2.1.2 Capacity development needs to be developed from within the institutions** through existing management, hired experts and staff that act as catalysts, facilitators and brokers of knowledge and techniques. The TORs of all international experts, including Diaspora will include a 'knowledge transfer' KPI to secure capacity building of local Somali ministerial staff, apprentices and interns. The outlined project will help pave the way for a well capacitated and sovereign Somali government.

**2.1.3 The proposed project will have three components (see below) and the entire project design features transfer of knowledge and build-up of capacity**, for example through Training of Trainers (ToT) components by which international and diaspora experts support existing staff and newly recruited, local personnel at MPWR&H, State-Level Public Works Ministries and BRA to fulfil the departmental assignments (Engineering, Architecture, HR, Procurement, Financial Management, Legal, IT/Technical Support, Security etc.). **All recruitments will be open, transparent and competitive. Positions funded from the project’s budget will be in the form of top-ups. The top-ups cannot be combined with or added to other top-ups the selected individuals may receive.** As for all newly recruited personnel, the aim is to increase the expertise level within the Ministry through the recruitment of qualified personnel that will also receive trainings to further enhance their capacity as part of this project. It is envisioned that the newly recruited personnel will be fully integrated within the Ministry and remains working for the Ministry after project completion.

**2.1.4 Component 1: Framework conditions for MPWR&H, 5 State Ministries of Public Works and BRA established to plan, execute and monitor infrastructure projects.** Streamlined in all activities will be public work project environment (‘fragility’) related design features, e.g. to reduce and prevent corruption, maximize accountability and tailor trainings towards public works in post conflict situations (after “inter-clan atrocities”).

Sub-component 1.1: Assessment of public works legislation to clarify need for revisions of acts and policies. The comprehensive review will be undertaken by MPWR&H staff under guidance of international or Somali Diaspora experts and focus on the legislation mandating MPWR&H’s work. The assessment will result in a proposal of suggested laws and acts that should be revised and updated as a priority of another project. **However, based on the assessment, one law will be selected for proposed revisions through a participatory process involving the relevant stakeholders**, i.e. civil society, Ministry of Justice etc. The purpose is to enable MPWR&H to lead the revisions of the other laws through consultative processes and active stakeholder inclusion. The enactment of the changes is not part of this project as this would go beyond the controllable scope of the project. However, the legal capacity built within MPWR&H together with the coordination mechanism set-up in another activity of this project should enable the relevant ministries and institutions of the FGS to speed-up the reform and crafting of the public works legislation, both of which are urgently needed.

Sub-component 1.2: Set-up and staffing of the ‘Inter-Ministerial Public Works Coordination Mechanism’ (IMPWCM) as coordination unit among MPWR&H, the 4 Federal Ministries (Transport, Energy & Water, Ports and ICT) involved in public works projects, the Ministry of Planning and the Ministry of Finance. The Prime Minister’s Office and other FGS institutions where appropriate will be informed by the designated representatives of the IMPWCM about the ongoing and planned actions taken. The coordination will also involve the State Ministries of Public Works and BRA. To allow a regular exchange and also to facilitate the knowledge transfer through capacity development via distance, MPWR&H, the 5 state Ministries of Public Works and BRA will be equipped with fully functional Video Conference (VC) systems (including the hard- and software as well as the internet fee for the project timeframe). **The IMPWCM’s work (starting in early 2017) will be guided by the National Development Plan (currently being finalized)** with regards to coordination in transport and housing reconstruction. The IMPWCM, once established, will likely be the ideal platform to lead the coordination needed in public works and is timely and aligned to the NDP’s target of enhanced coordination for improved results.

Sub-component 1.3: The undertaking of **basic building assessments** (static structure, degree of rehabilitation needed and simple cost estimates) of ministerial buildings in Mogadishu and the 5 State capitals to map the buildings as public assets and allow the FGS to plan and budget expenditures for renovation and reconstruction thereof, thereby **allowing the FGS to expedite donor engagement for infrastructure investment proposals** to renovate or reconstruct the ministerial buildings. In addition, the assessments are also envisioned to be expanded to include transport infrastructure assessments, thus

supporting for example the SIF pipeline execution. Fully fledged feasibility studies, for example of ports and airports, go beyond this project's scope as they usually require financial commitments that exceed this project's budget by far. But the trained personnel should increasingly be involved in the design and conducting of feasibility studies undertaken for public works projects, e.g. donor funded initiatives, thereby building the capacity within the Public Works Ministries to oversee and lead the feasibility studies for such projects independently in the medium-term.

**2.1.5 Component 2: MPWR&H, State-Level Public Works Ministries and BRA enabled to fulfil their mandated roles and employment opportunities for Somali youth created in Public Works in Mogadishu and 5 local communities (1 in each of the 5 states).** The selection of the community, rural or urban, will be jointly undertaken by MPWR&H, the relevant Ministries and the Implementing Agency.

**Sub-component 2.1: Capacity Development to equip MPWR&H to fulfil its mandate. This is accomplished through trainings, staffing and establishment of internal policies,** procedures, manuals, templates, development of in-house expertise, as well as laying the foundation for the design of feasibility studies primarily for the SIF pipeline and the establishment of consultants/contractors lists. This includes also the **purchase of working equipment** for the Ministry and relevant authorities (computers, software, printers/scanners, office supplies etc.) as well as the creation of asset registers for monitoring and accountability. Integral to the sustainability focused design is an assessment that will trigger the implementation of **internal and external resource mobilization mechanisms**. The report on the feasibility, prioritization and implementation of these mobilization mechanisms that will be prepared as part of this project will highlight concrete measures to increase the Ministry's budget, a precondition to perform the mandated tasks autonomously. Additional key-features of the sub-component are the Training of Trainers (ToT) model followed, i.e. International Experts or where possible Somali Diaspora are recruited for hands-on and practical knowledge transfer through trainings (executive and professional training programs) specifically designed according to the needs of Management, Engineers and the Administration.

**Sub-component 2.2: A capacity needs assessment in each of the 5 State Ministries of Public Works and BRA** will be conducted. Based on the result of the assessment, the project will finance a set of **subsequent trainings and capacity development** initiatives. The trainings of this sub-component will benefit from and draw on the trainings delivered at MPWR&H and involve distance learning and mentoring via the established VC systems.

**Sub-component 2.3: Enabling Somali youth to benefit from and contribute to the country's reconstruction through employment and entrepreneurship in public works.**<sup>2</sup> This is achieved by a multi-pronged training for public works provided to youth in Mogadishu and 5 other communities in Somalia (either the state capitals or rural communities based on a joint decision by MPWR&H, the relevant Ministries and the Implementing Agency) by

- a) **Providing trainings in administrative, soft- and engineering skills** directly applicable and in high-demand at the MPWR&H to secure future base of recruits or for outsourced consultancy services of the Ministries and to qualify youth for employment in the private sector;
- b) Equipping young graduates, manual labourers and unemployed youth with a mix of hard-skills, soft-skills, basic financial literacy and a link to Micro, Small and Medium Enterprises (MSME) financing institutions, business know-how, mentoring as well as small amounts of seed funding **to start or expand their public works related business;** and
- c) **Launching and maintaining internship and apprenticeship systems in the Ministries of Public Works.** It will also be explored which private sector companies could launch public

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<sup>2</sup> The selection of youth for the trainings will follow an open, non-discriminatory and transparent process based on international best practices.

works apprenticeship systems and whether or not local vocational training institutes can provide the relevant trainings with support and quality assurance from the implementing agency. An integral part of the trainings described above is support to overcome the skills-mismatch and assistance to find a job or start a business.

