# AFRICAN DEVELOPMENT BANK GROUP

# SOMALIA

# IMPROVING ACCESS TO WATER AND SANITATION SERVICES IN SOMALIA

**OWAS/EARC/ORTS/GECL DEPARTMENTS**

November 2016

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**Appendices**

**Currency Equivalents**

*As of September 2016*

| | | |
|---|---|---|
| 1 UA | = | USD 1.3943 |
| 1 UA | = | GBP 1.0613 |

**Fiscal Year**

Somalia: 1 July – 30 June

**Weights and Measures**

| | | |
|---|---|---|
| 1 metric tonne | = | 2204 pounds (lbs) |
| 1 kilogram (kg) | = | 2.200 lbs |
| 1 meter (m) | = | 3.28 feet (ft) |
| 1 millimeter (mm) | = | 0.03937 inch (“) |
| 1 kilometer (km) | = | 0.62 mile |
| 1 hectare (ha) | = | 2.471 acres |

## Acronyms and Abbreviations

| | | | |
|---|---|---|---|
| AfDB | African Development Bank Group | MoEWR | Ministry of Energy and Water Resources |
| ADF | African Development Fund | MoF | Ministry of Finance |
| ARAP | Abbreviated Resettlement Action Plan | MoH | Ministry of Health |
| AWD | Acute Watery Diarrhea | MoPIC | Ministry of Planning and International Cooperation |
| AWF | African Water Facility | NDP | National Development Plan |
| CB | Country Brief for 2013-2015 | NGO | Non-Governmental Organization |
| CSP | Country Strategy Paper | O&M | Operation and Maintenance |
| CSS | Climate Safeguards System | PAP | Project Affected Person |
| DANIDA | Danish International Development Agency | PIT | Project Implementation Team |
| DfID | Department for International Development | PCN | Project Concept Note |
| DP | Development Partner | PCR | Project Completion Report |
| DRSLP | Drought Resilience and Sustainable Livelihoods Program | PP | Problematic Project |
| EARC | East Africa Resource Center | PPP | Potentially Problematic Project |
| EC | European Commission | PSC | Project Steering Committee |
| ESAP | Environmental and Social Assessment Procedures | RAP | Resettlement Action Plan |
| ESMF | Environmental and Social Management Framework | RWSSI-TF | Rural Water Supply and Sanitation Initiative Trust Fund |
| ESMP | Environmental and Social Management Plan | SDRF | Somali Development Reconstruction Facility |
| FAO | Food And Agricultural Organization of the United Nations | SIF | Somali Infrastructure Fund |
| FGS | Federal Government of Somalia | SWALIM | Somalia Water and Land Information Management |
| FSF | Fragile States Facility | ToR | Terms of Reference |
| GBP | Sterling Pounds | TSF | Transition Support Facility |
| IA | Implementing Agency | TYS | Ten Year Strategic |
| IGAD | Intergovernmental Authority on Development | UA | Unit of Account |
| IOM | International Organization for Migration | UNICEF | United Nations Children's Fund |
| I-PRSP | Interim Poverty Reduction Strategy Paper | UNDP | United Nations Development Programme |
| ISS | Integrated Safeguards System | UNEP | United Nations Environment Programme |
| L/C/D | Litre per Capita per Day | | |
| M&E | Monitoring and Evaluation | | |

## Grant Information

**RECEIPIENT:** **FEDERAL REPUBLIC OF SOMALIA**

**EXECUTING AGENCY:** **MINISTRY OF ENERGY AND WATER RESOURCES**

Financing plan

| Source | Amount (UA) million | Instrument |
|---|---|---|
| ADF-13 (PBA) | 4.200 | Grant |
| TSF Pillar 1 | 1.314 | Grant |
| ADF – TSF Pillar 3 | 2.075 | Grant |
| Federal Government of Somalia | 0.600 | Counterpart |
| **TOTAL COST** | **8.189** | |

Counterpart funds will be provided 'in kind' through staff time, security and office space as required

Timeframe - Main Milestones (expected)

| | |
|---|---|
| Concept Note approval | 1 September, 2016 |
| Project approval | November 2016 |
| Effectiveness | January 2017 |
| Completion | 31 December 2019 |
| Closing Date | 31 March 2020 |

ADF's Key Financing Information

| | |
|---|---|
| Grant Currency | UA for ADF |
| EIRR (base case) | 25.23% (ENPV USD 10.69 million) |

## PROJECT SUMMARY

**1.** ***Project Overview***: The overall objective of the project is to improve access to water and sanitation services in rural areas of Somalia and reduce infant and under 5 mortality caused by Water, Sanitation and Hygiene (WASH) related diseases. The project targets 125,000 riverine and 50,000 nomadic people (including Internally Displaced People (IDP) returnees) through construction of solar powered mini water supply systems, and rehabilitation of strategic rural water supplies. Multiple water use for both humans and livestock will be promoted and the project will conduct community mobilization and awareness-raising on health and hygiene and promote Open Defecation Free (ODF) practices through the Community-Led Total Sanitation (CLTS) approach. The Institutional strengthening and project sustainability activities include training of key government staff on water quality monitoring and the beneficiary communities on essential Operation and Maintenance (O&M). The project will cost an estimated UA 8.189 million with the ADF (PBA and TSF Pillar 3) grants covering 77% and the Department for International Development (DfID) grant (through TSF Pillar 1)16% of the total project costs.

**2.** ***Project Outcomes*****:** The proposed interventions will improve the quality of life of an estimated 175,000 people and their livestock in rural Somalia. The project will also generate an estimated 1,300 jobs during and after construction. The dilapidated state of the water and sanitation infrastructure is a major contributing factor to the severe outbreaks of water borne diseases, especially diarrhoea which has a 21% incidence rate in Somalia. Improved access to water supply will also sustain other basic socio-economic activities, including livestock rearing which remains the main source of livelihood of the largely pastoral and agro-pastoral rural population. Education facilities will benefit from improved water and sanitation facilities, while the communities will benefit from hygiene and sanitation training and promotion.

**3.** ***Needs Assessment*****:** The Project will strengthen key institutions and actors charged with delivering sustainable water and sanitation services to rural populations. Institutional strengthening (through peer to peer learning) will borrow from the neighbouring Puntland State of Somalia where the policy framework is well developed and functioning. The Bank's fragility assessment for Somalia noted that, lack of basic infrastructure and limited access to basic services are some of the drivers of fragility, and the improvement of water and sanitation services through construction of new facilities and using a conflict sensitive approach, will promote social cohesion, increase productivity and reduce expenditure on water and health.

**4.** ***Bank Added Value*****:** The project design integrate domestic and livestock water supply, linking well with the Banks "High Five" priority of "improve the quality of life for the people of Africa". The project will propel the country towards Sustainable Development Goal (SDG) No 6 on universal access to water and sanitation and will directly link with other Bank and Intergovernmental Authority on Development (IGAD) led initiatives through its focus on water resources development and management. Taking due cognisance of the fragile situation in Somalia - where 25years of protracted conflict and increased violence has contributed to social insecurity and undermined service delivery; the water project has concentrated on (i) construction/rehabilitation of simple rural water supply/sanitation systems to improve access to water and sanitation services and (ii) building the capacity of the MoEWR in enhancing service delivery. The adopted approach will contribute to both improving the quality of life for the beneficiaries and state building in Somalia

**5.** ***Knowledge Building*****:** The core competences the Bank will use in this project are the institutional memory of the Bank, the experienced water sector staff and the extensive experience of International Organization for Migration (IOM), the Implementing Agency. Consultancy and capacity building reports will contribute to knowledge products sharing lessons and serve as a road map to replicating conflict-sensitive government approaches adding to existing traditional knowledge of management of

scarce water and pasture in Arid and Semi - Arid Areas in the Horn of Africa and contributing to social resilience. The project will also pilot intelligent water solutions at some of the selected strategic borehole sites as a way of enhance sustainability. This will be through use of innovative technology and mobile connectivity enabling community members to access water using prepaid cards/tokens.

## Results Based Logical Framework

**Country and Project Name: Somalia: Improving Access to Water and Sanitation Services in Somalia (IAWSS)**
**Purpose of the Project:** To improve access to water and sanitation services in rural areas of Somalia and contribute to reduced infant and under-5 mortality caused by WASH related diseases

| | RESULTS CHAIN | PERFORMANCE INDICATORS | | | MEANS OF VERIFICATION | RISKS/MITIGATION MEASURES |
|---|---|---|---|---|---|---|
| | | Indicator (including CSI) | Baseline | Target | | |
| IMPACT | 1. Contribute to improved quality of life through availability and access to water and sanitation services in Rural Somalia | 1.1 Infant and under-5 mortality | 133 per 1,000 live births.[1] | 30/1000 (2030) | Somalia National statistics, UN publications, demographic health survey | |
| OUTCOMES | 1. Enhanced capacity for effective water and sanitation service management by the Federal Government of Somalia (FGS) and four state governments with MoEWR supporting communities in O&M | 1.1 No. of functional water committees with adequate management , operation and maintenance capabilities | - | 73 (40% women) | Project progress reports | *Delayed project implementation due to insecurity*<br><br>IOM that has more access to various parts of Somalia will be contracted as an implementing agency.<br><br>*Difficulty in monitoring/supervising project activities in some areas due to insecurity* Independent local consultants will be engaged to provide supervision support on a case by case basis.<br><br>*The migratory nomadic communities presents risks to hygiene promotion and sensitization campaigns as new groups will emerge from time to time*. This will be mitigated by the continuous hygiene promotion being undertaken by IOM and UNICEF in schools and catchment areas of health |
| | | 1.2 Well functioning inter-ministerial WASH steering committee coordination structure | - | 1 | | |
| | | 1.3 Percentage of population practicing good hygiene and sanitation practices | 24% | 36% | | |
| | 2. Improved access to safe and clean water and sanitation in high risk Acute Watery Diarrhea (AWD)/cholera riverine and nomadic communities | 2.1 % of population with adequate access to water | 32% | 35%(2020) | | |
| | | 2.2 % of population with access to improved sanitation | 24% | 30%(2020) | | |
| | | 2.3 Reduced distance to nearest water point in target areas | >10km | 2km | | |

