Case Studies: Delivering Inclusive Growth Through Infrastructure Programming in FCAS

Somalia - Building infrastructure in a ‘failed state’

FOR PUBLIC RELEASE

Produced for: GRD, HoP Infrastructure and DFID Somalia

Date: August 2019

Version: 3, final

Contents

Acronyms

Acronym	Definition
ADB	Asia Development Bank
ADF	African Development Fund
AfDB	African Development Bank
AMISOM	African Union Mission in Somalia
AS	Al Shabaab
B2B	Business to Business
BEC	Berbera Electricity Company
CPA	Country-Programmable Aid
DAI	Development Alternatives International
DDR	Disarmament Demobilisation and Reintegration
DFID	UK Department for International Development
EC	European Commission
EDF	European Development Fund
ESP	Energy Services Provider
ESRES	Energy Security and Resource Efficiency in Somaliland (Programme)
EU	European Union
FAO	UN Food and Agriculture Organisation
FCAS	Fragile and Conflict Affected State/Situation
FDI	Foreign Direct Investment
FGS	Federal Government of Somalia
FMS	Federal Member States
GBP	Pounds Sterling
GDP	Gross Domestic Product
GEEL	Growth, Enterprise, Employment & Livelihoods (Project)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Development)
HSDG	High Speed Diesel Generator
ICED	Infrastructure and Cities for Economic Development
ICT	Information and Communications Technology
IDPs	Internally Displaced People
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
IGAD	Intergovernmental Authority on Development
ILO	International Labor Organization

Acronym	Definition
IoM	International Organization for Migration
IsDB	Islamic Development Bank
JSP	Jubba Sugar Project
KfW	Originally 'Kreditanstalt für Wiederaufbau' – German development bank now known solely by acronym.
LAMPS	Learning and Monitoring Programme, Somalia
LC	Line of credit
LPG	Liquified Petroleum Gas
MDAs	Ministries, Departments, Agencies
MoD	UK Ministry of Defence
MoPIED	Federal (Somali) Ministry of Planning, Investment and Economic Development
MoPND	Somaliland Ministry of Planning and National Development
MoPWRH	Federal (Somali) Ministry of Public Works, Reconstruction and Housing
MW	Megawatt
NDP	National Development Plan
NESHA	North East Somalia Highway Authority
NGO	Non-Governmental Organisation
NIS Foundation	Nordic International Support Foundation
ODA	Overseas Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
OPM	Somalia Office of the Prime Minister
PIMS	Promoting Inclusive Markets in Somalia (Programme)
PREMIS	Public Resource Management in Somalia (Programme)
PSAWEN	Puntland State Agency for Water Energy and Natural Resources
PV	Photo-voltaic
SAPS	Support to Agriculture Programmes in Somalia
SDF	Somaliland Development Fund
SDRF	Somalia Development and Reconstruction Facility
SEAP	Somalia Energy Access Project
SEEA	Somaliland Electrical Energy Act
SIF	Somalia Infrastructure Fund
SNA	Somali National Army
SOAS	School of Oriental and African Studies
SSF	Somalia Stability Fund
SUIPP	Somali Urban Investment Planning Project
SWALIM	Somalia Water and Land Information Management
TA	Technical Assistance
TIKA	Turkish development agency

Acronym	Definition
TIS	Transition Initiatives for Stabilization
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCLS	UN Convention on the Law of the Sea
UNDP	UN Development Program
UNOPS	UN Office for Project Services
US	United States
USA	United States of America
USAID	US Agency for International Development
USD	US Dollars
WB	World Bank
WHO	World Health Organization

1 Executive Summary

Background

Somalia has suffered a marked decline since independence in 1960 as a result of three decades of civil war. Neglect of maintenance and lack of rehabilitation has resulted in the almost total destruction and loss of its historic infrastructure base. Roads networks, electricity supply and infrastructure for irrigation have all been decimated over recent decades. Although some gains have been made, conflict and instability still dominate the country and the remit of central and state governments extends only to a few main cities, their immediate surrounding areas and some road corridors.

Although once served by an extensive roads network, over 90% of this is now reduced to tracks through the bush. Air transport is often the only viable means of travel between locations because of long sections being under the control of militia.[1]

At the end of the 1980s, following the destruction of power sector infrastructure operated by the national energy corporation, small family companies emerged to supply power at low voltage in their immediate vicinity. Although they have been expanded and consolidated over the years, these local, family funded, systems continue to be the sole provider, with wires distributing electricity directly from generators to the homes or businesses of the customers. The current high prices keep the poor at the margins of electricity supply.

Irrigation, with water from the Juba and Shabelle rivers, once played an important role in the agricultural economy of a large area of southern Somalia, which was considered the country's bread basket. A number of irrigation projects were developed following independence. However, most of the systems are now inoperable because of siltation and inoperable control structures, due to lack of maintenance of the canal systems.

Development Assistance and Other Funding

The London Conference in 2012, attended by Somalis and the development community, was instrumental in achieving a more co-ordinated approach to funding support, based on the Busan Partnership for Effective Development. The Somalia New Deal Arrangement (succeeded in 2017 by the New Partnership for Somalia) emerged from the process – together with a funding framework the Somalia Development and Reconstruction Facility (SDRF). It also resulted in the Somaliland Special Agreement.[2]

The Somalia Infrastructure Fund (SIF) is the principal instrument for major infrastructure funding under the SDRF. The SDRF also includes World Bank and UN Multi-Partner Trust Funds that cover some infrastructure funding. The capitalising and operationalising of the SIF have been slow, which appears to reflect contextual and institutional challenges similar to those experienced by the Asian Development Bank in establishing the Afghanistan Infrastructure Trust Fund (AITF).[3]

Official development assistance (ODA) for Somalia was at a record high in 2017 according to the annual Federal Government of Somalia (FGS) report on aid flows. This was mainly due to the 80% increase in 2016 in humanitarian funding, to over $1bn, in response to the drought, with a more modest increase of 6% for development funding. With an ODA to GDP ratio of 26% this highlights Somalia's continuing aid dependency. On a per capita basis, Somalia received similar flows of aid as Afghanistan.

Official remittances from the diaspora are substantial, and estimated at about $1.4 billion a year, equivalent to about 23% of Somalia's GDP. They estimate that about 3.4 million people—roughly 40% of the population—depend on remittances for their daily needs, and about 80% of all new business ventures are funded by remittances. This includes funding of electricity supply companies. The diaspora has also contributed substantial funds for roads rehabilitation.

[1] AfDB, 2016, Transport Needs Assessment and Infrastructure Plan

[2] Also known as Somaliland Special Arrangement, this agreement between donors and the Federal Government of Somalia (FGS) enabled donors to channel aid directly to Somaliland. It had a limited duration and FGS objected to its extension in June 2018.

[3] Some detail on these challenges is provided in section 3.4.4.

Infrastructure Development

Somalia is a challenging operating environment, with multiple contexts and varying shades of complexity across the states. There are few major high-profile infrastructure investments. There are significant levels of infrastructure investment as components of larger multi-donor humanitarian and stabilisation/development funding mechanisms/instruments.

Total funding to infrastructure in 2017 was $50.9m. Although an increase over the 2016 allocation ($39.1m), it represents a very small amount in relation to the infrastructure deficit, and just 20% of the levels needed for priority projects in the National Development Plan.

Somaliland has seen an increase in infrastructure investment over the last 5 years, as a result of the substantially higher level of stability compared to elsewhere in Somalia. There have been some impressive achievements in roads and solar energy that have demonstrated that infrastructure development at reasonable scale is possible.

This contrasts with donor funding for infrastructure in the other states, which has been far more limited, with Jubbaland, South West and Hirshabelle being particularly hazardous states in which to operate.

In transportation, the lack of security in key areas of Somalia has led to funding agencies being cautious about funding roads generally, and particularly in areas at risk from Al Shabaab and clan militia. The existence of extensive roadblocks is heavily constraining trade and commerce throughout Somalia as well as much needed humanitarian assistance. This is symptomatic of the current security situation: the government and its military partners are unable to ensure free movement throughout the country. There has, however, been some progress with national airports and local airstrips, and a few major sea ports.

In the electrical power sector, the highly innovative approach of private sector providers has created a unique environment. The sector has grown largely without governance or regulation and private companies are now in a very strong position. This is arguably a barrier to public sector engagement and traditional donor activity in the sector, albeit some donors including the UK have been able to engage with the private sector. The structure of the market and the political economy and conflict dynamics of Somalia mean there is limited scope for high value investments such as large power plants. There are, however, proposals for local transmission ring grids in some cities.

Progress with use of water for productive purposes has been limited. However, in water resources management some limited progress has been possible with the rehabilitation of canal networks for production of cash crops. This has been despite the extremely challenging operating environment in South-West Somalia, including the proximity of Al Shabaab to the project areas, as well as disputed land titles and vested interests of large farmers. Implementers have developed an approach based on operating at the local level and gaining the trust of the community and its leaders. This has led to the community making a stand against the large landowners and Al Shabaab, to allow the rehabilitation work to proceed – albeit at relatively small scale.[4]

Findings

Strong contextual analysis, including the use of standard tools such as conflict analysis and early community engagement and participatory planning, is clearly essential for developing infrastructure in highly fragile contexts like Somalia.

Poor contextual understanding and community engagement has resulted in the failure or partial failure of many local level infrastructure projects in Somalia, with the lack of access to project sites for security reasons a strong contributor to misunderstandings and mistrust leading to these issues. In highly insecure environments with access issues, more resource will need to be dedicated to context analysis and community engagement, and this should be expected to take more time. **Development implementers and donors in Somalia have developed considerable experience in remote management, applicable to other contexts**.

From successes and failures in Somalia, there are clear advantages in infrastructure sectors which involve assets that are less likely to be targeted (e.g. communications), are distributed and not dependent on vulnerable bottlenecks (e.g. small-scale electricity generation) or have the potential for strong community ownership (e.g. irrigation infrastructure). By contrast, roads and inter-city electricity

[4] See section 4.3, page 44, for discussion of some of these political economy challenges based on interviews with project implementers.

transmission are very high risk in an environment like Somalia, with inter-city roads in particular providing attack opportunities and revenue potential for non-state armed groups.

There are strong arguments for building infrastructure that is simply designed and within local capabilities to maintain, both within FCAS and any developing environment but **there is evidently a danger that designers and implementers understand 'simple' to mean lower standards of planning and design.** This attitude has been responsible for the rapid failure of some infrastructure assets in Somalia.

Donors need to have the technical capacity to oversee infrastructure projects to ensure appropriate project management and engineering, particularly in a context where little major infrastructure is planned and institutional expertise is balanced toward humanitarian or stabilisation programming. **Some programmes in Somalia delivering infrastructure are implemented by organisations without specific infrastructure expertise**, which can lead to gaps in planning and implementation.

The positioning of many donor staff outside Somalia in Nairobi due to the poor security environment has been useful, but also leads to challenges. It has resulted in longer deployments than are typical in FCAS contexts, which has aided the strategic approach of the donor community in recent years. However, it has isolated donors from the ground level in Somalia, requiring more trust in implementers and third-party monitors. In circumstances where the living environment in the beneficiary country is severely detrimental to long postings, a combination of options – potentially involving both in-country and regional offices – can provide the continuity of experience required for more strategic approaches to development in FCAS.

Somalia donors have exhibited a patient approach which has incrementally built up development programming over time as the security situation has improved and has involved dedicated and sustained support to political and governance institutions and the decentralisation process. The caution in relation to infrastructure development has been appropriate to the context and has avoided causing harm familiar from other FCAS contexts where pressure to spend has resulted in wasted effort and failed projects. **However, donor efforts in infrastructure up to the recent past seem to be broadly failing in terms of sustainability, which will only come with more concerted and coordinated efforts to improve infrastructure governance and local technical authorities.**

Full findings are outlined at the end of this report, in section 5.

2 Introduction and methodology

This Somalia case study forms part of an ICED research project for DFID's Growth and Resilience Department to investigate infrastructure programming in Fragile and Conflict Affected States, comprising case studies examining lessons learned from donor experiences in these contexts. This addresses a recommendation from the 2015 ICAI report 'Assessing Impact of the Scale-up of DFID's support to Fragile States', to provide guidance on targeted infrastructure components to ensure sustainable impacts in fragile states programming. It also responds a recommendation from a 2017 ICAI review, which recommends that (UK) '*Departments operating in Somalia, should adopt a more systematic approach to the collection and dissemination of learning of what works in addressing conflict and fragility, particularly for programmes that are intended to be experimental or adaptive in nature'.*[5]

The research team carried out a literature review of mainly recent research (post 2011), prior to beginning the case studies, leading to an annotated bibliography which collates some early findings and identifies knowledge gaps to address in the case study phase of work. Two case studies will focus on country assessments – Somalia and Afghanistan. A third sectoral study will look for lessons from urban water supply and sanitation programmes in FCAS.