**2.1.6 Component 3: Project Management:** This relates to the day to day implementation of the project. It will entail the management cost of the Third Party Implementing Agency as well as logistics and routine project operating expenses. The cost of project supervision and M&E will be part of this component.

*Table 2.1: Summary presentation of project components and activities*

<b>Component</b>	<b>Activity description</b>
<p><b>Component I:</b> Establishment of Framework Conditions for Public Works. UA 0.37m</p>	<ul style="list-style-type: none"> <li>▪ <b>Review of legislations</b> related to Public Works</li> <li>▪ <b>Set-up of Inter-Ministerial Public Works Coordination Mechanism</b></li> <li>▪ VC Connection For 7 Public Works Authorities Established</li> <li>▪ <b>Basic Building Assessments</b> of Ministerial Buildings in Mogadishu and 5 State Capitals (Inventory of Buildings)</li> </ul>
<p><b>Component II:</b> Developing Capacity for Public Works and Job Creation. UA 4.10m</p>	<p><b>MPWR&amp;H:</b></p> <ul style="list-style-type: none"> <li>▪ Review of Ministerial Role and Mandate</li> <li>▪ Development of Ministerial Systems, Operating Procedures (SOPs) and Action Plans (Guidelines), including on Youth Employment, Gender Mainstreaming and Environmental and Social Safeguards in Public Works Projects</li> <li>▪ Recruitment and Payment of Monthly Top-Ups for 18 Personnel (50% female, target of MPWR&amp;H 50% female ratio)</li> <li>▪ Conduct study with Concrete Measures to Enhance Revenue Collection and Billing Systems</li> <li>▪ Office Equipment for 50 Staff, Interns and Apprentices (hardware and software) included in Inventory List and ICT Systems Set-Up</li> <li>▪ Technical Training for Existing and Newly Recruited Personnel</li> <li>▪ Trainings on Guidelines for Gender Mainstreaming in Infrastructure Projects and ‘Leadership Training for Women’.</li> </ul> <p><b>State Ministries of Public Works and BRA:</b></p> <ul style="list-style-type: none"> <li>▪ Capacity Needs Assessment in 6 Public Works Authorities (Five State Ministries and BRA)</li> <li>▪ Support for Capacity Development in 6 Public Works Authorities (Five State Infrastructure Ministries and BRA)</li> </ul> <p><b>Youth Employment &amp; Entrepreneurship for Public Works:</b></p> <ul style="list-style-type: none"> <li>▪ Construction and Soft Skills Training with Job Placement Support for 1100 Youth (200 of them with entrepreneurship focus).</li> <li>▪ 3 Month <b>Internships</b> for 35 Youth and 1 year <b>Apprenticeships</b> for 15 Youth Developed and Applied (Interns from second half of first year, apprentices from 2<sup>nd</sup> year on) at MPWR&amp;H with intention to scale (other public works authorities and private sector)</li> <li>▪ Business Management Skills, Financial Literacy Training, and Seed capital for 200 Construction Related SME Start-ups</li> </ul>

<b>Component III:</b> Project Management. UA 1.53m	<ul style="list-style-type: none"> <li>▪ Project operating expenses</li> <li>▪ Recruitment and payment for the cost of project staff – National and Diaspora</li> <li>▪ Recruitment and payment for the cost of project staff – International</li> <li>▪ Conducting of Project Audits</li> <li>▪ Development of a Project M&amp;E system</li> <li>▪ Preparation of Annual Work plans and Budgets</li> <li>▪ Project Supervision, Audit and Completion Reporting</li> </ul>
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## 2.2 *Technical solution retained and other alternatives explored*

**2.2.1 This project aims to enhance capacity in public works.** The project largely focuses on capacity building for the ministry and related public works entities with a built in sub-component to train 1100 youth in construction related skills and assisting them with grants to either start their own small businesses in the construction value chain or acquire basic tools.

**2.2.2 The merits of this approach to the project’s design are two-fold:** (i) It will contribute to an increase of technical skills and institutional capacity for public works in the country while also supporting the provision of skills that are needed to do actual construction of public infrastructure such as roads, buildings, etc. not readily available in the local market at this time. This could reduce construction costs (currently some contractors recruit workers from Kenya) and (ii) It enables Government to take advantage of job opportunities in the construction sector to tackle youth unemployment, an issue which is at crisis level in Somalia and one which also drives the youth to join militant groups such as Al Shabaab.

*Table 2.2.: Project alternatives considered and reasons for rejection*

Alternative	Brief description	Reasons for rejection
Exclusively support the Federal Ministry of Public Works, Reconstruction and Housing to improve its capacity to deliver on its mandate.	This alternative is solely focused on building the capacity of the Federal Ministry. It involves support to set up systems and procedures, recruit personnel and provide technical training and working equipment.	This alternative, which focuses only on capacity building at the federal level and only of one single Ministry was rejected. While this would position the Ministry well to effectively execute its mandate in the future, it does not address other interconnected issues, for example support for the ongoing state building (federal and state level public works authorities working throughout the country) and does not take advantage of opportunities the infrastructure reconstruction presents for quick wins on job creation for the youth. All above issues are critical to the country’s recovery and stabilization efforts. The mentioned alternative was therefore rejected.

## 2.3 *Project type*

**2.3.1 The proposed project is a stand-alone institutional strengthening project to be financed by a grant from the ADF-13 PBA and the Transition Support Facility (TSF), Pillar 1.** This project directly contributes to Somalia’s on-going recovery efforts and the measures to promote stability and inclusion through investment in strengthening the public works institutions towards effective delivery of basic services as part of addressing fragility and building resilience in Somalia.

## 2.4 *Project cost and financing arrangements*

**2.4.1 The project is estimated to cost UA 6m and will be funded from ADF-13 PBA (UA 3.3m), TSF Pillar 1 (UA 2.2m) and (UA 0.5) in-kind contribution from FGS.** Bank financing amounts to UA 5.5 million, or approximately 91.7% of the project cost. The counterpart funds account for approximately 8.3% of the project cost (in-kind contribution). The funds will be utilized as follows: (i) Component 1 (UA 0.37m) for the assessment of sector laws, acts and policies as well as, the set-up of coordination mechanisms and a basic assessment of ministerial buildings, (ii) Component 2 (UA 4.10m) for capacity building of the Ministries of Public Works, Housing and Reconstruction both at the federal

and state levels as well as BRA. This component also includes community development interventions on skills development for youth in construction related fields and (iii) Component 3 (UA 1.53m) for project management cost such Third Party Management Agent’s fees, project supervision, project launching, M&E, project logistics and audits. Project implementation in Somalia involves high project operating and supervision costs due to the necessary security measures.

2.4.2 The ongoing state building and capacity development initiatives aim to enable FGS and state-level authorities to implement projects independently in the short-medium term future. This capacity development project specifically addresses the lacking capacity within MPWR&H with regards to FM, procurement, HR and other departmental functions to set-up Project Management Units from within the Ministry for later projects. This will be accompanied through the assessment of the country’s systems expected to be concluded during this project’s timeframe (before 31<sup>st</sup> December 2019). Once the above has been accomplished and the security level throughout the country allows this, project operating costs can be significantly reduced. At this stage, assuring implementation of the project in times of change is core, requiring external expertise, monitoring and supervision to secure that the project delivers on the targets stipulated in component 1 & 2. The project management costs have been reduced to the lowest level possible without compromising successful implementation.