[1] African Development Bank Statistics Department Database (October 2013) World Bank Development Indicators

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Component 1: Capacity Development** | | | | | facilities. |
| | 1.1 WASH policy and strategy development (informed by gender and social equity concept) | 1.1.1 No of water and sanitation sector policy and strategy of the FGS and four federal states reviewed and developed | - | 5 | | |
| | 1.2 Institution capacity coordination and development | 1.2.1 No of central and four federal states' structures established to enhance sectoral capacity | - | 5 | | |
| | | 1.2.2 No of offices equipped and provided with logistics equipment for FGS and federal states | - | 5 | | |
| | | 1.2.3 No of staff trained on water resources management, monitoring and regulatory | - | 25(50% women) | | |
| | | 1.2.4 No of water committees trained on basic operation and maintenance of rural water and sanitation systems | - | 73 (40% women) | | |
| | **Component 2: Water and Sanitation Infrastructure for Stability and Resilience** | | | | | |
| | 2.1 Strategic boreholes constructed/rehabilitated with reticulation network and communal water points for nomadic communities. | 2.1.1 No. of strategic boreholes rehabilitated/constructed for the nomadic people and their livestock in rural areas | - | 20 | | |
| | | 2.1.2 No of Km of reticulation network constructed for nomadic communities | - | 20 | | |
| | | 2.1.3 No of communal water points constructed for nomadic communities | - | 40 | | |
| | 2.2 Rural water supply and sanitation systems constructed for riverine communities | 2.2.1 No. of new rural water supply and sanitation systems constructed for riverine communities. | - | 53 | | |
| | | 2.2.2 No of km of reticulation network for riverine communities | - | 30 | | |
| | | 2.2.3 No. of schools and/or health centres in the riverine and rural areas that have increased access to water and sanitation | - | 20 (50% of schools to be for girls) | | |
| | 2.3 Improved sanitation and hygienic conditions | 2.3.1 No. of riverine and rural communities adopting Open Free Defecation (ODF) through Community-Led Total Sanitation (CLTS) approach | - | 175,000 (50% women) | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Component 3: Project Management** | | | | | |
| | 3.1 Management Support and enhancement of environmental and social management and technical capacity of MEW. | 3.1.1 Environmental and social management plan implemented | 0 | 100% | | |
| | | 3.1.2 Project Steering Committee meetings | 0 | 15 | | |
| | | 3.1.3 No of IOM Staff dedicated to the Project | 0 | 9 | | |

| KEY ACTIVITIES | **ACTIVITIES** | **INPUTS (UA MILLIONS)** |
|---|---|---|
| | Component 1: Institutional capacity building and coordination | ***2.087*** |
| | Component 2: Improved rural water supply system, sanitation and hygiene conditions | ***3.850*** |
| | Component 3: Project Management (includes FGS "in kind" contribution of UA 0.6 million) | ***2.252*** |
| | Total | ***8.189*** |

## PROJECT TIMEFRAME

| | TASKS | 2016 | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 1 | Project Approval | | | | | | | | | | | | | | | | | |
| 2 | Publication of GPN | | | | | | | | | | | | | | | | | |
| 3 | Appointment of PMT and PSC | | | | | | | | | | | | | | | | | |
| 4 | Project effectiveness | | | | | | | | | | | | | | | | | |
| 5 | Project Launch | | | | | | | | | | | | | | | | | |
| 6 | Project activity implementation | | | | | | | | | | | | | | | | | |
| 7 | Submission of Audit Reports | | | | | | | | | | | | | | | | | |
| 8 | Project Supervisions | | | | | | | | | | | | | | | | | |
| 9 | Project Mid-term review | | | | | | | | | | | | | | | | | |
| 10 | Project Completion Report | | | | | | | | | | | | | | | | | |

**REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON PROPOSED GRANT TO THE FEDERAL REPUBLIC OF SOMALIA FOR IMPROVING ACCESS TO WATER AND SANITATION SERVICES IN SOMALIA.**

Management submits the following Report and Recommendation on proposed three grants amounting to UA 7.589 million comprising UA 1.314m from Pillar 1 of the Transition Support Facility, UA 2.075m from Pillar 3 of the Transition Support Facility and UA 4.2m from ADF 13, to finance the 'Improving access to water and sanitation services in Somalia' project.

## I. STRATEGIC THRUST & RATIONALE

### *1.1 Project linkages with Country Strategy and Objectives*

1.1.1. **Persistent efforts in bringing peace and stability to Somalia are slowly bearing fruit and the country is now on a path emerging from fragility to recovery and focusing on socioeconomic development and political stability.** With support of Development Partners Somalia is implementing "The Compact"[2] and has embarked on the Heavily Indebted Poor Countries (HIPC) process**.** However, the country still remains one of the poorest in the world with a low Human Development Index (HDI) of 0.285[3] and did not meet most of the Millennium Development Goals including those for water supply and sanitation. More than 70% of the country's estimated 12 million people continue living below the poverty line and decades of conflict weakened public institutions resulting in the absence or poor state of basic infrastructure, especially in the rural areas of Southern Somalia. On the other hand, Somalia's northern regions have been relatively peaceful and stable and by and large Government institutions in the states of Somaliland and Puntland are functional.

1.1.2. **In line with the Somalia Country Brief (2013-2015 extended to 2016), the Bank conducted infrastructure needs assessments in Somalia taking due cognizance of the role infrastructure can play in providing the economic basis for a sustainable transition to peace and allowing key stakeholders to have a stake in stability**. The current project is one of the priority activities resulting from the Water and Sanitation needs assessment conducted in 2014. Access to improved water supply in Somalia is estimated at 32%, while population with improved sanitation is estimated at a staggering 24%[4], one of the lowest in the world. Key challenges confronting the water sector include an inadequate regulatory framework, weak sector institutions and extremely low financing**.** Recurring droughts (now a common natural feature of Somalia), combine with internal displacement and a deteriorated network of water points to compound poor access, forcing safe water supply needs to be often met through emergency operations, such as water trucking. Lack of access to clean and safe water has exacerbated incidences of water-borne diseases especially diarrhoea which has a 21% incidence rate in Somalia. This has contributed to a high under-five child mortality rate of 133 per 1,000 live births.[5] In rural Somalia, an inadequate network of pastoral water structures that supply both domestic and livestock water remains the major cause of conflict within pastoralists and between pastoralists and settled communities. Institutional capacity for rural Water Supply and Sanitation Services provision is very low in Somalia.

[2]The Compact defines priority interventions that will ensure the country stays on the path to long term peace and state building. The process was based on the Busan new deal principles initiated in December 2012.
[3] Somalia Human Development Report 2012, Empowering youth for peace and development, UNDP.
[4] UNICEF/WHO Joint health and nutrition assessment in 2013
[5] African Development Bank Statistics Department Database (February 2016) World Bank Development Indicators

1.1.3. **The project is consistent with the key objectives of the Somalia Economic Recovery Plan 2014-2015[6] and the draft National Development Plan (NDP), which focuses on sustained economic development, poverty reduction and institutional capacity building.** Infrastructure rehabilitation and equitable access to services is given emphasis in the NDP with rehabilitation and expansion of rural water supply systems prioritised in the Water and Sanitation sector**.** Majority of the population in rural and peri-urban areas of Somalia (estimated at 4 million people) continue to suffer from inadequate and poor water and sanitation services not only affecting human health but also hindering livestock development which is the main economic backbone of the country. Social tensions amid scarce resources have resulted in frequent local-level conflict over rangeland and water points feeding into local instability and political tension. Somalia's fragility and conflict have spillover effects, impacting regional stability in the form of refugees, and even terrorism. These factors, combined have stalled economic and social development. The Project is also in line with the recommendations of the Bank's recent water and sanitation sector needs assessment in Somalia that identified inadequate infrastructure, and weaknesses in water and sanitation governance and institutional capacity. Lack of access to clean and safe water has made Somalia a cholera-endemic country and a country prone to water-borne diseases.

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

**1.2.1 The central focus of the project is to improve access to water and sanitation services in rural areas of Somalia and contribute to reducing infant and under-5 mortality caused by Water, Sanitation and Hygiene (WASH) related diseases.** This is fully in line with recommendations of WASH survey conducted by UNICEF and contributes to the Somali Compact Peace, State-Building Goal (PSGs) No 5 of 'increase the delivery of equitable, affordable, and sustainable services' and PSG No 4 of 'enhance productivity of high priority sectors through rehabilitation of infrastructure'. The activities proposed align with the WASH sectoral response specified in the 2016 Somalia Humanitarian Response Plan and supports the overall strategic objective of: (i) 'address humanitarian needs by providing lifesaving and life-sustaining assistance to people in need, prioritizing the most vulnerable' and (ii) 'restore and strengthen livelihoods and basic service delivery to build resilience to recurrent shocks.' The project further aims to strengthen the enabling environment for the sustainable water supply and sanitation services by supporting capacity building activities. This is in line with The Bank's Somalia Country Brief that highlights the huge capacity development requirements for Somalia. The project is among the first pipeline projects to be financed through the Somalia Infrastructure Fund (SIF) which was approved on October 3, 2016 by the AfDB. As articulated in the COMPACT, the SIF[7] 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. Initial seed financing for the SIF has been provided by the UK's Department for International Development to the tune of 1.5m GBP.

**1.2.2 The project is in line with the Bank's Integrated Water Resources Management Policy, Gender Strategy as well as Bank Group Strategy for 2013-2022 and contributes to the "High Fives" priority of improving the quality of life for the people of Africa.** The many hours spent every day fetching water over long distances has a detrimental impact on women's ability to manage other productive activities within the household and frequently acts as a barrier for the girl child accessing education. In addition safety of women when using public sanitation facilities will be enhanced through solar power installations. The Project will promote

[6] A new National Development Plan 2017-19 (NDP), which will provide the post-2016 planning framework for Somalia and build on the work of the New Deal COMPACT is currently being prepared.