The objective of the overall assignment is to make practical recommendations on approaches to infrastructure development in FCAS. The primary audience is DFID advisers and programme managers; however, the findings are also expected to be of interest to other donors and sector stakeholders.

Specific issues derived from the broader literature review which were considered as part of this case study:

1. **Understanding the context** – to what extent was this adequately considered in the planning and design, and was the changing nature of the context recognised and monitored in order to adapt/modify approaches to a changing context?
2. **Delivery of infrastructure** – were basic good practice and principles applied throughout the project cycle – or were these overridden by other political imperatives or for other reasons? Is the infrastructure that was built sustainable? Are viable arrangements in place for operations and maintenance? How will costs be covered?
3. **Impact of infrastructure** – were the services delivered and outcomes from the completed infrastructure consistent with the theory of change/intervention logic; and were there unexpected positive and negative consequences?
4. **Donor modalities, instruments and approaches** – how did these influence the success or failure of the infrastructure project?
5. **What was the role of other actors** – private sector, non-traditional donors - how was this affected by/did this impact on the operating environment?

Approach

The research was qualitative, involving some additional desk review of academic and grey literature and project reports and interviews with key staff, implementing agencies and others with knowledge and understanding of the issues. The research team also drew from information gathered during a separate ICED assignment to develop an infrastructure scoping strategy for DFID Somalia, which included a visit to Somaliland. A short visit to Nairobi for some further meetings with key informants followed in March 2019.

Focus of Study

The sectoral focus is on the power, roads and water sectors, covering experience from Somalia and Somaliland.[6]

Readers already familiar with the Somalia context with regards to its history, infrastructure priorities and donor engagement may want to go to Section 4 - Case Study Findings.

[5] ICAI, 2017, Review: Reducing Conflict and Fragility in Somalia

[6] For the purposes of lessons learning Somalia has several quite different internal contexts, with the largest distinction being between the context for infrastructure programming in Somaliland compared to the rest of the country.

3 Background Somalia

3.1 *History*

As a result of its strategic location and extensive coastline, Somalia was historically an important centre of commerce. During the colonial era there were five Somali regions: Italian Somaliland (most of today's Somalia), British Somaliland (today's Somaliland),[7] French Somaliland (today's Djibouti) and Somali enclaves in Ethiopia's Ogaden region and Kenya's North Eastern province.

Following the Second World War British Somaliland continued as a British protectorate. It gained independence from the British in 1960 as the State of Somaliland and opted to join Italian Somaliland to form the Somali Republic with the ambition of uniting all five territories with Somali populations – the five points on the flag of the Federal Republic of Somalia. However, in June 1961, Somaliland rejected a unitary constitution.

During colonial rule, the colonies that make up modern day Somalia were considered to be some of the most developed in East Africa in terms of standards of living for the colonialists and Somalis.

The civilian government lost power in a military coup in 1969 with the commander of the army Siad Barre becoming president. The Ogaden war started in 1977 with Barre seeking to claim the areas of Ethiopia occupied by ethnic Somalis. Despite significant early gains, the Somali army were ultimately overrun by Cuban troops when Ethiopia turned to the Soviet Union for support. This marked a profound turning point in Somalia's fortunes. Barre's increasingly totalitarian regime saw the establishment of numerous opposition militia groups, with increasing levels of violence. Barre held power until 1991. In 1993 a UN task force led by the US was established to maintain stability and provide humanitarian support. However, the levels of losses to the task force resulted in it leaving Somalia in 1994.

The trajectories out of fragility have been markedly different between Somalia and Somaliland. With the collapse of the Siad Barre regime in 1991, Somaliland declared itself independent from Somalia.[8] By 1991, Hargeisa, the capital of Somaliland was largely reduced to rubble by the Barre regime. Some 70% of the city was estimated to have been destroyed, almost 5,000 people killed, and 500,000 people internally displaced.[9] Since then, however, backed by a number of peace conferences led by traditional leaders, Somaliland has managed to effectively halt internal conflict,[10] construct a government, write and ratify a constitution, hold several democratic elections and considerably outstrip the rest of Somalia in economic development. It is now considered a successful case study of bottom-up state-building.[11]

[7] The regions of Sool and Sanaag were considered part of British Somaliland. Today these are disputed areas claimed by both Somaliland and Puntland.
[8] This move remains officially unrecognised by the international community, although several foreign countries including the UK maintain links with the government of Somaliland.
[9] World Bank. Somaliland: Private Sector at the Cross Roads. Political Economy and Policy Choices for Prosperity and Job Creation. Link. Pg 7.
[10] With the exception of very limited Al Shabaab activity and the border conflict with Puntland.
[11] Mary Harper. 2012. Getting Somalia Wrong: Faith, War and Hope in a Shattered State. International Affairs Institute.

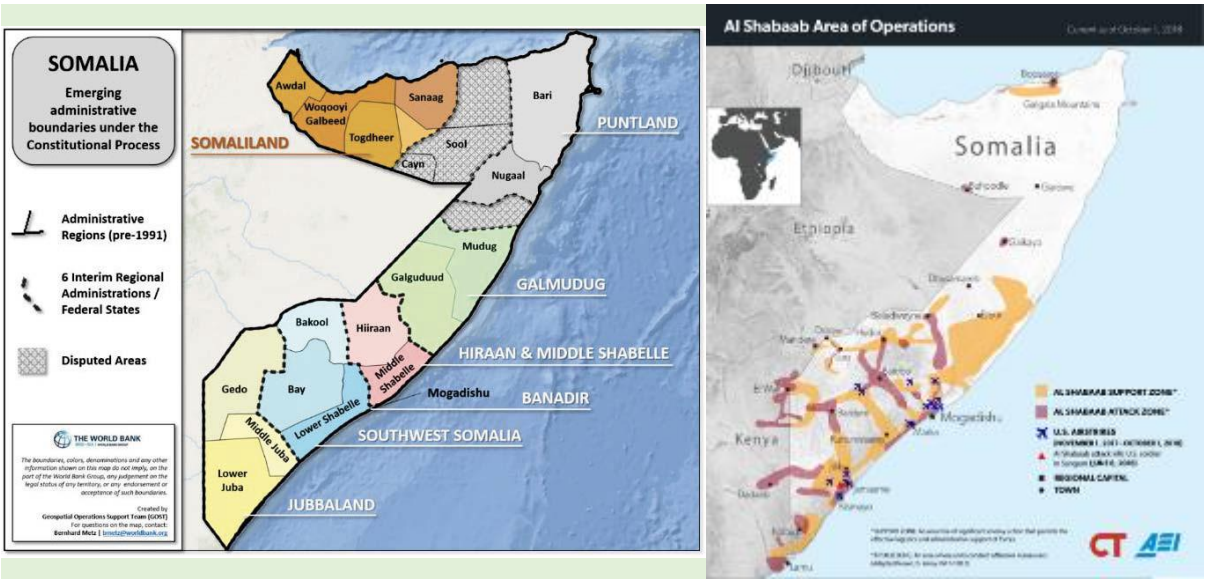

Figure 1: Maps showing administrative divisions and conflict areas

The rest of Somalia, on the other hand, has experienced a quarter-century of instability, severe conflict and power struggles, from state collapse to civil war, the emergence of the Union of Islamic Courts and eventually al-Shabaab. A recent Danish Institute for International Affairs (DIIA) report[12] recounts that these prolonged conflicts have caused innumerable civilian casualties, millions of internally as well as internationally displaced persons, enormous economic losses and severe destruction of the country's infrastructure, as well as deep mistrust among people. However, Somaliland and to a slightly lesser extent Puntland have experienced peace for more than 20 years - apart from some clashes in the disputed borderland areas between the two states. Puntland has operated as a semi-autonomous region but has chosen to be part of Federal Somalia.

The DIIA further relate that there have been many peace building attempts for Somalia, of which some have been partially successful but none have fully succeeded. Reasons for this they cite as fear and mistrust because of clan interests, with state building efforts creating conflict rather than reducing it – particularly because of the perceived prize of securing power. A further factor is mistrust in the role of the international community. Some also feel that there is a disproportionate focus of power and cooperation in Mogadishu and marginalisation of the periphery.

- Somali median age is 16 (2012)
- 70% are under 30 (same as South Sudan)
- 67% of 14 – 29-year-olds un- or under-employed
- Population is 14.7m and 2.2m are displaced within Somalia or elsewhere in the region

Box 1: Population statistics

Puntland, though more stable than Banaadir (Mogadishu) and the other Federal Member States, still has pockets of both Al-Shabaab and Islamic State in the north. There have been sporadic attacks by Al Shabaab, including a major attack against the UN in May 2015.[13] Somaliland and Puntland share a disputed border in Sool and Sanaag which is the source of sporadic and localised clan conflicts. These are some of the most deprived areas in the Horn as many international development actors, including the United Nations, do not work in Sool and Sanaag, although humanitarian actors are engaged there.

[12] Webersik, C. et al (2018), Somalia a Political Economy Analysis, Norwegian Ministry of Foreign Affairs

[13] www.unicef.org/media/media_81639.html

According to a World Bank report on Somaliland:

"Somaliland has been the site of impressive levels of economic recovery due to: (a) the ability of the government and society to maintain peace and security; (b) a durable social contract ensuring a sufficient degree of inclusivity and negotiation in matters of politics, disputes, and allocation of resources and employment across clan lines; (c) high flows of remittances from the large Somaliland diaspora; (d) a robust private sector which has emerged since 1991; and (e) a powerful cultural tradition of honouring mutual obligations within extended lineage groups, which facilitates greater social trust, the flow of finances in the form of informal loans or gifts, and mutual indebtedness."[14]

A recent ODI Report[15] sets out the following summary of the political situation:

"After more than two decades of conflict and over a dozen failed peace processes, Somalia has made important progress in the past decade in re-building its state and consolidating peace. The country has almost completed its transition to a federal structure; a peaceful transfer of power at the national level took place in February 2017; a National Leadership Forum (and latterly a National Security Council) has provided a space for consultation and compromise between the Federal government and the states; and the African Union Mission in Somalia (AMISOM) and the Somali National Army (SNA) have made progress in reclaiming territory from Al Shabaab. But these gains remain fragile. The status of the newly formed states is precarious; elite and clan-based political competition present obstacles to the transition to an inclusive and multiparty democracy; there is no consolidated political settlement at either national or sub-national level; state capacity is weak; and state-building continues to be undermined by numerous sources of instability. Somalia's policy arena is also populated by external actors who routinely pursue conflicting interests – including the eight African countries that make up the Intergovernmental Authority on Development (IGAD), Gulf states, and Western powers."

3.2 *Infrastructure – a national historic perspective*

Somalia's decline since independence, including the decades of civil war, and consequent neglect of maintenance and rehabilitation, has resulted in the almost total destruction and loss of its historic infrastructure base. Roads networks, electricity supply and infrastructure for irrigation have all been decimated over recent decades.

In Somaliland, with relative security compared to Somalia, funds such as the multi-donor USD 60 million Somaliland Development Fund (SDF) (2013-2018) have been the primary mechanism used by the government to deliver infrastructure. According to Somaliland's National Development Plan II (2017 – 2021): "infrastructure contributes to almost 14% of national GDP, having housing (construction and real estate) as the most important segment of the sector accounting [for] at least 9.8% of the GDP."[16]

3.2.1 Roads

A recent AfDB/EU assessment[17] identifies a total of 4,124 km primary/main roads (2,977km excluding Somaliland). 2,860km are black top and 1,264km unpaved. It suggests that the general coverage of primary, secondary and local feeder roads is in place to meet the needs of Somalia's largely dispersed population. However, the reality is that over 90% of the roads are in poor or very poor condition and as such are not fit for purpose – mainly because of poor maintenance, dilapidation and/or destruction, or design and construction specifications that do not meet current needs. Their dire condition, with roads that were once highways now only tracks through the bush, and the control of long sections by militia, mean that traffic flows are very low.

Restoring and enhancing the roads/transport sector is, therefore, a huge challenge for Somalia. Roads and transportation are critical for the pursuit of local level livelihoods, and regional/national and international trade.