*Table 2.4.1.1: Project Costs Estimates by Component*

Components	(USD Million)			(UA Million)			% Foreign
	Local	Foreign	Total	Local	Foreign	Total	Exchange
1. Component 1: Establishment of Framework Conditions for Public Works	0.12	0.37	0.49	0.09	0.26	<b>0.35</b>	75
2. Component 2: Developing Capacity for Public Works & Job Creation	2.44	3.04	5.48	1.75	2.18	<b>3.93</b>	55
3. Component 3: Project Management	0.51	1.54	2.06	0.37	1.11	<b>1.48</b>	75
<b>Total BASELINE COSTS</b>	<b>3.08</b>	<b>4.95</b>	<b>8.03</b>	<b>2.21</b>	<b>3.55</b>	<b>5.76</b>	<b>62</b>
Physical Contingencies	0.06	0.18	0.24	0.04	0.13	<b>0.18</b>	75
Price Contingencies	0.02	0.07	0.09	0.02	0.05	<b>0.07</b>	75
<b>Total PROJECT COSTS</b>	<b>3.16</b>	<b>5.21</b>	<b>8.37</b>	<b>2.27</b>	<b>3.73</b>	<b>6.00</b>	<b>62</b>

*Table 2.4.1.2: Sources of financing (amount in million UA equivalents)*

Source	Amount (UA) million	Instrument
ADF-13 PBA	3.3m	Grant
TSF Pillar 1	2.2m	Grant
Federal Republic of Somalia	0.50	Counterpart
<b>TOTAL COST</b>	<b>6.00</b>	

Table 2.4.1.3: Project cost by category and financier (amount in million UA equivalents)

Categories of expenditure	ADF		Transition Support Facility		The Government		Total		For.
	Amount	%	Amount	%	Amount	%	Amount	%	Exch.
1. GOODS	0.41	100.0	-	-	0.00	-	0.41	6.8	0.31
2. SERVICES	1.41	39.9	2.12	60.1	0.00	-	3.53	58.9	1.88
3. MISCELLANOUS	0.70	54.9	0.08	5.9	0.50	39.1	1.28	21.3	0.96
4. OPERATING COST	0.78	100.0	-	-	0.00	-	0.78	13.0	0.59
<b>Total PROJECT COSTS</b>	<b>3.30</b>	<b>55.0</b>	<b>2.20</b>	<b>36.7</b>	<b>0.50</b>	<b>8.3</b>	<b>6.00</b>	<b>100.0</b>	<b>3.73</b>

Table 2.4.1.4: Project cost by category of expenditure

Categories of expenditure	(USD Million)			(UA Million)			% Foreign	
	Local	Foreign	Total	Local	Foreign	Total	Exchange	
<b>I. Investment Costs</b>								
	A. GOODS	0.13	0.40	0.54	0.10	0.29	0.38	75
	B. SERVICES	2.24	2.46	4.70	1.61	1.76	3.37	52
	C. MISCELLANOUS	0.43	1.29	1.72	0.31	0.92	1.23	75
<b>Total Investment Costs</b>		<b>2.81</b>	<b>4.15</b>	<b>6.95</b>	<b>2.01</b>	<b>2.97</b>	<b>4.99</b>	<b>60</b>
<b>II. Recurrent Costs</b>								
	A. OPERATING COST	0.27	0.80	1.07	0.19	0.58	0.77	75
<b>Total Recurrent Costs</b>		<b>0.27</b>	<b>0.80</b>	<b>1.07</b>	<b>0.19</b>	<b>0.58</b>	<b>0.77</b>	<b>75</b>
<b>Total BASELINE COSTS</b>		<b>3.08</b>	<b>4.95</b>	<b>8.03</b>	<b>2.21</b>	<b>3.55</b>	<b>5.76</b>	<b>62</b>
	Physical Contingencies	0.06	0.18	0.24	0.04	0.13	0.18	75
	Price Contingencies	0.02	0.07	0.09	0.02	0.05	0.07	75
<b>Total PROJECT COSTS</b>		<b>3.16</b>	<b>5.21</b>	<b>8.37</b>	<b>2.27</b>	<b>3.73</b>	<b>6.00</b>	<b>62</b>

Table 2.4.1.5: Expenditure schedule by categories [million UA]

Categories	Totals Including Contingencies (UA Million)			
	2017	2018	2019	Total
1. GOODS	0.27	0.07	0.07	<b>0.41</b>
2. SERVICES	1.35	1.12	1.06	<b>3.53</b>
3. MISCELLANOUS	1.18	0.05	0.05	<b>1.28</b>
4. OPERATING COST	0.31	0.23	0.23	<b>0.78</b>
<b>Total</b>	<b>3.12</b>	<b>1.47</b>	<b>1.41</b>	<b>6.00</b>

## 2.5 Project's target area and beneficiaries

**2.5.1 Geographic coverage:** The project's geographic coverage includes Mogadishu as well as Puntland, Hir-Shabelle, South-West, Jubba, and Galmudug.

**2.5.2 Direct Beneficiaries:** The target institutions for capacity building are the Ministries of Public Works, Housing and Reconstruction at the Federal and State levels as well as BRA. The project will directly benefit 50 staff (50% women) of the Ministry of Public Works at the Federal level through training, provision of equipment and cash top-ups (18 personnel). An additional estimated 200 staff in the 5 state level Ministries will benefit from trainings. Furthermore, a total of 1150 youth (50% women) will profit directly through on-the ground training on construction related skills, entrepreneurship toolkits and employment facilitation in public works (1100 trained; the 1150 includes the interns and apprentices at MPWR&H). The project envisions to foster exchange with and involvement of FGS

Ministries working on transport infrastructure projects and consult with civil society, particularly for the youth training and employment activities. Furthermore, the implementing agency will engage in in-depth consultations with direct beneficiaries throughout the training design and delivery, thereby assuring construction sector demand driven capacity development of youth.

**2.5.3 Indirect Beneficiaries.** The Project will indirectly benefit all Somalis, both at the individual and corporate levels through enhanced public service delivery in the transport infrastructure and housing construction sectors executed and overseen by the Ministries of Public Works (FGS and State-Level).

## ***2.6 Participatory Process for project identification, Design and implementation***

**2.6.1 The design of the project included consultations with a range of stakeholder groups.** The consultation process involved a meeting with the PSG 4 Infrastructure Group and a presentation to the PSG 4 Development Partners Group in Mogadishu. Consultations were also held with other stakeholders such as the private sector (Somalia Chamber of Commerce and Industry) and civil society, which also informed the design of the project. Issues raised by stakeholders included (i) the need to pay attention to development of country systems so future projects could be implemented directly using existing government institutions instead of third parties; (ii) Explore the possibilities of recruiting local or diaspora Somalis into the Project Management Team and position part of the team at the MPWR&H for internal capacity development and sustainability; and (iii) Incorporate measures to extend project benefits to the state level and involve relevant state institutions in implementation. These issues have been taken into account in the project design and are reflected in paragraph 2.1 on project components and activities. **A direct exchange with several state-level Ministries of Public Works** also contributed to solidifying the project design as the government representatives expressed a very urgent need for capacity development in their institutions. This was complemented through exchanges with the Somalia Chamber of Commerce and Industry as private sector representative body and the iftiin Foundation who is leading several entrepreneurship programs in Somalia.

