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CURRENCY EQUIVALENTS

As at June 2017

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<tr>
<th>Currency</th>
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WEIGHTS AND MEASURES

Metric System

GOVERNMENT FISCAL YEAR

1 January – 31 December
### ACRONYMS AND ABBREVIATIONS

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<tr>
<th>Acronym</th>
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<tr>
<td>ADF</td>
<td>African Development Fund</td>
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<td>ALSF</td>
<td>African Legal Support Facility</td>
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<td>AMISOM</td>
<td>African Union Mission in Somalia</td>
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<td>AML/CFT</td>
<td>Anti-money Laundering/ Combating financing of terrorism</td>
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<td>African Water Facility</td>
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<td>CB</td>
<td>County Brief</td>
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<td>CBS</td>
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<td>CN</td>
<td>Concept Note</td>
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<td>Country Portfolio Performance Review</td>
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<td>DRSLP</td>
<td>Drought Resilience and Sustainable Livelihood Programme</td>
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<td>EFGISP</td>
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<td>ERP</td>
<td>Economic Recovery Plan</td>
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<td>Global Environmental Facility</td>
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<td>Highly Indebted Poor Country Initiative</td>
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<td>Multilateral Debt Relief Initiative</td>
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<td>Public Financial Management</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<tr>
<td>RI</td>
<td>Regional Integration</td>
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<td>RO</td>
<td>Regional Operation</td>
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<td>Somali Development and Reconstruction Facility</td>
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<td>Staff Monitored Programme</td>
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<td>Somalia Infrastructure Fund</td>
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<td>Somali Shilling</td>
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<td>STRERP</td>
<td>Short Term Regional Emergency Response Project</td>
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<td>Transition Support Facility</td>
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EXECUTIVE SUMMARY

1. **The Federal Government of Somalia** (FGS) has over the 2012-2016 period made significant progress towards realising its political, security, and economic development agenda. These achievements include, conducting peaceful elections in February 2017, which resulted in the election of a new President and Federal Parliament, creation of several autonomous **Federal Member States** (FMSs), and a historic agreement reached by Somali political leaders on a new **National Security Architecture**. The **National Development Plan 2017-19** (NDP) was finalised in early 2017, and progress has been made in re-engaging with **International Financial Institutions** following the implementation of a number of economic policy reforms and initial capacity building programmes in key ministries and institutions. As a result of these accomplishments, the FGS is now in a much stronger position to implement Somalia’s peace building and sustainable economic development agenda.

2. **Over the past four years, Somalia has experienced moderate real GDP growth, averaging 3.4% per annum.** The Somali economy still relies heavily on the agriculture and livestock sectors. Due to the on-going drought, real GDP growth in 2017 (based on IMF estimates), is projected to decelerate to about 2%, while inflation is expected to increase to above 3% from about 1 to 1.5% over the last three years. Other important drivers of growth are construction, remittances and investments in telecommunication. Major constraints on Somalia’s economic growth and development include, continuing insecurity, inadequate and poor state of infrastructure, weak public institutional and human capacities, weak public financial management, external debt arrears, high vulnerability to droughts and floods, and narrow financial sector.

3. **Somalia’s per capita income is estimated at USD 435, which makes it the fifth poorest country in the world.** Furthermore, it is estimated that about half the population (51.6%) live below the poverty line. The on-going drought, which started towards the end of 2016 due to consecutive poor rainfall seasons and low river levels, has resulted in about 6.7m people in Somalia needing urgent humanitarian assistance.

4. **The NDP builds on the work of the New Deal COMPACT for Somalia and defines the Government’s development priorities for the 2017-19 period.** In May 2017, the FGS and international community agreed on a **New Partnership for Somalia** (NPS) to facilitate the implementation of the NDP. The NPS commits Somalia to an ambitious set of much-needed reforms that focus on economic recovery, security, governance and PFM, in return for sustained international support.

5. **The Somalia CB 2017-20 builds on the Bank’s work under the CB 2013-15, which was extended to 2016, and is aligned to Somalia’s NDP 2017-19 by directly supporting the Plan’s pillars associated with effective and efficient institutions, restoring strategic infrastructure, and building resilience.** Thus, the CB’s overarching objective will be to “Build longer term resilience in Somalia, through targeted support to the development of relevant infrastructure, institutional capacity, and skills”. To achieve this objective, the CB will implement programmes under two main pillars: (i) Rebuilding key infrastructure to enhance resilience and diversify livelihoods; and (ii) Institutional capacity building and skills development for improved governance and job creation.

6. **The CB 2017-20 will, thus, position the Bank to tangibly deliver on three areas of the High 5’s, namely; “Feed Africa”, “Light up and Power Africa” and “Improve the Quality of Life for Africans”.** The CB will contribute to the implementation of the **Jobs for Youth in Africa** (JfYA) Strategy, and is also well aligned with the Bank’s **Strategy for Addressing Fragility and Building Resilience in Africa** (2014-2019). The CB aims to address two key drivers of fragility in Somalia: these are the country’s limited resilience to environmental shocks, and significant constraints to livelihood opportunities. Furthermore, the CB gives priority to strengthening state capacity and building effective institutions in the infrastructure sector. It is also aligned with the Banks’ **Gender Strategy** (2014-2018) and will contribute to the strategy’s pillars on **Economic Empowerment** and, **Knowledge Management and Capacity Building**.

7. **The CB 2017-20 work programme will be financed from ADF 14 resources and donor contributions to the SIF.**
1. INTRODUCTION

1. **The Federal Government of Somalia (FGS)** has over the 2012-2016 period made significant progress towards realising its political, security, and economic development agenda. The main political achievements include conducting peaceful representative elections in February 2017, in which a new President and Federal Parliament were elected, with increased women and youth representation, and creation of several autonomous *Federal Member States* (FMSs). On the security front the main achievement has been the historic agreement reached by Somalia political leaders on a *National Security Architecture*. This security agreement will deepen the national integration of various security structures across the federal states. Key economic achievements include the drafting of the first *National Development Plan* (NDP), which articulates the FGS’s economic reconstruction and development priorities for the 2017-19 period. The substantial progress made towards FGS reengagement with *International Financial Institutions* (including the IMF) follows the completion of a number of economic policy reforms and initial capacity building programmes in key ministries and institutions. As a result of these landmark achievements, the FGS is now in a stronger position to implement Somalia’s peace building and sustainable economic development agenda.

2. **However, Somalia continues to face many security, political, and economic challenges.** Terrorism threatens peace and stability in Somalia and the surrounding countries. Work to address constitutional issues needs to be expanded and accelerated, and agreement reached on a stable federal settlement to, among others, define the exact status of FMSs and the allocation of powers, and decide on how to allocate the country’s economic resources and revenues. Security sector reforms have not progressed as quickly as envisaged, and the threat of piracy continues. Further progress on democratisation, human rights and the rule of law is needed, while strong efforts are required to combat corruption. Economic recovery has been slow as a result of which there has been very little improvement in the lives of Somalis, with poverty levels remaining extremely high. The current humanitarian crisis, exacerbated by the prolonged drought, requires concerted efforts to address immediate needs, whilst at the same time aiming to build the country’s resilience going forward.

3. **The Somalia CB 2017-20 builds on and consolidates the Bank’s contribution to the Somali Compact under the CB 2013-15, which was extended to 2016, and is aligned to Somalia’s new NDP 2017-19.** A major challenge facing Somalia today is its limited resilience to environmental extremes and pressures such as floods and drought. This is compounded by the country’s massive infrastructure constraints, weak state institutions, and limited human and financial capacity. However, Somalia has the potential to build resilience through increasing agricultural output, diversifying livelihoods, and providing training and skills to a predominantly youthful population. Thus, the Somalia CB 2017-20 will directly support the NDP pillars focused on promoting *effective and efficient institutions, restoring strategic infrastructure, and building resilience*.

4. **The proposed CB’s overarching objective is to “Build longer term resilience in Somalia, through targeted support to the development of relevant infrastructure, institutional capacity, and skills”**. To achieve this objective, the CB 2017-20 will have the following two main pillars: (i) *Rebuilding key infrastructure to enhance resilience and diversify livelihoods*; and (ii) *Institutional capacity building and skills development for improved governance and job creation*. The two pillars will also ensure that the Bank is able to deliver and take the lead in rehabilitating and developing Somalia’s infrastructure over the medium term, as expected by the Somali authorities and international partners.
2. COUNTRY CONTEXT

2.1 Political and Security Context

5. **Elections:** Following numerous postponements, the Presidential Election took place on 8 February 2017. Given the poor security environment and the absence of an electoral law, a universal suffrage election based on a one-person one-vote ballot system was not possible. Consequently, 14,025 delegates (selected by 135 traditional elders) representing Somalia’s clans cast their votes for members of the Lower House, while members of the new State Assemblies selected members of the Upper House. These new lawmakers were then tasked with electing the new President.

6. **Political challenges:** Although gains have been made in promoting peace and stability, Somalia’s political landscape remains extremely tenuous due to the following main challenges: i) high levels of insecurity exacerbated by the continuing activities of the Al-Shabaab terrorist group, the large stocks of weapons held by the civilian population, and ineffective law enforcement mechanisms; ii) weak capacity of state institutions and human resources; iii) high incidence of poverty; and iv) high unemployment, especially among youths. **Clanism,** which is at the heart of deep political divisions and a major contributor to low levels of trust, continues to play a central role in perpetuating political instability in Somalia. Clans continuously contest the current and future distribution of resources and power. These contestations engender grievances, lack of social cohesion, inter-clan tensions and, sometimes, violence.

7. **Federalism:** Going forward, important issues to be addressed include the finalisation of the state formation process, which will involve defining the exact status of FMSs vis à vis the Federal Government, allocation of powers, resource generation and revenue sharing, the type of political system, and the federal justice model. It will also be important to reach a settlement on outstanding constitutional issues, including completing the constitutional review process. Work needs to continue towards the one person one vote elections in 2021, which includes developing a clear roadmap and electoral laws. Meanwhile, Somaliland continues to consider itself an independent country and seeks international recognition of its sovereignty from Somalia. Puntland maintains its claim to parts of the Sool and Sanaag regions; a claim Somaliland has rejected. Since his election, President Farmajo has made a concerted effort to reach out to the FMSs and continues to try consolidate Somalia’s nascent federal system.

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1 Until recently, Somalia was without an effective government since 1991, when the Somali State, born at independence in 1960 from the merger of the British Protectorate of Somaliland and the UN-Italian Trust Territory of Somalia, collapsed. Somalia lived through a tumultuous history of initial democracy, followed by dictatorship, and the shifting alliances of the Cold War, as it squabbled with most of its neighbours; did not have diplomatic relations with Kenya for a number of years; and fought one large, disastrous war against Ethiopia in 1977–78. In the long aftermath to the war with Ethiopia, rebellions over most of the territory led to the collapse of the Somali State in 1991; to the *de facto* separation of the former Somaliland, and its unilateral declaration of independence; and a few years later, to the creation of the first of the (self-defined) Somali federal states, Puntland, in 1998. Meanwhile, Mogadishu kept its dream of remaining the capital city in spite of the absence of any kind of central government over a long period. See the Bank’s *National (2014) and Regional (2015) Somalia Fragility Assessment Reports* for further information on Somalia’s history.

2 In line with the provisions outlined in the Security Council Resolutions 1325 and 1820, the *National Leaders Forum* (NLF), which brings together top leaders from both Federal and Regional Governments, endorsed the quota of 30% for women’s representation in both the Senate and Parliament and urged those involved in the electoral process to ensure the decision is implemented.

3 These states include Hirshabelle, Jubbaland, South-West, Galmudug and Puntland (which was the first of the self-defined Somali Federal States to be formed in 1998). The status of Benadir (i.e. the Mogadishu area) still needs to be decided, and Somaliland continues to consider itself an independent country and seeks international recognition of its sovereignty from Somalia.

4 Consequently, armed groups (some supporting Puntland’s claims and others trying to have a separate state of their own) have been active along the borders between the two States over the last few years.
8. **Security**: Progress has been made on the security front against Al-Shabaab by the combined Government security forces and a strengthened AMISOM force. This has led to the liberation of numerous towns and urban centres. In addition, many Al-Shabaab leaders have been killed since 2014. However, this has not completely stopped the terrorist group’s activities, as evident from their continued deadly attacks in Somalia, including on key Government installations and public offices, such as Villa Somalia where the President and Cabinet are based, and Parliament. Al-Shabaab also continues to target FGS and Regional Administrations Members of Parliament and senior Government officials. To counter these attacks, the UN Security Council has extended AMISOM’s mission in Somalia to March 2018 and also maintained the ‘partially lifted arms embargo’ for Somalia until November 2017. However, from January 2016, the EU decided to reduce its funding to AMISOM by 20%. This decision has resulted in a reduction of subsistence allowances of AMISOM soldiers, which has in turn negatively affected their morale.

9. **Stabilisation**: Efforts to consolidate security and stabilise areas freed from Al-Shabaab are critical for the local communities to experience and appreciate the peace dividend. The *Joint Programme on Local Governance* is part of the Government’s overall stabilisation strategy. This initiative, which includes the training of local caretaker administrators, brings together civilian, security, and political actors. In this connection, better coordination between key players (including the authorities, UN, AMISOM and partners supporting development projects) is critical for the success of the efforts aimed at consolidating security gains and all future stabilisation efforts.

### 2.2 Economic Context

10. **Economic growth**: Averaging about 3.4% per annum, Somalia has experienced moderate real GDP growth over the past four years. Due to the on-going drought, real GDP growth in 2017 (based on IMF estimates), is projected to decelerate to about 2%, while inflation is expected to increase to above 3%. The projected slower GDP growth rate in 2017 will be due to reduced agricultural production, the main driver of Somalia’s economic growth. Meanwhile, construction, telecommunications, and the service sectors are projected to continue registering decent growth. The Somali economy relies heavily on the agriculture sector, remittances and investments in telecoms for its foreign exchange inflows, with no apparent contribution from the manufacturing and industrial sectors. Without a manufacturing or industrial sector, very little value is added to the agricultural and livestock products before they are either exported or consumed internally. The heavy dependence on primary commodities as the major source of export earnings is a critical structural bottleneck reflecting the country’s narrow economic base. As a result of this, Somalia’s economy is highly vulnerable to both market shocks, such as price fluctuations, and environmental shocks (particularly droughts).

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5. AMISOM is a regional peacekeeping mission operated by the African Union with the approval of the United Nations. The bulk of its troops are from countries within the Eastern African region including Uganda, Burundi, Djibouti, Kenya and Ethiopia.

6. Following the gains made in security, *Interim Local Administrations* have been established to manage the stabilisation efforts in recovered areas, including the formation of *Peace and Security Committees*, and the opening up of access and supply routes. These activities are, nonetheless, being undermined by Al-Shabaab’s continual blockade of routes into areas from which they have been driven out. Consequently, the Government and development partners are facing considerable challenges in providing basic social services, food aid and other supplies to needy communities in the liberated areas. This has led to some areas falling back under the control of Al-Shabaab.

7. The reasoning for this is that the EU is increasingly being called upon to support other African peace and security operations and, thus, needs to keep enough financial flexibility to respond to new crisis that may emerge in Africa. These include the rise of jihadists in Mali, the conflict in the Central African Republic and the Boko Haram insurgency mainly in Nigeria and the Lake Chad region. The EU had informed the AU of this decision more than a year before, hoping that the AU would seek out other donors to fill the gap.

8. The small industry that existed before the civil war has completely vanished and the machinery sold as scrap metal.
11. **Fiscal policy:** High public expenditures relative to low revenues have contributed to Somalia’s persistent fiscal deficits. However, domestic revenue as a percentage of GDP has shown some improvement from an estimated 0.6% in 2012 to 1.8% in 2016. This is still far below the IMF’s recommended 15% for low income countries. The improvement has resulted from better tax administration and increased engagement with the private sector. The FGS’s capacity to generate sufficient revenue and stabilise the fiscal and macroeconomic environment continues to be constrained by the small size of the formal economy, and an inability to collect taxes due to widespread insecurity and institutional constraints. Thus, in order to improve domestic resource mobilisation, a comprehensive strategy is required to improve tax compliance and revamp the system for tax administration. There is also very limited capacity and data to undertake robust macro-economic analysis, which would help underpin forecasts of the resource envelope and expenditure estimates.