[14] World Bank. Somaliland: Private Sector at the Cross Roads. Political Economy and Policy Choices for Prosperity and Job Creation. Pg xiii. Link.
[15] Laws, E. 2018, Thinking and Working Politically in Somalia: A case study on the Somalia Stability Fund, ODI
[16] MoPND, 2017, Somaliland National Development Plan, 2017 – 21, Government of Somaliland,
[17] AfDB, 2016, Transport Needs Assessment and Implementation Plan

Figure 2: Administrative map showing transportation infrastructure – red main roads, black feeder

Somalia is not well connected by roads to its neighbours, and this limits economic activities such as trade within the region. Trade corridors contribute significantly to regional integration and economic development, and trade routes between Kenya, Ethiopia and Somalia are critical. A transport corridor between Addis Ababa and Mogadishu through Belet Weyn played an important role in the past, but its road surface is greatly deteriorated and the area it crosses suffers from intermittent insecurity. Kismayo in southern Somalia could also provide competitive routes to Nairobi, Kampala, and south-central Ethiopia through either the Kismayo Liboi and/ or the Mogadishu/Baidoa to Dolow and Mandera corridors.

The geography of Somalia presents particular challenges for roads and transportation planning. At 3333 Km (and a territorial sea limit of 350 Km) it has the longest coastline in Africa and the Middle East. The area of Somalia is just over 635,000 Km^2, with a length of 1850 Km and a maximum width of around 350 Km.

Another facet of its geography is the length of its borders (Kenya 682 Km, Ethiopia 1636 Km, and Djibouti 56 Km) and the levels of development and economic activity in the border regions. Its population density is 16.9 inhabitants/Km^2, placing it in the lowest quintile amongst African countries.

A recent research report examining the long-term economic effects of roads infrastructure using Somalia as a case study[18] provides an insight into Somalia's current road network as a legacy of the Italian colonial era. Prior to the 1930s the Italian colonies were too poor to justify extensive road building. However, Mussolini's plans for Italian East Africa and occupying Ethiopia changed that. In 1934, Italian engineers started building roads (gravel and paved) in Somalia and Eritrea to the Ethiopian border. These were aligned to allow troops and supplies to quickly reach the front. The Italians occupied Addis Ababa and some other cities in 1936, but little of the rest of Ethiopia. Local resistance fighters started to attack the areas held by the Italians. In the face of this situation, the Italian Government ordered a major roads construction programme. This included what was known as the Strada Imperial from Mogadishu to Addis Ababa. The length of this road, which is recorded as having been completed, was 1500 km. In total 6,000 km were completed (3,500 km paved, and 2,500 km gravel). Italian attention and funds then turned to the Second World War, and their defeat combined British and Ethiopian troops in 1941. The war resulted in major destruction of roads, bridges and tunnels. The Italian roads were refurbished in the 1950s and a rural roads programme extending the network implemented in the 1960s following independence. In the 1970s, China constructed the main arterial route from Berbera to Kismaayo. The onset of war in the same decade marked the beginning of a period of broad decline in road infrastructure across the country.

In Somaliland, the Ministry of Planning and National Development (MoPND) led a prioritisation process of its NDPII in 2018. For the infrastructure sector, investment in road infrastructure (which is the primary form of transportation) has been prioritised. The rationale for identifying roads as a priority is to improve

[18] Bertazzini, M (2018), The Long-Term Impact of Italian Colonial Roads in the Horn of Africa, 1935-2000, London School of Economics.

access to services as well as broader inclusive economic growth and development.[19] Currently, the majority of the population live in seven districts that are covered by paved roads in Borama, Gabiley, Hargeisa, Berbera, Sheikh, Burao, Ainabo and Las Anod.[20] The Somaliland NDP II Sector Priority: Infrastructure Booklet states:

"While the government implemented a number of projects focused mainly on trunk road rehabilitation along strategic trade routes, much remains to be done to connect people to services and catalyse economic activity. It is estimated that only 3 percent of the population lives within 2 km of the existing road network … Community contributions play an important role in rebuilding roads in both urban and rural areas. The Somaliland Development Fund alone invested in the rehabilitation of 149.5 km roads."

Figure 3: Map of Somaliland from the NDPII

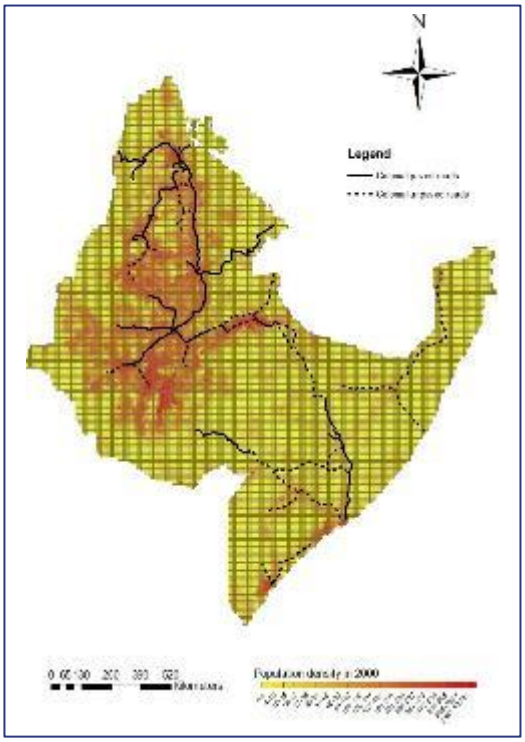

Figure 4: Bertazzini, M (2018), Population density and transport Ethiopia & Somalia

3.2.2 Air transport

Airports and airstrips are critical to the internal and external connectivity of Somalia. Without air infrastructure it is not possible to export high value/perishable products. The security situation also means that it is the only viable means of transport between many locations because of long sections of road being under the control of militia and the very poor condition of the roads themselves. The humanitarian situation also means that air transport is often the only reliable means of delivering emergency supplies. As a result, airports/airstrips and particularly their routine maintenance are a core part of the AfDB's 2016 Transport Sector Needs Assessment (TSNA).[21]

The AfDB's plans focus on regulation alongside infrastructure, reflecting the complexities of air transport services and the importance of a structured approach to planning. This will take account of the geography, sparse population, and requirements for disaster relief and economic recovery. A particular recommendation of the TSNA is that overflight revenues are earmarked for investment in air transport infrastructure.

In summary, there are currently eight main airports, seven major feeder airports and 18 other important airstrips across Somalia. Further key locations for airports/airfields are under assessment.

[19] Somaliland Ministry of National Planning and Development. 2018. NDP II Sector Priorities: Infrastructure. Pg 6-7.
[20] Op. cit.
[21] AfDB/EU, (2016), Transport Sector Needs Assessment, FGS

3.2.3 Ports and Harbours

Somalia's rich history is closely linked with its maritime trade. As with other sectors, this has been ravaged by the effects of state fragility and civil war. For many years (2000 – 15) its coastal areas were known for piracy and resulting danger for shipping. International action through an international anti-piracy coalition (Combined Task Force 150) has reduced the threat.

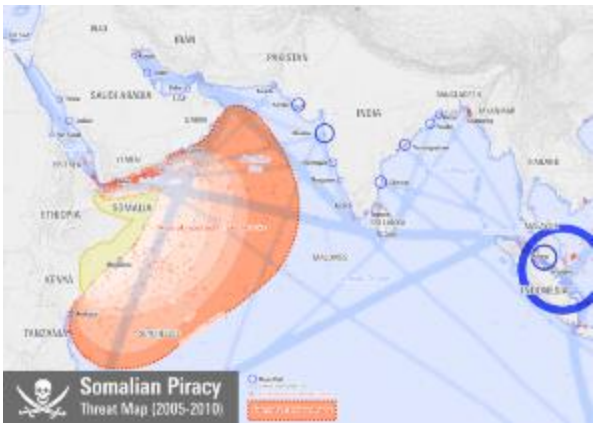

Figure 5: Somalia piracy threat map showing 2005-10 data

As a result, ports and their opportunities and importance for local livelihoods and international trade are an important development opportunity. An AfDB report[22] assessed key ports in Somalia, including both major and minor/beach ports. They found four major operational ports in Somalia: Mogadishu, Berbera, Kismayo and Bosaso. Three of these are deepwater ports, and all four operate throughout the year. Despite the vagaries of war and time, the infrastructure at the major ports appears to be in reasonably good condition. However, operating performance is poor with low handling speeds. There are also ten 'feeder' ports.

The country's economy is heavily reliant on informal livelihood activities and those mainly linked to the key economic sectors of agriculture, livestock and fisheries. For example, the ports of Berbera and Bosaso exported more than 4 million head of livestock (camels, sheep and goats) in 2011 to Arab states such as the United Arab Emirates and Yemen.

Trekking of livestock is a way of life for many Somalis – moving from the coast inland at the start of the rains, and back towards the end of the rainy season. There are similar movements into Ethiopia and Kenya from Western Somalia when the rains start in April. Cattle are also trekked from Somalia to Nairobi.

Somalia's strategic location has resulted in increasingly complex regional and global geopolitical dimensions. This is being shaped by the competition among aspiring regional powers of the Middle East — particularly Gulf Arab states and Turkey — and China for influence in the Horn of Africa. Some commentators are dubbing this a 'new scramble for Africa', as major powers seek to strengthen positions with ports and airports in the highly strategic Horn of Africa/Gulf of Aden area. Along with the competition by outside players has come greater leverage for Horn of Africa countries - and in the case of Somalia, between states. The UAE is seen by some to be adopting a softer collaborative model, similar to that of Turkey in Somalia, in providing a broad package of support for infrastructure and training. Whereas China's approach – as elsewhere in Africa – has been seen by some as more extractive in nature.[23]

In broad terms, Qatar and Turkey are closer to the Mogadishu Government, whereas UAE has closer links with the Somaliland Government. This raises the internal geopolitical stakes, in an already fragile and unstable environment. It also reflects current political alliances and tensions in the Middle East region.[24]

The $ 442 million concession awarded to the UAE's Dubai Ports World (DP World) over 30 years is a major investment, alongside a planned UAE military base in Berbera, which promises significant economic investment for Somaliland. While the UAE has a 50% stake, the Governments of Ethiopia and Somaliland hold 19% and 31% respectively.[25] The UAE is also planning to establish a free trade zone in Berbera as an alternative to Jebel Ali, which is operating at full capacity. The deal with DP World was particularly significant because it followed the Government of Djibouti's termination of its long-

[22] AfDB, op. cit.
[23] Khan, T. 2018, Ports Development in Somalia (and Djibouti) – the roles of UAE, Turkey and China, Arab States Institute, Washington
[24] Baskan, B (2019), Turkey and the UAE: A Strange Crisis, Middle East Institute
[25] As with most deals and contracts struck by the Government of Somaliland independently, this has been objected to and deemed invalid by the Federal Government. As a self-declared independent state, Somaliland considers it an expression of sovereignty to conduct external relations without consulting Somali federal authorities on matters it deems to be the business of an independent state.

standing partnership with DP World. This leaves China as a dominant partner in Djibouti, linking with its strategic support for infrastructure development in Ethiopia.

The agreement created a political storm in Somalia (and in the greater Horn of Africa) between Somaliland and Mogadishu, since the Federal Government were neither parties to the negotiations, nor signatories to the agreement in 2018.[26] Bosaso port (in Puntland), was also taken on in 2018 by DP World without the official blessing of the Federal Government of Somalia. The Southwest State of Somalia has reportedly entered a similar deal with Chinese and Djiboutian companies to develop Marka and Brave ports, with the UAE seeking to develop Baraawe.

The commercial and geopolitical stakes, and the players involved, mean that there is heightened international tension around the key ports and airport infrastructures in Somalia and the region. In the eyes of many Somalis, these deals are neither transparent nor fair from the perspective of the national or local (economic) interest. The FGS has stated that the deals agreed bilaterally at state level are a violation of national sovereignty. They have also led to some local protests.

This leaves little space for development partners to support major ports development, although there has been some interest in smaller ports and jetties.

3.2.4 Power and Electricity Sector

At the end of the 1980s, just before it collapsed, Somalia as a whole had installed power generation capacity of about 175–180MW, of which nearly 100MW is in Mogadishu. In the past many cities had grids, and service varied in quality according to the availability of fuel. Except for the major cities (Mogadishu, Hargeisa and Kismayo), which had conventional grids, other smaller cities and towns relied on diesel generators and mini-grids for electricity, much like today. No two cities were interconnected. Tariffs were low and level nationwide, so the main cities – which tended to be less costly to serve since all load centres were served by same utility, the Somalia National Energy Corporation (ENEE) – subsidised high-cost isolated systems. According to historical estimates, electricity production in Somalia in 2008 was just 33 kWh/capita/year, compared to the world average of 2,777 kWh and the African average of 579 kWh.

The power sector has suffered from over two decades of neglect, including absence of investments, due to widespread insecurity, the disappearance of public resources and public oversight and the degradation of the rule of law. In addition to neglect, destruction and stealing of equipment decimated what little infrastructure there was before the collapse of 1991. This has affected quality of life in Puntland, Somaliland and Southern Somalia, all of which are now struggling to extend and improve energy supply, especially electricity. However, there is insufficient demand side data from domestic, commercial and industrial sectors to know whether demand is suppressed at current tariff levels on grounds of cost/affordability.

