



## 1. Project Data

**Project ID**

P156257

**Project Name**

Special Financing Facility for Local Dev

**Country**

Somalia

**Practice Area(Lead)**

Urban, Resilience and Land

**L/C/TF Number(s)**

TF-A1715,TF-A4904

**Closing Date (Original)**

31-Dec-2017

**Total Project Cost (USD)**

8,476,900.77

**Bank Approval Date**

11-Jan-2016

**Closing Date (Actual)**

31-Mar-2020

**IBRD/IDA (USD)**
**Grants (USD)**

Original Commitment

8,800,000.00

8,800,000.00

Revised Commitment

8,476,900.77

8,476,900.77

Actual

8,476,900.77

8,476,900.77

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## 2. Project Objectives and Components

### a. Objectives

According to the Financing Agreement (FA, p.4) and the Project Appraisal Document (PAD, paragraph 20), the Project Development Objective (PDO) was "to support the construction and reconstruction of infrastructure and the development of public service delivery capacity in targeted areas of Somalia and support the Federal Government and Interim Administration capacity to respond to an eligible crisis or emergency."



This review would assess project performance against the following sub-objectives:

- to support the construction and reconstruction of infrastructure in targeted areas of Somalia
- to support the development of public service delivery capacity in targeted areas of Somalia
- to support the Federal Government and Interim Administration capacity to respond to an eligible crisis or emergency.

The project was designed as a pilot under a Series of Projects (SoPs) approach, to be implemented over a two-year period in anticipation of additional resources.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

**1. Small-Scale Infrastructure** (US\$3.9 million at appraisal, US\$3.75 million actual). This component would finance the design, supervision, and new construction or rehabilitation of small-scale local development activities. These activities included construction and/or repair of administrative and community buildings, public sanitation facilities, health care centers, primary schools, public markets, livestock dips; rehabilitation of local roads; and small scale off-grid renewable energy projects such as solar street lights.

**2. Program Operations and Capacity Building** (US\$2.1 million at appraisal, US\$2.25 million actual). This component would finance the operating costs of the Project Implementation Unit (PIU), including the salaries and allowance of PIU members. This component would also finance training and exchange visits for project staff. Capacity building would focus on the following areas: fiduciary, social and environmental safeguards, audits, monitoring and evaluation, engineering, communication, and community consultations. However, the capacity building for government counterparts in the Federal Member States (FMS) became less of a priority after the mid-term review (MTR) because of the following: (i) the anticipated additional financing did not materialize; (ii) continuing ambiguity in the roles and responsibilities across the government institutions in delivering services to constituents; and (iii) need to cover unexpected costs of the PIU staff after several no cost extensions, including support to the preparation of the Somalia Crises Recovery Response Project (SCRPP, P173315) approved on May 15, 2020 for US\$137.5 million (ICR, paragraph 24).

**3. Contingency Emergency Response Component (CERC)** (US\$0 at appraisal, amended to US\$2.8 million at restructuring, US\$2.8 million actual). An impending natural disaster like drought, famine, or floods would trigger this component. Once triggered, funds would finance emergency works or activities resulting from such natural disasters.



**Revised Component:** Following the drought and declaration of famine emergency in Somalia in 2017, the project received an additional US\$2.8 million from the State and Peacebuilding Fund (SPF TF0A2683) activating the project's Contingency Emergency Response Component (CERC). This revised component financed the rehabilitation of water systems in the disaster affected areas, improved hygiene and sanitation practices among CERC beneficiaries, and training authorities on recovery planning and enhanced service delivery.

**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project Cost:** The actual project cost was US\$8.48 million against the estimated appraisal cost of US\$6.0 million. In 2017, the State and Peacebuilding Fund (SPF) added US\$2.8 million when drought triggered the Contingency Emergency Response Component (see component 3 above).

**Financing:** The total original financing was US\$6.0 million (the Somalia Multi Partner Fund (MPF) financed US\$6.0 million project in two tranches as donor contributions replenished the MPF. The first tranche was US\$4.0 million in January 2016 and the second tranche was US\$2.0 million in September 2016). As mentioned above, the SPF added US\$2.8 million when drought triggered the Contingency Emergency Response component.

The actual financing was US\$8.48 million. The International Development Association (IDA), on behalf of the SMPF and SPF, fully financed this grant. The balance of the grant (US\$0.32 million) resulting from cost savings associated with the non-consulting services contract for Building Resilient Communities in Somalia (BRCiS) to deliver CERC was cancelled.

**Parallel financing from the United Nations (UN):** At appraisal, the UN Resident Coordinator's Office in Somalia committed US\$2.0 million from their United Nations Peacebuilding Fund. This financed a parallel pilot project "Strengthen Service Delivery through Federal Government Systems," including two prisons, and used the same implementation mechanism and processes as set out in this project's operations manual (ICR, paragraph 12).

**Borrower Contribution:** There was no planned or actual government contribution.

**Dates:** The project was initially designed as a small 'pilot phase' with a duration of only two years, scheduled to close on December 31, 2017. On January 11, 2016, the Board approved the first tranche of the grant. The grant became effective on January 25, 2016. On September 9, 2016 the Board approved the second tranche. The mid-term review (MTR) was conducted on September 17, 2017 as planned. The project closed on March 31, 2020 (see restructuring section below).