12. **Monetary policy:** The *Central Bank of Somalia* (CBS) lacks the requisite institutional and human resource capacity to develop and execute sound monetary policy. The CBS has control over neither the exchange rate, nor the supply of the Somali Shilling (SOS), which is printed by private players. It has also not issued any bank notes since 1991, and the bulk of payments are conducted in USD, mobile phone payment platforms, and counterfeit SOS notes. Moreover, official international reserves are very low. However, over the last few years and with support from, amongst others, the IMF, World Bank and AfDB, the CBS has been building capacity and putting in place requisite monetary policy and financial supervision systems, to be able to play its conventional role in the economy\(^9\). In addition, important progress has been made to recruit directors and senior officials of key departments at the CBS. This will improve the Central Bank’s capacity to absorb advice from international donors and technical assistance providers\(^10\). With IMF’s assistance, the CBS has developed a two-phase roadmap for a comprehensive national currency reform, which takes into account the underlying country’s situation, security issues, and socio-political factors.

13. **PFM:** Somalia’s *Public and Financial Management* (PFM) systems and processes are still very much a work in progress. Consequently, over the last few years the area of PFM has received a lot of attention and support from the international community\(^11\). However, due to its still weak PFM systems, Somalia’s rankings on corruption and accountability have remained very low. In 2016 it was ranked 176 out of 176 countries on the *Transparency International Corruption Perceptions Index*, with a *perceived level of public sector corruption score* of 10/100\(^12\). The Bank’s *Country Policy and Institutional Assessment* (CPIA) also shows extremely poor performance in the area of financial governance (see annex 7).

14. **Debt:** Somalia’s external debt stock, presently estimated at USD 5bn, continues to accumulate arrears. USD 1.5bn of the debt is owed to multilateral creditors, with about USD 1.3bn being in arrears. The

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\(^9\) For example, with support from the IMF and US Treasury Department, the CBS has started the process of prudential regulation, supervision and examination of commercial banks. Through enhanced licensing procedures, the formal banking sector is expected to start strengthening – so far, six banks have been provisionally licensed and 13 applications for banking licenses are pending.

\(^10\) With support from the World Bank, the CBS has strengthened licensing and registration regulations relating to money transfer businesses (MTBs). Building on these regulations, CBS has again partnered with the World Bank and prepared regulations pertaining to anti-money laundering (AML) aspects of MTB operations. Furthermore, a third party Trusted Agent has been appointed to assist the CBS in monitoring the MTB industry.

\(^11\) For example, with the support of the Bank, IMF and World Bank, the FGS established a Financial Governance Committee (FGC) in 2013, to help increase financial accountability and build confidence in country systems, support ongoing efforts to strengthen institutions and capacity, and spearhead actions to strengthen PFM and central bank management. The progress so far includes the adoption of new laws, regulations, policies and procedures to govern PFM. The Procurement, Concessions and Disposals Act was assented by the President in early August 2016. The PFM Bill went through a first parliamentary reading just before its term ended in August 2016. The Audit Bill was sent to the President early in 2016 for assenting, but he did not assent to it. Its fate will be addressed in due course.

\(^12\) 0 (highly corrupt) and 100 (very clean).
largest creditors include the Bank, World Bank, IMF, and the Arab Monetary Fund. The outstanding debt to the Paris Club (PC) creditors is about USD 2.3bn, all of which is in arrears. The FGS, supported by the Bank (see annex 12), has been reconciling the debt and nine out of ten PC creditors have responded positively to requests to provide data on debt owed. Debt to non-PC creditors is estimated at USD 1.5bn and only three out of the 13 known/potential creditors have responded with data. The largest creditors are in the Gulf region and are expected to account for 90% of non-PC claims. So far, no commercial claims have been established, but the FGS is continuing to discreetly engage official bilateral creditors to establish the existence of such claims in their countries.

15. Arrears clearance: Somalia is currently preparing for the arrears clearance process through the Highly Indebted Poor Country Initiative (HIPC) and Multilateral Debt Relief Initiative (MDRI). In May 2017, the Somali Authorities and IMF met to review and conclude the first Staff Monitored Program (SMP)\textsuperscript{13}, which ran from May 2016 to April 2017. Performance under the SMP was judged to be broadly satisfactory. By the end of 2016, all but one of the structural benchmarks had been observed and five out of the six indicative targets had been met. Revenue performance was weak resulting in the target on new domestic arrears accumulation to be breached. In June 2017, the IMF approved a second SMP that covers the period May 2017 to April 2018. The new SMP will continue to focus support on macroeconomic stability and capacity development. It will also continue to implement the measures necessary for achieving debt relief in the future under the HIPC Initiative. The Authorities have now updated their memorandum of economic and financial policies (MEFP) for 2017-19, in which they outline their fiscal and financial policies reform agenda. These include better budgetary execution and outturns, broadening the tax base, and implementing a financial sector development roadmap. The NDP 2017-19 (see paragraph 32-33) also largely fulfils the requirements of an Interim Poverty Reduction Strategy Paper (IPRSP) – another key step in the HIPC debt relief process – and its successful implementation is now a priority.

16. Trade: Somalia is heavily dependent on imports of both consumer and intermediate goods, which have resulted in continuous huge annual trade deficits. The deficits have been mainly financed by remittances and international aid. In 2016, the country’s imports and exports were estimated to be USD 2bn and USD 628m respectively. The main trading partners include Ethiopia, Oman, Saudi Arabia, India, Kenya, China, Yemen, Pakistan and Turkey. Main exports include live animals, hides and skin, whilst imports include mainly consumer products, vegetables, raw sugar, wheat flour and rice.

17. Financial sector: The financial sector is nascent comprising of largely the Central Bank, a few commercial banks and several money transfer businesses (MTBs). Six commercial banks and 14 MTBs have been provisionally licensed by the CBS, and an additional 13 applications for commercial banking licenses are pending. Formal commercial banking activity is geographically concentrated in Mogadishu, with each institution having only a few branches in other parts of the country. The commercial banks are typically engaged in money transfers and trade finance. MTBs – or hawalas – are also flourishing in an unregulated and informal environment. It is estimated that the MTBs handle more than USD 1.5bn in annual remittances to Somalia, which remain a major source of foreign exchange for the country. In order to maintain the flow of remittances from abroad and assuage the

\textsuperscript{13} The first SMP had the following main components: i) Implementation of the Budget; ii) Ensuring that there is no further accumulation of budget arrears and clearing outstanding debts; iii) Currency reforms, and; iv) Building institutional capacity, and accounting and financial management systems for reporting under the SMP.
concerns of international financial institutions, an *Anti-Money Laundering and Combating the Financing of Terrorism* (AML/CFT) Law was passed by Parliament in early 2016. This Law empowers the CBS to put in place legal measures to govern and monitor the MTBs within Somalia\(^{14}\).

18. **Private sector:** Somalia’s economy\(^{15}\) is largely dominated by the informal sector, and the majority of the population lives at the subsistence level and is engaged in micro- and small-scale businesses. In spite of being ranked last out of 190 countries on both the 2016 and 2017 WB Doing Business Index, Somalia’s private sector has demonstrated impressive resilience in areas such as telecommunications, financial services, construction, livestock, and fisheries. It has been estimated that Somali women make up over 60% of business owners, consisting of microenterprises as well as medium to large enterprises and businesses connected to diaspora\(^{16}\). The extensive Somali Diaspora has played a major role in this by investing funds from abroad, as well as returning to Somalia with critical skills and human capacity. However, major private sector investments are unlikely in the near future given Somalia’s still volatile and fragile situation\(^{17}\).

19. **Infrastructure:** Somalia’s infrastructure was destroyed or heavily damaged during the more than two decades of armed conflict. According to the Bank’s 2016 Africa infrastructure development index, Somalia ranks lowest among all African countries. Through the NDP 2017-19, the FGS recognises the importance of infrastructure in attracting investment and developing a competitive and prosperous private sector led economy. To this end, the FGS has requested the Bank to lead in infrastructure planning and development, which is the basis for the Bank’s establishment of the Multi-Partner *Somali Infrastructure Fund* (SIF) – see annexes 9 and 10. Through the SIF, the Bank aims to mobilise and channel resources to projects, including capacity development, in the Energy, Transport, Water & Sanitation and ICT sub-sectors. In order to prepare a pipeline of projects for the SIF, the Bank conducted *Infrastructure Needs Assessments* (INAs) in these sub-sectors during the period 2015-16 (see annex 13 for a summarised discussion of the results of these INAs sectors). The SIF projects pipeline was approved by the *Somali Development and Reconstruction Facility* (SDRF) Steering Committee in November 2016.

20. **Agricultural sector:** The agriculture sector is a major contributor to Somalia’s GDP. The livestock sub-sector, for example, is estimated to contribute over 40% of GDP and more than 50% of export earnings. However, the agriculture sector is still characterised by low productivity due to the use of antiquated methods, such as inappropriate crop spacing, furrow planting and crop rotation. In addition, low productivity is attributed to inadequate access to finance, overdependence on rain-fed agriculture despite recurring droughts, dilapidated irrigation infrastructure, poor or non-existent transport infrastructure, and disputed property rights. The general insecurity, especially in the southern parts of the country where crop production is the main economic activity, also remains a major challenge.

\(^{14}\) Various related regulations are already in force, including registration and licensing, and MTB customer registration regulations. The FGS is now developing an initial action plan to build AML systems and capacity for better financial and remittance supervision. The action plan targets the CBS, international financial institutions, local financial institutions, and MTBs.

\(^{15}\) The country is currently not ranked on the Global Competitiveness Index due to lack of data.

\(^{16}\) Women owned medium to large scale businesses are concentrated around the importation of clothes, cosmetics, furniture and perfumes. Women are also becoming more engaged in traditional male sectors. Taken from UNDP (2013) *The Role of Somali Women in the Private Sector*.

\(^{17}\) Somalia also lacks essential infrastructure, institutions and policies that can support an effective business environment. Therefore, in order to encourage further private sector expansion, there is a need to develop business regulations for trade, improve the efficiency of trade logistics services, and improve infrastructure (e.g. electricity).
21. **Regional integration:** Despite its strategic geographical location in the Horn of Africa, Somalia has had limited participation in regional economic activities. This is a consequence of the more than two decades of civil war and subsequent state collapse. Nonetheless, the FGS hopes that RI can assist the country in achieving its goals of ensuring sustainable, pro-poor economic growth, poverty reduction, and stability. Active participation in RI will enable Somalia to benefit from its opportunity of having the longest coastline in Africa. In particular, its strategic geographical location as the bridge and/or corridor between the Horn of Africa region and the Middle East, Asia and Europe, has the potential to transform Somalia into a logistics hub and free trade area for exports from and imports to the region (specifically Kenya, Ethiopia and South Sudan). In this context, RI potential benefits to the country would, among others, include increased physical access to markets, an enhanced trade environment, and improved business competitiveness. Currently, Somalia’s main regional trading partners include Ethiopia and Kenya, which respectively account for about 34% and 9% of its imports. However, the country’s exports to the region are very low. Thus, the need to develop potential trade corridors (e.g. **Mogadishu-Baidoa-Dolow-Nairobi**), and improve customs and border management to facilitate trade and increase revenues18, is becoming increasingly important and urgent.

2.3 **Social Context**

22. By endorsing both the MDGs and SDGs, Somalia made a commitment to achieve both sets of goals. However, owing to the country’s political instability, security challenges, and inadequate financial and human resources, among others, Somalia did not achieve any of the MDG goals, and progress on the SDGs will be a big challenge. It is envisioned that the NDP (and subsequent economic development strategies) will aim to deliver on the SDGs.

23. **Poverty:** The World Bank estimates that the poverty levels in Somalia are extremely high, with about half of the population (51.6%) living below the poverty line. The incidence of poverty is more pronounced in IDP camps and rural areas. Poverty is aggravated by the lack of an effectively functioning government, widespread insecurity, and natural disasters like floods and droughts. Furthermore, the high average fertility rate of more than 6 children per woman, coupled with the fragile environment, pose significant challenges to reducing the levels of poverty in Somalia19. The World Bank also estimates that Somalia’s per capita income is USD 435, which makes it the fifth poorest country in the world20. In addition, with an estimated youth unemployment rate of 67% – one of the highest in the world – many young people (about 70% of the Somali population of about 12m are under the age of 30) do not see Somalia offering them any tangible prospects in the future. Thus, the high levels of unemployment have created frustration amongst the youth, which has in turn not only increased their vulnerability to militant groups and other criminal activities, but also their migration to other parts of the world, including other African countries, Europe, Asia and the Middle East.

24. **Drought:** Food insecurity, which is caused by drought and exacerbated by conflict and trade disruptions, remains a persistent and serious challenge. The on-going drought (from end-2016), caused by consecutive poor rainfall seasons and low river levels, has resulted in about 6.7m Somalis needing

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18 Somalia relies heavily on taxes and duties collected on foreign trade, as the only source of domestic revenue and budgetary support.
19 The United Nations Population Fund (UNPF) delivers essential reproductive health supplies and services through partnerships with both non-governmental and governmental organizations. In 2015, the UNPF’s expenditure on integrated sexual and reproductive health services, that includes family planning and maternal health, amounted to 69.3% of its total expenditure.
20 The Somalia High Frequency Survey (2016) estimates that the richest 20% of the population consumes seven times more than the bottom 20%.
urgent humanitarian assistance. In response, humanitarian actors launched a revised response plan in June 2017 to prevent famine. The revised plan now seeks USD 1.5bn to reach 5.5m people in 2017, and the Bank’s support to this plan is outlined in Box 1. Through the NDP, the FGS has also acknowledged food security as a priority strategic goal. It has, in this regard, underscored the need to revive the country’s traditional economic sectors such as agriculture, expand overall irrigation infrastructure, and improve the availability and accessibility of rural credit and financing support to small holder farmers and cooperatives.

Box 1: Bank’s response to drought in Somalia

The Bank’s Board of Directors approved, in July 2017, the Short Term Regional Emergency Response Project (STRERP) for Somalia and South Sudan that is valued at US$ 78m. Of this, US$ 35m is allocated to Somalia. The STRERP falls within the context of the Bank’s “Say No To Famine” framework. Under this framework, the Bank plans to invest about US$ 1.1bn in regional member countries that have been severely affected by periods of prolonged drought and unstable food production.

Targeting 804,000 individuals in Somalia, the STRERP’s food, water, fodder and medical assistance will provide relief to meet the immediate hunger and malnutrition needs faced by the affected communities. Beneficiary households will also be assisted in restoring and creating community assets, which will help targeted communities in enhancing livelihoods and building resilience against future shocks.

The project aims to stimulate the local private sector and reduce cross-border migration in search of food, water and pasture. The project also includes activities to put in place the preliminary building blocks to strengthen links between the production, distribution and consumption hubs of food systems in the affected regions. This will help facilitate increased system-wide efficiency and longer-term resilience, which is aligned with the Bank’s High-5 priorities, and particularly the Feed Africa Strategy.

25. Migration: Plans by the Government of Kenya (GoK) to close the Dadaab and Kakuma refugee camps in Kenya are still on the table. The initial December 2016 deadline for closing the camps was extended by six months following international community appeal to postpone the exercise on humanitarian grounds. The two camps host about 350,000 and 180,000 Somali refugees, respectively. Relocating these refugees back to Somalia would be a major logistical challenge and could have significant humanitarian impacts. The returnees are likely to face numerous challenges, including access to land, basic services, social reintegration and livelihoods restoration. The current drought crisis in Somalia has also compounded these challenges.