From the destruction, small companies emerged to supply power at low tension in their immediate vicinity. Following the political and social breakdown of the early 1990s, these companies started generating electricity for ice production when the city services collapsed – to preserve meat and other foods.[27] These local systems are largely the only type of electricity supply available, with wires going directly from the generators to the home of the customer.

The total installed generating capacity in the whole of Somalia in 2014 was estimated to be 100MW,[28] with about 250,000 connections. This number of connections implies an average load per connection of 400 Watts (at generation before line losses), which is very low but plausible in the Somalia context. The high costs of generation, mainly using diesel generators, and the low usage and inefficiencies and losses in the system, means that the costs of supply are high. Although the private companies are significantly reducing their prices well below $1/kWh, and have dropped an earlier $400 connection fee, it is likely that most households able to afford the high costs of supply are already connected.

The current situation of high prices, private sector dominance in the market, and no public sector involvement or regulation, keeps the poor at the margins of supply for electricity. The day to day reality

[26] Since 2018, relations have gradually thawed and the deal has become a less prominent issue.
[27] Meeting with Blue Sky Energy 26 June 2018
[28] AfDB, 2015, Somalia Energy Needs Assessment

for most (90%) is a reliance on traditional biomass (charcoal/wood) for cooking, with some paraffin usage. The poorest are using whatever they can find to burn – including plastics.

3.2.5 Irrigation Infrastructure

Somalia and Somaliland are water stressed. Both surface water and groundwater resources are scarce. Rainfall is very low – ranging from less than 100 mm in the northeast, rising to 200 mm to 300 mm in the central plateaux, and between 500 mm and 600 mm in the northwest and southwest. The low levels of rainfall are compounded by the high potential level of evapotranspiration – 1500 mm on the south coast to 2900 mm on the north coast.

Renewable Water Resources

Surface water: 556 m^3/capita/year

Renewable Groundwater: Total 600 million cubic metres/year

Despite the challenges, the AfDB report takes the view that water resources can meet the needs if properly harnessed. By comparison – annual availability of water resources per capita in other countries: Israel 93 m^3, Kenya 449 m^3, and Ethiopia 1227 m^3. However, particular challenges for Somalia/Somaliland are the location of surface water and depth and quality of groundwater.

The Juba and Shabelle rivers play an important role in the economy of a large area of southern Somalia.[29] A number of irrigation projects were developed following independence in 1960. However, this stopped in 1991 with increasing instability and the civil war. Over this period ten irrigation barrages were built together with the Fanole dam on the Juba river to regulate flows. This was the only dam in Somalia and provided irrigation, generated hydropower and served to mitigate floods. In addition, an extensive network of irrigation canals was constructed, to irrigate over 160,000 ha of land. The Juba river supported the Juba Sugar, Mugaambo rice, and the Arare banana plantation projects. An FAO report[30] suggests that the Juba and Shabelle river basins were in the past, and could once again be the breadbasket of Somalia.

There was no dam on the Shabelle River, although the river water was drawn from the river with pumps and used intensively for irrigation and agricultural production. There was also substantial bankside storage developed, near Jowhar, with a capacity to store 200M m^3 of water. Irrigation projects on the Jubba river include the Jubba sugar project (JSP); Mugaambo rice irrigation project and Arare banana irrigation project.

The civil war, and subsequent neglect meant that the ten barrages, the Fanole dam and the irrigation network went out of operation and needed major rehabilitation work to re-establish the irrigation system and agricultural production in the area.

Ethiopia's plans to construct dams upstream on both the Juba and Shabelle rivers threaten the downstream river flows. These also have the potential to increase tensions between Ethiopia and Somalia, at a time when there are signs of improving bilateral relations.

Groundwater is of huge importance in Somalia.[31] Apart from the areas along the Juba and Shabelle Rivers, all regions depend on groundwater for domestic water supply, livestock and small-scale irrigation. However, accessing groundwater is difficult and expensive in much of the country. Most boreholes are between 90 m and 250 m deep, but in some areas reach over 400 m deep. Most shallow wells are less than 20m deep. Yields vary from one aquifer to another, but most shallow wells, where these exist, yield between 2.5 and 10 m^3/hr, compared to the typical range of borehole yields of between 5 to 20 m^3/hr (FAO/SWALIM 2012). Several deep drilling projects have been undertaken with the aim of developing groundwater resources further, but due to lack of prior hydrogeological knowledge, the success rate of groundwater development has been very low. Groundwater quality is also a major issue in some areas. Many groundwater sources have salinity levels above acceptable (WHO) and palatable levels for humans although animals are able to tolerate higher levels of salt. The Norwegian government is in the process of launching a project for exploring hydrological resources to a depth of 2000m based on deep aquifers in the Turkana region in Kenya at these levels.

[29] Mohammed, Elmi, (2013), Managing shared river basins in the Horn of Africa: Ethiopia's planned water projects on the Juba and Shabelle rivers and effects on downstream uses in Somalia, Royal Institute of Technology Stockholm.
[30] SWALIM (2009) Hydraulic Analysis of Juba and Shabelle Rivers, FAO
[31] Africa Groundwater Atlas, Hydrogeology of Somalia, 2018, British Geological Survey

Somaliland is considered to be arid or semi-arid with an average rainfall of about 300 mm. According to the Water Sector Priority Booklet, there are no lakes or permanent rivers. Access to clean and safe water is considered a priority particularly as around half of Somaliland's population are classified as agro-pastoralists or pure nomadic.[32] A study conducted for the Somaliland Development Fund (SDF), identified 10 broad agro-ecological zones. Only two of these zones are suitable for agriculture – i.e. only 3% of the total surface area of Somaliland (between 350-400,000,000 ha.).[33]

3.3 *Federal Government of Somalia Infrastructure Priorities*

The Federal Government of Somalia and the Federal Member States prioritise infrastructure in the National Development Plan (NDP)[34] because of its perception as a potential peace dividend and a critical factor in the success of post-conflict recovery. It also suggests that the state of a nation's infrastructure is an indicator of the possibility of it falling back into conflict or continuing on a transition out of a conflict cycle. The Plan goes further to suggest that the '*larger scale rehabilitation and expansion of infrastructure systems will have an enormous effect on the perceptions and improvement of stability in the country*'. A new National Development Plan together with an Economic Development Roadmap have recently issued – both of which prioritise infrastructure development.

Roads and transportation are given a particular priority because of the need to re-establish physical links across areas devastated by years of conflict and instability. It also highlights the need for improved connectivity to increase the volume and value of trade with its regional neighbours – Kenya, Ethiopia and Djibouti. Ports and aviation are considered as fundamental to the plan given both Somalia's comparative advantage with the extensive coastline and the sparse population across more of the country. The Plan emphasises the importance of improved spatial planning to reduce disparities between regions and parts of the country. And through this creating regional production bases – located on a rational basis of comparative and absolute advantage.

Lack of availability and high cost of energy are seen as a significant drag on economic growth prospects. This applies both to the electricity sector, and also biomass (mainly charcoal and firewood) which provides for 80 to 90% of Somalia's energy needs. Lack of investment, policies and regulations, and low human resource capacity have all hampered progress of the past almost three decades. The Plan concludes that '*the sector operates in a vacuum*'.

Given the challenging hydrology and predominantly arid nature of Somalia, agricultural infrastructure is also highlighted as a priority – in particular irrigation systems and feeder roads. Despite the importance of the Juba and Shebelle river basins for agriculture, it describes the infrastructure as being in 'disarray and dilapidated' and lack of marketing infrastructure affecting income for farming families. The Plan therefore prioritises restoration of irrigation infrastructure and canals and effective management and utilisation of water resources for agriculture.

It also seeks to transition from a major focus on humanitarian actions – with a shift towards longer term development models that will enable social and economic inclusion in order to move more rapidly from relief to development.

However, despite the prioritisation of infrastructure in the National Development Plan and the Somali Compact[35] there has been a lack of visible progress and impact at scale. Disbursement for infrastructure are around 20% of the $365m for priority projects. A review of the Compact[36] concludes that where there have been investments these have '*typically been small scale, dispersed and linked to other programmes*'. The report cites evidence from other post-conflict situations of rehabilitation projects, such as road upgrading, which has not happened at any significant scale in Somalia. The researchers suggest three key reasons for this being:

[32] Somaliland Ministry of National Planning and Development. 2018. NDP II Sector Priorities: Infrastructure. Pg 6.
[33] Op. cit.
[34] Ministry of Planning, 2017, Somalia National Development Plan 2017 – 19, FGS
[35] The Somali Compact was the outcome of a conference in Brussels co-hosted by the EU and the Somali Federal Government, setting out a new deal for Somalia. This included funding commitments and a new architecture to provide the structure and process for collaboration and prioritisation.
[36] Taken from Manuel, M. (2015), The New Deal in Somalia – An Independent Review of the Somali Compact, 2014 – 16, ODI.

- lack of security;
- limited government implementation capacity; and,
- limited finance.

The report highlights further factors such as risk avoidance, and also significantly poor links to humanitarian investments. Somalia's debt arrears have precluded until recently larger scale International Financial Institutions (IFI) finance with the AfDB Somalia Infrastructure Fund only established late in the Compact project, and has remained underfunded.

The Somaliland Ministry of Planning and National Development (MoPND) undertook a prioritisation of Somaliland's National Development Plan II over a period of six months in 2019 involving regional consultations and with 54 of Somaliland's Ministries, Departments and Agencies (MDAs). The need for investments in strategic infrastructure to foster transformational economic growth was the overwhelming key message from MDAs, as well as the message that Somaliland's "frontier state" status provides an opportunity for getting investments right from the beginning, particularly in relation to innovation and green technology.

3.4 *Development Assistance and Infrastructure Funding*

3.4.1 Development assistance

Official development assistance (ODA) for Somalia was at a record high in 2017 according to the annual FGS report on aid flows.[37] This was mainly due to the 80% increase over 2016 in humanitarian funding[38] to over $1bn, in response to the drought, with a more modest increase of 6% for development funding. An ODA to GDP ratio of 26% highlights Somalia's continuing aid dependency. There was also an increase in the proportion of treasury grants to more than $100m – mainly from the World Bank's Multi-Partner Fund and budget support from Saudi Arabia and Turkey. Some 20% of the development aid was channelled to funds under the Somalia Development and Reconstruction Facility (SDRF).

	2014	**2015**	**2016**	**2017**	**Total**
Development	607	611	681	742	2641
Humanitarian	672	588	563	1011	2834
Total ODA	**1279**	**1199**	**1244**	**1753**	**5475**

Table 1: Reported Development and Humanitarian Aid, 2014 – 17, US $ millions (Source FGS)

An earlier FGS report noted the following:

> *'On a per capita basis, Somalia received similar flows of aid as Afghanistan, US$ 130 and US$ 141 respectively in 2015 (Figure 5). However, the composition and potential for long-term impact of this aid differs significantly. Whereas 76% of ODA to Afghanistan consisted of Country Programmable Aid (CPA),[39] only 42% of Somalia's aid was categorized as CPA.'*[40]

3.4.2 Donor staffing and engagement with Somalia

The security situation throughout Somalia has meant that residence of the development community in Mogadishu or elsewhere in the country has been difficult to support (with the notable exeption of Hargeisa). For this reason, many development agency staff, contractors and research organisations working on Somalia policy and programmes are based in Nairobi. From this base, staff are able to make

[37] Ministry of Planning, 2018, Aid Flows in Somalia, FGS

[38] Two-thirds of which was from three donors: the US, UK and EC

[39] Country Programmable Aid (CPA) excludes humanitarian aid and debt relief. It also attempts to exclude aid that does not involve flows to the recipient country, such as administrative costs, research and advocacy, and refugee spending in donor countries. Some donor recipient and other commentators suggest that CPA is therefore a better measure of aid spent in country for longer-term development goals.

[40] OECD define CPA as the portion of aid that providers can programme for individual countries or regions, and over which partner countries could have a significant say.

very short visits to Somalia for meetings. In the case of Mogadishu, donor staff are often confined to the secure airport complex unless there is a security case for moving further into the city for that trip.[41]

There are significant benefits from this arrangement. Nairobi is a popular posting for singles and families and for this reason there is a good level of interest in postings to work on Somalia.[42] Postings also tend to be long term, with the possibility of extensions. For contractors, programmes have a duration of several years. One of the benefits of this much longer-term engagement is that it enables a deeper understanding of the context and complexities of operating in Somalia. It also strengthens the institutional memory – which is likely to result in more measured decision-making processes consistent with a longer-term perspective. There is however some criticism of this arrangement – referring to the 'Nairobi mafia' making decisions about Somalia, operating from a remote location with little direct experience of or contact with the country.