**2.6.2** To ensure that the key stakeholders are involved during the implementation of the project, a Project Steering Committee with representatives from the relevant Government institutions from both the federal and state level (see section 4.1 for composition of the Project Steering Committee) will be set-up. Direct implementation on the ground will be done through local community based organisations and NGOs selected by the third party through an open, transparent and competitive process.

## ***2.7 Bank group experience and lessons reflected in project design***

**2.7.1 In designing this project, the team took account of lessons learnt from on-going and completed Bank financed projects in the country.** The implementation of Bank financed projects in Somalia has presented the following key lessons (i) weak capacity can be a major source of delay in project start-up and implementation, (ii) insecurity and the associated impediments on mobility of Bank staff affects supervision of project delivery and (iii) the country's fragility context requires relatively higher resources for project management.

**2.7.2 Additional lessons learned from bank projects in Countries in Transition have been integrated in the project design:** The major challenges for the performance of projects in transition states include: (i) political instability and constant cabinet reshuffles; (ii) weak capacity at national level to implement projects and lack of knowledge of Bank's rules, procedures and regulations; (iii) insecurity that makes it difficult for regular supervision missions and limits access to the client; and (iv) continued concerns (by the Bank and development partners) with the transparency, ability and legitimacy of Public Financial Management (PFM) systems, which has in some instances created delays in the start-up and implementation of projects. The Bank has also prepared several institutional support projects for post-conflict countries such as Sierra Leone, Liberia and Burundi that have been vital in informing the proposed operation. The PCRs of some of the operations conclude that the Bank's capacity building and institutional support interventions have made significant contributions, particularly in rebuilding and strengthening institutional public works.

**2.7.3 Ensuring strong country commitment and ownership of operation:** This lesson is clearly reflected in the design of the FGS operation given that the project’s components and beneficiaries were negotiated directly with the government. The FGS also continues to express strong commitment to strengthen institutional capacity and public works systems, as reflected in the draft NDP.

**2.7.4 Focus on implementation:** The Third Party Implementing Agency, UNOPS, offers solid expertise in capacity development in States in Transition and Somalia in particular. This will help to mitigate implementation delays and challenges encountered in previous projects. The project design also took into account lessons from other Development Partners such as GIZ, the World Bank, DfID etc. in the use of Third Party monitoring or supervision of project activities on the ground. Table 2.7 summarises the lessons learned.

Table 2.7: Lessons learned

Lesson	Action taken
Weak capacity can be a major source of delay in project start-up and implementation	A third Party Implementing agency with strong capacity and presence on the ground will be used to implement the project.
Need to ensure relevance of skills training to ensure youth are not trained on areas that are not in demand.	Information from various rapid market surveys will guide the choice of training activities. Key skills in demand will inform decisions on the areas of emphasis for the technical and vocational training component of the project.
The country context requires relatively higher resources for project management.	The budget for the project management component has taken this into account with budgetary provision for security and the relatively high cost of project staff.
Need to manage expectations of project beneficiaries	The Implementing Agency will sensitise the other beneficiary institutions and the project’s youth beneficiaries throughout the implementation on what the project can offer.

**2.7.5 The Bank Group’s currently active portfolio (approved and ongoing operations) in Somalia consists of seven (7) operations,** of which six are national operations and one is a regional project. These 7 projects represent a total net commitment of UA 30.71m. The portfolio’s average age is 1.3 years, with a cumulative disbursement rate of 8.8%. Specifically the projects include the *Building Resilience to Water Stress in Somaliland (UA 2.4m)*, *Water Infrastructure Development in Somaliland (Phase I) (UA. 5.4m)*, *Economic and Financial Governance Institutional Support Project (UA 2.5m)*, *Somalia-DRSLP II (UA 15m)*, *Somalia National Statistical Capacity Building Project (UA1.2m)* *Institutional Support to Financial Governance in Somalia (UA 1.23m)* and the *Socio-Economic Re-Integration of Youth at Risk (UA 3m)* Projects. The conditions precedent to first disbursements for previously approved grant agreements in the social sector have been fulfilled.

**2.7.6 Portfolio challenges: The portfolio does not include any project classified as ageing or at risk.** However, the major challenges affecting the portfolio’s performance include: (i) political instability and high rate of cabinet changes; (ii) weak institutional, technical, managerial capacities at national level to implement projects (iii) limited knowledge of Bank’s rules, procedures and regulations; (iv) insecurity that makes it difficult for regular supervision missions and limits access to the client; and (v) further capacity needs to strengthen the *Public Financial Management (PFM)* systems in the FGS to create the fiduciary framework for efficient and effective project implementation. Despite these challenges, all current Bank projects in Somalia have their first disbursement conditions fulfilled.

## 2.8 Key performance indicators

**2.8.1 The Project’s key performance indicators are as articulated in the Results-Based Logical Framework.** The key outcome indicators include (i) an Enhanced Legislative Framework for MPWR&H, (ii) a Functioning Coordination Mechanism among Public Works Authorities, (iii) Basic Information & Data on Current Condition of Buildings of Public Works Authorities Available (incl. estimated costs of renovation or reconstruction), (iv) the Number of FGS Ministries with enhanced

Capacity and Equipment, (v) Expanded Resource Mobilization of MPWR&H (e.g. Systems to collect Land Procurement Fees, Construction Oversight Levies etc.), (vi) the Number of State-Level Public Works Authorities with enhanced Capacity and Equipment (5 States & BRA) and (vii) the Number of Additional Youth Enabled to Support Somali Public Works Projects.

### III. PROJECT FEASIBILITY

#### 3.1. *Economic and financial performance*

**3.1.1 About 70% of Somalia's population is under 30 years of age with unemployment at 54% for persons between 15-64 years and as high as 67% for youth aged 14-29 years.** This situation presents serious challenges with regard to productive engagement of the young population. Fortunately, Somalia's reconstruction process has created opportunities for youth employment especially in the construction and service sectors. Equipping the youth with relevant skills will enable them to take advantage of these opportunities. This would also promote an inclusive reconstruction process as the youth would contribute to the process while benefiting directly from the short and long term dividends. It will also offer hope to vulnerable youth and a disincentive to participation in criminal groups. Due the security precautions necessary for country wide project implementation, for example to reach rural and disadvantaged youth, project operating costs in a country in transition such as Somalia are at this stage of the country's reconstruction still relatively high. **The repercussions of non-intervention, particularly with regards to discouraged youth that in some cases join militant groups out of desperation simply due to a lack of alternatives, would undermine the peace and state-building process the country has embarked on. The project cost effectiveness analysis has to be seen from this broader perspective, making this project extremely relevant.**

**3.1.2 The Public Works sector is starting to boom, but reconstruction and rehabilitation efforts are held back due to the scarcity of qualified staff.** As noted by the ILOs Somalia 2014 Labor Force Survey, lack of adequate labor market information hampers the ability to utilize labor market information to develop key policies aimed at supporting growth, employment and skills development among the workforce. Similarly, limitation in data and scarcity of past experience for similar operations hampers the ability to conduct rational financial analysis on the intended investments in this project.