**Restructurings:** The project underwent seven Level 2 restructurings, approved by the Regional Vice President:

- On July 10, 2017, CERC was triggered to allow for a government-led emergency drought response through the ongoing project. US\$2.8 million was added from the SPF to finance CERC. The results framework was modified to add two new intermediate indicators: (i) number of sites supplied with number of units of water; and (ii) number of sites provided with community storage for human or livestock water consumption (Restructuring Paper, July 2017).



- On November 7, 2017, to extend the project closing date from December 31, 2017 to August 31, 2018. The extension would allow for the completion of contracted works under Phase 1 of the small scale infrastructure sub-projects in Baidoa, Jowhar, Kismayo, and Mogadishu; procurement and implementation of seven Phase 2 sub-projects in Galkayo, Bandiradley, Burtinle, Garbaharey, and Xudur; implementation of the UN parallel-financed prisons (see Parallel Financing above); and implementation of activities under CERC.
- On February 21, 2018, to (i) revise the results framework of the project to reflect the end of project target date of August 31, 2018; no other changes were made to the RF; (ii) reflect the US\$ 2.8 million from the SPF grant in Component 3 – Emergency Contingency Component; and (iii) request a retroactive extension for the SPF Grant to bring it in line with the closing date of the overall project (Restructuring Paper, February 2018). This restructuring paper first introduced the target of 860,000 beneficiaries under the activated crisis response.
- On August 7, 2018, to extend the closing date by seven months to March 31, 2019 to complete all remaining activities (Restructuring Paper, August 2018). The target dates in the Results Framework were updated to March 30, 2019, with no changes to the indicators or targets.
- On March 24, 2019 (as reported in the ICR and the subsequent Implementation Status and Results Reports (ISRs)), to extend the closing date until June 30, 2019, to allow for the beneficiary feedback surveys and the civil works in Burtinle to be completed, and allow the PIU to utilize some of the undisbursed funds for providing capacity building support to both PIU staff and government officials from the FMS. The target dates in the Results Framework across all indicators were revised to June 30, 2019, and the target for the indicator on number of beneficiaries under the activated crisis response component was reduced to 230,000 from the 860,000 estimated earlier (Restructuring Paper, March 2019).
- On June 11, 2019, to extend the project closing date to November 30, 2019 in anticipation of additional financing to respond to escalating drought and food security crisis in 2018-2019 (Restructuring Paper, June 2019).
- On November 12, 2019, to extend the project closing date to March 31, 2020, to allow time for a restructuring and additional financing of the project (Restructuring Paper, November 2019). Subsequently, with newly available IDA financing, the Bank prepared a new operation Somalia Crisis Recovery Response Project (P173315) in the amount of US\$137.5 million, the largest recipient-executed project since the Bank re-engaged with Somalia using the government's own systems; it was approved on May 15, 2020.

**Split Rating:** A split rating of the outcome was not carried out because (i) changes to the RF were at the intermediate level; and (ii) a new outcome target for beneficiaries was added and subsequently reduced during implementation when the project emergency component (CERC) was activated in response to drought, funded by an additional US\$ 2.8 million from the State and Peacebuilding Trust Fund. The ICR (para 21) reports that the target was contingent on additional financing, which did not materialize. The revised outcome indicator target for the emergency component was revised to 230,000 beneficiaries through the March 2019 Level 2 restructuring, while the original target of 860,000 beneficiaries was first introduced in the February 2018 Level 2 restructuring. The Implementation Status and Results Reports (ISRs) No. 5 (June 13, 2018), and No. 6 (December 6, 2018) reported against this original target of 860,000 beneficiaries while ISR No. 7 (May 21, 2019) reported against the revised target of 230,000.

### 3. Relevance of Objectives



## Rationale

**Country Context:** The confluence of a protracted civil war, ongoing conflict in parts of the country, and the effects of cyclical flooding, droughts, and other impacts of climate change, had resulted in a severe lack of infrastructure, basic services, and food insecurity in Somalia. In 2012, after over two decades of armed conflict, a new Federal Government of Somalia was established together with Interim Regional Administrative regions that in 2016 became the five Federal Member States. These states were Puntland, Jubaland, Hirshabelle, Galmudug, and South West (ICR, footnote 1). The new government lacked capacity and stable institutions. About 1.7 million residents lacked access to education, 3.2 million lacked access to health services, and 2.75 million lacked access to safe water. Only 15% of primary and less than 10% of secondary roads were in good condition (ICR, para 4).

**Alignment with Country Priorities.** The PDO was highly relevant to the country's development strategy contained in its Ninth National Development Plan (NDP) 2020-2024. The plan's overarching objective was poverty reduction and prioritized increased resilience. The PDOs support all four pillars of the plan - inclusive and accountable politics; security and the rule of law; economic and social development, but in particular, the economic development pillar where oversight and investment in supporting utilities, improving health access, improving education and training, strengthened disaster risk management and strengthened public service delivery (NDP, page 104). The PDOs were relevant to meeting the priorities outlined under the economic development pillar of the plan.