A comparison with Afghanistan is interesting, where tours are often only 6 months with little or no handover to successors. Inevitably, this means a lower level of understanding of the country or the context – and potentially short-term decision making in light of the length of postings. Donor strategies in Afghanistan have been plagued by imperfect knowledge of the history of donor engagement and learning from what worked and what did not.

3.4.3 Infrastructure funding summary

Funding to infrastructure projects in 2017[43] was $50.9m, up from $39.1m in 2016. In terms of geographical allocation 45% went to Somaliland; 17% to Puntland; 10% to the Federal Government and the balance (28%) distributed between the remaining states. The allocations correlate with levels of security and the track record of delivery in the different states.

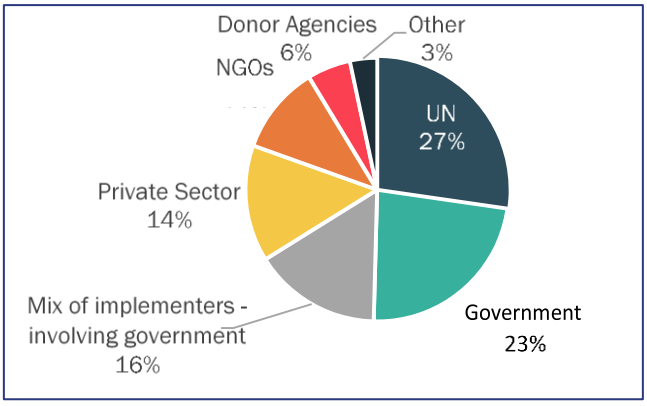

Figure 6: Major funders of infrastructure (FGS 2017)

3.4.4 The Somali Compact and pooled funding

Following the London Conference in 2012,[44] the UK hosted a follow-up conference in London in 2013 to discuss a coordinated approach based on the principles of the Busan Partnership for Effective Cooperation. This second conference agreed a framework for the compact – which was constituted as the Somalia Partnership Forum covering development and stabilisation. The EU then hosted the Somalia New Deal Conference on 16 September 2013 where the Somali New Deal Compact (also

[41] This applies to most donor staff, however there are several private sector aid implementers which lean further into having a presence in Somalia, and UN agencies have an increasing number of staff based in-country. While long-term residency of international staff in Somalia is unusual, some implementers retain substantial Somali national teams based in Mogadishu and other major cities and international staff will regularly spend time working in-country.

[42] Although two major Somali-linked terrorist attacks over the past few years, the most recent appearing to have targeted expats specifically, emphasise that Nairobi is not entirely protected from the conflict.

[43] Covering roads, ports, airports, energy and ICT, urban water & sanitation and mixed infrastructure.

[44] The London Conference on Somalia took place at Lancaster House on 23rd February 2012, attended by fifty-five delegations from Somalia and the international community. It focussed on the underlying causes of instability, as well as the symptoms (famine, refugees, piracy, and terrorism). www.gov.uk/government/news/london-conference-on-somalia-communique--2

known as simply the 'Somali Compact') and the Somaliland Special Arrangement (2013 – 2016) were endorsed and pledges made for the priorities set out in these documents. The compact was succeeded by the New Partnership for Somalia in 2017,[45] following a peaceful transition of power in February 2017.

The Somalia Development and Reconstruction Facility (SDRF) was established as the preferred financing architecture for the Somali Compact to achieve 'greater alignment of international aid, reduction of fragmentation and increased Somali ownership'.[46] The Somaliland Special Agreement specified a separate financing mechanism. The SDRF provided a coordinating framework and a financing architecture in support of the now-expired Somali Compact, but continues to exist to coordinate international financing for Somalia's National Development Plan (2017 – 2019), the first NDP in over three decades. It has a common governance framework for the three multi-donor trust funds that form part of the SDRF. These are the:

- **African Development Bank Somali Infrastructure Fund (SIF)**
- **UN Multi-Partner Trust Fund**
- **World Bank Multi-Partner Fund**

The largest contributors to the SDRF are the EC, UK, Sweden, Germany, Norway and Denmark.

	UN Multi Partner Trust Fund (MPTF)	WB Multi Partner Fund (MPF)	AfDB Somali Infrastructure Fund (SIF)
Thematic focus	Flexible financing instrument across all thematic pillars of the NDP	Coordinated financing primarily focused on core state functions, socioeconomic recovery and sustainable development.	Rehabilitation and development of infrastructure, and related skills development and institutional capacity building
Delivery modalities	*UN execution:* Participating UN organizations are eligible to receive funding. Financing may be provided to Government institutions, international NGOs, academia and the private sector as implementing partners of the recipient UN agency. *Government execution:* Under the National Funding Stream, financing can be provided directly to the national entities. *CSO execution:* The UN MPTF will also enable fund transfer to the civil society and youth organizations through UN funds and programs as a pass-through mechanism	*Government execution:* The majority of MPF projects are recipient-executed, which supports the Somali authorities to be the leaders of their own reconstruction and development and ensures that reforms and knowledge transfer are sustainable and replicable by Somali institutions. *WB execution:* The MPF also funds small-scale Bank-executed activities, for which the World Bank has implementation responsibility.	*Government execution:* Recipient execution by the federal or regional governments or their agents, which is the preferred modality. *Third party execution*, where a non-state actor such as an NGO, private company or UN agency implements the project component with the consent of the Government. *AfDB execution* on behalf of the government, when the government is unable to implement efficiently and effectively itself, and explicitly requests the AfDB to execute the project for them.
Links	http://mptf.undp.org/factsheet/fund/4SO00	www.somaliampf.org www.twitter.com/mpfsomalia	www.afdb.org/en/topics-and-sectors/initiatives-partnerships/multi-partner-somalia-infrastructure-fund-sif/

Figure 7: Summary overview of the SDRF[47]

The development partnership is now organised around nine **Pillar Working Groups (PWGs)**, one of which (Working Group 9) covers infrastructure. The Infrastructure PWG was chaired by the Minister of Public Works, Reconstruction and Housing, and co-chaired by KfW and the Head of Development Cooperation for the German Government in Somalia. The international lead has recently passed over to Italy.

A recent ODI review[48] of the Somali Compact suggests that it has been a 'bold experiment in an extremely challenging context' and the scope and timelines 'ambitious', with unrealistic expectations on both sides. However, despite these concerns, the overall view from the ODI report is that the Compact has had positive benefits, and that there are signs of increased momentum. It has also encouraged the re-engagement of International Financial Institutions. However, a lack of capitalisation implies that donors are not using the SDRF to the expected levels.

Building effective working relationships have also proved difficult – due in part to the security situation in Mogadishu limiting donor presence, and the political changes within the Federal Government of Somalia (FGS) in the early years. Significantly, the Compact dialogue processes are seen as burdensome and provide limited space for Somali engagement.

[45] https://www.gov.uk/government/publications/london-somalia-conference-2017-communique
[46] https://eeas.europa.eu/sites/eeas/files/20130916_the_somali_compact.pdf. Pg 4.
[47] https://somaliampf.net/wp-content/uploads/2019/03/MPF-Progress-Report-July-Dec-2018.pdf
[48] Manuel, M et al. (2017), The New Deal in Somalia 2014 – 16 – An Independent Review, ODI

The Compact has unfortunately 'become the public focus for concerns about lack of tangible improvements in ordinary people's lives'.[49] A related issue is the lack of visible delivery or impact of new infrastructure – despite it being a priority. **Investment in infrastructure has typically been small scale, dispersed and linked to other programmes**. This contrasts with other post-conflict settings, where some major rehabilitation projects, such as road upgrading, have been possible. This reinforces the reality that context matters and progress is hard in the absence of basic security and a stable political settlement. However, the Somali Compact 'has proved useful and all parties want to continue with some form of partnership agreement'.[50]

Somalia Infrastructure Fund (SIF)

The SIF is the principal instrument for major infrastructure funding under the Somalia Development and Reconstruction Facility. Its goal is to support and accelerate Somalia's inclusive and sustainable economic recovery, peace and state building within the context of AfDB's Strategy for Addressing Fragility and Building Resilience in Africa. The focus of the SIF is the rehabilitation and development of infrastructure, and related skills development and institutional capacity building. It covers transport, energy, ICT, and water supply & sanitation. Although set up in 2016 as one of the instruments under the SDRF to support the FGS National Development Plan's infrastructure plans, it has remained significantly under-capitalised. One of the reasons is that the FGS is not currently able to secure AfDB loan finance. However, until recently, donors had not provided funding to the levels required for large infrastructure. DFID was an early mover in providing some initial early seed funding – which was allocated to water supply and sanitation and implemented through the UN's International Organisation for Migration. More recently the EU has committed reasonably substantial funding, with additional contributions from the AfDB, Italy and the IsDB.

AfDB has faced a number of challenges in operationalising the fund in Somalia:[51]

- The length of time between inception and implementation of any major infrastructure project. In Somalia this is exacerbated by the limited funds and the scale of the infrastructure deficit, which makes prioritisation difficult particularly given the different interests within the FGS and the relevant ministries.
- The internal pressures on donors to commit and disburse. Most do not have patient money that donors can commit to the SIF knowing that it may be one year at best, and probably longer, before construction begins enabling committed funds to be drawn.
- The risk of non-traditional donors stepping in when a project is bankable, despite commitments already in place for the SIF to fund, and doing a deal with the FGS to fund.[52]
- The structure and lack of projects means that there is no possibility of hedging across a range of infrastructure and non-infrastructure projects in order to smooth the disbursement profile.[53]
- AfDB international tendering procedures are difficult to apply in a context in which few foreign contractors are willing to operate – resulting in very high rates. In order to speed implementation of some smaller infrastructure projects, funded through the SIF, the AfDB has implemented through UN agencies. Although this has enabled some flow of funds through the SIF, from a donor perspective it has added little value for the donor as they could have funded directly.[54]
- AfDB's lack of presence in Somalia.

The challenges facing the SIF have some resonance with those the Asian Development Bank faced with the establishment of the Afghanistan Infrastructure Trust Fund (AITF),[55] although the AITF had the advantage of significantly higher initial funding commitments from donors.

[49] ODI, op. cit.
[50] ODI, op. cit.
[51] These reflect the views - conveyed via interview - of donor organisations and others in the development sector, rather than the AfDB's, with additional observations by the ICED team. There has been no in-depth public review of the SIF, as little has so far been operationalised through it.
[52] See section 3.4.6.
[53] This is the approach of World Bank Multi-donor trust funds with infrastructure windows. SSF has a balance within its portfolio for the same reasons.
[54] Interviews with experts involved in donor coordination structures under SDRF.
[55] ICED, 2019, Afghanistan Case Study for DFID

World Bank Multi Partner Fund

The World Bank Multi Partner Fund (MPF) was established in 2013 as a vehicle to engage with Somalia. The MPF is one of the three multi donor trust funds within the SDRF. The MPF has been complemented by a USD140m grant from IDA's Pre-Arrears Clearance grant facility to finance priority Country Partnership Framework 21012 - 2022 (CPF) investments in the normalisation process. The MPF currently has 12 investment projects and six analytical/advisory projects, with three under development/pipeline. Between 2014-2018, USD 152.6m (83 %) have been disbursed through Recipient Executed projects. As of December 2018, donors had committed a total of USD 435.4m to the MPF, of which USD 335.2m had been paid in. The World Bank has disbursed a total of USD 215.6m.[56] The lack of IDA availability to Somalia has been a significant constraint to infrastructure funding. With the current process in place it is possible that IDA funding will be available to Somalia in the next few years.

The MPF focuses on three pillars: effective and accountable governance, enabling economic growth and urban infrastructure. Infrastructure components are included in the last two pillars and include support to the power sector, urban investment planning, urban resilience and recovery and a special financing facility for local development. Importantly, the World Bank is also conducting an urbanisation review financed by DFID and the German Government to inform donor engagements in Somalia given that Somalia has one of the highest rates of urbanisation due to conflict, returnees and climatic shocks. The total value of projects related to actual infrastructure investments and related analytical work is an estimated USD 32.3 million. An estimated USD 40 million project related to Water and Livelihoods is also in the pipeline.

The World Bank holding the urban infrastructure mandate may also explain some of the difficulties faced by the AfDB with the SIF. Urban areas tend to be more secure and present fewer of the uncertainties that cause delays to major infrastructure projects.