26. Education: Since 2012, the FGS, in collaboration with development partners such as UNICEF, Africa Educational Trust and Global Partnership for Education, has been implementing programmes to revive the public education sector, which have led to the enrolment of more children in formal primary education and alternative basic education. However, the Government still has a long way to go in addressing the country’s education needs. Currently, only about 42% of school-aged children are enrolled in primary schools and less than 8% of secondary school-aged children attend secondary schools. Girls are more affected with only four out of 10 going to school. Parents cite low availability of these, 3.2m people are in crisis/emergency phase and 3.5m are in stress phase. An estimated 4m children are in urgent need of humanitarian assistance, and levels of acute malnutrition are critical (estimated between 15-30%). Major disease outbreaks are also spreading, with over 42,721 cases of Acute Watery Diarrhoea (AWD)/Cholera and nearly 7,000 suspected cases of measles reported since January 2017. More than 714,000 people have been displaced due to drought since November 2016, including 8,000 and new arrivals in Mogadishu and 7,000 people who have crossed into neighbouring Ethiopia and Kenya.

Other notable achievements include: completion of the national curriculum framework; finalisation and submission of the Higher Education Act to parliament; provision of standard national primary and secondary education examinations in all regions; launch of the Education Management Information System (EMIS) to regional states; and strengthening the capacity of federal and state education ministries through recruitment and training of staff in key areas such as policy, planning, financial management, administration and leadership.

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of sanitation facilities (especially separate latrines for girls), lack of female teachers (less than 20% of primary school teachers in Somalia are women), safety concerns, and social norms that favour boys’ education, as the main factors inhibiting them from enrolling their daughters in school.

27. **Gender:** Women’s lives in Somalia are generally governed by patriarchal beliefs and customary laws that put restrictions on the participation of women in a number of areas. Female Genital Mutilation is still widely practiced, and women are at greatest risk to domestic and other forms of violence. About one in ten marriages occurs before a girl is 15 years old, and about half before she is 18. In 2014, the Government endorsed an action plan to address alarming levels of sexual violence. However, implementation has been slow and protection of the most vulnerable communities is not in full effect. With the gradual return to stability, the fight for equality and protection of women’s rights under the law is progressing well. There has also been a commitment to have 30% of parliamentary seats reserved for women.

28. **Health:** The overall health situation in Somalia remains poor, with some of the worst health indicators in the world. However, some progress has been made in strengthening the health sector. For example, the FGS has scaled up an Essential Package of Health Services, which has resulted in the families of more than 80,000 pregnant women and 406,000 children under five years gaining access to high quality health, emergency obstetric, and neonatal care. In Somalia, the average HIV prevalence rate for adults is estimated at 0.7%. While this figure appears relatively low, various surveys suggest that HIV awareness and prevention mechanisms remain low, thereby increasing the risks of infections. Tuberculosis (TB) is endemic to Somalia and the country is estimated to have one of the highest rates of TB in the world.

29. **Statistics:** The national statistics system collapsed during the civil war and, coupled with the continuing institutional capacity challenges, Somalia is unable to collect, compile, and report accurate and credible national social, economic and environmental data and information. The limited available information are derived from estimates by the IMF, World Bank and other organisations. However, the FGS, with support from development partners, including the Bank, has commenced setting up of a strong national statistics system. The planned system will generate the needed data and information for planning, decision making, and monitoring progress towards achieving the Bank’s new CB and FGS’s NDP objectives and programmes.

### 2.4 Environmental Context

30. **Natural resources:** Despite Somalia having ratified a number of international/regional environmental regulations and treaties, the environmental regulatory and institutional framework for most of the country has largely been absent over the last three decades. As a result, there has been tremendous destruction of natural resources. The UN Security Council has also determined that the illegal trade in

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23. 98% of Somali women aged between 15 and 49 have undergone some form of FGM.
24. While the full scope of sexual violence remains unknown, internally displaced women and girls are particularly vulnerable to rape by armed men, including government soldiers and militia members.
25. In this regard, the FGS, together with AMISOM and Somali Civil Society, are working on a National Gender Policy. Furthermore, the Ministry of Women and Human Rights formulated a new National Gender Policy in 2016; and a Gender Based Violence (GBV) Working Group Strategy (2014-2016) had previously been developed to strengthen preventive measures and improve access to justice for GBV victims.
26. One out of every 12 women dies during pregnancy. The average fertility rate is 6.6 children per woman. Access to maternal health services is low with 44% and 38% of births in Somaliland and Puntland respectively, being attended by skilled birth attendants. About half the women in Somalia are anaemic, whether they are pregnant or not. One out of every seven Somali children dies before their fifth birthday. The leading causes of infant and child mortality include malaria, pneumonia, diarrhoea, and measles. Malnutrition is an underlying factor in over a third of the deaths.
charcoal is a significant source of funding for terrorism and a major cause of deforestation. Despite these challenges, long-term efforts to address the situation continue to be hindered by insecurity and a lack of access to many recovered areas due to Al-Shabaab’s blockade of major supply routes. The construction of large dams on the Ethiopian sections of the Shabelle and Jubba Rivers has also reduced the flow of water downstream in Somalia, which has adversely impacted livelihoods in these regions.

31. **Climate change**: Somalia is among the world’s most vulnerable countries to climate change as characterised by rainfall variability, rising temperatures and disasters such as floods and drought. The FGS, with the support of the UNDP, has formulated a *National Adaptation Programme of Action* that seeks to address risks associated with climate change and increase the country’s resilience. The Bank also seeks to improve the resilience of pastoral and agro-pastoral communities to climate change through the *Rural Livelihood Adaptation to Climate Change in the Horn of Africa Phase II project* that is currently being prepared and will be funded by the *Global Environmental Facility*.

3. STRATEGIC OPTIONS, PORTFOLIO PERFORMANCE AND LESSONS

3.1 Country Strategic Framework

32. The *National Development Plan*\(^{(27)}\) (NDP) 2017-19, which builds on the work of the New Deal COMPACT\(^{(28)}\) for Somalia (whose initial three years ended in 2016), defines the FGS’s current development priorities. It is essentially the country’s primary strategic plan which forms the basis for the Government’s fiscal strategy and sector plans. Furthermore, the NDP elaborates a vision and direction for Somalia’s socio-economic development and poverty reduction agenda. It also outlines associated financing needs and major sources of funding, and guides the allocation of resources and prioritisation of Government actions and international support. The Plan has been prepared through extensive consultations and endorsed by all FMSs.

33. The **NDP’s main goals are: increasing real GDP growth by 5.5%, reducing poverty, improving the trade balance, and reducing the existing unemployment rate by 50%, particularly amongst the youth**. The Plan has the following six pillars which sets the FGS’s priorities: (i) consolidating peace, security, and rule of law; (ii) building effective and efficient institutions; (iii) building the foundation for rapid, inclusive and sustainable economic growth; (iv) building social capital; (v) restoring and protecting strategic infrastructure; and (vi) building the Somali national resilience capability. Pillar 5 on physical infrastructure draws extensively from the findings of the Bank supported needs assessments in the Energy, ICT, Water and Sanitation, and Transport sectors. Moreover, most of the proposed infrastructure project pipeline in the NDP is adopted from the initial years of the SIF project pipeline. Thus, delivery of the NDP infrastructure pipeline will heavily rely on financing to be mobilised through the SIF.

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\(^{(27)}\)This is the first NDP since 1986.

\(^{(28)}\)The New Deal is a fresh way of approaching a country’s transition out of fragility. Recognising that a shift was needed in how international assistance is provided, the “New Deal for Engagement in Fragile States” was developed to better manage risks, increase the use of country systems, and increase the predictability of aid. Donors committed to helping fragile and conflict-affected states improve their ability to govern and to make development more responsive to the needs and concerns of citizens, by strengthening national capacities and improving transparency and accountability. The President of Somalia in late 2012 committed to implementing the New Deal process and principles in Somalia, and towards establishing a single overarching framework (COMPACT) for all international donor and partner engagement with the country. Through the COMPACT the Somalis and the international community agreed on the most important priorities in five areas called the Peace and State building Goals (PSGs): (1) inclusive politics; (2) security; (3) justice; (4) economic foundations; and (5) revenue and services.
3.2 Aid Coordination and Harmonisation

34. The international community has been supporting Somalia largely through the structures (see annex 9) set up under the COMPACT. Aid coordination and identification of priorities to be funded were discussed and decided in the meetings of the SDRF Steering Committee and the Peace and State building Goals (PSGs) Working Groups. Since 2014, the PSG working groups (WGs) met regularly to discuss sector priorities and potential interventions to address these priorities. In order to finance the COMPACT, the WB Multi-Partner Fund (MPF) and the UN Multi-Partner Trust Fund (MPTF) were established in 2014. The WB MPF mainly focuses on PSG 4 and 5, though it may fund activities under PSG 1, 2 and 3. The UN MPTF funds activities in all PSGs (see annex 11 for details of on-going projects). Furthermore, the AfDB Multi-Partner Somali Infrastructure Fund (SIF) was established in October 2016 (see annexes 9 and 10), and is the window dedicated to mobilising finance for infrastructure rehabilitation and development. The Bank has so far received contributions from the UK (GBP 1.5m), the Islamic Development Bank (USD 10m), and Italy (EUR 1.5m).

35. A recent review of the COMPACT concluded that this had the fundamental requirements of any successful government-development partner relationship and provided a clear framework for mutual accountability. Development partners noted that the existence of the COMPACT was a key factor in their decisions to increase levels of development funding to Somalia. Furthermore, through the structures set up to deliver the COMPACT, it played an effective role in including the emerging federal member states. It also encouraged the re-engagement of IFIs and commencement of the debt relief process. However, the review noted that the COMPACT has come with high transaction costs, and has largely failed to deliver visible impacts for the average Somali, for example, through the rehabilitation and development of infrastructure. Consequently, the overriding lesson is that despite the exceptionally challenging context, the COMPACT proved useful and all stakeholders would, hence, like to renew some form of partnership agreement that would deliver tangible results on the ground.

36. During the London Somalia Conference in May 2017, the FGS and international community agreed on a New Partnership for Somalia (NPS) to facilitate implementation of the NDP 2017-19. The NPS commits Somalia to an ambitious set of much-needed reforms – including on economic recovery, security, governance and public financial management – in return for sustained international support to the NDP. The NPS aid architecture will build on and reinforce the mechanisms and frameworks that were set up for implementing the COMPACT (in particular the SDRF aid coordination bodies and funding mechanisms). For example, pillar/sector working groups (formerly the PSG Working Groups) will continue to provide the technical forum for sectoral policy dialogue, formulation, planning and programmatic co-ordination. By December 2017, a performance and milestones-based “Mutual Accountability Framework” will be developed to measure implementation progress.

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29 The PSGs are: (1) inclusive politics; (2) security; (3) justice; (4) economic foundations; and (5) revenue and services.
30 In addition, from August 2014, the WB MPF absorbed the Special Financing Facility (SFF) into what is now the Recurrent Cost and Reform Financing Facility (RCRF). The RCRF establishes a new instrument for supporting the Government’s budget and for enabling associated policy dialogue (e.g. payroll reform and recurrent costs). The purpose of the facility is to pay FGS salaries, invest in small-scale local development projects and enhance PFM capacity. The facility will serve to test and build country systems, provide a basic benchmark of credibility and stability, and strengthen public confidence.
3.3 Strengths and Opportunities, Weaknesses and Challenges

37. Somalia’s major strengths, opportunities, weaknesses and challenges are fully assessed in annex 6. For example, having a vibrant private sector and a diaspora willing to invest in the rehabilitation of Somalia is a strength that the country needs to take advantage of. However, the continued security challenges, high costs of drought, inadequate infrastructure and limited institutional capacity need to be addressed before the country will be in a position to attract the major investments required. Furthermore, continuing with the ambitious programme of PFM reforms and completing the HIPC process is crucial to attract significant ODA for the ultimate stabilisation and development of Somalia.

3.4 CB 2013-16 Completion Report and CPPR 2016 Results and Lessons

38. Since the approval of the CB 2013-1532 and CB Extension to 2016, the Bank has made good progress in implementing its Somalia programme. Due to the arrears situation, however, the Bank Group’s resources have been committed mainly from the ADF 12 and 13 Transitional Support Facility (TSF) Pillar I and III resources. The Board also exceptionally approved, in December 2013 and November 2015, the utilisation of 50% of Somalia’s ADF 12 (UA 2.5m) and 13 (UA 7.5m) Performance Based Allocation (PBA), respectively. UA 15m was also approved for the Drought Resilience and Sustainable Livelihoods Programme (DRSLP) from the ADF 13 Regional Operations envelope. Additional resources were committed from other instruments not affected by the arrears situation such as the Special Relief Funds and trust funds like the African Water Facility (AWF), African Legal Support Facility (ALSF), Rural Water Supply and Sanitation Initiative (RWSSI), and Global Environmental Facility (GEF). In summary, by end 2016 a total amount of UA 27.7m was made available from PBA and TSF resources over the previous four years, while an additional UA 34.4m was mobilised from other resources (including the instruments mentioned above and the commitments from IsDB and DfID to the SIF).

39. The Bank Group’s currently active portfolio (approved and ongoing operations) consists of ten projects, of which nine are national and one is regional, for a total commitment of UA 69.01m. In terms of sectoral distribution, the agriculture sector has the largest allocation, amounting to UA 40m (58%), followed by the water and sanitation sector at UA 15.6m (23%), social sector at UA 8.5m (12%), and multisector at UA 4.9m (7%). The portfolio’s average age is about 1 year, with an average disbursement rate of 18.4%. Annex 5 shows the status of the on-going projects for Somalia, as well as further details on selected projects.

Figure I: Sectoral distribution (%)

32 The CB 2013-15 Extension to 2016 had the following three main components: (i) Financing the Somalia component of the Bank Group’s regional Drought Resilience and Sustainable Livelihoods Programme (DRSLP); (ii) Strengthening governance and capacities, and; (iii) Facilitating the re-engagement process of Somalia with the international community.
Despite the efforts being made by Bank task managers and FGS counterparts, implementation of the Bank’s operations in Somalia has been a challenge. As a result, the assessment of output and outcome performance indicators at the CB completion point was rated as only satisfactory. The slow pace of project appraisal, approval, and implementation (often hindered by the difficult security situation and inability of Bank Task Teams to access Somalia and relevant counterparts) have been the main bottlenecks to achieving all the outputs and outcomes. Furthermore, some of the outcomes were generally too ambitious and broadly defined for the Bank to influence (given the limited resources at its disposal) and, in some cases, even measure. Nonetheless, key portfolio performance indicators have registered some improvements (e.g. no signature delays, no slow disbursement) over the last year due to efforts the Bank and FGS counterparts are making to improve portfolio performance. These efforts include training of Somali Government counterparts on Bank rules and procedures, using third parties to implement and monitor projects, especially in areas where Bank staff have limited access due to security concerns, conducting regular project supervision missions, and recruiting consultants for short term assignments to augment the Bank’s capacity and also be able to operate on the ground.

Important lessons from the CPPR are that the Bank needs to be more focused, aim more modestly, and try to keep things simpler in its reengagement with a country that is still very much fragile. Since the Bank’s interventions are only a small part of the country’s development support, there is also a need for more realistic expectations about what the Bank can achieve in a very challenging and fragile context like Somalia. Going forward, it is envisioned that the design of Bank projects will be simpler (e.g. comprising fewer procurement items and bundling of procurement), more focused (e.g. on projects in fewer sectors where the Bank has a comparative advantage), and more flexible (e.g. implementable by third parties such as the UN or international NGOs) to accommodate such a volatile environment.