**Alignment with the Bank Strategy.** The World Bank Country Partnership Framework (CPF) for Somalia for FY19-22 aimed to consolidate Somalia's transition out of fragility and protracted crisis by investing in services and economic opportunities while addressing the structural drivers of this fragility. The two focus areas of the CPF: (i) building institutions to deliver services, and (ii) restoring economic resilience and opportunities, aimed to translate political and institutional gains into tangible improvements in the lives of people. Under Focus Area 1, the Bank would strengthen ongoing governance programs with a new focus on fiscal space and improving access to and quality of key social services and resilience. The project was expected to contribute to objective 1.4 "to build the capacity of Somali municipalities for urban resilience." The PDOs were also relevant to strategic objective 1.3 "to improve delivery systems for more inclusive social services". Under Focus Area 2, the Bank aimed to increase economic resilience as a basis for long-run poverty reduction and inclusive growth. The PDO remained relevant to the Bank's strategy to support the government's goal to expand service delivery, build resilience to climatic shocks, and boost economic opportunities in Somalia. The PDOs were also relevant to the strategic objective 2.4 "to increase access to water for rural resilience and productivity".

**Previous Bank Experience.** The Bank has experience in mitigating the challenges from fragility, conflict, and violence (FCV) to end poverty and boost shared prosperity under its own operations (PAD, paragraphs 63-64) as well as with other donor partners. The Bank's Post Conflict Fund financed a Community Development and Recovery program in northern Somalia in the 2000s. According to the Bank's FY21 "List of Fragile and Conflict-affected Countries", Somalia remained a high intensity state. In its FCV strategy, the Bank would support countries such as Somalia to address the drivers and impacts of FCV by strengthening the country's resilience, especially for their most vulnerable and marginalized populations.

**The relevance of objectives is rated high.** The project objectives were aligned with the country priorities, the Bank and Borrower strategies. The project objectives supported Somalia's urgent priorities to rehabilitate critical infrastructure and service delivery, while strengthening capacity to build institutions using government systems (ICR, para 96). The objectives were outcome oriented and appropriately pitched



to address the development problem posed by the poor state of infrastructure faced by a country emerging from conflict with weak institutions, and new processes to deliver public services.

## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To support the construction and reconstruction of infrastructure in targeted areas of Somalia.

#### Rationale

**Theory of Change (ToC):** The project outputs such as constructing or rehabilitating roads, administration buildings, solar street lights, and training government staff in recovery planning and services delivery would improve infrastructure and service delivery by local officials. These investments were designed as a series of small scale infrastructure sub-projects as inputs, to boost the legitimacy of nascent government institutions emerging from conflict. The ToC was valid and the causality was properly sequenced and logical. The objective was achievable because activities and inputs followed consultative processes for target areas. The infrastructure component focused on tangible outputs (administrative buildings and other local public infrastructures) to enhance the legitimacy of regional emerging institutions to its constituents.

#### OUTPUTS

The following original targets were exceeded:

- Seven sub-projects were delivered to communities in Hirshabelle, South West, Jubaland, and Puntland states (original target was 5 sub-projects). These included
  - Two roads sub-projects - 8.5 km of non-rural roads were rehabilitated (3.5 km Baidoa Road in Bay region and 5.0 km Jowhar Road in Middle Shabelle region) substantially lower than the original target of 30 km. This was because only two regions prioritized road rehabilitation, while other regions prioritized the installation of streetlights, building secondary school and playground, and reconstruction of administration offices and services.
  - Installation of 42 solar street lights along Garbaharey Main Road and 58 solar street lights along Burtinle Main Road, including solar panels (the Task Team confirmed that no targets were specified).
  - Rehabilitation and construction of Garbaharey's Governor's compound, including office furniture and IT equipment;
  - Construction/rehabilitation of Xudur secondary school and playground, including school and office furniture;
  - Construction of the district administration office in Burtinle district, including office furniture and IT equipment.





- Cost savings added IT equipment, school and office furniture in Puntland and South West state, and installation of 58 solar street lights along the 2nd Main Road in Burtinle;
- 612 workdays were created for short term employment in the projects area (original target was 150)
- 216 workdays were created for short term employment of women in the project area (original target was 20)

## OUTCOMES

The following targets were almost or substantially achieved:

- The project benefited 644,831 direct beneficiaries compared to the original target of 1.0 million; the target was not achieved;
- 50 percent of beneficiaries were female (original target was 51 percent);
- The consultative processes improved citizen engagement in delivery of public services, evident in the response to the surveys conducted at project closing:
  - 81% of respondents from the Focus Group Discussions expressed satisfaction with the improved public services;
  - 100% of respondents from the Key Informant Interviews conducted in Garbaharey, Baidoa, Xudur, Burtinle, and Jowhar expressed satisfaction with the improved public services;
  - 67% of participants from the Key Informant Interviews affirmed that the projects targeted existing needs of the local community;
  - 75% of participants from the Focus Group Discussions affirmed that the projects targeted existing needs of the local community
- Qualitative data obtained through Key Informant Interviews and Focus Group Discussions as part of the End-Line Evaluation and Beneficiary Feedback Assessments indicated that:
  - Road infrastructure sub-projects facilitated ease of movement and improved community members access to trade and income generating opportunities, access to health care facilities, and schools. Employment opportunities were provided to men and youth engaged in implementing road sub-projects. The ICR reported that road rehabilitation improved economic integration but such economic integration was not explained nor supported by data. The Task Team confirmed this was anecdotally referred to during the assessments conducted at closing.
  - Streetlights extended hours of doing business and improved security.