#### 3.2 *Environmental and Social impacts*

**3.2.1 This is a category 3 operation.** In line with the Bank's Integrated Safeguards System (ISS) and procedures, the project does not require any further environmental assessments or mitigation plans. It is a capacity building project that focuses on skills development and institutional strengthening in the area of public works. Though no further environmental proceedings are required at this stage, there is a recognition that addressing social and environmental safeguards issues in the public works sector is within the mandate of the Ministry of Public Works, Reconstruction and Housing. The project will therefore provide dedicated support to the ministry to help build technical capacity and develop Environmental and Social safeguards policy and procedures, which currently do not exist.

**3.2.2 Resettlement.** The project does not include activities that will trigger displacement or involuntary resettlement. The activities are mainly capacity building and will take place within existing institutions so no displacement or resettlement is envisaged.

**3.2.3 Climate change:** The project will have negligible carbon footprints so no climate screening and processing is required. Nevertheless, Engineers at the Ministry of Public Works, Reconstruction and Housing will be trained to enhance their capacity to design and implement climate resilient infrastructure projects.

**3.2.4.1 Gender: Somalia's Gender Inequality Index of 0.776 makes it the 4<sup>th</sup> highest in the world in terms of gender inequality.** The main drivers of this inequality are cultural practices and beliefs. These have adversely impacted on women's access to productive resources and voice in society which are critical for women's economic and political empowerment. The long period of war and other vulnerabilities such as prolonged droughts have exacerbated the conditions of women and widened disparities. In the labour market for example, unemployment is 74% for women compared to 61% for men. Overall labour force participation is 37.2% for women and 75.6% for men. Internal displacement has affected family structures and transformed traditional gender roles in Somali society. Women now take up several non-traditional jobs including jobs in the construction sector.

**3.2.4.2 The Project will help address the gender gaps and the identified gender equality challenges in Somalia.** Somalia's National gender Policy (2015) has an overarching goal of promoting gender mainstreaming in the national development process. This project will support the Ministry of Public Works, Reconstruction and Housing to train its technical staff on gender and infrastructure and develop guidelines for gender mainstreaming in the design and implementation of infrastructure projects. The staff will also receive tailored training to help them use the gender mainstreaming guidelines effectively. Moreover, a leadership training for women will facilitate that women are increasingly taking up executive positions. The MPWR&H has shown its leadership and commitment during the project preparation by ascertaining that the above are integral to the project's success. *A full gender and social analysis for the project is presented in Technical Annex B.8.*

**3.2.5 Social: Somalia's reconstruction offers significant opportunities for job creation especially for the youth.** The project will equip 1100 youth with the necessary skills in the construction sector and provide 200 of them with seed grants to enable them take advantage of opportunities for small business development in the construction value chain. An estimated 575 direct jobs (a conservative estimate of 50% of 1100 youth trained plus 7 apprentices (out of 15), plus the 18 personnel recruited for MPWR&H) will be created as a result. Stable jobs and incomes enhance access to basic services and improve the overall quality of life. Under the project, the Ministry will train its technical staff and develop **guidelines for design and implementation of infrastructure projects with a 'jobs lens'**. In addition, developing the capacity of the Ministry of Public Works, Reconstruction and Housing will enhance the delivery of infrastructure projects including roads and social infrastructure facilities such as schools, hospitals and clinics. Through the project, the Ministry will develop and implement **Environmental and Social Safeguards Policies and Procedures**. These would help curtail the adverse environmental and social impacts of infrastructure projects on local communities.

## **IV. IMPLEMENTATION**

### **4.1 Implementation Arrangements, Disbursement, FM and Procurement**

#### **4.1.1 Implementation arrangements:**

**4.1.1.1 The Ministry of Public Works, Reconstruction and Housing (MPWR&H) is the executing agency. Following lessons learned from other Bank's operations in post conflict recovery context, the project will use a third party arrangement to manage risks and facilitate the implementation of the interventions. UNOPS is the implementing agency (IA).**

#### **4.1.1.2 The project will have two different implementation levels:**

I. The project's **Steering Committee** will consist of representatives from the Ministry of Public Works at both federal and state levels, Federal Ministry of Planning, Ministry of Finance, Ministry of Women and Human Rights Development and the private sector. The Steering Committee provides support, guidance and oversight with regards to the progress of project implementation and ensures that the project contributes to the targets stipulated in the National Development Plan (currently being revised). The Steering Committee will hold quarterly meetings. The IA has an observer status.

II. Based on the request by the Somali Ministry of Finance dating 13th September 2016 (Technical Annex C3), UNOPS will be engaged under a Third-Party Agreement as Implementation Agency. This implementation design is in line with the ‘value for money’ guiding principles. The IA will recruit a **Project Manager (PM) and a Project Support Officer (PSO) who are in charge of the overall project implementation**. The PM will preferably be based within the MPWR&H but could, if the legal arrangements and security measures require this, be based at Mogadishu International Airport (MIA). The PM is the leading the project implementation supported by the PSO who is based in MPWR&H. **The PM and PSO will execute the project with direct support from UNOPS’ Nairobi office**. However, to ascertain buy-in, smooth implementation within MPWR&H and **in-house build-up of project management expertise**, a national **Project Management Team (PMT)** will be established in the ministry to make sure internal steps to implement activities are taken and followed up on. **The Project Management Team (PMT)** will consist of a Project Coordinator (capacity development background with excellent knowledge of the FGS institutions), Procurement Officer, FM Officer, M&E Officer (gender and youth empowerment background), an HR Officer as well as an Assistant (administrative and IT support background). The PMT members will work under the PM’s supervision. They will primarily work on the project but will be fully integrated in the Ministry and therefore in addition support the work in their respective departments if their time allows this. The PMT will also work closely with the Ministry’s departments on tasks that are related to the departmental field of functions. To maximize the learning effect, each PMT member will mentor a local Somali colleague working in their respective MPWR&H department (e.g. include in PMT decision making processes, provide technical expertise, transfer project management skills and understanding of organizational procedures etc.). All positions are filled with qualified Somalis. If local Somalis cannot be readily trained to perform the functions, diaspora Somalis can be recruited hired. All recruitments will be open, competitive and transparent under the oversight of the Implementing Agency. All recruited personnel will be based at MPWR&H.

**4.1.1.3 Readiness mechanism for timely start-up:** UNOPS will assign an interim PM and PSO as well as a Financial Management Expert and a Procurement Expert from its existing staff. **Both PM and PSO will be definitely recruited to start their assignments after signature of the grant agreement of this project.**

#### **4.1.2 Disbursement and Financial Arrangements.**

**4.1.2.1 UNOPS will be responsible for the FM of the project in line with the Tripartite Agreement to be signed between the Government of Somalia, UNOPS and the Bank based on the agreed upon project implementation arrangements.** The UNOPS Nairobi Office will assign a Project Manager and a Project Support Officer who will be based in Somalia to oversee the day-to-day implementation of the project. The UNOPS- Nairobi office will offer FM support services under the overall supervision of the Finance Manager and Head of Support Services in addition to the support that will come from UNOPS Headquarters in Copenhagen. The Internal Audit and investigation Department which carry out the assurances using a risk-based methodology will include this project in their annual work plans. The project will also comply with the existing internal control rules and regulations prescribed in UNOPS’s Financial Regulations and Rules.

**4.1.2.2 The annual project financial statements will be prepared by the IA in accordance with the International Public Sector Accounting Standards (IPSAS) accrual basis, with a financial year end of 31 December.** In addition, the IA will provide an update on financial performance of the project as part of the quarterly progress report as required by the Bank not later than 45 days after the end of the quarter.