Other key lessons and findings from the Completion Report are as follows:

a) Political instability (e.g. numerous Cabinets reshuffles) slowed the Bank and international community’s reengagement with Somalia. In addition, there is a massive institutional and human

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Table I: Portfolio Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>September 2015</th>
<th>December 2016</th>
<th>July 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects (#)</td>
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<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Total commitment (UA m)</td>
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<td>Average project size (UA m)</td>
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</tr>
<tr>
<td>Average age (years)</td>
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<td>1</td>
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<tr>
<td>Overall disbursement Rate (%)</td>
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<td>11.8</td>
<td>18.4</td>
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<td>Projects at risk (%)</td>
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<tr>
<td>Projects with signature delays (#)</td>
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<tr>
<td>Slowly disbursing projects (#)</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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33 As detailed in the Somalia Country Brief 2013-2015 Extension to 2016 Completion Report and Country Portfolio Performance Review (ADB/BD/WP/2017/37, ADF/BD/WP/2017/25), key achievements during the CB 2013-15 Extension to 2016 included: setting up the SIF and finalising its project pipeline, reconstructing part of Somalia’s external debt database (see annex 12), setting up a Debt Management Unit, and establishment of the Somalia Fund Management Unit in IGAD (which can also support further Bank projects). Progress has also been made in strengthening governance and human/institutional capacities including: (i) providing TA to develop the statistical capacity of the Central Statistics Department of the Somaliland Ministry of Planning and Development (a similar project has now been designed for the FGS, Puntland and South West Administrations); (ii) building capacity in the FGS for macroeconomic management, budget formulation, and procurement; (iii) supporting the set-up and participating in the early phase of the Financial Governance Committee (FGC); (iv) providing TA to the Ministry of Finance to build capacity and support better aid coordination, and; (v) the engagement of the ALSF in Somalia since 2013.

34 Most of the current projects are at an early stage of implementation and have not yet been rated on the Bank’s system. The projects that have been supervised are the Economic and Financial Governance Institutional Support Project and the Socio-Economic Re-Integration of Youth at Risk Project.
resource capacity deficit in Government departments and, therefore, the Bank has been hard-pressed to effectively deliver on an ever expanding country work programme. Thus, the Bank will put in place measures to deal with these challenges, which include: (i) designing simpler projects; (ii) institutional capacity development – particularly developing the capacity of relevant Government officials in Bank rules and regulations – during project preparation, appraisal and implementation; and (iii) relying on third parties, who have strong on-the-ground presence and successful past experience, to implement projects. In addition, through the Bank’s new structure and business delivery model, Management is committed to building the team and locating critical staff in RDGE (with regular in-country missions), which will better position the Bank to closely follow up and implement projects.

b) The administrative budget resources (e.g. security for missions, potentially higher project management costs, especially when using third parties to deliver projects) needed to operate effectively in Somalia are higher than in other countries. As a result, administrative budgets and project costings for Somalia must take this into account.

c) Finally, the Bank has been an important partner for Somalia over the last four years, and has overcome a number of challenges to deliver vital results on the ground. Delivery of these results has taken a dedicated team, working under very difficult circumstances, to make the Bank a trusted partner. Going forward, the experience and knowledge gained in implementing the CB Extension will be vital for executing the CB 2017-20.

4. BANK GROUP STRATEGY 2017-20

4.1 Rationale and Strategic Selectivity

42. The Somalia CB 2017-20 builds on and consolidates the Bank’s contribution to the Somali Compact under the CB 2013-15 Extension to 2016, and is aligned to Somalia’s new NDP 2017-19. The Somalia CB 2017-20 will directly support the NDP pillars associated with effective and efficient institutions, restoring strategic infrastructure, and building resilience. As summarised in annex 4, the Government has emphasised that the key area required for Bank support is the development of infrastructure to build the country’s capacity to respond to and build resilience to extreme environmental pressures and shocks, such as floods and drought, and enhance critical livelihood opportunities. This will include building the capacity of institutions and a cadre of skilled Somali’s to deliver, manage and maintain related infrastructure. The Bank’s comparative advantages in infrastructure, particularly its ability to intermediate development finance and convene dialogue on policy and institutional issues, positions it well for scaling-up the provision of infrastructure services in Somalia.

43. The CB 2017-20 will, thus, position the Bank to directly deliver visible outcomes in Somalia on three aspects of the High 5s; “Feed Africa”, “Light up and Power Africa” and “Improve the Quality of Life for Africans”. The CB will also have direct and indirect impacts on the other High 5’s, as shown in annex 3. Given that the preparation of this CB has benefited from past fragility assessments of the country\(^\text{35}\), it is well aligned with the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019). It aims to address two of the key drivers of fragility in\(^\text{35}\) The Somalia Fragility Assessment Report on Regional Governments, Sources of Fragility and Resilience was completed in 2015, and provides the Bank with a clear understanding of the evolving situation regarding the various levels of the country’s government system and possible implications for the Bank’s engagements and operations in Somalia.
Somalia, namely, the country’s lack of resilience and limited capacity to respond to environmental pressures and shocks, and significant constraints to livelihood opportunities. Furthermore, it gives priority to strengthening state capacity and building effective institutions in the infrastructure sector. It is also aligned with the Banks’ Gender Strategy (2014-2018), and will directly contribute to the strategy’s pillars II and III on Economic Empowerment and, Knowledge Management and Capacity Building. For example, women will benefit from the rehabilitation of water infrastructure, as they will more easily access clean water and decent sanitation, thus enabling them to engage in other productive activities. Women’s participation in project design and project-related employment will also be emphasised.

44. Preparation36 of the new CB started at the beginning of 2016, and was done in parallel with the work to establish the AfDB Somali Infrastructure Fund (SIF) and the development of a pipeline of projects for the SIF. The reasoning for this is that the SIF will be the main channel through which resources will be mobilised to finance the new CB work programmes. It is also expected that about 65% of the interventions under the new CB will be financed by other partners, either directly through the SIF or indirectly through co-financing of projects.

4.2 Country Brief Objective and Pillars

45. The analysis undertaken in section 3.3 and annex 6 underscores that one of the major challenges facing Somalia today is its limited capacity to respond to and low resilience to environmental pressures and extremes such as floods and drought. This challenge is compounded by massive infrastructure constraints and weak state institutions and capacity. However, Somalia has the potential to build resilience through increasing agricultural output, diversifying livelihoods, and providing training and skills to a predominantly youthful population.

46. Thus, the CB’s overarching objective will be to: build longer term resilience in Somalia, through targeted support to the development of relevant infrastructure, institutional capacity, and skills. To achieve this objective, the CB 2017-20 will have the following two main pillars: (i) Rebuilding key infrastructure to enhance resilience and diversify livelihoods; and (ii) Institutional capacity building and skills development for improved governance and job creation. The two pillars will also ensure that the Bank is able to deliver on the expectation that the authorities and international partners have of the Bank to take the lead in rehabilitating and developing Somalia’s infrastructure over the next few years. The UN window under the SDRF currently focusses largely on security and inclusive politics, whereas the WB window currently focusses on governance, private sector development, natural resource management, ICT, small urban water projects, and off-grid lighting solutions. Thus, the Bank’s pillars will complement these areas in order to support Somalia’s sustainable development.

Pillar I: Rebuilding key infrastructure to enhance resilience and diversify livelihoods

47. Pillar I will support the country’s development goals37 to revitalise infrastructure and infrastructural services, ensure availability of clean drinking water, and improve resilience and sustainable management of natural resources. Under this pillar, the Bank’s interventions will target

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36 The methodology included desk-top research, analytical work (see paragraph 19), and significant dialogue with officials in the federal and state governments, and development partners (see annex 14).
37 Take from the NDP results matrix. Full wording of each goal is provided in annex 1.
projects identified through the extensive Bank supported analytical work\textsuperscript{38} and stakeholder dialogue from 2014-17. The projects will include rehabilitating damaged and inadequate productive (e.g. water supply and storage) and marketing infrastructure (e.g. roads and ports) that currently contribute to low agricultural productivity and commodity values, and which ultimately negatively affects the income, resilience and livelihoods of rural communities. The transport interventions will also aim to link key agricultural areas and more marginal or remote regions. In addition to roads and ports, the Bank will provide support towards rehabilitating some of the major airports, given their vital role as key emergency transit hubs during humanitarian crises, which are still to be expected in the medium term until Somalia builds sufficient resilience.

48. The Bank’s energy interventions are important to enable Somali’s, particularly the vast majority of poorer communities and IDPs, to move away from a reliance on charcoal for lighting and heating needs, and, instead, use more modern fuels including kerosene, LPG and grid power. Currently, the country’s environment is under immense threat due to widespread cutting of trees and other vegetation for the production of charcoal. The deforestation has led to increased desertification across Somalia, and lessened the resilience of ecosystems to drought and climate change. Allowing the forested and vegetated areas of the country to recover will certainly have longer term benefits for agriculture and pastoralism.

49. This pillar will also aim to address one of the biggest criticisms of the Somali Compact, which was that it did too little to tangibly impact on the lives of Somalis and, thereby, strengthen public confidence in the country’s new political settlement. As noted in the recently completed (December 2016) independent review of the Somali Compact 2014-16:

- “The most substantive and repeated FGS concern about the Compact has been the lack of visible impact in terms of new infrastructure.”
- “The successor to the Compact needs to agree to substantially increase the amount of international public finance for infrastructure.”

From the High 5s perspective, this pillar will contribute to the implementation of the \textit{Feed Africa Strategy for Agricultural Transformation in Africa 2016-2025}; by directly delivering on the enabler concerned with increasing investment into enabling infrastructure, both hard infrastructure (such as roads, energy and water) as well as soft infrastructure – the soft infrastructure is discussed under Pillar II below. Additionally, this pillar will contribute to the implementation of the \textit{New Deal on Energy for Africa} by creating new connections, as a result of rehabilitating and expanding grid connections, and increasing access to clean cooking energy for poorer households.

Pillar II: Institutional capacity building and skills development for improved governance and job creation

50. Pillar II will support the country’s development goal\textsuperscript{39} to “align, improve and strengthen organisation, and working and operational capabilities, of all governmental institutions at the

\textsuperscript{38} AfDB supported: (i) Somalia ICT sector needs assessment completed in 2014; (ii) Somalia energy sector needs assessment and investment programme (ESNAIP) completed in 2015; (iii) Somalia WATSAN sector needs assessment and investment programme (WSSNAIP) Volume I: Jubaland, South West, Galmudug, Hiraaan, Middle Shabelle, Benadir and Volume II: Puntland completed in 2015; and (iv) AfDB/EU supported Somalia transport sector needs assessment and investment programme (TSNAIP) completed in 2016. The consolidated SIF project pipeline report, which was endorsed by the SDRF Steering Committee in November 2011.

\textsuperscript{39} Taken from the NDP results matrix.
national and sub-national levels”. In order to complement and ensure the sustainability of the Pillar I work programme and to ensure Somali leadership in the process, Pillar II will focus on institutional strengthening (e.g. project preparation/management and financial governance) and developing a cadre of skilled personnel who will be able to design, build and maintain targeted infrastructure investments. A key lesson from implementing the CB 2013-16 is that there exists a massive institutional capacity deficit in the FGS and related institutions. Thus, capacity building will be a core element of the new CB, which will also allow the Bank to scale up the use of country systems for the delivery of its programme in Somalia. The activities under this pillar include projects (see section 4.3) that will make an impact in institutions that are currently receiving very little support from the international community. Furthermore, the Bank is committed to ensuring that rehabilitation of infrastructure and its subsequent maintenance is labour intensive so as to provide job opportunities for the unemployed, particularly vulnerable youths, in Somalia.

51. From the High 5s perspective, Pillar II will contribute to implementing the Jobs for Youth in Africa (JiYA) Strategy. This will be accomplished by ensuring that the Somali youths receive the necessary training and subsequent opportunities to work in the infrastructure sector, both as administrators and contractors operating in the sector. Thus, the pillar will directly address labour supply challenges by equipping youth with skills that will match labour market needs to be created through Pillar I interventions and the reconstruction activities of the private sector and other development partners.

52. Furthermore, Pillar II will contribute to implementing the Bank’s Governance Strategic Framework and Action Plan (GAP II) 2014-2018 by supporting pillar II of the GAP II that relates to sector governance. The intervention will include improvement of institutional infrastructure and governance of basic service delivery – both of which are critical for building Government legitimacy in Somalia – and strengthening policy, legislation and regulatory frameworks for infrastructure development.

4.3 Bank Group Indicative Project Pipeline

53. As in shown in annex 2, seventeen projects are included in the indicative project pipeline for a total value of UA 110.75m, which are prioritised over the next four years. The objective will be to group some of these projects into bigger programmes to facilitate more effective design, appraisal and implementation. The indicative pipeline also ensures that all Federal Member States (FMS) benefit from the Bank’s portfolio. This is a critical consideration in the current political context of Somalia – where equity in the allocation of development resources is of paramount importance. Furthermore, the state level projects are also amongst the top priorities that have been expressed by each of the FMSs. A number of the projects also constitute part of a bigger project or first phase, which can be advanced if expected resource mobilisation through the SIF is very successful.

54. Inclusion and prioritisation of the various projects in the lending pipeline has also taken into account the level of information (e.g. design and feasibility studies) available, and their viability given Somalia’s insecurity situation and related access constraints. Thus, for all of these projects, significant information is already available or pre-project work on-going. In general, no new

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40 For example, in 2018, a UA 34m transport programme can be prepared that incorporates the following projects: (i) rehabilitation of the Mogadishu-Jowhar road; (ii) rehabilitation of the Afgooye-Baidoa-Dolow road; (iii) rehabilitation of sections of the Galdogob-Galkayo/Hobyo-Gara'ad corridors and ports; and (iv) TA and capacity building to related Federal State Infrastructure Agencies.
infrastructure developments are being proposed, as most of the projects are quick-wins focusing on the repair and rehabilitation of infrastructure that already exists or existed prior to Somalia’s civil war. Given the likely continued insecurity in Somalia, which limits the movement of Bank staff and consultants on the ground, the Bank will continue to work with third-party implementers, such as NGOs and UN organisations, and/or experts from the Somali diaspora, who are better able to operate on the ground, have a superior presence, and consistent access to relevant authorities and government institutions.

4.4 Analytical and Knowledge Work

55. The Bank’s analytical work will continue to be demand-led, ensure complementarity with the project pipeline, and remain selective to effectively inform country policy dialogue. During implementation of the CB 2017-20, emphasis will be on undertaking analytical work that directly helps to prepare quality projects in the indicative project pipeline. The analytical work will include an assessment of the Vocational Training Sector, to understand what exists and identify the support required from the Bank to expand and develop one or more existing centre(s). These would be centre(s) that develop construction related skills, so that the rehabilitation of infrastructure and its subsequent maintenance is labour intensive and provides job opportunities for the unemployed, particularly vulnerable youths, in Somalia. A feasibility study for the establishment of a Somalia Electrification Agency will also be undertaken to inform FGS and interested partners on the initial institutional steps that will be required to accelerate the development and formalisation of the energy sector. The Agency will, in the short to medium-term, be tasked with guiding and accelerating the formalisation and expansion of electricity supply. Additional analytical and knowledge work will be identified on an ongoing basis during the country dialogue with the Authorities and other stakeholders.

4.5 Country Brief Monitoring and Evaluation

56. The Results-Based Framework (RBF) presented in annex 1 will provide the basis for monitoring and evaluating the results achieved under the CB 2017-20. The RBF is aligned with the Monitoring and Evaluation (M&E) matrix of the Somalia NDP, and includes relevant outputs and outcomes from the NDP. The RBF also incorporates performance monitoring indicators of the Bank’s on-going projects that are expected to contribute towards achievement of the CB 2017-20 results. As the SIF portfolio grows, the Bank intends to recruit a third-party M&E Agent to assist with monitoring and reporting on the implementation of projects approved under this CB. The Bank is currently supporting the FGS to improve its statistical capacity through the Somalia National Statistical Capacity Building Project. This support is expected to enhance evidence-based planning, policy making and M&E. Furthermore, a mid-term review of the CB 2017-20 will be prepared in early 2019, and a completion report in 2020.

4.6 Financing the Country Brief

57. In July 2017, the Board of Directors exceptionally approved Somalia’s eligibility to use ADF-14 TSF Pillar I resources (i.e. UA 15m) and 50% of its ADF-14 PBA allocation (i.e. UA 7.5m) when the Short-Term Regional Emergency Response Project (STRERP) in Somalia and South Sudan was approved. In addition, Somalia’s eligibility to use ADF-14 TSF Pillar I resources, was also approved in the Four Cycle Assessment of Eligibility for Countries to the Transition Support Facility (TSF) Supplemental Support Funding (Pillar I) Resources, which was presented to the Board in
October 2017. As indicated in annex 2, some of these resources will contribute to financing projects which are being prepared for approval in 2017.