In Jowhar, the improved roads improved public service delivery capacity in the region because of cheaper and quicker transport, access to clinics and schools, which had experienced increased attendance, as well as increase in income generating activities due to improved access of goods and services (ICR, para 37). The efficacy of this objective, framed within a FCV environment, is rated substantial, albeit with shortcomings in achieving the target beneficiaries.

**Rating**  
Substantial

## OBJECTIVE 2



## Objective

To support the development of public service delivery capacity in targeted areas of Somalia.

## Rationale

**Theory of Change (ToC):** The training activities were expected to improve the capacity of government officials to deliver improved public services. As mentioned under the ToC of objective 1, the construction and rehabilitation of administration buildings would also improve infrastructure and service delivery by local officials. The ToC did not provide critical assumptions such as adequacy of resources, time and financing, to achieve this objective. The causality was logical but the resources were insufficient to achieve the outcome. The outcome indicators for improved capacity were not well defined, one was expressed as an output (number of sub-projects). There were seven restructurings that offered opportunities to clarify or improve this objective and related indicators but this was not done.

## OUTPUTS

- 100% of grievances related to the project safeguards (ICR, para 55) were registered and addressed, achieving target.
- All five local project oversight committees in 5 Interim Regional Administrations were formed as targeted. These were chaired by local administration and oversaw sub-project consultation, identification, procurement, and implementation processes.
- Only 18 government officials participated in capacity building measures (original target 100). This was because the additional grant financing did not materialize, which lessened the focus on capacity building activities. Ambiguous roles and responsibilities within and between the Federal Government of Somalia and Federal Member States and ongoing transitions in the Federal Member States also contributed to not achieving targets under this objective.

## OUTCOME

- The "Perception of Regional Administrations or federal government performance on sub-project activities" was not assessed and not achieved (original target of 60 percent). Member states, local authorities, and their constituents expressed positive perception of government performance during the Project End Line Evaluation and Beneficiary Feedback Assessment because of their involvement in prioritizing the sub-projects to be implemented but the methodology to evaluate this indicator remained unclear (ICR, Annex 1).
- Ownership of the 7 sub-projects, accompanied by its Operations and Management (O&M) plans, were officially handed over to a Minister or Mayor of the respective regional administrations. However, the technical and financial capacity of local authorities to implement these plans remained a challenge. For example, local technicians were trained on maintaining solar streetlights but parts were not locally available. The outcome regarding the technical and financial capacity to implement the O&M plans of the 7 sub-projects was not achieved.
- The capacity to deliver public services in targeted areas was not achieved (ICR, paragraph 38) because one, additional financing did not materialize; and two, persistent ambiguous roles and responsibilities within and between the Federal Government of Somalia and Federal Member States and ongoing transitions in the Federal Member States reduced the incentive for building capacity of government counterparts. The Ministry of Finance instead used the funds to cover unexpected salary costs of project staff due to several no cost extensions of the project.





The efficacy of the project to achieve this objective is rated negligible because the outcome indicators for this objective were not achieved.

**Rating**  
Negligible

## **OBJECTIVE 3**

### **Objective**

To support the Federal Government and Interim Administration capacity to respond to an eligible crisis or emergency.

### **Rationale**

**Theory of Change (TOC):** This objective was linked to a contingent financing mechanism (CERC) that could be activated in response to a natural disaster. Successive episodes of drought beginning in 2016, followed by failed harvests, and depleted livestock combined with fragile security triggered the drought emergency in 2017, affecting 3 million Somalis or a quarter of the total population of the country. When CERC was activated in July 2017, the causal chain was premised on the poor state of water infrastructure, poor hygiene and sanitation practices of residents that hampered their capacity to build resilience to these cyclical disasters. Input activities included rehabilitation of water infrastructure, emergency trucking of potable water; installing water storage bladders to accommodate influx of people and animals chasing areas that received isolated rains; chlorination of water sources, conducting hygiene campaigns, and training water committees in O&M. These activities were expected to benefit drought-affected communities with improved access to clean water, through rehabilitated water infrastructure, and improved hygiene and sanitation practices. The availability of financing was to support the government capacity to respond to an emergency.

Seven severely affected districts in five states were selected and an NGO consortium – Building Resilient Communities in Somalia (BRCiS) - led by the Norwegian Refugee Council (NRC), was directly contracted to deliver these activities.