[7]The Somalia Infrastructure Fund will mainly focus on infrastructure rehabilitation and development in Somalia, with specific investments in the Energy, Water & Sanitation, Transport and ICT sectors, as well as related institutional capacity-building.

inclusive growth by provision of water for human and livestock reducing time and monetary burden of water and increasing livestock productivity. The Project is also consistent with the Bank's Climate Change Action Plan (2010-2015) by supporting improved resilience of communities against climate variability and change. Additionally, by building institutional capacity of states to deliver basic services equitably, the Project strategically aligns with the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) which observes that since the water sector has an impact in so many different institutions of the government, it can be seen as an important entry point for state- and peace-building and contribute to strengthening the institutional development process.

**1.2.3 Somalia failed to achieve the MDG's for water and sanitation and concerted efforts are required by both the Federal Government of Somalia (FGS) and Development Partners if the Sustainable Development Goals in the sector are to be met**. Water plays a key role in the Somalia Economic Recovery Plan and improved access to water and sanitation services will improve the quality of life of Somalis which is in line with one of the Banks "High 5's" development priorities specifically "improve the quality of life for the people of Africa". Household access to safe water, notably in rural areas, remains low. People (mostly women and the girl child) in rural areas travel more than 3km to fetch water for human and animal consumption and spend as much as 50% of income to purchase water of dubious quality from vendors. The increased reliance on unsafe surface and open water sources has further contributed to decreased access rates to safe water in the country.The project was prioritized based on the water and sanitation needs assessment financed by the Bank in 2014.

**1.2.4 Bank's Fragility Assessment of Somalia noted that lack of basic/adequate infrastructure and access to basic services is one of the drivers of fragility** and the improvement of water and sanitation services through construction of new facilities and using a "conflict sensitive approach"[8] will contribute to addressing gender inequality, social cohesion and improving social services such as education and health care by increasing productivity and reducing expenditure on water and health. Furthermore, infighting between communities due to lack of water for domestic and animal use is one of the major drivers of fragility and improvement in provision of water will contribute towards reduced conflicts.

**1.2.5 The FGS is committed to reducing the country's vulnerability to WASH- related diseases and drought as articulated in the NDP.** However, inadequate financial resources and institutional capacity[9] has contributed to the low investments in water and sanitation facilities in the country. The FGS allocation to the water sector during the 2014/2015 financial year was only USD 623,544 down from USD 706,612 during the 2013/2014 financial year.

### *1.3 Donor Coordination*

Table 1.1: Water Sector Financing

| | Players - Public Annual Expenditure 2014/15* | | |
|---|---|---|---|
| Total | **Government** | **Donors** | **Key DPs**<br>**UNICEF**<br>**WB**<br>**EC**<br>**FAO**<br>**ISDB** |
| UA 35.45 m | UA 0.45 m | UA 35 m | |
| 100% | 1% | 99% | |
| | **Level of Donor Coordination** | | |

[8] A conflict sensitive approach is key to successful implementation of projects in Somalia and will entail understanding of the local context and root causes of conflict in order to minimise conflicts arising from project interventions.

[9] Most Development Partners have generally concentrated on infrastructure financing, with MoEWR being allocated insufficient resources to finance daily operations, including maintenance;

| | | | |
|---|---|---|---|
| | Existence of Thematic Working Groups | [Yes] | |
| | Existence of SWAPs or Integrated Sector Approaches | [No] | |
| | ADB's Involvement in donors coordination | [Member] | |

*Based on budgetary allocation

**1.3.1** The Somalia New Deal Compact ("Compact") was signed in 2013 by FGS and the international community. The Compact lays out the critical priorities under the five Peace and State Building Goals (PSGs)[10] that have been agreed on as part of the New Deal principles. The Compact currently guides international support to Somalia through the Somali Development and Reconstruction Facility (SDRF). The SDRF houses three separate *Multi Partner Trust Funds* administered by the Bank, World Bank and United Nations. The SDRF Steering Committee (SC) is responsible for donor coordination. The SC is supported by the Aid Coordination Unit (ACU), which also reviews progress on the implementation of the Somali Compact, including progress on PSGs and donor commitments. This project falls under PSGs 4 and specifically the Infrastructure Sub-working Group which the Bank has chaired for the past three years

**1.3.2** Ongoing interventions in the water sector in Somalia include the 8 Million USD, UNICEF financed Water Supply and Sanitation project covering both Puntland and Southern Somalia; and the Fa'el Khayr Project financed by Islamic Development Bank (USD 32 Million) for the development of 32 deep boreholes all over Somalia – implemented by IHH and Islamic Relief Organization. Other support include TA to MoEWR by International Organization for Migration (IOM) and a USD 10Million grant for the drilling and equipping of 100 wells in South Somalia. UNICEF continues to provide significant support to the WASH sector and there is a sector coordination group consisting of sector partners led by the MoEWR. Appendix 3 gives a summary of financing of key donor activities in the areas of water and sanitation.

## II. PROJECT DESCRIPTION

### *2.1 Development Objectives and Project components*

2.1.1 ***Development Objectives:*** The overall objective of the project is to improve access to water and sanitation services in rural areas of Somalia and contribute to reduced infant and under-5 mortality caused by WASH related diseases. Taking due cognisance of the fragile situation in Somalia - where 25years of protracted conflict and increased violence has contributed to social insecurity and undermined service delivery; the water project has concentrated on (i) construction/rehabilitation of simple rural water supply/sanitation systems to improve access to water and sanitation services and (ii) building the capacity of the MoEWR in enhancing service delivery. The adopted approach will contribute to both improving the quality of life for the beneficiaries and state building in Somalia

### *2.2 Project Components*

2.2.1 The proposed project will have the following three components:

**Component 1: <u>Component 1: Capacity Development</u>**
In collaboration with the FGS and regional Ministries of Energy and Water, Health, and Planning and International Cooperation, the proposed project will provide a platform to address the underlying causes of WASH sector gaps in Somalia through strengthening the capacity and sector development strategy (and using a gender sensitive approach) of the FGS and the federal

[10] The PSGs are: (i) inclusive politics; (ii) security; (iii) justice; (iv) economic foundations; and (v) revenue and services.

states, namely Jubbaland, Southwest, and Galmudug. This will be achieved through the review and development of the water and sanitation sector policy and strategy of the FGS and three federal states to guide the systematic planning and performance management of the water supply and sanitation services at the federal and states level. In an effort to shift the focus in institutional strengthening from pre-defined solutions to more applied approaches - given the complex Somalia context, the project (through peer learning) will utilise the experience gained in the water sector in Puntland State. The project will also involve the rehabilitation and upgrading of physical infrastructure for national and state water agencies and the procurement of office and logistical equipment. Institutional capacity will also be built through the training of key government staff on water quality monitoring.

**Component 2: Water Supply and Sanitation Infrastructure for Stability and Resilience**

The project will address the urgent needs of water and sanitation service delivery in rural and per-urban areas affected by recurrent drought and waterborne diseases such as Acute Watery Diarrhoea (AWD) and cholera[11]. The project will focus on improving access safe and clean water through water treatment for river water, construction of sustainable water supplies, and rehabilitation of strategic rural water supplies systems. Additionally, the proposed project will conduct community mobilization and awareness-raising on health and hygiene and promote Open Defecation Free (ODF) practices through the Community-Led Total Sanitation (CLTS) approach. The CLTS approach will take into account the socio-cultural behaviour and the role which can play by men and women and religious leaders in influencing behaviour change. The project will include the use of innovative technologies and environmentally-friendly solutions in the project that have been tested and proven to be sustainable and cost-effective in previous projects in riverine areas. These innovative technologies include solar-powered water pumping and treatment systems. The project will also target the highly vulnerable nomadic populations in poor districts through the rehabilitation and construction of strategic water supply systems for human and livestock consumption and small-scale farming. Use of solar power (where feasible) will be extended to charging of mobile phones and lanterns for community members including lighting of public sanitation blocks to make them safe for use at night. The project activities will also incorporate efforts to mitigate negative environmental effects such as tree nurseries and other soil and water source conservation measures. Community members will also be trained in the operation and maintenance of the water and sanitation systems. Project activities will be implemented using a conflict sensitive approach to enable the identification and implementation of solutions to minimize risks associated with potential or on-going conflicts.

**Component 3: Component 3: Project Management**

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

2.2.2 A summary of project components and activities is presented in Table 2.1 below.

[11] Project sites have been proposed and will be validated by the Project Steering committee

*Table 2.1: Project Components*

| Component & Outputs | Est. cost UA' m |
|---|---|
| ***1 Capacity Development***<br>• Development WASH Strategy for 4regional states and Federal government<br>• Rehabilitation of national water agency of MoEWR building FGS including laboratory section<br>• Rehabilitation and upgrading 4 region state water agencies building<br>• Procure office equipment for MoEWR FGS and 4 regional state institutions<br>• Procure of vehicles for MoEWR and regional states water sector institutions<br>• Procure portable water quality monitoring equipment for regional states and MoEWR of FGS<br>• Training of key staff on water quality monitoring 5 each from each state and from FGS<br>• National Project coordinator from MoEWR and focal points at the federal states<br>• Travel and study tour support to MoEWR, FGS and federal states | 2.087 |
| ***2 Water and Sanitation Infrastructure for Resilience for Sustainability and Resilience***<br>• Construction of new/rehabilitation of 20 strategic water systems and installation of solar water pump by incorporating sanitation facilities<br>• Construction of 53 mini solar powered/three tank water systems with draw off and sanitation facilities<br>• Construction of water supply and sanitation facilities in Puntland<br>• 20 No schools/ markets and health institution sanitation including rain water harvesting<br>• Mobilisation/Capacity building for communities and Hygiene promotion<br>• Environmental mitigation measures (tree nurseries, conservation measures etc) | 3.850 |
| ***3 Project Management***<br>• Implementation by IOM<br>• Project Management<br>• Monitoring of the Implementation of ESMP<br>• Project Audit<br>• Contribution from FGS (UA 0.6 million Counterpart funds will be provided 'in kind' through staff time, security and office space as required) | 2.252 |

### *2.3 Technical Solution Retained and Other Alternatives Explored*

2.3.1 The project took into account experience gained/lessons learnt in the country and the region on appropriate technology in the construction of boreholes, water source protection and associated reticulation infrastructure including operation and maintenance. Where development of surface run-off water and rainwater harvesting is feasible; improved technology in construction and source protection shall be deployed to enhance both water supply and hygiene. Where groundwater is the appropriate option, selection of technology is informed by the need to minimize running costs by considering solar energy including the availability of spare parts. Boreholes shall all be lined and springs shall be protected. The mini water systems shall incorporate a reservoir and reticulation system for both domestic and livestock uses.