UN Multi Partner Trust Fund (MPTF)

The UN MPTF is the core programmatic and funding instrument of the UN's support to the Somali National Development Plan 2017-19 (NDP) and serves as a mechanism to coordinate funding and implementation of the UN's Strategic Framework 2017-20.[57] The UN MPTF has two funding streams:

- UN Window
- National Window

Under the UN Window, UN organisations implement joint programmes that are funded through the UN MPTF. As of now, the UN Window has more than 20 active joint programmes, implemented by 17 UN entities and funded by 13 donors.

Since its establishment in 2015, USD 357m has been committed by donors. UNOPS is the UN organisation with an explicit infrastructure mandate, however, organisations such as IOM, UNICEF and UNDP also deliver infrastructure projects, with the first two being primarily involved in water infrastructure. Most of the infrastructure projects that UNOPS delivers are largely outside the SDRF framework, and usually involve the construction of Ministry buildings or justice infrastructure.

Within the same framework, the Pilot Project for National Service Delivery worth USD 863,636 was involved in five infrastructure projects. The Joint Programme on Local Governance delivers some infrastructure based on community priorities.

3.4.5 Other multi-donor funds and programmes with significant infrastructure components

Somalia Stability Fund (SSF)[58]

The Somalia Stability Fund is a multi-donor fund with contributors from Denmark, Sweden, Netherlands, Norway, the European Union (EU), Germany and the United Kingdom UK). It is an adaptable instrument that develops a portfolio of projects aimed at strengthening local governance and reducing conflict in

[56] World Bank. 2019. Multi Partner Fund Progress Report, July – December 2018. p 38.
[57] https://www.uninsomalia.org/aid-coordination-architecture
[58] Further information: www.stabilityfund.so/about-us/

Somalia (SSF does not cover Somaliland). Although not principally an infrastructure fund, SSF includes a significant number of programmes that have infrastructure and buildings as a significant component, representing 30 – 50% of SSF expenditure depending on definition/classification of investment. These components include transport, energy, water and productive infrastructure. The funding of infrastructure is as a tactical tool to achieve a range of outcomes that may be economic, political or humanitarian – with an overall stabilisation objective.

In keeping with its mandate, the SSF operates in unstable areas, many of which are vulnerable because they are cut off from other centres of population. The success of projects in these areas depends on the security guarantee provided by AMISOM and the SNA, and the extent to which SSF considers this gives adequate cover to proceed safely. The level of security has been progressively increased through the project implementation.

Somaliland Development Fund (SDF)[59]

The SDF is a pooled funding arrangement with funding from the UK, Netherlands, Denmark and Norway of around USD 60 million and primarily focused on infrastructure. The UK contributed £25m to Phase 1 (2012 – 18). The SDF delivers priority investments in support of the Government of Somaliland's National Development Plan. It focuses principally on roads, rural and urban water supply, and infrastructure for agriculture and livestock. The theory of change and purpose have evolved over time. The second phase started in late 2018, and the objectives for SDF 2 have changed, with a better understanding of what a fund like SDF 2 can do best. The objectives of SDF 2 are:

- Support increased inclusive economic growth through investment in productive, strategic infrastructure to enhance economic growth and revenue generation.
- Strengthen and maintain the capabilities of the government of Somaliland to prioritise and manage the sustainable and equitable development of Somaliland's infrastructure.
- Support strong government ownership of development priorities aligned with the National Development Plan.

SDF Phase 2 focuses on sustainable infrastructure investments and according to its operational guideline, "… it will only invest in projects that are supported by robust Operations and Maintenance (O&M) systems and budgets, thereby ensuring the longer-term sustainability of economic assets",

Energy Security and Resource Efficiency in Somaliland (ESRES)[60]

Programmed over 6 years (2014 – 21) the UK funded ESRES programme aims to support Somaliland in diversifying its energy mix, into renewables (mainly Solar PV), enhancing resilience of supply and providing support for the institutional and regulatory environment.

Somalia Humanitarian and Resilience Programme (SHARP)

Programmed over 3 years from 2018 – 2022 SHARP is a very large (£250m) DFID funded programme with substantial components focused on resilience and emergency response. The nature of the programme is diffuse, with a range of humanitarian activities. The links between SHARP and infrastructure are not publicly articulated. It does, however, include water supply and sanitation, some water for productive purpose (in particular livestock), as well as shelter and other structures such as health centres. A very provisional estimate[61] suggests that around £13m is allocated to infrastructure. There is limited design and implementation information in public records regarding infrastructure projects funded by the programme, although the usual documentation covering the entire programme at a higher level is available from DFID's Devtracker website. It is common across the humanitarian sector for project-level data concerning the design and management of infrastructure not to be shared publicly. Often such information is not even shared with donors by humanitarian implementing agencies, despite the significant overall levels of funding allocated within this aid sector.

Public Resource Management in Somalia (PREMIS)

PREMIS is programmed over 7 years (2015 - 22) with joint funding from DFID and the EU with total allocation of £28m. Its objective is to build the capacity of Somalia's new federal system of government by establishing and improving systems for tax, spend and civil service management at all levels.

[59] Further information: www.somalilanddevelopmentfund.org

[60] For more detailed information on ESRES see section 4.1.5 of this report

[61] Based on an estimate from NRC in 2018 on the intentions of the NGO consortium (BRCiS) that delivers the programme.

Although its focus is public finance management and public administration, it does include some local level infrastructure investments.

Promoting Inclusive Markets Programme (PIMS)

This DFID funded project (2014-19) with a budget of £13m seeks to expand private sector investment. It aims to provide 9000 long term jobs, and 500,000 employment days for the poor, women and youth in agriculture and light manufacturing, including small scale construction.

3.4.6 Non-Traditional Donors

As referenced elsewhere in the report, there is significant involvement of non-traditional donors in infrastructure development in Somalia.

In November 2017, Qatar pledged USD 200 million for infrastructure projects which were not earmarked at that stage. Turkey has provided over USD1 billion support to Somalia since 2011, including the establishment of the 10,000-person military base in Mogadishu, the largest Turkish base outside Turkey. Turkey is said to have pledged over USD 400 million for infrastructure investments in Somalia, including rebuilding of the extensive irrigation system originally built by the Italians on the Shabelle river.

UAE completely pulled out of Mogadishu in April 2018 when the Government seized USD 9.6m from an Emirati plane at the Mogadishu airport. While the Government claimed that the funds were intended to meddle in Somali affairs, the UAE claimed that it was for salaries for the Somali soldiers it was training at its base in Mogadishu. The UAE closed the base, pulled all staff out and abandoned all aid projects almost overnight.

In 2018, it was announced that the strategic roads between Mogadishu and Afgoye (30km) and Mogadishu and Jowhar (90km) that were initially meant to be completed with financing from AfDB's Somalia Infrastructure Fund, would be rebuilt by Qatar. This was "awarded" to Qatar without consultation with the Minister of Public Works, Reconstruction and Housing, as well as the Federal Member States which led to tensions between ministries of Planning and Public Works and Federal member states. After some delays due to allegations of political interference, the contract has been awarded to an unnamed Turkish company in February 2019.

While the international community and traditional donors go about agreeing to national priorities through the SDRF structure, there has been continued criticism of the lack of transparency of the non-traditional donors. Some Somali authorities prefer the non-traditional donors because they are perceived to just "get-on" and deliver. However, Turkey has been criticised in the past for bringing their own people to deliver infrastructure when they conducted projects such as the Mogadishu port, airport, schools, hospitals and municipal roads.

3.4.7 Foreign Direct Investment Including Diaspora Funding

According to the World Bank,[62] Somalia's GDP was $6.8 billion in 2016 and $7.0 billion in 2017. The report notes that GDP is dominated by private household consumption expenditure, representing 132% of national income.

Remittances are a dominant feature of Somalia's economy and a key factor in the welfare of its people. Most of those who left the country to escape war and famine were the relatively well educated and well off. This, combined with a strong Somali entrepreneurial streak, enabled many to thrive overseas. Strong family and clan ties mean that a significant proportion of their income is sent home – and is a key driver of the economy.[63] Although recent research suggests that the poorest are not benefiting from remittances. The dominant role of remittances and ODA is demonstrated in the striking figure below (Figure 8).

[62] World Bank, (2018) Somalia Economic Update

[63] Hammond, L et al (2012) Cash and Compassion: The Role of the Diaspora in Relief, Development and Peace Building, Chatham House

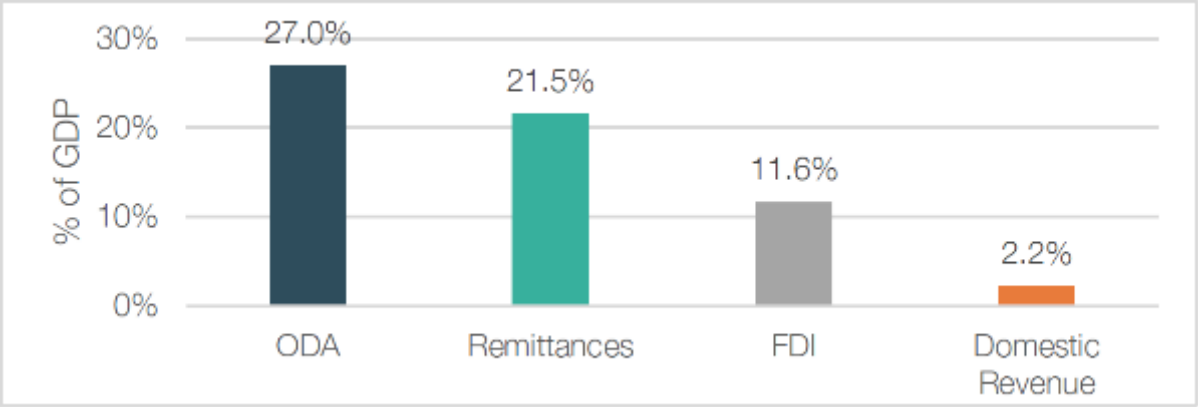

Figure 8: Financial flows as percentage of GDP (FGS, 2017 data)

Official remittances from the diaspora are estimated at about $1.4 billion a year, equivalent to about 23% of Somalia's GDP. It is estimated that about 3.4 million people—roughly 40% of the population—depend on remittances for their daily needs, and about 80% of all new business ventures are funded by remittances.[64]

According to the Pew Research Centre,[65] between 1990 and 2015 the number of Somalis born in Somalia but living in other countries more than doubled from 800,000 to 2 million. Nearly two-thirds of Somali migrants lived in neighbouring countries, with an estimated 280,000 in Europe and 150,000 in the US.

The UNHCR[66] estimates that in 2018, 870,000 Somali refugees were registered in the Horn of Africa and Yemen (the majority in Kenya[67] and Ethiopia), with 2.1 million internally displaced.

A recent survey[68] investigated the financial engagement of the Somali diaspora in relation to money transfers to family and businesses. This found that:

- **remitters** sent an average of $423/month to family and friends in the Somali region for basic needs – food, education and medical care.
- **investors** (nearly 60% of respondents were active investors) committed funds generally in the range of $5,000 to $50,000 with some to the level of $100,000. One third had invested in the last 3 years. The bulk of contributions (78%) came from the Somali region, UK, Canada and the US (in descending order). They are most likely to trust business partners and family members for recommendations. For the most active, the preference was for direct investment into single businesses. Others prefer co-investments or mutual funds to reduce risk. Investments were distributed across sectors, with the highest to agriculture, real estate and education – but also included canal rehabilitation and wells/boreholes for water supply. Of the motivations; the report cited financial return (protecting and growing capital), social good and the potential to return in the future to the Somali region.

Somalia has one of the most active mobile money markets in the world – outpacing most other countries in Africa – with about 36% of GDP flows through mobile money systems. In 2017 about 73% of the population had access to a mobile money account, with only a 5% gap between men (75%) and women (70%).

It is also important to recognise that there is an increasing anti-diaspora sentiment within Somalia. This is because of their dominance of important institutions in the central region, as a result of Somalis returning to the country with some taking up lucrative donor funded positions.[69]

[64] World Bank op. cit.
[65] Connor, P. et al (2016), 5 Facts about the Global Somali Diaspora, Pew Research Centre
[66] www.unhcr.org/somalia
[67] 250,000 of these are in the Dabaab camp near the Somali border. The Kenyan government plans to close the camp on security grounds – something that Human Rights Watch is lobbying against (www.hrw.org/news - March 2019).
[68] Benson, J. et al (2016) Somalia – Diaspora Investment Survey Report, IFAD and Shuraako
[69] Webersik, C et al. (2018) Somalia – a Political Economy Analysis. RVI for Norwegian Ministry of Foreign Affairs

3.4.8 The Somali Banking System

A recent internal DFID report by ICED[70] highlights the lack of any effective or recognised banking system in Somalia. The traditional Somali money transfer companies (known also as *hawala*) have played a crucial role to facilitate money transfer within the Somali financial ecosystem. This comes in several forms including; remittance from the diaspora community; finance from relatives overseas; or, business to business (B2B) transfers. Ultimately, hawala cannot replace a formal banking system, and hawala companies have come under increasing international scrutiny over recent years within the framework of the 'war on terror'. Similarly, the Somali business community are unable to benefit from entering into international business partnerships to further develop their companies because the Somali system was, and continues to be, deemed to be too risky by potential international partners and creditors. Importation is also very difficult without the ability to open Letters of Credit (LC).