58. The remainder of the CB work programme will be financed from donor contributions to the SIF. As discussed in paragraph 34, the SIF has already received UA 9.7m (USD 13.5m) worth of pledges from three donors. Further interest has been expressed by: (i) the EU to commit funds to support the road and ports corridor projects in 2018; (ii) NEPAD-IPPF to undertake pre-feasibility and feasibility work related to transport corridors; (iii) Italy to make an additional contribution for the projects being prepared in 2017; and (iv) the United Arab Emirates to contribute to the Fund. The Bank is currently following up on this interest. The Bank will also endeavour to mobilise more resources from other funding windows or trust funds it manages to fill the remaining gap in the indicative project pipeline.

59. A resource mobilisation strategy for the SIF has been agreed by relevant Bank departments and with the FGS. This strategy includes holding meetings and briefings with donor representatives in Nairobi and Mogadishu; targeted approaches to headquarters of potential donors and other funds (e.g. Abu Dhabi Fund for Development); and presentations at global meetings where donors are present (e.g. Bank’s Annual Meetings). For example, following the successful meeting in May 2017, during AfDB’s Annual Meetings in India, on “Financing the Infrastructure Pillar of Somalia’s NDP 2017-19”, the FGS is already planning to hold similar events at other significant global meetings. It is at these events that the SIF will be presented as a key channel to mobilise resources for financing infrastructure. Furthermore, by the first quarter of 2018, the Bank plans, together with the FGS and Organisation of Islamic Cooperation (OIC), to arrange a funding conference for the SIF. This event will specifically target non-traditional donors.

4.7 Country Dialogue

60. The Bank will continue to play a leadership role in the dialogue related to the infrastructure pillar of the NDP. This will include co-chairing working groups under the pillar. The Bank will also continue to participate in discussions related to broad economic development, PFM and financial governance issues. This will include active participation in dialogue on the country’s external debt arrears clearance and the HIPC process, as Somalia’s normalisation of its relationship with multilateral institutions will unlock access to resources (e.g. ADF and IDA) which are vital for funding the country’s infrastructure development programme. Furthermore, as the administrator of the SIF, the Bank will continue to play an active role in the SDRF Steering Committee. The Bank will benefit from the political and security dialogue in this forum, as this will help to identify risks to the new CB’s programme and also ensure that Bank supported projects ‘do no harm and directly contribute to Somalia’s state building.

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41 The Bank’s role to date (e.g. reconciling the debt, setting up a debt-management-unit) in the arrears clearance and HIPC process has been laudable in catalysing the interest and momentum of other key development partners (including the IMF, USAID, WB, DfID and EU) who are central to the process.
### 4.8 Risks to CB 2017-20 Programme and Mitigation Measures

<table>
<thead>
<tr>
<th>Risks</th>
<th>Degree</th>
<th>Mitigation Measures</th>
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<tbody>
<tr>
<td><strong>Political and Security:</strong> state failure, increased insecurity, and the reversal of the current political and security gains.</td>
<td>High</td>
<td>The following measures will be employed: (i) continue to monitor the main drivers of fragility to prevent and respond to significant events; (ii) where possible ensure an equitable allocation of development assistance among the various Somalia states; (iii) strengthen the confidence of citizens in the state through ensuring that SIF investments are made on-the-ground and lead to improved infrastructure services; (iv) continued dialogue with AMISOM and the UN to scale up resources to address the underlying causes, drivers, and dynamics of conflict in Somalia; and, (vii) concentrate operations in regions that are secure and being flexible to move operations according to changes in security.</td>
</tr>
<tr>
<td><strong>Capacity:</strong> institutional and human capacity weaknesses for programme implementation.</td>
<td>High</td>
<td>Together with other partners, the Bank will ensure that building capacity in the Somali Government and relevant Somali institutions is a component of all programmes and projects. Where capacity is not yet sufficiently developed for programme/project implementation, key services like procurement and financial management will be contracted out, or the project will be executed by non-state actors. Intensive monitoring of implementation and problem solving will be conducted by Bank staff located in EARC and/or Somalia.</td>
</tr>
<tr>
<td><strong>Fiduciary:</strong> weak PFM and public procurement systems, misappropriation of funds, no formal financial institutions</td>
<td>High</td>
<td>The Bank will continue supporting and scaling up programmes like the Bank’s Economic and Financial Governance Institutional Support Project (Phase I and II) and the FGS Financial Governance Programme. Fiduciary services will be contracted out, or funds will flow directly to non-state actors implementing projects when fiduciary systems do not meet minimum Bank standards. As the SIF portfolio grows, a third-party fiduciary and monitoring agent(s) will be contracted by the Bank to support on-the-ground monitoring and provide additional controls; audit reports will be prepared by external auditors until adequate Government audit capacity has been built; and there will be constant reporting and communication between implementation agencies, Bank project managers and the SIF Management Unit in RDGE. In addition, at this stage most of the Bank’s projects in Somalia are implemented by third parties (e.g. UN agencies) with adequate fiduciary arrangements, and, thus, the Bank relies on their financial management, monitoring, procurement, and implementation systems. On 25 January 2017, the Bank’s Board approved a Fiduciary Principles Agreement with UN System Organisations, which allows the Bank to use their systems to implement Bank-financed projects.</td>
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<tr>
<td><strong>Economic and Financial:</strong> narrow export base, trade shocks from commodity price variations and imposition of export bans, fall in remittances inflows, exchange rate fluctuations, money laundering and terrorism financing through MTBs, insufficient revenue mobilisation and sustained fiscal deficits</td>
<td>Moderate to High</td>
<td>The Bank will assist the country in mitigating these risks through sustained support to ameliorating the country’s structural bottlenecks (e.g. rehabilitation and development of infrastructure), and building public financial management and governance capacity. With regards to money laundering and threats to remittance flows, the CBS has partnered with the World Bank and prepared regulations pertaining AML/CFT aspects of MTB operations. A third-party Trusted Agent has also been appointed to assist the CBS in better monitoring the MTB industry.</td>
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<tr>
<td><strong>Implementation and project delivery:</strong> slow</td>
<td>Moderate to High</td>
<td>Bank policies and procedures and their application will, where the Board agrees, be simplified, and project delivery will be carefully prioritised and sequenced. Use</td>
</tr>
<tr>
<td>Risks</td>
<td>Degree</td>
<td>Mitigation Measures</td>
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<tr>
<td>start-up and delays in project implementation.</td>
<td></td>
<td>of third-party monitoring agents for SIF financed activities, will be employed in areas considered too insecure for Bank staff to visit.</td>
</tr>
<tr>
<td>Projects fail to deliver results: due to inadequate operation and maintenance, or lack of sufficient operating budget.</td>
<td>Moderate to High</td>
<td>Staff to pay attention, during appraisal, to capacity of organizations to operate and maintain completed projects. Institutional strengthening of project entities. Dialogue with Government on policy issues like operating budgets and cost recovery reinforced through SDRF SC and partners such as IMF and World Bank. High quality Results Based Management log frames, with continuous monitoring and quick actions to solve project implementation challenges.</td>
</tr>
<tr>
<td>Resource mobilisation: lack of adequate resources to deliver the indicative project pipeline (i.e. failure to sufficiently capitalise the SIF given donor resources are diverted to urgent humanitarian needs).</td>
<td>Moderate to High</td>
<td>Drawing on the reputation of the TSF as a flexible facility to channel resources into fragile situations, the Bank is implementing a comprehensive resource mobilisation strategy (see paragraph 59) to capitalise the SIF, and ensure SIF visibility and relevance. Available funds for SIF will also depend on the success of initial projects, which are currently doing well. The CB also has the objective of building resilience and supporting recovery, which is a critical bridge between humanitarian and development programmes, and an area that appeals strongly to donors. Furthermore, the CB programme will support areas (i.e. infrastructure rehabilitation, capacity building, and job creation) that are critical to peace and state building, and complement what others are financing.</td>
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<tr>
<td>Bank capacity</td>
<td>Moderate</td>
<td>Capacity for managing Somalia projects and reducing project implementations risks are being strengthened through: the designation of a CPO to cover Somalia; and an increased management team at RDGE with the appointment of the DDG, in addition to the DG, and on-going recruitment of three managers. The transport portfolio is now also being managed from RDGE.</td>
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5. CONCLUSION AND RECOMMENDATIONS

61. With the support of development partners such as the Bank, the FGS has vigorously embarked on a programme of economic recovery, including the implementation of key macro-economic and PFM reforms with tangible positive results. However, Somalia still remains in a state of fragility as it continues to confront unique security, reconstruction and development challenges, which require innovative, creative and practical approaches, supported by substantial resources. The Bank’s Somalia CB 2017-20 seeks to support the country in tackling its challenges and building sustainable economic recovery and development, through targeted interventions towards developing relevant infrastructure, institutional capacity, and employable skills.

## ANNEXES

### Annex 1: Somalia CB 2017-20 Results-Based Framework

<table>
<thead>
<tr>
<th>Country Development Goals</th>
<th>Constraints to achieving Development Goals</th>
<th>Final Indicators (by end-2020)</th>
<th>Bank Group Interventions during CB period (ongoing &amp; proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PILLAR I: Rebuilding key infrastructure to enhance resilience and diversify livelihoods</td>
<td>Insecurity in numerous parts of the country Limited access to funding from international financial institutions due to the arrears situation</td>
<td>Outcomes</td>
<td>Outputs</td>
</tr>
<tr>
<td>Revitalize, operate and maintain essential infrastructure and services to improve stability and set foundations for social, economic and sustainable development</td>
<td>Travel speed increased from the current 30km/h to 60km/h on roads rehabilitated At least 300 direct jobs created (with at least 30% being women) during the construction period 30% increase in the number of daily flights recorded at Mogadishu and Kismayu airports between 2017 and 2020 ADB CPIA infrastructure rating to increase from 1 in 2016 to 2.2 by 2020</td>
<td>• 25 km of Mogadishu-Afgoye road rehabilitated • 50 km of Galdogob-Galkayo-Hobyo-Gara’ad roads identified for rehabilitation • 10 km of Mogadishu-Johwar road paved or repaired • Perimeter fencing constructed around Kismayu airport • Security equipment (X-ray machines, hand scanners established in Kismayu airport • Benkelman beam deflection test and sea wave action studies conducted for Mogadishu airport • 15,000m² of Kismayu runway repaved and 5 km of airport access road rehabilitated • 13 water storage facilities (earth dams) constructed/rehabilitated in Somalia • 24 water points (boreholes and shallow wells constructed and rehabilitated with draw off facilities for human and livestock) in rural Somalia</td>
<td>Proposed: • Rehab. Mogadishu-Afgoye Rd &amp; Mogadishu Airport Upgrades • Rehab. Mogadishu-Jowhar Rd • Rehab. Galdogob-Galkayo-Hobyo-Gara’ad Rds and Ports - Phase I • Kismayo Airport and Access Rd Repairs • Somali Yland Rds Programme - Phase I • Repair/expansion of Bosaaso Power Grid</td>
</tr>
</tbody>
</table>

To ensure availability of clean drinking water, hygiene and sanitation facilities for all people in Somalia | Inadequate water and sanitation infrastructure and services Poor management of water resources Inadequate financial resources | Increase in the number of people and their livestock with access to clean water and sanitation by 250,000 in Somali Yland and 175,000 in rural Somalia Enhanced capacity for effective water and sanitation service management by the FGS and | 13 water storage facilities (earth dams) constructed/rehabilitated in Somali Yland 24 water points (boreholes and shallow wells constructed and rehabilitated with draw off facilities for human and livestock) in Somali Yland | Proposed: • Urban Water Supply Infrastructure Phase I (Kismayo and Baidoa) • Rehab. Jowhar Off-Stream Water Storage - Phase I • Urban Water Supply Infrastructure Phase II (Dolow, Galkayo and Qardo) |
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<tr>
<th>Country Development Goals</th>
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<td></td>
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<td>Outcomes</td>
<td>Ongoing:</td>
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<td></td>
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<td>Outputs</td>
<td>• Repair Afgoye well-fields and water pipeline to Mogadishu</td>
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<td>• Water Resources Management and Investment Plan</td>
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<td>• Improving Access to Water and Sanitation in Rural Somalia</td>
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<td>• Water Infrastructure Development for Resilience in Somaliland</td>
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<td></td>
<td>Lack of supportive Government structures and policies</td>
<td>20% reduction in the proportion of people dependent of charcoal for fuel in Mogadishu between 2017-20</td>
<td>Proposed:</td>
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<td></td>
<td>Lack of basic services</td>
<td>10% reduction in Somalia population and livestock affected by the next major drought compared to the 2017 crisis</td>
<td>• Mogadishu and Hargeisa Hhold Charcoal Replacement - Phase I</td>
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<tr>
<td></td>
<td>Limited livelihood and job opportunities</td>
<td>Construction of 190 km of access/feeder roads</td>
<td>• Rural Livelihood’s Adaptation to Climate Change in the Horn – Phase II</td>
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<td>50 additional women groups benefitting from alternative livelihoods activities</td>
<td>Ongoing:</td>
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<td></td>
<td>At least 50% of people targeted under the “Rural Livelihood’s Adaptation to Climate Change in the Horn – Phase II” have diversified their incomes (i.e. engaged in 2 or more different income generating activities)</td>
<td>• Drought Resilience and Sustainable Livelihoods Programme</td>
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<td></td>
<td></td>
<td>• Development and airing of a State(s) wide information, education and publicity campaign about modern fuels (mainly kerosene) and improved/efficient stoves for both charcoal and kerosene</td>
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<td></td>
<td>• Kits/parts to locally assemble 60,000 efficient kerosene stoves and 60,000 improved charcoal stoves imported</td>
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<td>• 50,000 efficient kerosene stoves and 50,000 improved charcoal stoves for immediate distribution (free to IDP households) imported</td>
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<td></td>
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<td>• 25 animal health related infrastructures constructed, rehabilitated and/or equipped</td>
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<td>• At least 50% of target areas under the “Rural Livelihood’s Adaptation to Climate Change in the Horn – Phase II” supplied with infrastructure for irrigation agriculture</td>
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<td>• At least 60% of men and women in project zones (of which at least 50% are women) declare to know what climate change is and how it affects them</td>
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<tr>
<td>Country Development Goals</td>
<td>Constraints to achieving Development Goals</td>
<td>Final Indicators (by end-2020)</td>
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<td>Outcomes</td>
<td>Outputs</td>
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<td>3 development plans of the targeted regions, and communities include some provision for adaptation actions.</td>
</tr>
</tbody>
</table>

**Pillar II: Institutional capacity building and skills development for improved governance and job creation**

To align, improve and strengthen organization, working and operational capabilities of all governmental institutions at the national and sub-national levels