2.3.2 Sanitation and hygiene interventions in schools will be implemented based on standard guidelines developed by UNICEF and the Somalia Government which are in line with WHO standards. Gender sensitive sanitation facilities and facilities for physical challenged person will be provided in selected public institutions and fitted with solar lighting coupled with appropriate hygiene trainings targeting behavior change through CLTS. Table 2.2 illustrates the various technical solutions explored for the project taking into account characteristics of water sources, operation and maintenance costs.

*Table 2.2: Analysis of the Various Alternatives Considered*

| Activity | Alternative considered | Reasons for Rejection | Selected Option(s) |
|---|---|---|---|
| Rehabilitation of Strategic Boreholes | Drilling of new replacement boreholes and using diesel/petrol driven generators to drive the borehole pumps. | This will be costly as the drilling costs are above $400/m<br><br>High O&M costs and lack of spare parts for the generators.<br><br>Lack of skills on O&M | The boreholes can be rehabilitated and the diesel/petrol engines (where feasible) substituted with improved energy efficient sources for the pumps using hybrid generating of electricity (combination of normal diesel powered generators with renewables such as solar). |
| Development of Mini Water Systems | Provision of rainwater harvesting facilities at homesteads | This is limited as only institutions have appropriate and adequate roof catchment areas to meet the water demand. | Site specific appropriate mini water systems will be developed using the existing standard designs modified to reflect particular needs of each site and community.<br>Use of solar operated pumps whose O&M costs are low is recommended.<br><br>Community will be trained on O&M with technical oversight by MoEWR. |
| Sanitation options | Provision of sanitation facilities at homesteads | Experience has shown that focusing on latrine construction rather than usage has been ineffective as sanitation is viewed as a private household good than a social responsibility. The approach does not empower communities to collectively change their sanitation situation. | The project will focus on empowering communities through awareness raising about the positive effects of improved sanitation practices. Gender sensitive sanitation facilities and facilities for physical challenged person will be provided in selected public institutions and fitted with solar lighting coupled with appropriate hygiene trainings targeting behaviour change through CLTS. |

2.3.3 The project will offer training on O&M to an estimated 60 youth (15% women) who will be identified and tasked with the operation of the mini water facilities enabling the acquisition of skills in the areas of plumbing and solar energy technology. The MoEWR will also be supported to enhance staff capacity to address sustainability/adopt PPP arrangements for rural water supply and sanitation projects. The project will undertake the capacity building component using a more organic learning process involving practitioners from the water sector in Puntland.

### *2.4 Project Type*

2.4.1 The proposed project is a stand-alone Institutional strengthening and Investment project to be financed by the ADF and DfID. The approach of combining infrastructure development with capacity building at both the Government and community level promotes sustainability and enables the country to better respond to water scarcity.

### *2.5 Project Cost and Financing Arrangements*

2.5.1 The total project cost is estimated at UA 8.189 million net of taxes and duties of which 7.202 million will be in foreign currency and UA 0.987 million in local currency. The MoEWR will budget for the funds each year as per the procurement plan packages. The total project cost includes an ADF-13, TSF Pillar 3 and DfID grant (through SIF and channeled to TSF Pillar 1) amounting to UA 7.589 million and Government of Somalia in kind counterpart of UA 0.60 million. This in-kind contribution relates to staff time, office rent, security and utilities amongst others.

2.5.2 The tables below present the project costs by components, financing source and category of expenditure and expenditure schedule by component. Costs have been estimated on the basis of information obtained from the MoEWR and similar projects.

*Table 2.3: Project Costs Estimates by Component [amounts in millions UA]*

| Components | Foreign currency cost | Local currency cost | Total Costs | % foreign |
|---|---|---|---|---|
| **Component 1:** Capacity building | 1.939 | - | 1.939 | 100 |
| **Component 2**: Rural Water Supply and Sanitation Infrastructure. | 2.991 | 0.387 | 3.378 | 89 |
| **Component 3:** Operating Costs(Program Management) | 1.652 | 0.600 | 2.252 | 73 |
| **Total Base Cost** | 6.607 | 0.987 | 7.594 | 87 |
| **Contingencies (Physical)** | 0.412 | | 0.412 | 100 |
| **Contingencies (Price)** | 0.208 | | 0.208 | 100 |
| **Total Project Cost** | **7.202** | **0.987** | **8.189** | **88** |

The Bank financing amounts to UA 6.3 million, or 77% of the project. The DfID contribution of UA 1.314 million accounts for 16% while the Government contribution account for 7% of the project costs.

*Table 2.4: Sources of financing(amount in million UA equivalents)*

| Sources of financing | Foreign currency cost | Local currency cost | Total Costs | % total |
|---|---|---|---|---|
| Government | - | 0.600 | 0.600 | 07% |
| ADF Grant | 3.813 | 0.387 | 4.200 | 51% |
| TSF Pillar 1 Grant | 1.314 | - | 1.314 | 16% |
| TSF Pillar 3 Grant | 2.075 | | 2.075 | 26% |
| **Total program costs** | **7.202** | **0.987** | **8.189** | 100% |

*Table 2.5: Project cost by category of expenditure [amounts in millions UA]*

| Category of expenditure | Foreign currency cost | Local currency cost | Total Costs |
|---|---|---|---|
| Works | 4.118 | 0.387 | 4.505 |
| Goods | 0.283 | | 0.283 |
| Services | 1.149 | | 1.149 |
| Project operational costs | 1.652 | 0.600 | 2.252 |
| **Total project costs** | **7.202** | **0.987** | **8.189** |

*Table 2.6: Category of Expenditure by Funding Source in million UA*

| Category of Expenditure | ADF | TSF Pillar 1 | TSF Pillar 3 | GOS | Total |
|---|---|---|---|---|---|
| **A. Works** | 1.302 | 1.314 | 1.889 | - | *4.505* |
| **B. Services** | 0.963 | | 0.186 | | *1.149* |
| **C. Goods** | 0.283 | | | - | *0.283* |
| **D. Operating Cost** | 1.652 | | | 0.600 | *2.252* |
| **Total** | **4.200** | **1.314** | **2.075** | **0.600** | **8.189** |

*Table 2.7 Expenditure schedule by component [million UA]*

| Components | Year 1 | Year 2 | Year 3 | Total cost |
|---|---|---|---|---|
| Component 1: Capacity building | 0.700 | 0.700 | 0.687 | 2.087 |
| Component 2: Rural Water supply and Sanitation Infrastructure. | 1.000 | 1.400 | 1.450 | 3.875 |
| Component 3: Project Management | 0.750 | 0.750 | 0.752 | 2.252 |
| **Total project costs** | **2.450** | **2.850** | **2.889** | **8.189** |

### *2.6 Project Target Area and Beneficiaries*

2.6.1 *Geographic coverage:* The proposed project targets rural people living in Jubbaland, Southwest, Galmudug, Puntland and Hiiraan/Middle Shabelle, including their livestock. The whole country will benefit from the project through strengthening of the FGS, particularly the Ministry of Energy and Water Resources and the regional states technical capacity for sustainable water and sanitation services.

2.6.2 *Direct Beneficiaries.* The project will address the urgent needs of water and sanitation service delivery in rural and urban areas affected by recurrent drought and waterborne diseases such as AWD and cholera. The project will target 125,000 riverine and 50,000 nomadic people and their livestock through water treatment for river water, construction of sustainable water supplies, rehabilitation of strategic rural water supplies and introduce community-led total sanitation as well as hygiene promotion. Internally Displaced People returnees in the project areas will also benefit from the interventions. Selected education facilities will also benefit from improved water and sanitation facilities and hygiene training and promotion

2.6.3 *Indirect Beneficiaries*. The project will also provide employment opportunities to an estimated 1,300 local people, including youth as well as service providers including consultants, NGOs and contractors. Population in the project area and beyond will benefit from the hygiene promotion and women and young people will be a focus of efforts to deliver the planned activities through labour-based construction services.

### *2.7 Participatory Process for Project Identification, Design and Implementation*

2.7.1 As a follow up to the water and sanitation needs assessment and validation workshop held in Mogadishu in August 2015, a Project Concept Note (PCN) was developed by IOM and the MoEWR and presented to the Inter-Ministerial WASH steering committee (IMWSC) on Water and sanitation and PSG4 in December 2015. An official request was made to the Bank in April 2016 to finance the project with further consultations with the relevant stakeholders, line ministries, development partners and Non-Governmental Organizations (NGOs) taking place during the identification and planning workshop organized by IOM in April 2016. The project has already been presented during a consultation meeting to the Ministers of Energy and Water Resources of the FGS, Galmudug, Jubbaland states, the Deputy Minister of the South

West state, as well as other government representatives. The project was welcomed and approved by the meeting participants. Local community members were further engaged during the preparation of the Environmental Impact assessment of the different proposed project sites in July 2016.

2.7.2 Women especially expressed a strong desire for the project as it will improve general livelihood and reduce health hazards among children. Community ownership including O&M was noted as crucial for sustainability of infrastructures. Community mobilization and participation using a conflict sensitive approach will form the basis of the project and beneficiaries will be engaged in the project implementation cycle. A further consultative workshop was held during appraisal mission with Water Ministers and representatives from the FGS and all participating states.

### *2.8 Bank Group Experience and Lessons Reflected in Project Design*

2.8.1 The Bank has a total of 7 on-going projects with a total commitment of UA 29.9million. The projects have faced start-up delays and slow disbursement due to weak capacity. Since its re-engagement with Somalia, the Bank's interventions in the water and sanitation sector have focused on building resilience to drought and climate change through the following projects: (i) Building Resilience to Water Stress in Somaliland Preparation of a Water Resources Management and Investment Plan(2014-2017); (ii) the Mapping, Assessment and Management of Trans-boundary Water Resources in the Inter-Governmental Authority for Development (IGAD) Sub-Region(2007-2009); (iii) Water and Sanitation Needs Assessment in Somalia(2014-2015); (iv) Water Infrastructure Development for Resilience in Somaliland(2016-2019) and (v) The Drought Resilience and Sustainable Livelihoods Project Phase II (DRSLPII)(2015-2019). The first two projects are supported by the AWF while the last one is a Regional project.