**4.1.2.3 The external audit arrangement:** UNOPS, which subscribes to the Single Audit Principle, is audited by the External Auditors (Board of Auditors) for the UN comprised of a team of auditors from one of the member states appointed by the UN. The audited financial statements prepared by the Board of Auditors are approved by the General Assembly and then posted on the UN website which is open to public. These audit arrangements will apply to the Project. UNOPS will provide the Fund with copies of UNOPS' audited financial statements, which shall have been audited in accordance with UNOPS' financial rules and regulations. Such audit of the Financial Statements shall cover the entire period of utilization of the Grant proceeds. The audited Financial Statements for such period shall be furnished to the Fund not later than six months after the end of such period.

**4.1.2.4 All disbursements to the project will be made to UNOPS throughout the entire project timeframe. The disbursements shall be made using the Special Account Method and shall be in accordance with the provisions of the Bank's Disbursement Handbook.**

- The funds will be disbursed by the Bank to the project using the Special Account Method;
- However, as a UN agency, instead of requiring the Implementing Agency (UNOPS) to open a separate and dedicated bank account, the disbursement arrangement is that grant proceeds shall be disbursed to a UNOPS designated USD pooled account to be specified by UNOPS prior to first disbursement. The funds utilization will be monitored using a unique project code.

The Bank will issue a disbursement letter, which will provide specific guidelines on key disbursement procedures and practices.

### **4.1.3 Procurement Arrangements**

**4.1.3.1** "Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the *"Procurement Policy for Bank Group Funded Operations"*, dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement would be carried out using Third Party (UNOPS) Procurement Methods and Procedures (PMPs) in accordance with the provisions of UNOPS' Procurement Manual dated May 2014. The manual has been reviewed and found to be in line with best international procurement practices and Bank's major procurement principles.

**4.1.3.2 Procurement Risks and Capacity Development:** The assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA), were undertaken for the project and the output described in the technical annex have informed the decisions on the procurement regimes of the Third party being used for all transactions under the project. The appropriate mitigation measures have been included in the procurement capacity development action plan (CDAP) under the project.

## **4.2 Monitoring**

**4.2.1 The duration of the project is three years.** It will be implemented from January 2017 to December 2019. The PM and PSO will produce quarterly narrative and financial reports on activity implementation and fund utilisation and submit to the PSC and the Bank. The PSC will review performance of the project against the annual work plan and related budget as part of its quarterly meetings. The project has a budget for the development of a robust M&E system to facilitate tracking of performance against output and outcome targets in the Results-Based Logical Framework. Bank supervision of project implementation will be done at least twice a year in addition to routine technical implementation support and guidance the Task Manager will provide to the PM, PSO and PMT. Given the current security situation and the inherent constraints on mobility of Bank staff, a local consultant will be recruited to conduct independent verification of project delivery on the ground once every year. The key monitoring and evaluation related milestones are summarized in Table 4.1.

Table 4.1: Project Implementation Schedule

Timeframe	Milestone	Monitoring process
November 2016	Grant Approval	Processing schedule
December 2016	Grant Effectiveness	Submission/review of evidence
January 2017	Project Launching	Launching mission/BToR
January 2017- Dec 2017	Procurement of goods and services	Supervision missions/Review of procurement plan
February 2017 - Dec 2019	Actual delivery of planned activities	Supervision, PSC meetings, quarterly reporting, IPRs, MTR, PCR.
Due 31 December	Annual Audit Report submission	Audit preparation process/Review of Audit Report

### 4.3 Governance

**4.3.1 Somalia has made modest gains on governance but challenges both at the national and sector levels remain.** Key institutions lack requisite staff, policies, strategies and systems that promote effective service delivery and accountability at the sector level. Staff capacity and system weaknesses especially in financial management at the federal and regional levels pose fiduciary risks to project implementation using existing government systems. This project will adopt a multi-pronged approach to the governance challenges. Direct implementation of project activities will be done through a third party implementing agency and the relationship will be governed by a tripartite agreement with the Bank, the third party (UNOPS) and the Federal Republic of Somalia as signatories. The overarching governance body for the project will be the Project Steering Committee. Participatory processes will be adopted in the implementation of the project which would give local communities a voice and enhance demand for greater accountability.

**4.3.2 The project has a dedicated component to help address sector governance issues.** At the sector level, weak systems and other capacity constraints make it difficult to effectively deliver and account for project resources. Youth employment and skills development are cross-cutting but the capacity to mainstream these in sector programming is limited and some of the lead ministries lack the necessary policies and strategies to guide this. To help improve sector governance, this project will support training of key staff in public works ministries.

### 4.4 Sustainability

**4.4.1 The project tackles two interrelated issues (capacity within Public Works authorities and youth unemployment) which are both key priorities of the Federal Government of Somalia.** These issues have been clearly articulated as priorities in the relevant national strategy documents of the Federal Government of Somalia and in the ‘New Deal’ and ‘Compact’ on Somalia (2013). They will continue to attract attention from government and Development Partners given their critical relevance to the country’s stabilization and recovery agenda.

**4.4.2 Sustainability:** To ensure the sustainability of the project, this is complemented by a particular emphasis on resource generation through re-establishing tax, levy and fee collection for public works related registrations and oversight (e.g. quality control). The personnel to be recruited at the Public Works Authorities will be Somalis or Diaspora Somalis qualified to fulfil the work specified in their TORs, directly upon recruitment or as a result of the trainings to be delivered at the institutions combined with on-the-job trainings. Their top-ups will be aligned to the country’s ongoing salary harmonization efforts, thereby **increasing the sustainability of the project through enhanced personnel retention rates** (top-ups on a scale that make it more feasible for FGS authorities to pay these upon project completion which is not possible at the current top-up levels). The salary harmonization efforts between FGS and the international donor community are ongoing and are expected to be finalized next year.

Another measure to secure sustainability is the training of youth for employment in public works, to be either recruited by MPWR&H, be directly hired in public works value chains or start their own business, e.g. as carpenters, electricians, masons, plumbers or by supplying construction materials and providing maintenance services.

**4.4.3 The project will empower the youth economically, helping them to acquire skills for self-employment or as employees.** They would contribute in various ways to the Somali economy including the payment of taxes to enhance government’s revenue base and its fiscal capacity to spend on key priorities such as youth unemployment.

**4.5 Risk Management**

**4.5.1 Project risks relating to the effective execution of the project and the Bank’s reputation were assessed.** With the exception of risks relating the weak government capacity, the rest were rated moderate. Table 4.5 outlines the possible risks and the associated mitigation measures.