## **OUTPUTS**

- Rehabilitation of 26 water "berkeds" (traditional Somali water cisterns) (original target was 27).
- Rehabilitation/construction of borehole-related water infrastructure in districts, including construction of 1 solar powered pump systems (original target 3); 1 water storage structure as targeted; 5 water schemes, as targeted; 3 shallow wells, as targeted; water kiosks, animal troughs and pipeline extensions to connect. Targets were substantially achieved.
- Construction of a water treatment unit, as targeted.
- Emergency water trucking was provided. This benefited 7,000 households affected by drought or flood.
- Training of 504 members of 20 water management committees and purchase of equipment to support O&M of newly rehabilitated or constructed infrastructure (original target 535). The committees focused on improving hygiene and sanitation practices among beneficiaries, trained 150 hygiene promoters, as targeted; and conducted 3 hygiene promotion campaigns, as targeted and 25 mass media hygiene promotion campaigns, as targeted.



- 9,000 hygiene kits and 1,300 shelter kits were distributed to households across the affected areas (ICR, Box under paragraph 43). The Building Resilient Communities in Somalia (BRCiS) reported these numbers as 2,000 hygiene kits against a target of 3,191 (ICR, Annex 1, Table 5).

## OUTCOMES

- The Federal Government of Somali contracted a consortium of international nongovernmental organizations (NGOs), the Building Resilient Communities in Somalia (BRCiS) led by the Norwegian Refugee Council and included Save the Children, Concern International, and the International Rescue Committee, to implement the government-led response to the emergency in seven severely affected districts in five states. This approach used knowledge of local political economies, relationships, and capacities in conflict sensitive dialogue, to conduct planning assessments and arrive at priorities of affected communities and vulnerable populations. This arrangement facilitated community engagement in project design and partnered with both the Federal Government of Somalia and Federal Member States to enhance access, promote impartiality, foster government viability and leadership, and to a limited extent, transfer skills and capacity. Lessons learned were adopted in the follow-on Somalia Crises Recovery Project, as reported by the ICR (para 42).
- 236,123 residents benefited from the crisis response (revised target 230,000) and were given access to water and provided with improved hygiene and sanitation practices. The original target of 860,000 (first reported in the February 2018 Restructuring and first reflected as the original target in the ISR No. 5 (June 2019) but reported throughout the ICR as 800,000) was contingent on additional financing; it was revised in 2019. A new project was prepared instead of AF.
- Female beneficiaries with improved access to water for drought affected communities reached 50 percent as targeted.

The efficacy of the project is rated substantial, albeit with shortcomings in achieving its original target beneficiaries. CERC also helped provide medium-term resilience support, including borehole rehabilitation and capacity support to water maintenance committees.

### Rating

Substantial

## OVERALL EFFICACY

### Rationale

The project substantially achieved two of three objectives, with shortcomings in achieving the targeted number of beneficiaries. The target was contingent on planned additional financing as this was a pilot project for subsequent interventions. Under the first objective, improved roads led to cheaper and quicker transport, access to clinics and schools, which had experienced increased attendance, as well as increase in income generating activities due to improved access to goods and services. Under the third objective, the efficacy of the project is rated substantial for supporting government capacity to respond to drought emergency. Under the second objective, the efficacy of the project to improve capacity in public service delivery is rated



negligible as it became less of priority due to lack of additional resources that were anticipated but did not materialize. A new project was subsequently approved instead.

On balance, the overall efficacy of the project is rated substantial, with moderate shortcomings.

### Overall Efficacy Rating

Substantial

## 5. Efficiency

**Economic and Financial Efficiency.** At appraisal, no estimate of the economic rate of return (ERR) was carried out due to lack of economic data and ongoing conflict, which made conducting the usual economic and financial analyses difficult. The public goods nature of the proposed Investments, the use of government systems to foster a stable inter-governmental relations justified Bank financing (PAD, paras 63 and 64).

At closing, a unit analysis was carried out. It indicated economic efficiencies as measured against similar interventions in Somalia funded by other donors (ICR, paragraph 49). Furthermore, a cost-benefit analysis was performed on seven sub-projects: the Hurdur High School, Garbaharey and Burtinle Solar Lights, Garbaharey Governor's compound, Burtinle District Office, and drought components were estimated with positive economic rates of return above the 6% discount rate, while the Jowhar and Baidoa road construction, registered positive economic rates of return above the 12 percent discount rate. The discount rates used were in accordance with the Bank guidelines, as reported (March 11, 2016). The Task Team clarified that roads used a 12 percent social discount rate rather than 6 percent because these were often not very well maintained and reduced benefits that would accrue over time. Benefits included (i) value of increased productivity of high school graduates; (ii) cost savings from diesel alternative fuel; (iii) value of improved government service delivery; (iv) value of improved community infrastructure; (v) avoided livestock and income loss; (vi) value of greater access to public services; (vii) value of time saved commuting; and (viii) value of lower transportation costs. The CERC interventions were assumed to minimize the losses in livestock and income due to the drought. At closing, the CERC component was estimated to have a net present value of US\$1.2 million, and an internal rate of return of 49% (ICR, paragraph 48).