2.8.2 In designing this Project, the team took into account key lessons learnt from on-going and completed Bank financed and other Development Partners' (DPs) projects in the country including fragility assessment. These include (i) weak capacity of institutions resulting in project start-up and implementation delays, (ii) the promotion of an integrated approach in terms of agricultural activities and other non-agricultural activities as a good way to develop drought resilience of communities, (iii) the country context which requires relatively higher resources for project management, and (iv) the need to exploring innovative approaches such as the involvement of other development partners as implementing agencies in Somalia that have access to areas where Bank Group's projects are implemented. The lessons have informed the design of the proposed project as follows; (i) the project will be implemented by the IOM as a way of mitigating implementation delays and challenges encountered in previous projects due to weak government capacity; and (ii) the project is as a result of the water and sanitation needs assessment and directly links with other IGAD led initiatives through its focus on securing drought resilience in Somalia and complements the DRSLPII especially on water resources development and management. The lessons are summarized in Table 2.7 below:

*Table 2.7: Lessons learned*

| **Lesson Learnt** | **Action taken in this Project** |
|---|---|
| Weak capacity can be a major source of delay in project start-up and implementation | The project team within the MoEWR is strengthened and a third Party Implementing agency with strong capacity and presence on the ground will be used to support the implementation of the project. |
| The promotion of an integrated approach/multi-purpose use of productive water is a good way to develop drought resilience of communities. | The project integrates domestic and livestock water supply promoting multiple water use. |

| | |
|---|---|
| The country context requires relatively higher resources for project management. | The budget for the project management component has taken this into account with budgetary provision for security and the relatively high cost of project staff. |
| The project should not only focus on technical feasibly but also consider other aspects including institutional, and managerial aspects. | The capacity of the MoEWR to supervise contractors as well as develop and roll out PPP concepts for management of rural water supply and sanitation projects will be enhanced. Experience gained in the water sector in Puntland will be shared and mainstreamed in the project.<br><br>The project adopts participatory implementation approach, and incorporates capacity building to ensure sustainability |
| Issues related to project sustainability and ownership of the land where the water source is built not being sufficiently discussed during project preparation | Appropriate cost recovery mechanisms will be set up facilitated by government and managed by community based organizations.<br>Only sites where community ownership is demonstrated will be prioritized for implementation. |

2.8.3 As part of ensuring project implementation readiness and in line with PD 02-2015, the following activities have been agreed on: (i) IOM has already appointed the PIT, (ii) use of standard designs for the water and sanitation structures – adapted to each site and deploying design and build contracts and (iii) the approved Water Infrastructure Development Program for Resilience in Somaliland is effective with the Protocol of Agreements signed and all disbursement effective conditions should be fulfilled by end November 2016.

### *2.9 Key Performance Indicators*

2.9.1 Key project performance indicators are articulated in the Logical Framework and based on core water sector indicators developed by the Bank. Baselines and targets have been established with the impact indicator being (i) infant and under - 5 mortality rate. The following outcome indicators are adopted: (i) number of people with improved access to water supply and sanitation services (ii) number of functional water committees with adequate management, operation and maintenance capabilities (iii) improved institutional capacity and (iv) Output indicators will include: (i) number and types of facilities installed / rehabilitated including, boreholes and mini water systems, (ii) number of gender sensitive and disable friendly school water and sanitation facilities constructed or rehabilitated (iii) number of technical assistance experts provided (vi) number of water committees established and trained in hygiene and sanitation (vii) number of communities trained in hygiene and sanitation (gender disaggregated). The PIT's performance will be assessed against adherence to approved work-plans and budgets including the compliance with Bank rules and procedures.

## III. PROJECT FEASIBILITY

### 3.1 *Economic Performance*

*Table 1: Key Economic Figures*

| |
|---|
| EIRR and ENPV: 25.23% and USD 10.69 million (at base case) |

*EIRR: Economic Internal Rate of Return, ENPV: Economic Net Present Value*

3.1.1 The key assumptions for the calculation of the EIRR of the Project are provided in Annex B7. The economic analysis assesses the wider beneficial impact of the proposed interventions and also highlights the broader strategic socio-economic and environmental impacts associated with the project interventions in terms of public health and the reduction in incidence of waterborne and water-related diseases, reductions in mortality rates and fulfillment of national development plans;

3.1.2 The assumptions utilize the findings of the World Health Organization (WHO) Evaluation of Costs and Benefits of Water and Sanitation improvements assessment at the Global Level. These findings indicate the benefits arising from reduced costs of health interventions due to improved water and sanitation services. For the treatment of diarrhea, health service unit costs are taken from WHO regional unit cost databases. The following broad parameters constitute the variables for the assessment; (i) time savings related to water collection or accessing sanitary facilities; (ii) patient health treatment and travel costs saved; and (iii) value of less adults, infants and students falling sick with diarrhea;

3.1.3 Operating costs are estimated to be 1% of the capital investment costs. Furthermore, the analysis assumes that there will be need for capital reinvestment, amounting to 10% of the capital expenditure after 10 years of operation to cater for major refurbishments and efficiency enhancements;

3.1.4 The estimated total beneficiary population under the project was estimated at 170,000 in 2020 at the beginning of the operation phase of the interventions, expected to rise to 241,000 by the design period of 10 years of operation, with an estimated average growth rate of 3.5%;

3.1.5 Sensitivity analysis was undertaken to assess the impact on the EIRR of increases in the capital costs and benefits reductions, and the results are also reflected in Technical Annex B7. The assessment considered increases in capital costs of 20%, and a 20% decline in quantified benefits. The EIRR showed minimal sensitivity to the variables tested above, indicating the significant impacts on the wider community of building capacity and investing in water supply and sanitation.

### *3.2 Environmental*

3.2.1 The proposed project will have minimal and localised environmental impact as interventions comprise rehabilitation of strategic water sources and construction of small new water and sanitation systems for communities and their livestock. IOM engaged the services of a consultant who undertook the Environmental and Social Impact assessment of the project using the Banks Integrated Safeguards System and the Environmental and Social Assessment Procedures (ESAP). The project has been classified as category 2 and validated by ORQR on 8th September 2016. The ESIA was submitted to the Bank and posted on the website on 10th October 2016. A detailed Environmental assessment is contained in Technical Annex B8.1.

3.2.2 The project will have significant positive impacts by improving access to reliable and safe water and reduce periodic outbreak of water-borne related diseases in the Central-South Somalia region. Anticipated negative impacts which can be mitigated include (i) over abstraction of boreholes which will be mitigated by appropriate monitoring of all the production boreholes and through use of observation boreholes; (ii) increased waste water production with increased water supply which will be mitigated through Hygiene awareness creation and capacity building of communities in water conservation and reuse; (iii) loss of flora and fauna due to land clearance during construction and establishment of camps which will be mitigated through minimization of cleared area and careful site selection avoiding sensitive and/or breeding areas.

### *3.3 Resettlement*

3.3.1 Under the planned project activities no resettlement or displacement is envisaged.

### *3.4 Climate Change*

3.4.1 The project has been classified as Category 2 according to the Bank's Climate Safeguards System and the climate risks related to this project include: i) impact of severe weather conditions; and ii) water resource availability for human and agricultural uses. The project will contribute in building resilience against climate variability and change by enhancing protecting water sources, and providing reliable water supply services. The project interventions are designed as climate change adaptation measures with minimum carbon foot print.

### *3.5 Gender*

3.5.1 Somalia population is estimated at 12 million people out of whom 49% are women. It is further estimated that 14% of households are headed by women in urban areas, and 12% in rural areas, adding a critical element of hardship as women increasingly take on roles as providers of basic needs, particularly as these are often extracted from scarce natural resources (land, water and vegetation). Historically women in Somali society acted as community mobilizers and peace-builders. However, most Somali women are either excluded from decision making and asset ownership or operate through a patriarchal filter in these areas, women are also often the first to suffer when natural resource access/attainment comes under pressure, due to cultural restrictions on movement and ownership. This can be seen, in times of drought, when men migrate with their camels to find water, while women and children are expected to stay at home and care for the other livestock.

3.5.2 Somali women are heavily underrepresented in decision-making with social and cultural norms circumscribe their broader participation in political and public decision-making fora. Youth populations, particularly young men, face numerous barriers to meaningful social, political and economic participation. The FGS acknowledges and advances the role of women and youth as a critical component for the attainment of peace, political stability, contribution to shared economic growth and national development. Under the Water and Sanitation Sector the FGS advocates for:

- Empowering both women and men to invest in the management of their own water resources and services;
- promoting equal participation of women and men, girls and boys in the planning, designing and management of water projects;
- Encouraging mobilization campaigns to involve women, men, girls and boys in the planning, designing and management of water facilities

3.5.3 Under the project, women's empowerment will be mainstreamed so that their access for the proposed infrastructure and the necessary soft interventions are enhanced. Women will play a key role in deciding the location of sanitation facilities and solar lighting will be installed in these facility to enhance their safety. IOM will ensure inclusive participation of women in decision making in the project by ensuring compliance with the IOM gender mainstreaming policy and guidelines. The increased water and sanitation infrastructures will ease existing economic activities they are engaged in as well as saving them time. Given their primary responsibility for water management, their participation in at least 50% of these infrastructure management committees will improve their decision making capacity and skills at community level; whilst their training will ensure that their participation is meaningful. Under the project women and young people will be a focus of job creation efforts by delivering the planned activities through labour-based construction services.