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<thead>
<tr>
<th>Constraints to achieving Development Goals</th>
<th>Final Indicators (by end-2020)</th>
<th>Bank Group Interventions during CB period (ongoing &amp; proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low skills and competences to manage complex projects and contracts</td>
<td>Mobilisation of at least USD 3m of donor resources to the establishment and operations of the VTC</td>
<td>Proposed:</td>
</tr>
<tr>
<td>Weak PFM and public procurement systems, misappropriation of funds, no formal financial institutions</td>
<td>Mobilisation of at least USD 2m for the set-up and operation of the SEL</td>
<td>• Economic and Financial Governance Institutional Support Phase II (FGS Infrastructure Line Ministries)</td>
</tr>
<tr>
<td>Limited political support for the development of the national statistical system</td>
<td>Mobilisation of domestic revenue increase by 50% in 2020 compared to 2017</td>
<td>• TA and Capacity Building to Federal State Infr. Agencies - I</td>
</tr>
<tr>
<td></td>
<td>Budget planning and credibility progressively improved (according to IMF SMP reports)</td>
<td>• Vocational Training Center (s) - Phase I</td>
</tr>
<tr>
<td></td>
<td>FGS, Puntland and SWS Statistics departments providing relevant statistics to inform Government policies and strategies</td>
<td>• Feasibility study for the establishment of a Somalia Electrification Agency (SEA)</td>
</tr>
<tr>
<td></td>
<td>Score on Ibrahim Index of African Governance moved up to 25 by 2020</td>
<td>Ongoing:</td>
</tr>
<tr>
<td></td>
<td>575 additional direct jobs created</td>
<td>• Economic and Financial Governance Institutional Support Phase I</td>
</tr>
<tr>
<td></td>
<td>50 % revenue increase in 2019 compared to 2017</td>
<td>• Strengthening Institutions for Public Works</td>
</tr>
<tr>
<td></td>
<td>2000 vulnerable youth sustainably integrated into their communities by 2020</td>
<td>• Somalia National Statistical Capacity Building Project</td>
</tr>
<tr>
<td></td>
<td>1000 people sensitized on GBV by 2020</td>
<td>• Socio-Economic Re-Integration of Youth at Risk</td>
</tr>
<tr>
<td>Country Development Goals</td>
<td>Constraints to achieving Development Goals</td>
<td>Final Indicators (by end-2020)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outcomes</td>
</tr>
</tbody>
</table>

- At least 90% of external debt reconciled by 2019\(^2\)
- 6 budget workshops for line ministries held by 2019
- “5 of 12 listed information in PI-5 indicator published, by 2019”. 355 Government staff trained in PFM by 2019
- Statistical Development Strategies and Statistics Acts produced for FGS, Puntland and South-West Administrations
- Staff in the statistics offices of the Federal, Puntland and South-West States trained in basic statistics concepts and methodologies
- 90% of Laws, Acts and Policies Mandating MPWR&H reviewed and prioritized for revision.
- 10 quarterly meetings of inter-ministerial public works coordination mechanism held
- 90% of Ministerial Buildings (FGS, State Capitals and BRA) assessed (location, demolition required or renovation possible, estimated budget requirements to bring to functioning level etc.)
- 50 MPWR&H (50% women) staff trained and enabled to perform departmental work.
- 1 action plan on a) youth employment, b) gender mainstreaming and c) environmental and social safeguards in public works projects prepared
- 6 state level public works authorities supported through staffing, training and equipment

\(^2\) At least 90% of the external debt database must be reconciled against creditor statements before Somalia is able to proceed to HIPC Decision Point.
<table>
<thead>
<tr>
<th>Country Development Goals</th>
<th>Constraints to achieving Development Goals</th>
<th>Final Indicators (by end-2020)</th>
<th>Bank Group Interventions during CB period (ongoing &amp; proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Outcomes</td>
<td>Outputs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 1,100 youth trained for employment or entrepreneurship in public works value chain.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 500 ex-combatants and 1000 other vulnerable youth trained and supported with basic entrepreneurial tools.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 50 staff trained on youth empowerment programming</td>
</tr>
</tbody>
</table>
Annex 2: Indicative Project Pipeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Pillar</th>
<th>Project</th>
<th>UA (m)</th>
<th>Source of Funding</th>
<th>Delivery depends on success of SIF resource mobilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PBA (ADF 14/15)</td>
<td>TSF 1 (ADF 14/15)</td>
</tr>
<tr>
<td>2017</td>
<td>I</td>
<td>Rehab. Mogadishu-Afgoye Rd &amp; Mogadishu Airport Upgrades</td>
<td>6.5</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>I &amp; II</td>
<td>Rural Livelihood’s Adaptation to Climate Change in the Horn – Phase II</td>
<td>7.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>II</td>
<td>EFGISP Phase II (FGS Infr. Line Ministries)</td>
<td>5.5</td>
<td>2.5</td>
<td>3</td>
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<tr>
<td></td>
<td></td>
<td><strong>Sub-total</strong></td>
<td><strong>19.25</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>I</td>
<td>Urban Water Supply Infrastructure Phase I (Kismayo and Baidoa)</td>
<td>6</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Rehab. Mogadishu-Jowhar Off-Stream Water Storage - Phase I</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Rehab. Mogadishu-Jowhar Rd &amp; Afgoye-Baidoa-Dolow Rd</td>
<td>15</td>
<td>3</td>
<td>12</td>
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<tr>
<td></td>
<td>II</td>
<td>Rehab. Galdogob-Galkayo/Hobyo-Gara’ad Rds and Ports - Phase I</td>
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<td>2.8</td>
<td>12.2</td>
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<td>0.3</td>
<td>1.7</td>
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<tr>
<td></td>
<td>II</td>
<td>TA and Capacity Building to Federal State Infr. Agencies</td>
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<tr>
<td></td>
<td></td>
<td><strong>Sub-total</strong></td>
<td><strong>49</strong></td>
<td></td>
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</tr>
<tr>
<td>2019</td>
<td>I</td>
<td>Somaliland Rds Programme - Phase I</td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>I &amp; II</td>
<td>Mogadishu and Hargeisa Hhold Charcoal Replacement - Phase I</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Kismayo Airport and Access Rd Repairs</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Urban Water Supply Infrastructure Phase II (Dolow, Galkayo and Qardo)</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Repair Afgoye well-fields and water pipeline to Mogadishu</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Repair/expansion of Bosaaso Power Grid</td>
<td>7</td>
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<tr>
<td></td>
<td></td>
<td><strong>Sub-total</strong></td>
<td><strong>32.5</strong></td>
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<tr>
<td>2020</td>
<td>I</td>
<td>Rehab. Jowhar Off-Stream Water Storage - Phase II</td>
<td>8</td>
<td>3</td>
<td>5</td>
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<tr>
<td></td>
<td>II</td>
<td>Vocational Training Center (s) - Phase II</td>
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<td></td>
<td><strong>Sub-total</strong></td>
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<td><strong>TOTAL</strong></td>
<td><strong>110.75</strong></td>
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*The expected additional contributions from Italy and the EU have been included for projects in 2017-18.
## Annex 3: CB 2017-20 direct and indirect impacts on the High 5’s

<table>
<thead>
<tr>
<th>Year</th>
<th>Programme/Project</th>
<th>Light up and Power Africa</th>
<th>Feed Africa</th>
<th>Indust. Africa</th>
<th>Integr. Africa</th>
<th>Improve the quality of life of Africans</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
<td>Rehab. Mogadishu-Afgoye Rd &amp; Mogadishu Airport Upgrades</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural Livelihood’s Adaptation to Climate</td>
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</tr>
<tr>
<td></td>
<td>Change in the Horn - Phase II</td>
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<tr>
<td></td>
<td>EFCISP Phase II (POS Infr. Line Ministries)</td>
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<tr>
<td></td>
<td>Urban Water Supply Infrastructure Phase I (Kismayo and Baidoa)</td>
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<td>Rehab. Jowhar Off-Stream Water Storage - Phase I</td>
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<tr>
<td>2018</td>
<td>Rehab. Mogadishu-Jowhar Rd &amp; Afgoye-Baidoa-Dolow Rd</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Rehab. Galdogob-Galkayo/Hobyo-Gara’ad Rds and Ports - Phase I</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Vocational Training Center (s) - Phase I</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TA and Capacity Building to Federal State Infr. Agencies</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Somaliland Rds Programme - Phase I</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mogadishu and Hargeisa Hhold Charcoal Replacement - Phase I</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>Kismayo Airport and Access Rd Repairs</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Urban Water Supply Infrastructure Phase II (Dolow, Galkayo and Qardo)</td>
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<tr>
<td></td>
<td>Repair Afgoye well-fields and water pipeline to Mogadishu</td>
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<tr>
<td></td>
<td>Repair/expansion of Bosaaso Power Grid</td>
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<tr>
<td></td>
<td>Rehabil. Jowhar Off-Stream Water Storage - Phase II</td>
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<tr>
<td>2020</td>
<td>Vocational Training Center (s) - Phase II</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Direct Impact* — Green
*Indirect Impact* — Red
Annex 4: Key findings and recommendations from the CB 2017-20 dialogue mission

A CB Dialogue mission, led by Mr. Gabriel Negatu, Director General of the AfDB Eastern Africa Regional Centre, was undertaken from 6 to 8 June 2017 in Mogadishu. The mission’s main objectives were to: (i) review the Bank’s on-going programme and identify issues for follow up; (ii) discuss and agree with the Federal Government of Somalia (FGS) and other stakeholders the strategic thrust and proposed projects of the Bank’s Somalia CB 2017-20; and (iii) collect any outstanding information for the finalisation of the Somalia CB 2017-20. The AfDB mission team included: Abraham Mwenda, Lead Economist; Richard Walker, Principal Country Economist; Camille Karamaga, Principal Governance Officer; Olufunso Somorin, Senior Policy Analyst; John Sifuma, Water and Sanitation Specialist; and James Nyirenda, Security Consultant.

The mission held discussions with senior Government officials from the Ministries of: Finance; Posts, Telecommunications and Technology; Education; Public Works and Reconstruction; Youth and Sports; Ports and Marine Transport; Transport and Civil Aviation; Commerce and Industry; Energy and Water Resources; Agriculture; Livestock and Pasture; Labour and Social Affairs; and Women and Human Rights. Consultations were also held with representatives of civil society organisations and the private sector.

The FGS and the Bank mission agreed that the CB 2017-20 will be aligned to Somalia’s new National Development Plan (NDP) 2017-19. In this regard, the CB will directly support the NDP pillars associated with fostering effective and efficient institutions, restoring strategic infrastructure, and building resilience in the country.

It was also agreed that a major challenge faced by Somalia today is its limited resilience to extreme environmental shocks such as floods and drought, which have been compounded by massive infrastructure constraints and weak state institutions and capacity. However, Somalia has the potential to build resilience through increasing agricultural output, diversifying livelihoods, and providing training and skills to a predominantly youthful population. Consequently, the Bank’s interventions over the next few years need to focus on supporting the building of resilience.

Thus, the FGS and the Bank mission agreed that the CB’s overarching objective will be to: build longer term resilience in Somalia, through targeted support to the development of relevant infrastructure, institutional capacity, and skills. To achieve this objective, it was agreed that the CB 2017-20 pillars will be framed around rebuilding key infrastructure to enhance resilience and diversify livelihoods. This will include institutional capacity building and skills development for improved governance and job creation. This will also ensure that the Bank is able to deliver on the expectation that the authorities and international partners have of the Bank to “take the lead in rehabilitating and developing Somalia’s infrastructure” over the next few years.
### Annex 5: Bank’s Ongoing Portfolio in Somalia (August 2017)

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Approval</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Age (yrs)</th>
<th>Amount (UA)</th>
<th>Disb. Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic and Financial Governance Institutional Support Project</td>
<td>Dec-13</td>
<td>Apr-14</td>
<td>Jun-18</td>
<td>3.7</td>
<td>2,500,000</td>
<td>80.6</td>
</tr>
<tr>
<td>Somalia-DRSLP II</td>
<td>Nov-14</td>
<td>Jul-15</td>
<td>Dec-20</td>
<td>2.7</td>
<td>15,000,000</td>
<td>7.2</td>
</tr>
<tr>
<td>Institutional Support to Financial Governance in Somalia</td>
<td>Jun-15</td>
<td>Jul-15</td>
<td>Dec-18</td>
<td>2.2</td>
<td>1,225,275</td>
<td>18.2</td>
</tr>
<tr>
<td>Socio-Economic Re-Integration of Youth at Risk</td>
<td>Jan-16</td>
<td>May-16</td>
<td>Dec-17</td>
<td>1.6</td>
<td>3,000,000</td>
<td>39.9</td>
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<tr>
<td>Water Infrastructure Development for Resilience in Somaliland</td>
<td>Jun-16</td>
<td>Oct-16</td>
<td>Mar-20</td>
<td>1.2</td>
<td>5,498,917</td>
<td>11.5</td>
</tr>
<tr>
<td>Somalia National Statistical Capacity Building Project</td>
<td>Oct-16</td>
<td>-</td>
<td>Dec-20</td>
<td>0.8</td>
<td>1,200,000</td>
<td>0</td>
</tr>
<tr>
<td>Improving Access to Water and Sanitation in Rural Somalia</td>
<td>Nov-16</td>
<td>Feb-17</td>
<td>Dec-20</td>
<td>0.7</td>
<td>7,589,000</td>
<td>19.1</td>
</tr>
<tr>
<td>Strengthening Institutions for Public Works</td>
<td>Nov-16</td>
<td>Mar-17</td>
<td>Dec-19</td>
<td>0.7</td>
<td>5,500,000</td>
<td>19</td>
</tr>
<tr>
<td>Say No to Famine: Short Term Regional Emergency Response Project</td>
<td>Jul-17</td>
<td>-</td>
<td>Dec-19</td>
<td>0.1</td>
<td>25,000,000</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>69,012,109.28</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Annex 6: Somalia – Strengths, Opportunities, Weaknesses and Challenges

#### Strengths

**i. Vibrant private sector:** Somalia is endowed with entrepreneurs who have been able to flourish in a stateless conflict-ridden economy. The private sector has in particular played a significant role in mitigating the devastating effects of war and drought. Throughout the years of fragility and conflict, Somalia’s vibrant private sector helped maintain economic activity through provision of money transfers, infrastructure services (e.g. water and electricity), and ICT services.

**ii. A diaspora willing to invest in the country:** There is a significant Somali diaspora that is interested and willing to invest in the reconstruction of Somalia.

#### Opportunities

**i. Regional integration, trade and logistics hub:** Regional integration (RI) can assist the FGS to realize its economic development goals by increasing Somalia’s physical access to markets, enhancing its trade environment and business competitiveness. If these are accomplished, Somalia will be able to benefit from some of its advantages, including having the longest coastline in Africa and strategic geographic location. These advantages can enable Somalia to become a regional logistics hub and free trade area for exports from and imports to northern Kenya, Ethiopia and South Sudan and other countries in the region.

**ii. Import substitution and exports promotion:** Somalia is heavily dependent on imports due to its underdeveloped industrial base. In 2015, the country’s imports and exports were estimated to be USD 4.7bn and USD 1.2bn respectively, leaving the country with a huge trade deficit. The trade deficit signals import substitution opportunities for Somalis to produce for the domestic economy, and reduce dependence on imports. The nascent industrial base also has potential for developing and boosting exports.

**iii. Nascent agricultural, agribusiness and fishing industry:** The land around the Juba and Shabelle rivers used to be hugely productive and a great source of agricultural and agribusiness production. However, the civil war devastated the capacity of these regions as agro-production centres. Somalia also has the longest coastline in Africa with the potential to develop a thriving fishing industry. However, the fishing industry is also underdeveloped. Thus, the agricultural land, coastline, and sea are potential opportunities for developing the country’s agribusiness and aquaculture sectors.

**iv. Young population:** Over 70% of Somalia’s population is under the age of thirty. The NDP underscores the need to capitalise on a potential youth dividend.

#### Weaknesses

**i. Infrastructure constraints:** Somalia lacks resources and infrastructure to provide basic services such as security, health, water, education, energy and transport. The country’s infrastructure was heavily damaged and destroyed during the conflict. According to the Bank’s 2016 Africa infrastructure development index, Somalia ranks lowest among all African countries.

**ii. Weak state institutions and capacity:** The outbreak of civil war had a devastating effect on the country’s institutions and governance capacity. Today Somalia has institutions (e.g. ministries, service providers etc.) with a scarcity of trained staff and limited resources/information to carry out their required duties.

**iii. Weak PFM systems:** There are continued concerns (by the Bank and development partners) with the transparency, ability and legitimacy of PFM systems in FGS, which has created delays in the start-up and implementation of projects. This is further compounded by the additional levels of oversight and checks that need to be applied when executing disbursements and payments.