**Cost savings.** A competitive procurement process and initial high cost estimates led to cost savings of about US\$0.5 million, which financed additional infrastructure sub-projects. These included providing solar lights, IT equipment, and school and office furniture in Puntland and South West State (ICR, paragraph 36 and Table 4). Unexplained cost savings were also mentioned under the BRCiS contract to implement the government-led emergency response to the drought.

**Administrative and Operational Efficiency.** The project, originally designed as a pilot under a Series of Projects (SoPs) approach, was to be implemented over a two-year period in anticipation of additional resources (PAD, paragraph 43). A lack of familiarity with procurement processes, engineering and technical capacity constraints, including weak technical focal points at the district level, and a high staff turn-over led to early implementation delays. (ICR, paragraph 67). Weaknesses in technical focal points at the district level also created delays. The project received several no-cost extensions over the course of its implementation. These extensions were due to (i) initial procurement delays; (ii) triggering CERC in mid-2017; and (iii) continuing



security challenges that affected access to project areas, flooding, local elections, and burdensome regulations. For example, the CERC component took more than six months to finalize the agreement between government and BRCiS to implement CERC activities. This was the first time the government contracted an NGO to implement the country's emergency response. After the 2017 Mid-Term Review, measures were adopted to mitigate further delays. On December 2017, the project received allegation of fraud and collusion against bidders. This was investigated and the Bank's INT initiated sanctions against the companies (ICR, paragraph 74, see also Section 12 Lessons below).

**On balance, the project efficiency is rated modest** for operational inefficiencies, while the reported ex-post economic rates of return seem satisfactory.

## Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

The relevance of objective is rated high. The project was aligned with the government's efforts to strengthen the legitimacy and building trust in its processes by delivering small scale infrastructure activities in target areas. The overall efficacy is rated substantial, with moderate shortcomings. Despite positive economic rates of return for specific sub-project activities, efficiency is rated modest because of operational inefficiencies during project implementation. The overall outcome is rated moderately satisfactory.

### a. Outcome Rating

Moderately Satisfactory

## 7. Risk to Development Outcome

The following pose substantial risks to the project's outcome:



- **Substantial technical and financial risks remained:** Completed sub-projects were turned over by the federal government to local authorities. The operations and maintenance manuals and non-binding maintenance agreements were included in the turnover. While local authorities showed strong ownership for the sub-projects based on consultative processes that led to prioritizing these sub-projects, sustained financing after closing remained a substantial risk. Certain parts for maintaining solar street lighting were not available in the local market even though local technicians were trained on maintenance. To mitigate this risk, the follow-on project (Somalia Crises Recovery Response Project) would focus in the same target areas and may provide resources for the technical and financial needs of the completed projects.
- **Governance and political risks were also substantial.** Weak government capacity remains as the project had limited impact on improving government capacity. Instability remains a threat. The government's response to the COVID-19 pandemic would affect allocation of limited fiscal resources.
- **Natural Hazards risks is moderate:** The country continues to be in the path of cyclical climate change-related shocks that could recur. To mitigate this risk, the government has included resilience-building in their national development plan (ICR, paragraph 104).

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project design recognized the incremental need to build capacity and institutions in an FCV state like Somalia, the absorptive capacity of nascent government entities still in the middle of negotiating roles and responsibilities for delivering services to constituents, and dependence on donor replenishment of financing. The Bank team conducted due diligence across the design of project activities, implementation arrangements, communication, M&E systems and in instituting the necessary fiduciary and safeguards compliance tools and systems, including a third-party monitor in case of limited access to the target areas (ICR, paragraph 95).

Project design incorporated lessons learned from prior similar interventions such as the Bank's Post Conflict Fund-financed Community Development and Recovery program in northern Somalia in the 2000s; other donor programs that operated in conflict settings where the Bank participated. These lessons included recognizing the tension between rapid response and promoting participatory processes; gradual escalation of project activities to achieve economies of scale, and using existing platforms for collective action to establish new institutions. Recovery and development interventions also acknowledged traumatized beneficiaries, the presence of militia, the proliferation of small arms, the presence of landmines and unexploded ordinance as well as high risks posed by fraud and corruption. The project also included a contingency emergency and recovery component for an impending emergency like drought. At project design, the anticipation to include US\$ 25 million of additional financing explains the design of the capacity building component under this pilot operation- in particular activities focused on capacity building for government FMS counterparts, which later became less of a priority with no funding.



In summary, there were only minor shortcomings in the identification and preparation of the project, particularly along the indicators used to determine project efficacy (see Section 9, M&E Design). The quality at entry is rated satisfactory.

### **Quality-at-Entry Rating**

Satisfactory

#### **b. Quality of supervision**

The Bank team conducted eight supervision missions over the four-year implementation period (the data sheet indicated 8 but paragraph 99 mentioned 9). The task team leader (TTL) was based in Nairobi, with a co-TTL based in headquarters. The Bank team relied on an independent verification agency, Abyrint, to extend the task team field presence when security restrictions limited access to target sites. The team relied on Abyrint to address challenges as these occurred, and facilitate the timely adoption of corrective measures. The team conducted training in key technical areas such as engineering, procurement, financial management, and environmental and social safeguards. Project start was marked by several delays because of coordination challenges faced by the World Bank, the UN, and FGS to ensure an integrated approach in implementing the sub-projects. Community engagement was meant to have permeated all the sub-components but because of the absence of the community engagement expert, the PIU was limited in engaging constituents to prioritizing small infrastructure sub-projects. Community participation did not spread to identifying employment opportunities that could have provided the evidence to support government-led livelihood strategies (ICR, paragraph 57).