[70] ICED, 2018, Scoping DFID Infrastructure Development in Somalia, DFID

4 Case Study Findings

4.1 *Energy[71] and Electricity*

4.1.1 Private Companies Control the Energy Sector

The energy sector in Somalia and Somaliland is almost fully controlled by private companies, with the exception of a few municipalities in Puntland.[72] Despite the serious problems facing the sector, private parties continue to invest their own capital in power supply, as well as in the import and distribution of petroleum fuels.

Somali businesses have had to develop creative and innovative plans to protect themselves in a highly insecure environment. They have also had to accept very high levels of risks both domestically and internationally - without a Somali government protecting their interests.[73] In the eyes of many business people, the Somali state had lost its legitimacy. However, the private sector is increasingly recognising the potential advantages of working with government.

Equally, key stakeholders such as the government and the donor community are also showing an increasing interest in engaging the private sector. This is both a very interesting and beneficial development for a number of reasons. Until very recently, the electricity companies (just like the rest of the Somali private sector) formed cartels. This enabled them to maintain a quasi-monopoly market position with little price flexibility. In this environment the connection fee for electricity to a single house or a small business required an upfront payment of up to $400. Today, in Mogadishu, this connection fee is no longer levied in most cases due to increasing competition between the electricity companies.

There is a consolidation of small electricity companies that are grouping together to be able to make the high investments necessary to offer state-of-the-art power supply services. This makes power companies more efficient as they exploit economies of scale that did not previously exist.

There is significant competition between power companies in some of the major cities like Mogadishu for potential customers (e.g. Beco and Blue Sky).

Secondly, perhaps for the first time since the collapse of the central Somali state in December 1990, a Mogadishu-based company (Blue Sky), with major shares and management members from another Somali region (i.e. Puntland), is able to compete without major hinderance with the traditional energy provider in Mogadishu whose owners are mainly from Mogadishu itself. One private sector interlocuter suggested that the rules and ethos of Somali private enterprise go beyond clan-based allegiances and are based on business interests and alliances. This is reinforced by findings from the University of Pennsylvania (see box).

As national political reconciliation conferences have failed time and again to deliver either results or a sense of hope, Somali businessmen and women have gone ahead in efforts to expand their activities. Defying the tendency toward endless political fragmentation, they have found ways to cooperate ….. across clan and territorial boundaries.

Casanneli,L. 2010, Private Sector Peace Making – business and reconstruction in Somalia, University of Pennsylvania,

There is significant involvement of cellular communications companies in electricity services. Some communities have two or three providers, and

[71] The oil and gas sectors are beyond the scope of this report, and also the role of most development actors. However, there is substantial political and private sector interest in the exploitation of Somalia's offshore reserves. These were the subject of a controversial meeting held in London in 2019. Sovereignty over offshore reserves is also the source of a major and ongoing political dispute between Somalia and Kenya.

[72] Some sections of Hargeisa and Berbera up until 2015, most of Bosaso and Qardho where the electricity provision seems to be a semi-public service.

[73] These include for instance the significant difficulties Somali businesses have been facing to transfer money through the formal international financial and banking circuits due to the absence of effective Central Bank of Somalia in the past decades, lack of trust on the part of international potential business partners and lack of foreign investment to mention but a few.

where these are part of a mobile phone network, the same owner may supply power to several communities. However, the mobile phones business tends to dominate where this is the case, which tends to limit their interests and incentive to interconnect neighbouring communities.[74]

4.1.2 International Investment

It is clear that one major comparative advantage of the Somali private sector is the ability and relative ease with which it is able to mobilise and raise investment funds from the diaspora to expand local networks.[75] The overwhelming majority of companies operating in the energy sector are said to be fully equity-based financing (one company confirmed that it had declined an offer of loan finance from KfW).[76]

However, the fully equity-based financing model for the private sector has its own limits. For example, within the energy sector the Somali private sector has been unable to upscale and modernise the energy sector beyond fragmented mini-grids mainly powered by diesel generators with a highly inefficient and unsafe distribution network. Both the private sector interviewees and KfW stated that the biggest constraint on investment is investment security.

As reflected by the recent experience of the (solar) energy companies working in Somalia, when small-scale companies are given the opportunity to get access to affordable credit, this can have a significant impact on improving their productivity and they can successfully pay back their creditors in time.

4.1.3 Sector Governance and Institutional Capacity

The lack of effective governance and absence of a meaningful regulatory environment is one of the main reasons for the high cost of electricity in Somalia. The sector lacks much needed guidance, incentives and coordination. A key consequence is the absence of meaningful domestic public revenue[77] which makes it almost impossible for the government to invest in infrastructure. The situation is compounded by conflicting and overlapping mandates of the public agencies both at the Federal and State level within the regulatory environment. The lack of capacity is probably a major contributing factor to the lack of safety surrounding energy infrastructure for both the general public and technical operators.

Federal

In Mogadishu, the FGS has created a Ministry of Energy and Water Resources to define and implement overall energy sector policies and to regulate the sector. The ministry has limited staff and limited budget. The FGS has little capacity to develop policies, and there is little or no legislation governing electricity. Nor is there any element of regulatory framework. As in most of the country, there is a legal/regulatory vacuum, and the industry is more or less self-regulating. The World Bank, through the recently approved Somali Electricity Access Project, aims to provide technical support to the Ministry with a view to introducing regulation to the sector.

[74] UNICON, 2018, Somaliland Power Roadmap, Ministry of Energy and Minerals, World Bank
[75] Based on interviews with both the management of Somali electricity companies and Somali donors.
[76] Meeting 2018 with one major private electricity provider
[77] African Development Bank (2015). Somalia Energy Sector Needs Assessment and Investment Programme

Somaliland

In Somaliland, the Ministry of Energy and Mineral Resources has responsibility for energy sector policy and oversight. It has few qualified staff and thus limited capacity to manage the sector. Currently all energy in Somaliland is provided by the private sector.[78]

With EU support, Somaliland adopted its National Energy Policy in November 2010. USAID then supported drafting of the Somaliland energy and electricity regulations and submitted in 2013. However, the process was delayed until ESRES, revisited the Somaliland Electrical Energy Act (SEEA) in March 2015.[79] Following extensive consultations with the energy services providers (ESPs), the SEEA was finally submitted to the Parliament in early 2018. The SEEA was swiftly passed, but two key sections, related to tariffs and the structure of the energy sector, had been removed.[80] It is speculated that the ESPs lobbied Parliament members to remove these two key chapters. The current Somaliland President, Muse Bihi, has asked for these chapters to be reinserted – although this has not as yet happened. This exemplifies the challenge for the government to play a regulatory role, given the strength of the private sector lobby to maintain the status quo, where this is in their own commercial interests.

> The problems pertaining to institutional capacity are exacerbated by a lack of technical skills within Somalia. The African Development Bank and USAID have both reached similar conclusions in their sectoral needs assessments.
>
> *"Many donors have supported vocational training, with mixed results. The critical skill shortages in several key industries are not addressed in vocational training programs. Higher level technical skills are required, for example, ….. to design and install transmission systems for renewable energy facilities."*
>
> USAID (2014) Somalia Strategic Economic Growth Assessment

4.1.4 Somaliland – Power Sector

According to various assessments, about 70% of Hargeisa's capacity is generated by SomPower (which is also generating about 60% of electricity country-wide). There are four more private generators in Hargeisa. The tariff is US $0.75 per kWh with certain discounts for bulk users.

Berbera is served by BEC (Berbera Electricity Company), which recently became entirely private after a period of private-public partnership with the country, Dahabshiil Bank and Tayo Energy have invested in the utility and are currently running it. At the time of their original investment the tariff was US$1 per kWh. The investors committed to lowering the tariff to US$0.30 by 2019 and it is currently available at US$0.50 per kWh. They are running about 7 MW of installed capacity. One of the generators is newly installed. They have also installed three wind turbines that have yet to be commissioned.

The recent WB masterplan[81] states that in larger urban centres, with more than one ESP, there is no common shared network, which contributes to high levels of inefficiency. Some users needing higher capacity to meet demand have multiple connections with separate ESPs, often together with some captive power capacity. The masterplan also confirms high levels of inefficiencies with High Speed Diesel Generators (HSDGs) that are operating well outside optimum levels – causing diesel fuel waste and an increased rate of wear on the generator.

Stranded Wind Power Assets in Somaliland

Hargeisa has had a negative experience installing wind turbines. These are in place by the airport but are not operational due to faults in installation or production, which they are not able to have the supplier address.

There are currently 11 non-operational wind turbines dispersed between Hargeisa, Berbera, Borama and Erigavo. Only the five Hargeisa and three Berbera wind turbines were considered as potential generators in the survey. These are 22kW turbines mounted on 18m towers. While three of the five

[78] Ministry of Planning and National Development, 2018. NDP II Priorities: Energy and Extractives Sector. Pg 10.
[79] Rima das Pradhan-Blach, (2016). Mission Report of the Renewable Energy Fund Advisor, ESRES.
[80] Ministry of Planning and National Development, 2018. NDP II Priorities: Energy and Extractives Sector.
[81] UNICON, 2018. Somaliland Power Master Plan. Pg 70.

turbines at the Hargeisa airport are considered potentially operational, their history has created safety and liability concerns for the local ESPs who own and manage the airport distribution network.

The wind turbines were installed with the support of the USAID financed Partnership for Economic Growth. An interviewee advised that the equipment was of poor quality, and prone to regular breakdowns.[82] SOMPOWER is the ESP for the airport, which may limit incentives to make the wind farm viable.

Detail of the reasons for the failures of these programmes are not clear. However, it does imply that ventures into new renewables technologies require careful prior research, and highly competent design and construction using tried and tested equipment appropriate to the operating environment.

4.1.5 Donor Efforts

Donor projects in the energy sector have to date been small scale, with the largest one being the DFID-financed ESRES. These have tended to focus mainly in the area of renewables, governance and regulation of the sector.

This situation has required funding agencies to invest a lot of effort in understanding the sector, and seeking to identify opportunities that will not distort, through for example, public subsidy or otherwise undermine existing arrangements.

Donors have also been held back by concerns about the security of investments.[83] What investment there has been from donors has been mainly focused on Somaliland and Puntland. The Somaliland Ministry of Energy and Minerals has been a difficult partner.[84] Funding agencies have wanted to support reform of the sector, but without any energy policy or regulatory framework this not, as yet, been possible. As a result, most interventions have not aimed to effect any immediate systematic or transformative change in the sector.

Donors have tended towards supporting renewable energy projects – both 'plug and play' and mini-grids where there are fewer complexities remote from a pre-existing market and private providers, capacity building, and policy issues.

The highly innovative approach of the private sector has created a unique environment that discourages traditional donor engagement in the sector. Given the human geography, political economy and conflict dynamics of Somalia, there is no scope for high value investments in large power plants, extensive transmission grids or distribution networks. There is also, generally, neither the need nor the opportunity for sector unbundling – given the role that the private sector already plays.

Hargeisa is an exception where the grid is in multiple ownership. Funding agencies have so far declined any involvement in unbundling because of the complexities of the current arrangement.

The AfDB's Power Sector Needs Assessment and the World Bank's Masterplan

The AfDB's Energy Sector Needs Assessment[85] recommended a programme of expanding electricity supply in cities that would invest in rebuilding the grids and improving generation in a number of agglomerations, such as in all regional capitals. The first cities to be considered for this programme would be those whose status is currently defined as safe and where work could start soon. These cities are likely to include Hargeisa, Garowe, Berbera, Bosaso, Qardho, possibly Mogadishu, etc.

AfDB's estimated cost, based on the needs assessment, to electrify all regional capitals, other large cities and a number of smaller centres (via minigrids) is about USD 580 million (2016-25). However, there has been no substantive progress with implementing this programme, as it did not address the challenges of working in an electricity sector dominated and run by private companies.