#### Challenges

**i. Continued insecurity and tensions between clans and sub-clans:** Insecurity in Somalia is attributed to: i) a high level weapons held or accessible by the civilian population; ii) lack of effective law enforcement mechanisms; iii) high levels of unemployment especially amongst the youth; and iv)
incursions by Al-Shabaab insurgents. Clannism, which is at the heart of deep political divisions over federalism and a major contributor to low levels of trust, has played a central role in the armed conflicts within Somalia. Clans mainly fight over the current and future distribution of natural resources.

ii. **Limited resilience to environmental extremes such as floods and drought**: This results in humanitarian crises every few years, which reverses many of the social and development gains made, thereby setting the country backwards.

iii. **Clearance of arrears to the IFIs**. Somalia is aiming at reaching the HIPC decision point in early 2018. However, this date seems very ambitious given the country’s institutional and human capacity challenges.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Policy</th>
<th>Monetary Policy</th>
<th>Debt Policy</th>
<th>Average - Cluster A</th>
<th>Financial Sector Development</th>
<th>Trade Policy</th>
<th>Average - Cluster B</th>
<th>Gender Equality</th>
<th>Equity of Public Resource Use</th>
<th>Building Human Resources</th>
<th>Social Protection and Labor</th>
<th>Environmental Policy and Regulations</th>
<th>Average - Cluster C</th>
<th>Infrastructure Development</th>
<th>Regional Integration</th>
<th>Infrastructure and Regional Integration (Cluster E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1</td>
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<td>1</td>
<td>1</td>
<td>1.7</td>
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<td>2014</td>
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<td>1</td>
<td>1.6</td>
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<td>1.2</td>
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<td>1.2</td>
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<td>2015</td>
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<td>1.63</td>
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<th>Year</th>
<th>Property Rights and Rule Based Governance</th>
<th>Quality of Budgetary and Financial Management</th>
<th>Quality of Public Administration</th>
<th>Efficiency of Revenue Mobilization</th>
<th>Transparenc y, Accountabil ity and Corruption in Pub. Sector</th>
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Annex 8: Comparative Socio-Economic Indicators

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<th>Year</th>
<th>Somalia</th>
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<th>Developed Countries</th>
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<tr>
<td><strong>Basic Indicators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area (000 km²)</td>
<td>2016</td>
<td>633</td>
<td>30 057</td>
</tr>
<tr>
<td>Total Population (millions)</td>
<td>2016</td>
<td>11.1</td>
<td>1214.4</td>
</tr>
<tr>
<td>Urban Population (% of Total)</td>
<td>2016</td>
<td>41.4</td>
<td>40.1</td>
</tr>
<tr>
<td>Population Density (per km²)</td>
<td>2016</td>
<td>17.7</td>
<td>41.3</td>
</tr>
<tr>
<td>GNI per Capita (US$)</td>
<td>2016</td>
<td>20.0</td>
<td>19.3</td>
</tr>
<tr>
<td><strong>Demographic Indicators</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Population Growth Rate - Total (%</td>
<td>2016</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Population Growth Rate - Urban (%</td>
<td>2016</td>
<td>4.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Population &lt; 15 years (%)</td>
<td>2016</td>
<td>48.3</td>
<td>40.9</td>
</tr>
<tr>
<td>Population 15-34 years (%)</td>
<td>2016</td>
<td>20.0</td>
<td>19.3</td>
</tr>
<tr>
<td>Population &gt; 65 years (%)</td>
<td>2016</td>
<td>2.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Dependency Ratio (%)</td>
<td>2016</td>
<td>74.3</td>
<td>79.9</td>
</tr>
<tr>
<td>Female Population 15-49 years (% of Total)</td>
<td>2016</td>
<td>23.6</td>
<td>24.0</td>
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<tr>
<td>Life Expectancy at Birth - Total</td>
<td>2016</td>
<td>56.0</td>
<td>61.5</td>
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<tr>
<td>Life Expectancy at Birth - Female</td>
<td>2016</td>
<td>57.7</td>
<td>63.0</td>
</tr>
<tr>
<td>Crude Birth Rate per 1,000</td>
<td>2016</td>
<td>43.2</td>
<td>34.4</td>
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<tr>
<td>Crude Death Rate per 1,000</td>
<td>2016</td>
<td>11.3</td>
<td>12.7</td>
</tr>
<tr>
<td>Infant Mortality Rate per 1,000</td>
<td>2016</td>
<td>65.0</td>
<td>52.2</td>
</tr>
<tr>
<td>Child Mortality Rate per 1,000</td>
<td>2016</td>
<td>136.0</td>
<td>75.5</td>
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<tr>
<td>Total Fertility Rate per woman</td>
<td>2016</td>
<td>6.3</td>
<td>4.5</td>
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<tr>
<td>Maternal Mortality Rate per 100,000</td>
<td>2016</td>
<td>732.0</td>
<td>476.0</td>
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<tr>
<td>Women Using Contraception (%)</td>
<td>2016</td>
<td>26.6</td>
<td>31.0</td>
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<tr>
<td><strong>Health &amp; Nutrition Indicators</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Physicians per 100,000 people</td>
<td>2015-2016</td>
<td>2.9</td>
<td>41.6</td>
</tr>
<tr>
<td>Nurses and midwives per 100,000</td>
<td>2015-2016</td>
<td>7.3</td>
<td>120.9</td>
</tr>
<tr>
<td>Births attendant by Trained Health</td>
<td>2015</td>
<td>53.2</td>
<td>60.1</td>
</tr>
<tr>
<td>Access to Safe Water (%</td>
<td>2015</td>
<td>31.7</td>
<td>71.6</td>
</tr>
<tr>
<td>Access to Sanitation (% of Total)</td>
<td>2015</td>
<td>23.5</td>
<td>39.4</td>
</tr>
<tr>
<td>Percent. of Adults (aged 15-64) Living</td>
<td>2015</td>
<td>0.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Incidence of Tuberculosis per 100,000</td>
<td>2015</td>
<td>274.0</td>
<td>240.6</td>
</tr>
<tr>
<td>Child Immunization</td>
<td>2015</td>
<td>39.0</td>
<td>81.8</td>
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<tr>
<td>Child Immunization Against Measles</td>
<td>2015</td>
<td>46.0</td>
<td>75.7</td>
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<tr>
<td>Underweight Children (% of children)</td>
<td>10-2015</td>
<td>18.1</td>
<td>15.5</td>
</tr>
<tr>
<td>Prevalence of stunting</td>
<td>2015-2016</td>
<td>33.3</td>
<td>25.0</td>
</tr>
<tr>
<td>Prevalence of undernourishment (% of Total)</td>
<td>2015-2016</td>
<td>16.2</td>
<td>12.7</td>
</tr>
<tr>
<td>Public Expenditure on Health (% of GDP)</td>
<td>2014</td>
<td>6.0</td>
<td>7.0</td>
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<tr>
<td><strong>Education Indicators</strong></td>
<td></td>
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<tr>
<td>Gross Enrolment Ratio (%)</td>
<td></td>
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<tr>
<td>Primary School - Total</td>
<td>2010-2016</td>
<td>101.2</td>
<td>104.9</td>
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<tr>
<td>Primary School - Female</td>
<td>2010-2016</td>
<td>98.4</td>
<td>104.4</td>
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<tr>
<td>Secondary School - Total</td>
<td>2010-2016</td>
<td>58.6</td>
<td>71.1</td>
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<tr>
<td>Secondary School - Female</td>
<td>2010-2016</td>
<td>50.2</td>
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<td>Primary School Female Teaching</td>
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<tr>
<td>Adult literacy rate - total</td>
<td>2015-2015</td>
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<td>82.9</td>
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<tr>
<td>Adult literacy rate - male</td>
<td>2015-2015</td>
<td>74.3</td>
<td>87.1</td>
</tr>
<tr>
<td>Adult literacy rate - female</td>
<td>2015-2015</td>
<td>59.4</td>
<td>77.5</td>
</tr>
<tr>
<td>Percentage of GDP spent on</td>
<td>2010-2015</td>
<td>5.0</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Environmental Indicators</strong></td>
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<td></td>
</tr>
<tr>
<td>Land Use (Agricultural land as % of land area)</td>
<td>2014</td>
<td>1.3</td>
<td>8.7</td>
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<tr>
<td>Agricultural Land (as % of land area)</td>
<td>2014</td>
<td>70.3</td>
<td>41.7</td>
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<tr>
<td>Forest (As % of Land Area)</td>
<td>2014</td>
<td>10.3</td>
<td>23.2</td>
</tr>
<tr>
<td>Per Capita CO2 Emissions (metric)</td>
<td>2014</td>
<td>0.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Base des données du Département des Statistiques de la BAD; UNAIDS; UNSD; WHO, UNICEF, UNDP, Country Reports.
Note: n.a.: Not Applicable; ...: Data Not Available; * Labor force
** Labor force participation rate, female (% of female population ages 15+)
Annex 9: SIF Governance Framework

Decision making processes for SIF programmes and projects will follow a dual track, and special attention will be given to managing duplicate processes. Within the Bank, these processes will be consistent with standard Bank procedures applicable for TSF as provided in the 2014 “Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and the Transition Support Facility” (TSF Guidelines). Under the COMPACT Arrangement (see figure below), the SDRF SC will play a key role in upstream decision-making to ensure that the SIF financing pipeline and project concepts are well aligned with country priorities, coordinated with the activities of other partners and have been prepared in consultation with the relevant counterparts. The Bank will take the decision to finance a project because its role requires fiduciary accountability and responsibility for financing activities that deliver development and peace-building results. The balance of management attention would shift from project design to implementation, as successful projects in fragile settings need to be simple, and avoid development fashions and policy conditionality. As such, there would be a strong emphasis on monitoring and achieving results in a difficult and complex environment.
Annex 10: Objective and Components of the AfDB SIF

The AfDB Multi-Partner Somali Infrastructure Fund (SIF) is part of a comprehensive, coherent and coordinated multi-partner initiative to assist Somalia in consolidating peace and moving along a path of long-term development. The Somali COMPACT established a new architecture for intermediating economic reconstruction and development finance assistance to Somalia, and the SIF will be one of three funding windows under this framework, and will also take advantage of the Bank’s existing Transition Support Facility (TSF) to mobilise and channel resources. As part of the COMPACT, the FGS specifically requested the Bank to establish and manage a fund that will support the rehabilitation and development of infrastructure. The Bank had agreed previously to take the lead on the infrastructure agenda in Somalia, given the Bank’s comparative advantage and experience across the continent in infrastructure development.

The SIF’s overarching goal is to contribute significantly to the efforts of Somalia and partners to consolidate peace, establish the basic institutions of a functioning state and accelerate inclusive and sustainable economic recovery and development. This goal goes beyond the Bank’s objectives in more resilient situations. However, it is fully consistent with the Bank’s strategy to address fragility – i.e. the elevated risk of institutional breakdown, societal collapse or violent conflict – that commits the Bank to address drivers of fragility within its economic and social development mandate, so as to boost resilience and prevent fragility descending into active conflict.

The SIF will achieve this through the efficient and effective intermediation and coordination of development assistance, targeted towards infrastructure rehabilitation and development, and that leads to substantial improvements in the provision of infrastructure services in the sectors where it engages. SIF supported activities will be aligned with the Somali COMPACT priorities, the SDRF policy framework that implements the COMPACT, and focus, in close collaboration with the WB MPF and UN MPTF, on PSG 4 (Economic Foundations) and PSG 5 (Revenue and Services). Importantly, the SIF is seen as the main vehicle through which resources will be channelled for the rehabilitation and development of infrastructure in Somalia. Any related activities under the UN or WB trust funds will complement SIF investments.

As already stated, the focus of the SIF will be the Rehabilitation and Development of Infrastructure in Somalia and will have a medium to longer-term perspective. Given that components of the UN MPTF and WB MPF may cover immediate term/emergency infrastructure rehabilitation, the medium to longer-term perspective of the SIF will ensure limited overlap in activities with the other two trust funds under the SDRF. Since large infrastructure projects can take more than a year to prepare for financing and five or so years to procure and build, SIF funds could disburse more slowly than the other trust funds in Somalia, even though the results of such projects can be transformational. Consequently, Somalia and its partners need to be presented with realistic expectations of the timeframe for what SIF can achieve.

The bulk of activities financed by the SIF will be hard infrastructure investment projects, particularly in the Energy, Transport, Water & Sanitation and ICT sectors. Through the preparation of

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43 The Bank Group’s strategy for addressing fragility is set out in ADDRESSING FRAGILITY AND BUILDING RESILIENCE IN AFRICA: THE AFRICAN DEVELOPMENT BANK GROUP STRATEGY 2014-2019 (ADB/BD/WP/2014/46/Rev.2 and ADF/BD/WP/2014/30/Rev.2). The objectives of the Bank are set out as contributing to the economic and social development in the Agreements setting up the ADB and ADF. SIF activities will contribute to creating an environment conducive to peace, but SIF will not be financing standalone peace-building projects that are better suited to other windows such as the UN MPTF.
Infrastructure Needs Assessments (INAs) in these sectors and a consolidated SIF Project Pipeline, the Bank has identified a pipeline of infrastructure projects for funding through the SIF.

Figure 2: Objective and components of the AfDB Multi-Partner SIF

The SIF will also support institutional development (i.e. softer issues) related to infrastructure reconstruction and development. This would involve strengthening the capacity of public organizations such as federal and state ministries, public enterprises such as utilities, and the laws, rules, regulations and financial arrangements that govern the provision of infrastructure services. Capacity development of the local private sector engaged in building, constructing and operating infrastructure investments may be necessary to prevent bottlenecks in implementation, and that will also develop the Somali private sector and increase employment. Capacity building at a ministry level is the basis for the country-led development and management of a broad infrastructure programme. The SIF will also strengthen the federal and state ministries capacities to prioritise inclusive infrastructure development that responds to the short and long-term distributive impacts of infrastructure projects, particularly on women. On-the-ground skills development related to the construction and maintenance of infrastructure is critical to enhance employment opportunities of the youth and ex-combatants, promote the development of micro and small enterprises, and ensure sustainability of infrastructure investments. The financing and governance component will include support to relevant line ministries and agencies in PFM, procurement and government systems for planning, managing, funding and ensuring accountability in infrastructure projects. It will also support customs management and revenue mobilisation from infrastructure assets, which will contribute to broader resources for the maintenance and upgrading of infrastructure.
### Annex 11: Ongoing Donor Assistance through the SDRF Financing Windows

<table>
<thead>
<tr>
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<th>FUND</th>
<th>PROJECT</th>
<th>US$ (m)</th>
</tr>
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<tr>
<td>PSG 1 Inclusive Politics</td>
<td>UN MPTF</td>
<td>Electoral Support</td>
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<td></td>
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<td>Parliament Support</td>
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<tr>
<td></td>
<td></td>
<td>Support to Emerging Federal States</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Women’s Leadership &amp; Empowerment</td>
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<tr>
<td>PSG 2/3 Security/Justice</td>
<td>UN MPTF</td>
<td>Support to the Rule of Law</td>
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<tr>
<td>PSG 4 Economic foundations</td>
<td>WB MPF</td>
<td>Somali Core Economic Institutions and Opportunities Program</td>
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<td></td>
<td></td>
<td>ICT Sector Support</td>
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<td></td>
<td></td>
<td>Somalia Investment Climate Reform Program</td>
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<td>Support Remittance Flows to Somalia</td>
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<td>Somalia Urban Investment Planning Project</td>
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<td>Somalia Power Sector Development Support</td>
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<td>Special Financing Facility for Local Development</td>
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<td>Petroleum Sector Inclusive Development</td>
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<tr>
<td></td>
<td>UN MPTF</td>
<td>Youth Employment in Somalia</td>
<td>8.9</td>
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<td></td>
<td>Sustainable Charcoal Reduction</td>
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<tr>
<td>PSG 5 Revenue and services</td>
<td>WB MPF</td>
<td>Recurrent Cost &amp; Reform Financing</td>
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<td>Public Sector Capacity Injection and Institutional Strengthening</td>
<td>40</td>
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<tr>
<td></td>
<td></td>
<td>Public Financial Management Reform (Phase II)</td>
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<td></td>
<td></td>
<td>Support to Financial Governance Policy Dialogue</td>
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<td></td>
<td></td>
<td>Analytical and technical assistance on education</td>
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<tr>
<td></td>
<td></td>
<td>SL Civil Service Strengthening Project</td>
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<td></td>
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<td>MPF Knowledge Fund</td>
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<tr>
<td></td>
<td>UN MPTF</td>
<td>Institutional Capacity Development</td>
<td>16.9</td>
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<tr>
<td></td>
<td></td>
<td>Pilot Project to Strengthen National Service Delivery</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Enabling Services</td>
<td>11.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local Governance &amp; Decentralised Service Delivery</td>
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</tbody>
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Annex 12: Summary of Arrears Clearance and Key Steps Going Forward

The Bank has played a key role in supporting Somalia’s re-engagement with IFIs, particularly, the preparation for arrears clearance, access to HIPC/Multilateral Debt Relief Initiative (MDRI), and Debt Management capacity. Through Bank funded TA (which ended in May 2014 and restarted in February 2015 for a period of twelve months), this has broadly included reconstruction of Somalia’s external debt data, the setting up and initial capacitation (including systems and staff) of a Debt Management Unit in the Ministry of Finance, and work on developing a strategy for Arrears Clearance and access to HIPC/MDRI debt relief. So far, it is estimated that Somalia owes a total volume of debt of USD 5.2b of which USD 136m is owed to the Bank.