Candor in the ICR acknowledged missed opportunities to promote strategies that would enhance livelihoods, engage community stakeholders, and introduce gender sensibilities in government systems (ICR, paragraph 100). For example, the absence of a strategy for creating employment and lack of understanding of the labor to be generated led to low targets for work days created by short term employment. Also missing was an effective structure and strategy for resolving grievance among the sub-projects (ICR, paragraph 55). The ICR noted that the project could have strengthened its results framework during its numerous restructurings. By the time of the mid-term review, when no additional resources were forthcoming, and ambiguity in roles and responsibilities across the federal and member state governments continued, the Bank team supported the government's decision to move away from capacity building and instead use resources to support the salaries of the project staff (ICR, paragraph 24). A third party carried out an evaluation of the emergency drought component, which outlined lessons from the component for future scale up. Abyrint also carried out the end project evaluation, including the drought response activities, using Key Informant Interviews and Focus Group Discussions at the community/state level.

Supervision is rated satisfactory despite minor shortcomings such as not strengthening the results framework, the grievance system, and community engagement. However, coordination eventually improved and the team effectively used the third parties as extensions of their presence when security restrictions limited their abilities to reach the various sites. The overall Bank performance is rated **satisfactory** as a result.





### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

At appraisal, a results framework and monitoring matrix that identified outcome and intermediate indicators were adequate for a project in the fragile environment. There was no outcome indicator for the third objective by design since a disaster would trigger the related emergency component. The implementing entity was assigned the responsibility of preparing a baseline survey and monitoring results.

### **b. M&E Implementation**

The Project Implementation Unit (PIU) implemented M&E (ICR, para 81) and assigned an M&E specialist to monitor the implementation of infrastructure sub-projects on a quarterly basis. The Bank also used a third party independent monitoring agent "Abyrint". In September 2019, Abyrint conducted beneficiary survey to evaluate the emergency response activities. A video documentary on the emergency response was also prepared. The Building Resilient Communities in Somaila (BRCiS) implemented the M&E for the CERC component with monthly progress reports, consolidated financial reports, and prepared quarterly monitoring reports. Abyrint confirmed that the quality of the BRCiS reports was reliable and of good quality (ICR, paragraphs 83-84).

Target values were not revised or updated during any of the seven restructurings (ICR, paragraph 78): ie, (i) target of 30 kms for road rehabilitation under Component 1, was no longer relevant following the prioritization and consultation exercise; (ii) with a shift in focus away from capacity building under Component 2, the target of 100 for 'Government officials participating in capacity building measures under the project' (IRI 8) was not revised, and (iii) inclusion of the CERC component activities, for which several intermediate indicators were not updated.

The assessment of project results was complemented by Key Informant Interviews and Focus Group Discussions.

### **c. M&E Utilization**

M&E data generated by BRCiS, Abyrint, and the implementing agency informed project management and decision making evident at the mid-term review and justified no-cost extensions in the seven restructurings. For example, the PIU used the BRCiS generated financial reports to determine sub-project efficiencies. The Bank team used Abyrint's M&E reports to manage risks and inform no cost



extensions. The PMU and BRCiS used the M&E reports to adopt corrective measures to achieve expected results (ICR, paragraph 85).

In summary, the M&E quality is rated substantial. The M&E system was implemented in ways that allowed the assessment of the objectives and tested the links in the results chain, albeit with moderate weaknesses in how the indicators were defined. The combined efforts of BRCiS, Abyrint, and the government helped utilize M&E outputs to inform outcomes achieved by the project.

## **M&E Quality Rating**

Substantial

## **10. Other Issues**

### **a. Safeguards**

**Environmental Safeguards:** The project was a "Category B" project. The Project was prepared under paragraph 12 of OP 10.00 for "projects in situations of urgent need for assistance or capacity constraints and prepared safeguards instruments during implementation". The project triggered only one safeguards policy - Environmental Assessment (OP/BP 4.01). According to the ICR, the project completed all planned mitigation activities and complied with the safeguard policy (ICR, paragraph 87). An external firm (Ecotech Limited) prepared the Environmental and Social Management Plans (ESMP) for construction and rehabilitation activities under Component 1 (small scale infrastructure). Good environmental practices detailed in the Environmental and Social Action Plans (ESAPs) were integrated into designs, bid documents, and supervision reports. The ESAP guided the CERC component. An expedited review by safeguards specialists was conducted to determine that the activities were eligible under the safeguard policies (ICR, paragraph 88).

**Social Safeguards:** No social safeguards were triggered.

### **b. Fiduciary Compliance**

**Financial Management:** The project financial management was integrated into country systems by design. Initial coordination and capacity challenges delayed payments. The project worked in close coordination with the Office of the Accountant General and Auditor General to address internal control weaknesses raised in the project external audits. According to the ICR, the project had no ineligible expenses (ICR, paragraph 90).