### *3.6 Social*

3.6.1 The total population of Somalia is estimated at 12 million. The majority of the population live in the rural areas as pastoralists/nomads (50%), while about 35% live in urban cities or centres. The Poverty incidence in Somalia is estimated at 73 percent with extreme

poverty estimated to be 43 percent (World Bank, 2013). Food insecurity and forced displacement have further led to sustained vulnerability and dependence for a large share of the population. Barriers to education include limited or unavailable operational primary and secondary facilities, prohibitive school fees, and household demands. Girls in particular are less likely to attend school due to domestic responsibilities. Existing health services are provided by the private sector, including pharmacies and drug stores, which may account for high service fees. Life expectancy at birth is 51 years and infant mortality rates are estimated to be 108 deaths per 1,000 live births (or 133 per 1,000 live births for under-5). The project benefits include:

**Improved quality of life through**:

- Better domestic hygiene and improved child survival rates through reduction in water-borne diseases such as AWD, dysentery, etc.;
- Time savings, especially for women and girls;
- Financial benefits, especially for those community members that presently buy their water in small quantities and at high prices from ambulant water vendors;
- Capacity building and training in the community, and resulting enhancement of organizational, financial and technical capacities of both MoEWR and the community;

**Employment and Improved Service Delivery**: Increased employment opportunities, improved service delivery to enterprises and the population across the water sector in general remains one of the positive benefits that will arise from the proposed project. This project will therefore provide substantive employment opportunities to local populations. It is anticipated that the project will provide direct employment during the construction phase and operational stage.

**Reduced conflicts**: Increased availability of water thus reducing conflicts between pastoralists and farmers. Availability of water from sustainable water sources will reduce mobility of pastoralists thus reducing potential inter-clan conflicts, encourage community stability and voluntary settlement of pastoralists;

3.6.2 The project will also support the involvement of women and youth in decision making in the individual project level and provision of sanitation facilities and hygiene promotion in communities will increase awareness and promote good hygiene practices. A full gender and social analysis is presented in Technical Annex B8.2.

## IV. IMPLEMENTATION

### *4.1 Implementation Arrangements*

4.1.1 The Ministry of Energy and Water Resources (MoEWR) in Somalia will be the Executing Agency for the project and IOM being the Implementing Agency (IA). The fragile situation in Somalia coupled with the low capacity and system weaknesses especially in financial management requires the engagement of an IA with a strong presence and knowledge of the country. IOM (which has been nominated to implement the water project) has a long history of implementing water and environment projects in Somalia with strong field presence and capacity to move its staff around including to insecure areas. IOM in addition is also the Implementing Agency for the Bank financed Socio-economic reintegration of ex-combatants and youth at risk project in Somalia (which is progressing well) and has been implementing similar projects with the MoEWR and hence uniquely qualified to implement the water project. IOM has extensive experience in mainstreaming gender (including child protection) at both strategic and operational levels of their programs.

4.1.2 IOM will be responsible for the daily management and coordination of the Project. IOM PIT will comprise a Project manager, Engineer, Sociologist (with expertise in gender,

community mobilization and capacity building). Financial Management Specialist, and Procurement Specialist. The PIT will be based in Mogadishu and will work closely with the focal persons for the project in the MoEWR at both the FGS and federal states.

4.1.3 To ensure alignment and compliance with FGS and donor coordination policies, a Project Steering Committee (PSC) will be formed. The PSC will comprise: Ministry of Energy and Water Resources (all regions), Ministry of Finance, Ministry of Health (FGS), and Ministry of Planning and International Cooperation (FGS). The PSC will ensure that the needs of water and sanitation users are sufficiently reflected in the Project design as well as in selection of priority interventions.

4.1.4 FGS shall be the Recipient of the grants and the Ministry of Finance has endorsed the selection of IOM as the Implementing Agency.

### *4.2 Disbursement and Financial Arrangements*

4.2.1 The International Organisation of Migrants (IOM) will be responsible for the Financial Management (FM) of the project in line with the Tripartite Agreement to be signed between the MoEWR, IOM and the Bank based on the agreed upon project implementation arrangements. The IOM Somalia Office will constitute, under the overall supervision of the Chief of Mission, a Project Team consisting of a Project Coordinator, Project Engineer, a Procurement officer, a Finance Officer and other support staff to be responsible for the overall implementation of the Project. In addition, the IOM will assign Field Coordinators, Field Officers including Financial Focal Point Persons who will be based in Somalia's Regional states to oversee the day-to-day implementation of the project. The Finance Department of IOM Somalia Support Office in Nairobi will offer FM support services under the supervision of the Resource Management Officer (RMO), the head of the Resource Mobilisation Unit. Additional FM support will come from IOM Administrative Headquarters in Manila, Philippines. The project will comply with the existing internal control procedures prescribed in IOM's Accounting Instructions. The IOM's Office of the Inspector General (OIG) based in Geneva will also carry out assurances as per the Internal Audit Charter using a risk-based methodology.

4.2.2 The annual project financial statements (FSs) will be prepared by the IA in accordance with IOM's financial rules and regulations, with a financial year end of 31 December and will be consolidated with the IOM annual financial statements. IOM will provide the Fund with copies of IOM's annual audited financial statements, which shall have been audited in accordance with IOM's financial rules and regulations. The IOM Audited Financial Statements shall include the utilization of the Grant proceeds. The annual audited Financial Statements shall be furnished to the Fund not later than six months after the end of each fiscal year.

4.2.3 Bank assessment of IOM existing financial management systems found them satisfactory with the overall fiduciary risk being moderate. The project will comply with the existing internal control rules and regulations prescribed in IOM's finance manual, Bank rules and guidelines disbursement handbook, FM guidelines). Bank supervision missions would provide additional FM implementation support. Monthly bank reconciliations will be undertaken for all the project funding. There will be an annual external audit and quarterly and half-yearly activity reports which include financial information. A detailed financial management assessment is contained in Technical Annex B4.

4.2.4 All disbursements to the project shall be made using the Special Account Method and shall be in accordance with the provisions of the Bank's Disbursement Handbook. The Project funds will be channeled through the IOM pooled fund bank accounts and will be disbursed as requested by the IOM Somalia office. The funds utilisation will be monitored using a unique code that will be assigned to the Project. The Bank will issue a disbursement letter, which will provide specific guidelines on key disbursement procedures and practices.

### *4.3 Procurement Arrangements*

4.3.1 "Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the "Procurement Policy for Bank Group Funded Operations", dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement would be carried out using Third Party (IOM) Procurement Methods and Procedures (PMPs) in accordance with the provisions of IOM's Procurement Manual. The manual has been reviewed and found to be in line with best international procurement practices and Bank's major procurement principles. A detailed procurement assessment and procurement modes is contained in Technical Annex B5.

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

### *4.4 Monitoring*

4.4.1 The IOM PIT will have the overall responsibility for monitoring during the Project implementation. The Bank will closely follow up the implementation of the Project, through regular supervision of IOM during the implementation (including hiring of local consultants who can access areas that are insecure) and ex-post evaluations. The IOM will compile and submit to the PSC and the Bank quarterly progress report and annual progress reports. The mid-term review will provide an opportunity to re-examine the implementation progress and further strengthen/ fine tune the Project. Upon completion of the Project, IOM will prepare and submit to the Bank the PCR. The project is planned to be implemented over a 36 months period starting January 2017 to January 2020. IOM will also assist the MoEWR to develop a basic WASH-Management Information System that captures baseline data on existing water sources, access including tracking interventions by various partners The PIT will report quarterly both narrative and financial reports on activity implementation and fund utilisation for submission to the PSC and the Bank. The PSC will review performance of the project against the annual work plan and related budget on a quarterly basis. The project will also have a robust M&E system to facilitate tracking of performance against output and outcome targets in the Results-Based Logical Framework. In line with Bank procedures, The Bank will conduct at least two supervision missions a year and provide technical implementation support and guidance to the PIT. A MTR will be conducted at the end of the second year to assess if the project is on course to meet its development objectives The key monitoring and evaluation related milestones are summarized in Table 4.1 below:

*Table 4.1: Project Implementation Schedule*

| Timeframe | Milestone | Monitoring process |
|---|---|---|
| November 2016 | Grant Approval | Processing schedule |
| December 2016 | Grant Effectiveness | Submission/review of evidence |
| February 2017 | Project Launching | Launching mission/BToR |
| January 2017 - July 2019 | Procurement of goods and services | Supervision missions/Review of procurement plan |
| January 2017 - January 2020 | Delivery of planned activities | Supervision, PSC meetings, quarterly reporting, IPRs, MTR, PCR. |
| Due 31 December | Annual Audit Report submission | Audit preparation process/Review of Audit Report |

### *4.5 Governance*

4.5.1 **Somalia is a transitioning country with modest gains on governance and progress being made in the drafting of a new constitution with the general elections planned before end of December 2016. Two and a half decades of conflict, concentrated mainly in southern Somalia, destroyed much of the country's governance structure, economic infrastructure, and institutions.** Key institutions still lack requisite staff, policies, strategies and systems that promote effective service delivery and accountability at the sector levels. Staff capacity and system weaknesses especially in financial management at the federal and regional levels pose fiduciary risks to project implementation using existing government systems**.** Direct implementation of project activities will be done through a third party implementing agency and the relationship will be governed by an agreement acceptable to the Bank, between the third party (IOM) and the Ministry of Finance as signatories. The Project Steering Committee with the adoption of participatory processes in the implementation of the project shall give local communities a voice and enhance accountability. The project through the capacity building component will help in strengthening the institutional framework in the water sector and address sector governance issues.

4.5.2 The Bank is currently supporting the Government's governance agenda through the Rebuilding Financial Management Systems (arrears clearance and TA support) and Capacity Development in Statistics projects. The Bank is working with the World Bank, the UN and the IMF to strengthen the statistical base for sound macro-economic reporting and management, including on the poverty profile of Somalia's population.

### *4.6 Sustainability*

4.6.1 **The project embraces sustainability through enhancing the capacity of both the MoEWR and communities.** In line with the accepted practice in Somalia, water will be sold at tariffs that would at a minimum cover routine O&M costs. Modalities will be site specific with technical guidance including monitoring being provided by the MoEWR. Each community will select a private operator who will be trained by the IOM and MoEWR on how to manage and operate the water systems with clear responsibilities to ensure sustainability. Through support from the water sector in Puntland, the MoEWR at the FGS and federal states will be strengthened by developing capacity for operation and maintenance, procurement and contract formulation and supervision including ability to develop PPP concepts appropriate to the management of rural water supply systems[12]. The project will also employ appropriate technology and build capacity of communities to maintain investments in water supply and sanitation with emphasis on the local application of IWRM principles for the appropriate management of water resources. Selection of technology at each site will take into account ease of operation and maintenance. Community members will in addition provide some of the unskilled labour during construction activities to promote ownership.