Table 4.5: Risks and Mitigation measures

<b>Risk</b>	<b>Rating</b>	<b>Risk mitigation measures</b>
National elections in 2016 and possible ministerial changes (government transition) could affect project start up.	H	Consultations for the design process included engagements with senior civil servants and documentation of agreements to ensure retention of historical memory and institutional commitments in the event of any ministerial changes.
Financial management weaknesses could affect accountability for project funds.	H	The Bank will transfer all project funds directly to UNOPS in its capacity as the third party implementing partner. Of the funds held by UNOPS, only funds earmarked for the payment of top-ups for 18 personnel in the MPWR&H will be channelled through an account in the Central Bank of Somalia. UNOPS will conduct monthly payroll verification and staff headcount. In the long term, the project will finance the development of finance and HR systems including payroll system for the MPWR&H.
Delays in project start-up and implementation due to weak government capacity.	H	UNOPS has been selected as a third party to implement the project on behalf of government. The project has also built in various activities to build capacity in the MPWR&H to effectively execute its mandate in the near future.
Professional staff trained through the project may leave for ‘greener pastures’	M	The project will provide incentive payments to newly recruited personnel for motivation. In addition, investments in office equipment, management training for top management and the development of policies and procedures could create a conducive working environment to enhance personnel retention.
Deteriorating security situation in parts of the country could affect project implementation and supervision.	M	UNOPS which limited mobility restrictions for its staff will be entrusted with the responsibility for on-the ground project implementation support and monitoring.

## **4.6 Knowledge Building**

**4.6.1 The project will deliver valuable insights through reports on legislative reforms, building assessments and training modalities that have proven successful in public works.** Moreover, significant benefits will result from the knowledge dissemination through the coordination mechanism and the VC connection among the involved institutions. As data on youth who received skills training from similar projects in the past for public works is scarce, this project will support the development of a database and tracking system for project beneficiaries. This will also include data on successful youth entrepreneurs in Somalia who could serve as reference points and role models for the youth. The Project MTR and PCR will present important lessons for similar Bank projects in Fragile States.

## **V LEGAL FRAMEWORK**

### **5.1 Legal Instrument**

**5.1.1 A Tripartite Protocol of Agreement** between the Federal Republic of Somalia, the United Nations Office for Project Services (UNOPS) and the African Development Fund (ADF) shall be the legal framework of the project.

**5.1.2 The project amount of UA 6 million** comprises UA 3.3m from ADF 13, UA 2.2m from Pillar 1 of the Transition Support Facility and UA0.5m in-kind contribution from FGS.

### **5.2 Conditions Associated with the Bank's Intervention**

**5.2.1 Entry into Force:** The Tripartite Protocol of Agreement shall enter into force on the date of signature by the Parties.

**5.2.2 Conditions Precedent to Board approval:** The submission of the grant proposal for board approval shall be conditional upon the fulfilment by UNOPS of the following conditions:

- (i) Provide evidence that an interim Project Manager, a Procurement Specialist and an Accountant from its existing staff have been assigned to the project until the PM and PSO have been recruited;
- (ii) Provide evidence that the open and competitive recruitment processes for the PM and PSO positions have been launched; and
- (iii) Having submitted to the Fund prior to project approval a project annual work plan and a procurement plan covering the first eighteen months of the Project.

**5.2.3 Conditions Precedent to First Disbursement of the Grant:** The obligations of the Fund to make the first Disbursement of the Grant shall be conditional upon the fulfilment by UNOPS of the following conditions:

- (i) Submit to the Bank the specified pooled fund bank account at UNOPS Secretariat acceptable to the Fund.

### **5.2.4 Other Condition(s)**

- (i) UNOPS shall, within 3 months of grant signature, provide evidence of having recruited the Project Manager and Project Support Officer.
- (ii) Provide evidence to the Fund of having set up within three months of Board approval the Project Steering Committee comprising of representatives from Ministry of Public Works at both federal and state levels, Federal Ministry of Planning, Ministry of Finance, Ministry of Women and Human Rights Development and the Private Sector. The Implementing Agency (IA) will have observer status.

### **5.3 Compliance with Bank Policies**

The project is in compliance with all applicable Bank policies.

## **VI RECOMMENDATION**

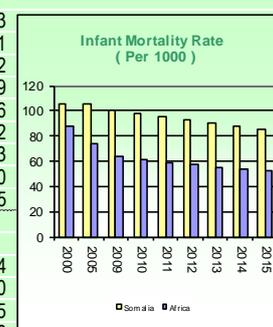
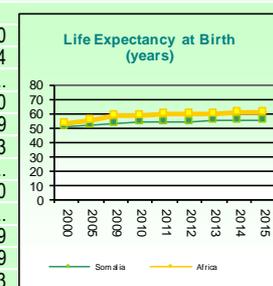
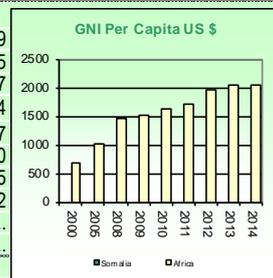
Management recommends that the Board of Directors approves an ADF grant of UA 3.3m and a Transition Support Facility (TSF) Pillar 1 grant of UA 2.2m to the Federal Republic of Somalia for the Somalia: Strengthening Institutions for Public Works Project and subject to the conditions stipulated in this report.

# Appendix I: Somalia Socio-Economic indicators

## Somalia

### ANNEX I - COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Somalia	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )	2015	638	30,067	80,386	53,939
Total Population (millions)	2015	10.8	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2015	40.8	39.7	47.0	80.7
Population Density (per Km <sup>2</sup> )	2015	17.2	40.3	78.5	25.4
GNI per Capita (US \$)	2014	...	2 045	4 226	38 317
Labor Force Participation * - Total (%)	2015	56.1	66.3	67.7	72.0
Labor Force Participation ** - Female (%)	2015	37.4	56.5	53.0	64.5
Gender -Related Development Index Value	2007-2013	...	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2014	...	...	...	...
Popul. Living Below \$ 1.25 a Day (% of Population)	2008-2013	...	39.6	17.0	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2015	2.6	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2015	4.2	3.6	2.6	0.8
Population < 15 years (%)	2015	46.7	41.0	28.3	17.3
Population >= 65 years (%)	2015	2.8	3.5	6.2	16.0
Dependency Ratio (%)	2015	98.1	80.1	54.6	50.5
Sex Ratio (per 100 female)	2015	99.1	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2015	22.2	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2015	55.7	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2015	57.4	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2015	43.4	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2015	11.8	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2015	85.0	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2015	136.8	75.5	47.3	6.8
Total Fertility Rate (per woman)	2015	6.4	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2013	850.0	411.3	230.0	22.0
Women Using Contraception (%)	2014	22.4	35.3	62.1	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2004-2012	3.5	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2004-2012	11.4	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2009-2012	33.0	50.6	67.7	...
Access to Safe Water (% of Population)	2015	31.7	71.6	89.1	99.0
Healthy life expectancy at birth (years)	2012	45.0	51.3	57	69
Access to Sanitation (% of Population)	2015	23.5	39.4	60.8	96.3
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2013	0.5	3.8	1.2	...
Incidence of Tuberculosis (per 100,000)	2013	285.0	245.9	149.0	22.0
Child Immunization Against Tuberculosis (%)	2013	33.0	84.1	90.0	...
Child Immunization Against Measles (%)	2013	46.0	76.0	82.7	93.9
Underweight Children (% of children under 5 years)	2005-2013	32.8	20.8	17.0	0.9
Daily Calorie Supply per Capita	2011	1 696	2 621	2 335	3 503
Public Expenditure on Health (as % of GDP)	2013	...	2.7	3.1	7.3
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2011-2014	29.2	106.4	109.4	101.3
Primary School - Female	2011-2014	20.8	102.6	107.6	101.1
Secondary School - Total	2011-2014	7.4	54.6	69.0	100.2
Secondary School - Female	2011-2014	4.6	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2012-2014	16.6	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2006-2012	...	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2006-2012	...	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2006-2012	...	53.4	75.2	99.0
Percentage of GDP Spent on Education	2009-2012	...	5.3	4.3	5.5
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2013	1.8	8.6	11.9	9.4
Agricultural Land (as % of land area)	2013	70.3	43.2	43.4	30.0
Forest (As % of Land Area)	2013	10.4	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2012	0.1	1.1	3.0	11.6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