**Procurement:** The national procurement law was not fully operational by the time the project became effective. The project customized the World Bank Standard Procurement Documents and used this instead. However, initial delays resulted due to the implementing agency unfamiliarity with World Bank requirements and long review cycles. The mid-term review recommended procurement training, a dedicated procurement specialist to the PIU, hands-on support by the Bank, and training for local contractors and bid evaluation committee members. Competitive procurement and initial higher cost estimates resulted in cost savings that funded two additional sub-projects (ICR, paragraph 36). On



December 2017, fraud allegations and collusion among bidders were made to the Bank's Integrity Vice Presidency or INT. The complaint was investigated. Three competing bidders submitted an allegation to the PIU that two bidders engaged in fraudulent practices during the tendering process for the Hudur School and Baidoa Road sub-projects. The INT investigation concluded that the two bidders falsified documents. INT initiated sanctions proceedings against both companies. Consultants were hired to provide hands on implementation support on procurement and engineering, after which, implementation went relatively smoothly.

### c. Unintended impacts (Positive or Negative)

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### d. Other

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## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Satisfactory	Both quality at entry and supervision are rated satisfactory. While there were minor shortcomings in supervision such as not strengthening the results framework, the grievance system, and community engagement, coordination eventually improved, and the team effectively used the third parties as extensions of their presence when security restrictions limited their abilities to reach various sites.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

## 12. Lessons

The ICR presented a number of lessons and recommendations (ICR, paragraphs 105 - 115). A few are provided below with slight modification in text:



- **Engaging early in crises may remove the perceived divide between humanitarian and recovery assistance.** In this project, early recovery support to the most vulnerable people affected by the disaster was combined with project activities. This strategy helped clients transition toward medium-term and long-term resilience building activities and allowed for preparing the follow-on project.
- **In an FCV environment, a "government-led NGO implemented" service delivery model may be effective.** Somalia lacked a government institution to lead disaster and crisis preparedness, crisis management, recovery planning and implementation. Recognizing that the government was gradually building its systems and structures, partnering with experienced civil society and others – like the one with the Building Resilient Communities in Somalia (BRCiS) consortium under the project - proved useful and effective. This approach proved helpful in accessing hard to reach or security restricted regions. The partnership, where the government maintained its leadership but delegated implementation to the consortium, enabled the government to show its ability to respond to disasters and crises the country faced and begin to build trust between citizens and state, and underpin the legitimacy of nascent government institutions.
- **Piloting small scale innovative approaches in FCV remains relevant.** In this project, the State and Peacebuilding Fund allocated US\$2.8 million for drought response. This commitment led to test the use of the International Non-Governmental Organizations (INGO) consortia to deliver recovery services, expanding the reach of newly forming institutions that are emerging from or amid persistent FCV environment. The government has endorsed this innovative service delivery model for deployment in a much larger scale under the follow-on project.
- **Using a third party may extend the task team's ground presence in FCV states.** In this project, the third party agent, Abyrint, carried out project supervision when security challenges emerged. In addition to regular mission support, Abyrint assisted implementing entities in addressing capacity challenges on the ground. Budgeting for these services enabled early and frequent technical support that implementing entities and other partners needed to monitor the project, mitigate risks from prolonged delays, and deliver uninterrupted training support to counterparts.
- **Adopting country systems to implement projects fosters confidence and boosts ownership of the project.** In this project, the Bank agreed to use the country's own systems to implement the project. At closing, government officials from multiple jurisdictions expressed a strong ownership of the project, while familiarizing themselves with their own systems. They indicated appreciation for the assets delivered by the project. Such ownership may facilitate commitment to mitigate risks in maintaining these assets.

### 13. Assessment Recommended?

No



## **14. Comments on Quality of ICR**

The ICR is candid and outcome-oriented. It provides a detailed overview of the project implementation. The lessons are useful for similar operations and derived from the project experience. The narrative supports the ratings and available evidence, except for the rating in the quality of Bank performance. It is rated moderately satisfactory in the ICR's Data Sheet, but satisfactory in the main text (ICR, paragraph 102).

There are minor inconsistencies throughout the ICR. For example, the data sheet indicated 8 restructurings but the text mentioned seven (ICR, paragraph 19); there were 8 supervision missions in the data sheet but 9 in the main text (ICR, paragraph 99). There are inconsistencies in describing restructurings, e.g., November 12, 2019 (but noted as October 2019 in the ICR, paragraph 19 and in the Table that followed); under Restructuring 2, the ICR reports that four additional intermediate results indicators were added to the project RF, while the relevant Restructuring Paper reports two; February 21, 2018 (but noted as January 2018 in ICR, paragraph 19 and in the Table that followed). The ICR incorrectly reported throughout that the original target beneficiaries for the contingent emergency component was 800,000 but in the restructuring papers this original target was reported to be 860,000 beneficiaries. The report could have been more concise (37 pages against the required 15 pages).

### **a. Quality of ICR Rating**

Substantial