4.6.2 **The project will employ multiple water uses as a way of generating income to boost sustainability**. For systems using solar energy for pumping, power generated from the system will also be availed for domestic purposes (such as recharging solar lanterns, mobile phones etc) generating funds for O&M. The project also includes a dedicated component for capacity building of MoEWR which is critical to offering Technical Support to communities. In addition, women and the youth will be targeted in the provision of on the job training by employing labour-based construction, and on off-grid solar energy solutions. The project will pilot intelligent water solutions at some of the selected strategic borehole sites as a way of enhance

[12] Detailed sustainability arrangements for the rural water supply systems are provided in Technical Annex C1.

sustainability. This will be through use of innovative technology and mobile connectivity enabling community members to access water using prepaid cards/tokens

### *4.7 Risk Management*

4.7.1 The risks relating to the effective execution of the project and the Bank's reputation were assessed and their probability of occurrence considered largely moderate. Table 4.2 outlines the possible risks and the associated mitigation measures.

*Table 4.2: Risks and Mitigation measures*

| Risk | Rating | Risk mitigation measures |
|---|---|---|
| Lack of a requisite legislative framework to handle FM and robust public procurement, | H | The IOM has been engaged as a third party implementing agent. Its fiduciary systems and track record in this area, the strong field presence would ensure effective implementation. |
| Delays in project start-up and implementation due to weak Government capacity. | H | The Bank will also support and strengthen the counterpart project team in the MoEWR to ensure effective implementation.<br><br>The Bank will also maintain close interaction with Executing Agency through EARC and regular supervision |
| Funds may not be used for the intended purpose | M | Financial management will be reviewed twice a year by Banks staff as part of the supervision mission. The project will also be subjected to annual independent audits and verifications. |
| Potential cost overruns | M | Project costing incorporate contingencies to cover price increases. |
| Insecurity could prevent Bank staff access to some sites during supervision | M | Independent local consultants will be engaged to provide supervision support on a case by case basis. |
| Impact of 2016 presidential elections on activity implementation. | M | The new appointed cabinet (in 2017) might affect community project activities but the implementation schedule is flexible enough to accommodate any slippa ge and signature of the Grant protocol of agreement is planned for December 2016. |
| Disagreements on project sites could delay physical implementation. | M | A Project Steering Committee will be established with high level representation from IOM and relevant ministries. This would ensure equity in the selection of sites for physical implementation. |

### *4.8 Knowledge Building*

4.8.1 The project will also strengthen national knowledge on low cost under-utilized sand dams and rainwater harvesting technologies whilst promoting the potential for scale-up and strengthening MoEWR strategies and policies. The project will build on the experience from the on-going intervention through comprehensive reporting, including quarterly progress reports, audit reports, mid-term review reports and the project completion report. Information from various sources will be routinely gathered as part of the monitoring and evaluation framework and shared among stakeholders through joint reviews and other fora. Consultancy and capacity building reports will contribute to knowledge products sharing lessons and serve as a road map to replicating conflict-sensitive government approaches adding to existing

traditional knowledge of management of scarce water and pasture in Arid and Semi - Arid Areas in the Horn of Africa.

## V. LEGAL FRAMEWORK

### *5.1 Legal Instrument*

5.1.1 A Tripartite Protocol of Agreement between the Federal Republic of Somalia, IOM and the African Development Fund for an amount of UA 7.589 million from ADF (PBA allocation) and TSF Pillar 1 and 3.

5.1.2 The project amount of UA 7.589 million comprises UA 4.2m from ADF 13 UA 1.314m from Pillar 1 of the Transition Support Facility and UA 2.075m from Pillar 3 of the Transition Support Facility

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

#### 5.2.1 Entry into Force: Conditions Associated with Bank's Intervention

**A.** Condition Precedent to Entry into Force of the Tripartite Protocol of Agreement:

The Tripartite Protocol of Agreement shall enter into force on the date of signature by the Parties.

**B. Conditions Precedent to First Disbursement of the Grant**:

The obligations of the Fund to make the first Disbursement of the Grants shall be conditional upon the fulfillment of the following conditions:

The Implementing Agency shall provide details of a foreign currency denominated account with 3 differentiated codes to receive the proceeds of the ADF (PBA allocation) Grant; TSF Pillar 1 Grant and TSF Pillar 3 Grant.

**Other Conditions:**

(i) Provide evidence of having established a Project Steering Committee whose members and Terms of Reference are acceptable to the Fund; and

(ii) Submit to the Fund an updated Procurement Plan approved by the Project Steering Committee and the Fund.

### *5.3. Compliance with Bank Policies*

The project is in compliance with all applicable Bank policies.

## VI. RECOMMENDATION

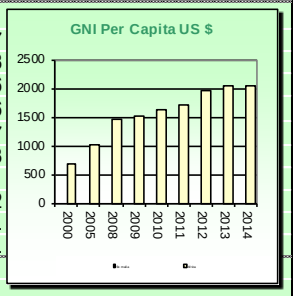
Management recommends that the Board of Directors approves an ADF-13 grant of UA 7.589 million comprising UA 1.314m from Pillar 1 of the Transition Support Facility, UA 2.075m from Pillar 3 of the Transition Support Facility and UA 4.2m from ADF 13, to the Federal Republic of Somalia for the Improving access to Water and Sanitation Services in Somalia and subject to the conditions stipulated in this Report.

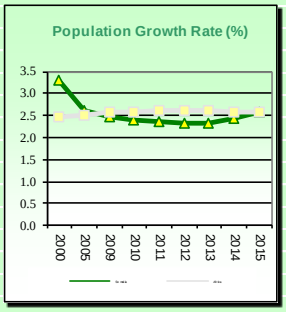
## Appendix I:

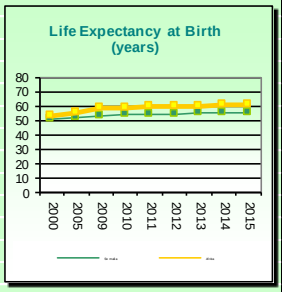
# Somalia

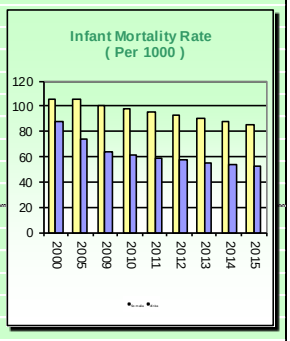
### COMPARATIVE SOCIO-ECONOMIC INDICATORS

| | Year | Somalia | Africa | Develo-ping Countries | Develo-ped Countries |
|---|---|---|---|---|---|
| **Basic Indicators** | | | | | |
| Area ( '000 Km²) | 2016 | 638 | 30,067 | 94,638 | 36,907 |
| Total Population (millions) | 2016 | | 1,214.4 | 3,010.9 | 1,407.8 |
| Urban Population (% of Total) | 2016 | 41.4 | 40.1 | 41.6 | 80.6 |
| Population Density (per Km²) | 2016 | 17.7 | 41.3 | 67.7 | 25.6 |
| GNI per Capita (US $) | 2014 | ... | 2 045 | 4 226 | 38 317 |
| Labor Force Participation *- Total (%) | 2016 | 54.3 | 65.6 | 63.9 | 60.3 |
| Labor Force Participation **- Female (%) | 2016 | 33.3 | 55.6 | 49.9 | 52.1 |
| Gender -Related Development Index Value | 2007-2013 | ... | 0.801 | 0.506 | 0.792 |
| Human Develop. Index (Rank among 187 countries) | 2014 | ... | ... | ... | ... |
| Popul. Living Below $ 1.90 a Day (% of Population) | 2008-2013 | ... | 42.7 | 14.9 | ... |
| **Demographic Indicators** | | | | | |
| Population Growth Rate - Total (%) | 2016 | 2.7 | 2.5 | 1.9 | 0.4 |
| Population Growth Rate - Urban (%) | 2016 | 4.2 | 3.6 | 2.9 | 0.8 |
| Population < 15 years (%) | 2016 | 46.5 | 40.9 | 28.0 | 17.2 |
| Population >= 65 years (%) | 2016 | 2.8 | 3.5 | 6.6 | 16.6 |
| Dependency Ratio (%) | 2016 | 97.6 | 79.9 | 52.9 | 51.2 |
| Sex Ratio (per 100 female) | 2016 | 99.1 | 100.2 | 103.0 | 97.6 |
| Female Population 15-49 years (% of total population) | 2016 | 22.3 | 24.0 | 25.7 | 22.8 |
| Life Expectancy at Birth - Total (years) | 2016 | 56.0 | 61.5 | 66.2 | 79.4 |
| Life Expectancy at Birth - Female (years) | 2016 | 57.7 | 63.0 | 68.0 | 82.4 |
| Crude Birth Rate (per 1,000) | 2016 | 43.2 | 34.4 | 27.0 | 11.6 |
| Crude Death Rate (per 1,000) | 2016 | 11.6 | 9.1 | 7.9 | 9.1 |
| Infant Mortality Rate (per 1,000) | 2015 | 85.0 | 52.2 | 35.2 | 5.8 |
| Child Mortality Rate (per 1,000) | 2015 | 136.8 | 75.5 | 47.3 | 6.8 |
| Total Fertility Rate (per woman) | 2016 | 6.3 | 4.5 | 3.5 | 1.8 |
| Maternal Mortality Rate (per 100,000) | 2015 | 732.0 | 495.0 | 238.0 | 10.0 |
| Women Using Contraception (%) | 2016 | 25.0 | 31.0 | ... | ... |
| **Health & Nutrition Indicators** | | | | | |
| Physicians (per 100,000 people) | 2004-2013 | 3.5 | 47.9 | 123.8 | 292.3 |
| Nurses and midwives (per 100,000 people) | 2004-2013 | 11.4 | 135.4 | 220.0 | 859.8 |
| Births attended by Trained Health Personnel (%) | 2010-2015 | *33.0* | 53.2 | 68.5 | ... |
| Access to Safe Water (% of Population) | 2015 | 31.7 | 71.6 | 89.3 | 99.5 |
| Healthy life expectancy at birth (years) | 2013 | 47.8 | 54.0 | 57 | 68.0 |
| Access to Sanitation (% of Population) | 2015 | 23.5 | 39.4 | 61.2 | 99.4 |
| Percent. of Adults (aged 15-49) Living with HIV/AIDS | 2014 | 0.5 | 3.8 | ... | ... |
| Incidence of Tuberculosis (per 100,000) | 2014 | 274.0 | 245.9 | 160.0 | 21.0 |
| Child Immunization Against Tuberculosis (%) | 2014 | 37.0 | 84.1 | 90.0 | ... |
| Child Immunization Against Measles (%) | 2014 | 46.0 | 76.0 | 83.5 | 93.7 |
| Underweight Children (% of children under 5 years) | 2010-2014 | *23.0* | 18.1 | 16.2 | 1.1 |
| Daily Calorie Supply per Capita | 2011 | ... | 2 621 | 2 335 | 3 503 |
| Public Expenditure on Health (as % of GDP) | 2013 | ... | 2.6 | 3.0 | 7.7 |
| **Education Indicators** | | | | | |
| Gross Enrolment Ratio (%) | | | | | |
| Primary School - Total | 2010-2015 | 29.2 | 100.5 | 104.7 | 102.4 |
| Primary School - Female | 2010-2015 | 20.8 | 97.1 | 102.9 | 102.2 |
| Secondary School - Total | 2010-2015 | 7.4 | 50.9 | 57.8 | 105.3 |
| Secondary School - Female | 2010-2015 | 4.6 | 48.5 | 55.7 | 105.3 |
| Primary School Female Teaching Staff (% of Total) | 2010-2015 | 16.6 | 47.6 | 50.6 | 82.2 |
| Adult literacy Rate - Total (%) | 2010-2015 | ... | 66.8 | 70.5 | 98.6 |
| Adult literacy Rate - Male (%) | 2010-2015 | ... | 74.3 | 77.3 | 98.9 |
| Adult literacy Rate - Female (%) | 2010-2015 | ... | 59.4 | 64.0 | 98.4 |
| Percentage of GDP Spent on Education | 2010-2014 | ... | 5.0 | 4.2 | 4.8 |
| **Environmental Indicators** | | | | | |
| Land Use (Arable Land as % of Total Land Area) | 2013 | 1.8 | 8.6 | 11.9 | 9.4 |
| Agricultural Land (as % of land area) | 2013 | 70.3 | 43.2 | 43.4 | 30.0 |
| Forest (As % of Land Area) | 2013 | 10.4 | 23.3 | 28.0 | 34.5 |
| Per Capita CO2 Emissions (metric tons) | 2012 | 0.1 | 1.1 | 3.0 | 11.6 |




*Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.* *last update : August 2016*

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

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

## Appendix II: Table of ADB's portfolio in Somalia

| Project Name | Financing Instrument | Approval Date | Closing date | Age in Yrs | Net loan UA | Disb.Ratio |
|---|---|---|---|---|---|---|
| Building Resilience to Water Stress in Somaliland | Afr. Water Facility | 01/10/2014 | 31/03/2018 | 2.1 | 2,386,179.25 | 1.44 |
| Economic and Financial Governance Institutional Support Project | ADF-PBA | 18/12/2013 | 30/06/2018 | 2.9 | 2,500,000.00 | 59.39 |
| Socio-Economic Re-Integration of Youth at Risk | TSF-Pillar 1 | 22/01/2016 | 31/12/2017 | 0.8 | 3,000,000.00 | 24.13 |
| Water Infrastructure Development for Resilience in Somaliland | TSF-Pillar 1 & RWSSI | 17/06/2016 | 31/03/2020 | 0.4 | 5,390,571.59 | 0.00 |
| Somalia-DRSLP II | ADF-PBA | 26/11/2014 | 31/03/2020 | 1.9 | 10,000,000.00 | 0.23 |
| | TSF- Pillar 1 | | | | 5,000,000.00 | 5.30 |
| Institutional Support to Financial Governance in Somalia | TSF Pillar 3 | 01/06/2015 | 31/12/2018 | 1.4 | 1,225,275.00 | 4.64 |
| Somalia National Statistical Capacity Building Project | TSF Pillar 3 | 13/10/2016 | Not yet signed | 0.03 | 1,200,000.00 | 0 |
| **Total** | | | | | **30,697,633.50** | |

## Appendix III: Key related projects financed by the Bank and other donors

| Project | Funding DP | Amount | Closing date |
|---|---|---|---|
| Drought Resilience and Sustainable Livelihoods | AfDB | UA 15.0m | 2019 |
| AWF "Building Resilience to Water Stress in Somaliland" Preparation of a Water Resources Management and Investment Plan project | AfDB | EUR 3.0 m | 2017 |
| Fa'el Khayr Project Implemented by IHH and Islamic Relief Organization 32 Deep Drilled Wells- Area All over Somalia | Islamic Development Bank | USD 32Million | 2016 |
| Capacity Building Project for the MoE&WR | IOM | USD 0.2Million | 2016 |
| Water Supply and Sanitation Project | UNICEF | USD 8.322 | 2017 |
| Somali water for Agro-pastoral livelihoods pilot project | World Bank | USD 2 million | 2019 |
| OIC Water Project | | USD 10 million | 2017 |
| Water Infrastructure Development for Resilience in Somaliland | AfDB | USD 8 million | 2019 |

## Appendix IV: Map of Somalia

## Appendix V: Fragility-responsive project design and approach

### 1. Fragility Context in Somalia

Somalia has embarked on a path from fragility guided by the New Deal and adoption of the Compact, which provides a new political, security and developmental architecture that will help frame the future relations between Somalia, its people and the international community. Conflicts and instability are at the very core of state fragility in Somalia and the country has gone through enormous multi-dimensional political, economic, social and cultural changes over the last three decades. The fragility drivers are summarized as follows:

- Competing claims to water and pasture continues to generate localized conflict while competition over natural resources between regions and with the FGS continues to fuel tensions. Somalia's interim constitution is not explicit on how the revenues from natural resources, available in one area, should be shared with the rest of the Country. This needs to be addressed effectively and equitably to contain the clan tensions.
- Tensions between some clans and sub-clans. Grievances and tensions continue to exist among certain clans and sub-clans. Thus, the federal model of governance is critical so that regions are able to form their own political leaders and states, which would then be responsible for the rights and development of the clans in their areas
- Marginalization of the youth (who form the majority of Somalia's population) combined with high unemployment rate puts youth at risk, especially in the context of insurgency and gang violence.
- Somalia suffers from a low infrastructure and human capital base. Over the years, the Country's infrastructure and human capital development has been severely constrained by war, violence, and wide spread poverty levels. The significant differences in the levels of economic development among the regions is partly driven by disparities in their infrastructure and human capital investments coupled with asymmetric distribution of resources, productive assets and access to economic activity.

The identified fragility drivers related to the project are (i) localized conflicts due to conflicts over water sources and pasture (ii) weak government capacity and (iii) marginalized youth due to among others lack of opportunities.

### 2. Fragility-responsive project design and approach

The overall objective of the project is to improve access to water and sanitation services in rural areas of Somalia and contribute to reduced infant and under-5 mortality caused by WASH related diseases. The table below presents how the risks emanating from the identified fragility drivers related to this project, and how they shall be addressed.

Table V.1: Fragility sensitive design

| **Drivers of Fragility** | **Downside risks stemming from the drivers of fragility** | **Proposed Project interventions** |
|---|---|---|
| Under development and weak government capacity | • Uneven development and increased competition for land and water resources between clans. | • Capacity building of MoEWR staff will enhance service delivery capability hence reducing water - based conflicts.<br>• A Project Steering Committee will be established to ensure equity in the selection of sites for |

| | | |
|---|---|---|
| | | physical implementation |
| Un-employment (especially among the youth) and poverty | • High number of youth engaged in un-lawfull activities due to lack of opportunities.<br>• Economic marginalization of rural communities<br>• Lack of access to basic services | • Provision of plumbing and solar energy skills for youth<br>• Promotion of women and youth empowerment through establishment of tree nurseries and appropriate conservation with community management.<br>• Multiple water services such as minor irrigation and livestock watering will be incorporated; and for systems using solar energy for pumping, power generated from the system will also be availed for domestic purposes (such as recharging solar lanterns, mobile phones etc). |

## Appendix VI: Letter from FGS Nominating IOM as Implementing Agency

Jamhuuriyadda Federaalka Soomaaliya
Wasaaradda Maaliyadda
Xafiiska Wasiirka

جمهورية الصومال الفيدرالية
وزارة المالية
مكتب الوزير

**Federal Republic of Somalia**
**Ministry of Finance**
**Office of the Minister**

Ref: MoF/OM/00316 /16

3th September 2016

Mr. Gabriel NEGATU
The Regional Director
East Africa Regional Resource Centre (EARC)
African Development Bank
Khushee Tower, Longmont Road Upper Hill
P O Box 4861-00200
Nairobi, KENYA

Dear Gabriel,

**SUBJECT: SOMALIA: IMPROVING ACCESS TO WATER AND SANITATION IN RURAL SOMALIA – NOMINATION OF INTERNATIONA ORGANIZATION FOR MIGRATION AS IMPLEMENTING AGENCY**

We take this opportunity to thank the African Development Bank for the support offered to Somalia in the area of Water and Sanitation. In reference to the above project which is under preparation and Appraisal, we request that due to capacity constraints, the Bank to allow the Ministry of Electricity and Water in Somalia to engage the services of IOM to implement the project activities as per the Project Appraisal Report.

The Ministry of Electricity and Water in Somalia has no objection for IOM to be the implementing agency and have confirmed that the Ministry has a good working relationship with IOM who have a strong field presence and capacity to implement this water project.

We also take this opportunity to thank you once again for the continued support towards this important project.

Yours sincerely,

Mohamed Adan Ibrahim
Minister of Finance

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