July 2016

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## Appendix II. Bank Group's portfolio in Somalia

Project Name	Approval Date	Closing date	Net loan UA	Financing Instrument	Age in Yrs	Disb.Ratio
Building Resilience to Water Stress in Somaliland	01/10/2014	31/03/2018	2,390,571.59	Afr. Water Facility	2.1	1.44
Economic and Financial Governance Institutional Support Project	18/12/2013	30/06/2018	2,500,000.00	ADF-PBA	2.9	59.39
Socio-Economic Re-Integration of Youth at Risk	22/01/2016	31/12/2017	3,000,000.00	TSF-Pillar 1	0.8	24.13
Water Infrastructure Development for Resilience in Somaliland	17/06/2016	31/03/2020	5,390,571.59	TSF-Pillar 1 & RWSSI	0.4	0.00
Somalia-DRSLP II	26/11/2014	31/03/2020	10,000,000.00	ADF-PBA TSF- Pillar 1	1.9	0.23
			5,000,000.00			5.30
Institutional Support to Financial Governance in Somalia	01/06/2015	31/12/2018	1,225,275.00	TSF Pillar 3	1.4	6.50
Somalia National Statistical Capacity Building Project	13/10/2016	31/03/2019	1,200,000.00	TSF Pillar 3	0.03	0
<b>Total</b>			<b>30,706,418.18</b>			

**Appendix III. Key related projects financed by AfDB & development partners in Somalia**

<b>Project</b>	<b>Donor</b>	<b>Amount</b>	<b>Closing date</b>
Economic and Financial Governance Institutional Support Project	AfDB	UA 4.25m	June 2017
Socio-Economic Reintegration of Ex-combatants and Youth at Risk Project	AfDB	UA 3.0m	December 2017
Institutional Support for Financial Governance	AfDB	UA 1.2m	December 2016
Capacity Injection Project	World Bank	\$40.0m	June 2020
Strengthening Institutions Project	UNDP	\$14.3m	December 2017
Joint Youth Employment Programme	FGS/UN	\$54.5m	May 2018
Strengthening Somali Governance	USAID	\$22.8 million	September 2017
Support to Road Transport Authorities in Somalia	EU/BMZ	€21.0m	2018
Public Resource Management in Somalia	DfID	£38m	2020

## Appendix IV: Map of Somalia



## Appendix V: Project Fragility Analysis

### 1. *Fragility context in Somalia*

A protracted conflict of two and a half decades destroyed much of Somalia's governance structure, economic infrastructure and institutions. The results are widespread vulnerability and poverty, fragmented political structures, loss of physical infrastructure, and limited economic opportunities. Conflicts and instability are at the very core of state fragility in Somalia and the country has gone through enormous multi-dimensional political, economic, social and cultural changes over these decades.

Somalia has embarked on a path from fragility guided by the New Deal and adoption of the Compact, which provides a new political, security and developmental architecture that will help frame the future relations between Somalia, its people and the international community.

### 2. *Drivers of fragility in Somalia*

The Bank has recently undertaken an assessment of Somalia's drivers of fragility. A few of these drivers include the following:

- a. **Somalia suffers from a long history of conflict, and a protracted period without a central government and state authority or institutions.** Over the last two decades during which time there was no central government, many clans and sub-clans exploited the power vacuum to consolidate their political, economic, and military power. This has resulted in a diffusion of authority and governance. Against this political backdrop, there is a strong need for the FGS to be more inclusive in its approach to implementing the Somali Compact and reaffirm the equality of all Somali people.
- b. **There are currently continued tensions between some clans and sub-clans.** While the long period of inter-clan warfare is largely over, grievances and tensions continue to exist among certain clans and sub-clans. Thus, the federal model of governance is critical so that regions are able to form their own political leaders and states, which would then be responsible for the rights and development of the clans in their areas.
- c. **Competition over natural resources between regions and with the FGS continues to fuel tensions.** Somalia is richly endowed with natural resources, which include rich marine life, untapped oil and natural gas, and uranium deposits. While the interim Constitution allows for the creation of Autonomous States, it indicates little about how the revenues from natural resources, available in one area, should be shared with the rest of the country. This issue needs to be addressed effectively and equitably to contain the clan tensions.
- d. **Somalia suffers from a low infrastructure and human capital base.** Over the years, the country's infrastructure and human capital development has been severely constrained by war, violence, and wide spread poverty levels. The significant differences in the levels of economic development among the regions is partly driven by disparities in their infrastructure and human capital investments coupled with asymmetric distribution of resources, productive assets and access to economic activity.

### 3. *Fragility-responsive project design*

At the project-level, the design and implementation of the project (see activities and sub-activities) target the different drivers of fragility identified above. In applying the fragility-lens in this project, the approach was to unpack the relevant drivers of fragility into downside or project-level risks and challenges. The next step was to match the proposed project-level interventions and activities to the identified risks. The underlying assumption in this approach is that by tailoring project interventions

towards addressing project-level risks, the project ultimately contributes to remedy the major drivers of fragility affecting the sector and country at large.

The table below presents the approach of applying the fragility-lens in the project design with the view of making the project contribute to addressing the root causes of fragility in Somalia.

<b>Drivers of fragility</b>	<b>Downside risks</b>	<b>Project-level design/activities</b>
Low infrastructure and human capital base	<ul style="list-style-type: none"> <li>- Limited public works infrastructure for economic development</li> <li>- Poorly trained staff</li> <li>- Inadequate manpower</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment of the institutional framework conditions for physical infrastructure construction led by FGS in a coordinated manner.</li> <li>- Recruitment of 18 personnel for the Ministry of Public Works.</li> <li>- Technical assistance on organizational restructuring at both federal- and state-levels.</li> <li>- Provision of computer and IT equipment for about 50 staff, interns and other support staff.</li> <li>- Technical training for existing staff and new personnel.</li> <li>- Development of operational systems, guidelines and procedures for managing public works.</li> </ul>
Central-periphery divide on development issues	<ul style="list-style-type: none"> <li>- Weak governance systems for managing relationships between FGS and States</li> <li>- Inadequate financial resources for public works investment</li> <li>- Lack of coordination between federal and states</li> </ul>	<ul style="list-style-type: none"> <li>- Capacity needs assessment and capacity development for public works authorities at the federal and state-levels.</li> <li>- Revision of relevant public works law and legislations to structure governance systems.</li> <li>- Establish relevant coordination mechanisms to manage inter-ministerial collaboration at the line ministries and also between federal and state governments.</li> </ul>
Un-employment (especially among the youth) and poverty	<ul style="list-style-type: none"> <li>- High number of youth engaged in un-lawful activities due to lack of opportunities.</li> <li>- Economic marginalization of rural communities</li> <li>- Lack of access to basic services</li> </ul>	<ul style="list-style-type: none"> <li>- Skill training and job placement support for 1100 youths</li> <li>- 3 month internships for 35 youths and 1 year apprenticeships for 15 youths at the Ministry of Public Works.</li> <li>- Business management skills, financial literacy training, and seed capital for 200 construction-related SME start-ups</li> </ul>