The summary of the achievements of the Bank funded TA include:

- The debt database has been created in the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS), using an on-loan version of the software. The system has been converted to the latest version and data successfully migrated.

- All 10 multilateral creditors have submitted data and the same has been inserted into the debt management system.

- Paris Club (PC) Creditors 9 out of 10 PC creditors have submitted loan-by-loan which has been inserted into CS-DRMS. A few creditors have outstanding issues. The one creditor who has not provided loan-by-loan data has shown indications of cooperating, but so far no data has been forthcoming.

- Non-PC. The FGS has sent requests to 13 known or potential creditors for loan-by-loan data along with creditor financial statements. While positive reactions have been received from all creditors, claim data has been received only from three creditors. Efforts are being stepped up to obtain cooperation of remaining creditors, including the larger creditors in the Gulf which account for 90% of non-PC claims.

- Commercial Creditors. No information on Somalia’s commercial debt is available, and the search for information on claimants through specialized channels has not yet commenced. IDA’s Debt Reduction Facility is exploring possible support under the Facility (both technical/legal advice and funding of a commercial debt buyback). Somalia’s arrears to IDA and possible actions of vulture funds are complicating factors. The African Legal Support Facility of the bank could be an advisor in this process.

- The Bank through the EFGISP, is supporting establishment and capacitation of the Debt Management Unit (DMU) in the Ministry of Finance. Four consultants have been recruited to man the Unit. Training of the new staff has commenced with the first formal training held in March 2016. The Government, under the same project, has procured hardware and software licenses for the debt management system (CS-DRMS) in readiness for the eventual transfer of the debt database to Somalia. Training of Government officials in the use of this software took place at the Bank’s offices in Nairobi in July 2017.

In June 2017, the IMF approved a second SMP that covers the period May 2017 to April 2018. The new SMP will continue to focus support on macroeconomic stability and capacity development. It will also
continue to implement the measures necessary for achieving debt relief in the future under the HIPC Initiative. The Authorities have now updated their memorandum of economic and financial policies (MEFP) for 2017-19, in which they outline their fiscal and financial policies reform agenda. These include better budgetary execution and outturns, broadening the tax base, and implementing a financial sector development roadmap. The NDP 2017-19 (see paragraphs 32-33) also largely fulfils the requirements of an *Interim Poverty Reduction Strategy Paper* (IPRSP) – another key step in the HIPC debt relief process – and its successful implementation is now a priority.
Annex 13: State of Somalia’s Infrastructure Sectors

- Access to modern energy\(^{44}\) is extremely limited in Somalia. Grid-supplied electricity in cities (with none existing out of the cities) is very limited, and existing supply is characterized by voltage drops and frequent electricity supply failures. The quantity and quality of electricity supply are unsatisfactory and well below international standards, making electricity difficult to use for productive purposes. Therefore, many economic activities that need reliable electric power supply have decided to use their own isolated generation facilities (mostly diesel generators). The lack of electricity supplied forces most Somalis to resort to poor quality lighting (often kerosene), although portable solar lighting products are rapidly gaining popularity. About 90% of the energy consumed in Somalia is local biomass, either wood or charcoal. This has led to the destruction of the Somali biomass cover. Other challenges experienced within the Somalia energy sector include inadequate qualified personnel, absence of an acceptable institutional setup, and insufficient budgetary resources.

- The transport\(^{45}\) sector has suffered from a lack of maintenance of infrastructure, leading to its near disappearance (especially roads), a weakening of institutions (to the point of irrelevance), and a need to repair, rebuild, and re-create institutional frameworks (the "soft" part of infrastructure). Restoring and enhancing connectivity is vital for both economic revitalization and political integration. The total length of the primary/main roads is 4,124 km, of which 2,860 km are paved and 1,264 km are unpaved or a gravel surface. The condition of the paved roads can be classified as poor since more than 90% of the roads that have deteriorated are beyond their design life. The total length of secondary, feeder and coastal roads is about 7,310 km. These roads are mostly a gravel or earthen surface and in very poor condition. The main demand for the aviation services currently stems from aid, humanitarian and medical emergency related events. The demand for the aviation sector is almost non-existent for the leisure and business traveler segment. In the port sector, traffic volumes are low primarily due to the low level of development of Somalia. Statistics are scarce, but those available suggest that about 2m tons per annum, including 53,000 Twenty-foot Equivalent Unit of container traffic, are handled at the ports of Somalia. Almost all this traffic is handled at the two main active ports – Mogadishu and Berbera, while less activity is registered at Kismayo Port.

- Lack of access to clean and safe water\(^{46}\) has exacerbated the incidences of water-borne diseases, especially cholera which is endemic in Somalia. This has contributed to a high under-five child mortality rate of 133 per 1,000 live births. Populations with improved sanitation are estimated at only 23%, which is one of the lowest in the world. Currently, about 83% of the rural population (and a large share of the urban population) practice open defecation, which also has serious health implications. Although the proportion of urban dwellers that use improved water supply increased (35% in 2000 to 66% in 2011) over the last few years, the proportion of rural dwellers decreased within the same period (from 15% in 2000 to 7% in 2011). The lack of access to water exacerbates the gender inequality in Somali society, where women are responsible for water collection (as well as food and fuel collection). This assignment is becoming more difficult as water sources get degraded or more dispersed. It is also a security issue as many women and girls become victims to violence in the journey to collect water.

\(^{44}\) Somalia Energy Sector Needs Assessment and Investment Programme (AfDB, 2015) provides a comprehensive assessment of the sector.

\(^{45}\) Details taken from the Somalia Transport Sector Needs Assessment and Investment Programme (AfDB, 2016).

\(^{46}\) See the Somalia Water and Sanitation Sector Needs Assessment and Investment Programme (AfDB, 2015) for more details.
The ICT\textsuperscript{47} industry in Somalia has flourished under a self-regulated private sector regime and makes an important contribution to the economy. Somalia is reported by the GSMA\textsuperscript{48} as a market with 11 operators and 4m mobile connections. Telephone and internet services are available across most of Somalia which has among the lowest international call rates in Africa. Still, the growth in ICT has been geared mainly towards voice/SMS services. This is because Internet services remain very expensive primarily because they rely mostly on satellite internet connectivity. So while the tele density is about 7\%, the proportion of Internet users is only about 1\%. In terms of ICT applications, electronic money transfer is flourishing, a practice that has grown due to the very limited formal banking sector. The growing availability and use of ICT is also helping augment women’s activity in the economic and public sphere.

\textsuperscript{47} See the \textit{Somalia Information and Communication Technology Sector Needs Assessment} (AfDB, 2014) for more details.

\textsuperscript{48} GSMA stands for \textit{Groupe Special Mobile Association} and is a body representing the interest of the mobile phone industry worldwide.
### Annex 14: List of Stakeholders Consulted

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Institution</th>
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<tbody>
<tr>
<td>Eng. Ali Afey Dhildug</td>
<td>Director of ICT</td>
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</tr>
<tr>
<td>Eng. Abdirisak Ali Asir</td>
<td>Technical Advisor</td>
<td>Ministry of Posts and Telecommunications</td>
</tr>
<tr>
<td>Mohamed Abdikadir Nur</td>
<td>Director General</td>
<td>Ministry of Education</td>
</tr>
<tr>
<td>Mahdi Isaac</td>
<td>Technical Advisor</td>
<td>Ministry of Education</td>
</tr>
<tr>
<td>Salah Abdi Ahmed</td>
<td>Director General</td>
<td>Ministry of Public Works and Reconstruction</td>
</tr>
<tr>
<td>Abdullahi Mohamed Maalim</td>
<td>Senior Technical Infrastructure Adviser</td>
<td>Ministry of Public Works and Reconstruction</td>
</tr>
<tr>
<td>Abdullahi Ahmed Sh. Abukar</td>
<td>Director of Planning</td>
<td>Ministry of Public Works and Reconstruction</td>
</tr>
<tr>
<td>H.E. Abdirahman Duale Beileh</td>
<td>Minister of Finance</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Liban Obsiye</td>
<td>Advisor to the Minister</td>
<td>Ministry of Finance</td>
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<tr>
<td>Ahmed Dayib Nor</td>
<td>Permanent Secretary</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Suad Egal</td>
<td>AfDB Focal Point</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Mohamed-Sadaq Ahmed</td>
<td>Head of Debt Management Unit</td>
<td>Ministry of Finance</td>
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<tr>
<td>Abdulrahman Ibrahim</td>
<td>Debt Management Officer</td>
<td>Ministry of Finance</td>
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<tr>
<td>Daniel Mwanje</td>
<td>Budget TA</td>
<td>Ministry of Finance</td>
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<tr>
<td>Farahan Mohamoud</td>
<td>PFM Reform Unit (PFMRCU) Coordinator</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Jafar Ahmed</td>
<td>Director General of Revenue</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Halima Daud Khalif</td>
<td>SMP Secretariat and Reporting Coordinator</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>Adil Korfa Garane</td>
<td>SMP Advisor</td>
<td>Ministry of Finance</td>
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<tr>
<td>Abdullahi A. Osman</td>
<td>Fiscal Federalism Advisor</td>
<td>Ministry of Finance</td>
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<tr>
<td>Abdulkadir Suleiman</td>
<td>Deputy PFM Coordinator</td>
<td>Ministry of Finance</td>
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<tr>
<td>Abuu Ali Sheikh Homud</td>
<td>Director of Admin and Finance</td>
<td>Ministry of Youth and Sports</td>
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<tr>
<td>Ahmed Abdullahi Ali</td>
<td>Director of Planning</td>
<td>Ministry of Youth and Sports</td>
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<tr>
<td>Abdullahi Mohamud Ali</td>
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<td>Ministry of Ports and Marine Transport</td>
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<tr>
<td>Yonis Adan</td>
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<td>Ministry of Ports and Marine Transport</td>
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<tr>
<td>Ali Ga'al Gabow</td>
<td>Director General</td>
<td>Ministry of Transport and Civil Aviation</td>
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<tr>
<td>Khadar Adam</td>
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<tr>
<td>Isaak Mohamed</td>
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<td>Ministry of Transport and Civil Aviation</td>
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<tr>
<td>Abukar Mohamed Dahie</td>
<td>Permanent Secretary</td>
<td>Ministry of Commerce &amp; Industry</td>
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<tr>
<td>Musa Noor</td>
<td>Senior Advisor to the Minister</td>
<td>Ministry of Commerce &amp; Industry</td>
</tr>
<tr>
<td>Name</td>
<td>Title/Position</td>
<td>Ministry/Agency</td>
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<tr>
<td>Abdiwahad Ibrahim Ahmed</td>
<td>Director General</td>
<td>Ministry of Power and Water</td>
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<tr>
<td>Eng. Omar Haji Mohamed Shurie</td>
<td>Advisor</td>
<td>Ministry of Power and Water</td>
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<tr>
<td>Ahmed Moamed Hassan</td>
<td>Director of Water</td>
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<tr>
<td>Mohamud Mohamed</td>
<td>Director General</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>Mukhtar Hussein Mohamed</td>
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<tr>
<td>Mohamed Omar Nur</td>
<td>Director General</td>
<td>Ministry of Livestock and Pasture</td>
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<tr>
<td>Ismail Rage Isse</td>
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<tr>
<td>Abdishakur Ali Elmo</td>
<td>Director of Admin and Finance</td>
<td>Ministry of Livestock and Pasture</td>
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<tr>
<td>Salad Hussein Abdulle</td>
<td>Director of Planning</td>
<td>Ministry of Labour and Social Affairs</td>
</tr>
<tr>
<td>Omar Hussein Aliyo</td>
<td>Director of Disable Care Department</td>
<td>Ministry of Labour and Social Affairs</td>
</tr>
<tr>
<td>Mohamed Hassan Mohamed</td>
<td>Head of M&amp;E</td>
<td>Ministry of Labour and Social Affairs</td>
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<tr>
<td>Mohamed Abdi Ali</td>
<td>Technical Advisor</td>
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<tr>
<td>Sahro Ali Sharif</td>
<td>Technical Advisor</td>
<td>Ministry of Women and Human Rights</td>
</tr>
<tr>
<td>Ahmed Dini Hassan</td>
<td>Deputy Chair</td>
<td>SOSCENSA</td>
</tr>
<tr>
<td>Asli Ismail duale</td>
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<td>Women Education &amp; Entrepreneurship</td>
</tr>
<tr>
<td>Abdisalam Ahmed Male</td>
<td>Executive Director</td>
<td>SOSCENSA</td>
</tr>
<tr>
<td>Amina Haji Elmi</td>
<td>Director</td>
<td>Save Somali Women and Children (SSWC)</td>
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<tr>
<td>Hassan Ahmed Barre</td>
<td>Somali Remittance Association Member</td>
<td>Dahabshiil Money Transfer</td>
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<tr>
<td>Ilyas Abdulkarim Nur</td>
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<td>Taaj Money Transfer</td>
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<td>Abdullahi Ahmed Nur</td>
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<tr>
<td>Abdulrazak Mohamed Ahmed</td>
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<td>Dahabshiil International Bank</td>
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<td>Abdi Khalif</td>
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<td>Abdullahi Malin Ahmed</td>
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<tr>
<td>Shucayb Haji-Nur Mohamed</td>
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<tr>
<td>Hugh Riddell</td>
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<tr>
<td>James Robert Markland</td>
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<td>World Bank</td>
</tr>
<tr>
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<td>Organization</td>
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<tr>
<td>Geoff Handley</td>
<td>Senior Governance Expert</td>
<td>World Bank</td>
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<tr>
<td>Mohab Awad Mokhtar Hallouda</td>
<td>Senior Energy Specialist</td>
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<tr>
<td>Patrick Thaddayos Balla</td>
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<td>Abdul Qadir</td>
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<td>Rainer FRAUENFELD</td>
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<td>Rima das PRADHAN-BLACH</td>
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<tr>
<td>Steven Lauwerier</td>
<td>Representative</td>
<td>UNICEF</td>
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<td>Mahboob Bajwa,</td>
<td>Chief of WASH</td>
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<td>Ilias Dirie</td>
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<td>ILO Somalia</td>
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<td>Magda Stepanyan</td>
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<tr>
<td>Susanne Martin</td>
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<tr>
<td>Alix Wurdak</td>
<td>Programme Manager Education</td>
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<td>Guglielmo Giordano</td>
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<td>June Mwai</td>
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<tr>
<td>Mehalah Beckett</td>
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<td>Alex Way</td>
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<td>Pauline Seenan</td>
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<td>Kevin Mackey</td>
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<td>Philippe Gustave Gourdin</td>
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<td>Steve Gudz</td>
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<td>Mohamed Abdillahi</td>
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<tr>
<td>Benoit Gauthier</td>
<td>Economic Counsellor</td>
<td>French Embassy – Regional Economic Department</td>
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<td>Malinbaun Sylvia</td>
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