[82] This is a commonly held view among sector stakeholders, although the ICED team was unable to verify it.
[83] Somalia Energy Sector Needs Assessment FGS-AfDB, 2015
[84] From above reference (p53): "The strengthening of [the MoEM] is absolutely necessary, on pain of there being no-one with whom to discuss and exchange views, let alone come to an agreement on energy sector development and expansion issues"
[85] AfDB (2015) Energy Sector Needs Assessment and Investment Programme

World Bank Masterplan[86]

Given the lack of progress, following the AfDB Sector Needs Assessment, The World Bank co-ordinated a power sector master planning process for Somaliland, and Puntland and South Central. Given the dominance of private companies in the electricity supply market, this has involved significant dialogue with these companies. The objective with the Masterplan process is to move beyond the earlier needs assessment to an agreement, with the private power providers, on priorities that will enable progress in the sector.

One pillar of the WB masterplan is the development of a medium voltage ring transmission line around a city, into which generators could supply power and from which the electricity would be distributed to consumers.

This could be an area for donor support, although it may be that private companies would be willing and able to invest in this part of the system as well. For example, the team was told that a major telecoms investor/operator has offered to construct a medium-tension distribution grid (between 600 V and 69 kV) in Mogadishu and reportedly would be ready to pay a fee of USD 4 million to the FGS for the privilege. Such a transaction would give a complete monopoly to this group, as it would own both the generation plant and the distribution system. However, groups of small generators are reportedly trying to form cooperatives or similar joint ventures in order to make the heavy investment required to ensure proper electric power supply (presumably including a proper medium- tension distribution grid). Alternatively, the government could build the grid (with donor funding) and make it accessible (for a modest fee) to all generating companies that meet the technical requirements.

The complexities of the operating environment in Somalia mean that the challenges of addressing systemic and structural issues within the electricity supply sector will continue to be difficult despite these efforts. Funding agencies involved in the sector have a choice whether to focus on the development of renewables at household and mini-grid level or, in addition, engage with the critical longer-term needs for supporting the development of a more effective and efficient private sector, appropriately regulated.

Energy Security and Resource Efficiency in Somaliland (ESRES)

This DFID funded programme (£20.68m) aims to support Somaliland in diversifying its energy mix, enhancing resilience and facilitating an enabling institutional and regulatory environment for the expansion of access to electricity. It has been structured as two phases over a total of 7 years:

Phase 1 (2014-18)

- TA to the Somaliland Ministry of Energy and Minerals to develop a policy and regulatory framework for the sector;
- Pilot the development and implementation of hybrid mini-grids;
- Create a Renewable Energy Fund towards the end of Phase 1.

Phase 2 (2018-21):

- Expand activities on the basis of lessons learned. Activities are to be confirmed, but expected to include further minigrids, potentially broader work on transmission and distribution (rather than generation), supporting new energy regulation bodies.

A review at the end of Phase 1 found that concrete results were achieved in relation to moves towards tariff reduction, increased connections, and UK financing catalysing financing from Somaliland's ESPs. It found that the project provided important lessons for other donor efforts which are now being launched or in the pipeline, and demonstrating sector coordination and how effective division of labour can work to complement efforts. Proof of concept for renewables (Solar PV) technologies was also a significant result.

The Somaliland Renewable Energy Fund to be established under ESRES 2 will have three windows:

> The scale of ambition of the IPPs is significant. For example, Sompower has installed a 4 MW solar plant on the outskirts of Hargeisa. A possible role for ESRES could be to support its successful commissioning and operationalisation.

[86] UNICON, 2018, Power Masterplan for Somalia, Ministry of Energy and Water Resources, World Bank

- Support to ESPs Grants to ESPs, other than existing 6 pilots, to support capital expenditure for renewable energy generation and system improvement (USD 7.2m). million).
- Captive Power Users: Grants to productive and domestic energy users to support capital expenditure for renewable energy generation and system improvements (USD 1.8m).
- Operational Enhancement and Project Preparation: Grants to applicants with innovative ideas to help transform the technology or market structure used to deliver electricity services in Somaliland (USD 0.24m).

ESRES 2 continues to provide support to the ESPs to reduce operational costs, however this time with a focus on reducing technical and commercial losses. Under ESRES 1, all pilots except one adhered to the grant agreement on tariff reduction.

ESRES, as a provider of grant funding, is operating in a market that is entirely dominated by the private sector. This brings particular challenges regarding the preferencing of ESPs and providing some with competitive advantage over others. The leverage to reduce tariffs is the tool the programme is using to reflect the value of support to the ESP. However, not all agencies agree this approach and one interlocuter expressed a view that all funding of ESPs should be structured as government equity in the business – because of concerns about possible market distortions from providing grant finance to private companies. Recognising these risks, ESRES sees itself seeking to play a small role in disrupting the current monopolistic status quo. It also has the potential to encourage earlier uptake of clean technologies.

> One private service provider, interviewed as part of an earlier ICED assignment, was asked what they would do if they did not receive an ESRES grant in the next round of funding. They answered that they would probably go ahead with their own investment in solar generation regardless. This could be seen as both a success, but also a warning sign that the approach may need to evolve as time goes on to consider the issue of ESRES additionality now that the business model and technology have been demonstrated.

The World Bank is also funding the $5.75 m Somalia Energy Access Project (SEAP) approved in December 2018. This relatively new programme comprises three components:

- Standalone plug and play Solar PV
- Urban and rural Mini-grids
- Capacity building

It supports mapping of renewable resources, and a potential large-scale grid and transmission/distribution projects with the possibility of regional inter-connection.

DFID has specifically requested ESRES to coordinate closely with the World Bank SEAP project which includes building capacity to Energy Regulator in Somaliland. The agreement between ESRES and SEAP is to have a structured platform for coordination. This is an important development in an environment where there are a number of standalone initiatives, which could, arguably, achieve more through closer collaboration and reduce transaction costs for partners. It was also important in avoiding MoEM playing donors off against each other – and required a significant effort.

The EU is also supporting the Somaliland Energy and Livelihoods Project, and Somaliland Energy Policy Dialogue (now complete), a proposal for biomass fuels substitution and vocational training for infrastructure skills ($30m), as well as the support and installation of the Pilot Renewable Energy Systems and Somali Energy Transformation Projects.

USAID, through its Transition Initiatives for Stabilization (TIS) programme, assisted in drafting legal and regulatory texts relating to the energy sector and supported a pilot project of wind energy, all of which have valuable lessons for future engagement in the sector.

Smaller Projects in the Energy/Electricity Sector

A variety of donors implement many smaller projects which are very focused on local impact, do not have large scale impact and cannot be used as examples for demonstrating best practice for upscaling. There are also some concerns about the quality of solar PV systems being imported into Somalia, that is creating some distrust in the technology. The World Bank is seeking to support quality controls on imports of equipment for solar systems.[87]

[87] Meeting with World Bank, March 2019

Notable projects - that are indicative of the fragmentation of the donor landscape - include:

Stabilisation projects such as SSF, TIS+ and NIS Foundation support initiatives that include energy components, such as solar street lighting, solar-driven pumps for pumping water out of boreholes.

The EU funds a Natural Resources Management Program in Puntland which includes a component to contract the private sector to commercialise Liquified Petroleum Gas (LPG). Indications from the EU[88] regarding a recent study suggested that a private bulk tank and bottling facility in Bosaso would be viable based on costs and levels of demand. The objective is to substitute charcoal for LPG for cooking given the levels of denudation of tree cover – particularly in Puntland.[89]

4.2 *Roads and Transportation*

The lack of security in key areas of Somalia has led to funding agencies being cautious about funding roads in general, and particularly in areas at risk from Al Shabaab, and clan militia. The current situation heavily constrains agencies in providing funding for renovation and re-building of the roads network through much of Somalia.

The existence of extensive roadblocks is heavily constraining trade and commerce throughout Somalia as well as much needed humanitarian assistance. It is symptomatic of the current security situation and the lack of control that the FGS has over these roads and its ability to ensure free movement.

A recent DFID funded study[90] identified an urgent need to reclaim the roads to facilitate and sustain safe transit. Interventions should be relevant and effective at meeting local needs, because local people have clearly demonstrated that they know what their needs are, and they have knowledge about what will and will not work. Somali-led interventions, with outsiders in a supporting role, are also much more likely to be sustainable because they will be grounded in local capacity and motivation. This commitment is not shared by all those with an interest in the current political economy.

Security

The transportation sector is highly sensitive to security conditions, with technicians and crews repairing roads particularly vulnerable. Building or repairing roads requires a minimum of security for work crews, who must spend considerable time along the road. The lack of security makes transporting goods and construction materials hazardous and costly, especially for the proliferation of checkpoints where, generally speaking, some form of “toll” must be paid in order to be able to proceed. Therefore, road projects are the most difficult to implement under conditions of insecurity. Ports and airports are easier to work on because they can be secured more easily and are often secured at all times in any case. For these reasons, port and airport projects have often been given preference in the more fragile southern regions (i.e. Hirshabelle, South West, Jubbaland and Benadir).

This research mapped existing roadblocks on the road between Beletweyne and Mogadishu. It uncovers key information to understanding the ways in which roadblocks cause harm, and calls for collaborative action to reclaim Somalia’s roads.

The overall finding was that **roadblocks are restricting the ability of people, goods and aid to move safely and freely by road, and are impeding progress towards the long- term stability and reconstruction of Somalia.** The current political economy of roadblocks is a complex one with competing and conflicting interests, power struggles, corruption and crime all converging within a challenging and hostile physical environment. Further findings conclude that:

- **All three political power networks in Somalia use roadblocks for purposes of territorial control and revenue generation -** the State, Al-Shabaab (AS) and clan-militia groups.
- **Roadblocks foster a culture of corruption across all three power networks.**
- **Roadblocks have a disproportionately negative effect on society,** particularly people’s daily

[88] Meeting with EU March 2019

[89] The LPG component of this important multi-year EU program seems to have eventually faltered although the rest of the program has been reportedly a success.

[90] Transparency Solutions, 2017, Reclaiming Somalia’s Haunted Roads, IAAAP (DFID funded)

life. Many are excluded from travelling, because of their clan affiliations or because they are a potential target for Al-Shabaab.

- **Roadblocks contribute to a widening social inequality.** Many road-users are excluded from travelling through Al-Shabaab or clan-militia roadblocks because of their personal profiles, due to the jobs they do, or because of past trauma. Those who can afford to do so, choose to fly.
- **Al-Shabaab roadblocks are well organised and comparatively safe.** For those who feel able to pass through AS-controlled territories passing through Al- Shabaab roadblocks is their preferred route because it is efficient, quicker and, once initial screenings have been completed, is relatively safe.
- **Unemployment is one of the main drivers of illegal roadblocks.** This is undoubtedly the case with clan- militia, many of whom are desperate young men with families to feed, no skills and no visible opportunities. Al-Shabaab continue to exploit these young men who are more susceptible to radicalisation and recruitment.

> The first Al-Shabaab checkpoint is approximately 25km west of Beletweyne town at Luqjeelow. Here, for example, the driver of a passenger bus pays a fixed sum of $200 and is issued with a set of payment vouchers, one for each of the following AS checkpoints until Daarusalem, the final Al-Shabaab-controlled checkpoint and 53km south west of Jowhar.

- **There is significant public support for the FGS to legitimise roadblocks and to run them efficiently and effectively.**
- In Somaliland roadblocks have made the successful transition to safe and functioning security control posts. This is largely attributed to the so-called “home-grown disarmament, demobilisation and reintegration (DDR) processes in the early to mid-1990s.”[91] Others also attribute this to the bottom-up process of state building in Somaliland.

4.2.1 Roads in Somaliland: A Success Story

Two sections of road, the Hargeisa-Berbera Road and the Berbera-Sheekh Road, have been repaired and upgraded through SDF and EU/German government funding.

Experience in Somalia and elsewhere has been of a lack of maintenance following capital funding for roads (and other infrastructure). However, the assets once complete are left to degrade in the expectation of future donor support for repair and rehabilitation. This is a particular issue in situations of stabilisation, including humanitarian support.

Wider Benefits of the Somaliland Roads Programme

- Reduced public transport costs as a result of lower maintenance costs – a journey to Burao has dropped from up to 20 USD to only 3 USD per person.
- Improved road safety along the Berbera-Hargeisa main road, with car accidents down by an estimated 90%.

However, the support for roads work in Somaliland was subject to an O&M commitment by the Government. This reflected a broader concern that authorities dedicate the necessary funding for O&M of donor-provided infrastructure assets, which has not previously been honoured, despite written commitments. The SDF and EU/German programmes both included capacity building components with the Somaliland Roads Authority as part of their programmes for roads rehabilitation in Somaliland.

These programmes were structured to enable Somaliland to both implement government led projects, and to improve local infrastructure. In allowing Somalilanders to lead the process, it has strengthened local technical and management capacity (e.g. by putting in place proper bidding and procurement systems). They have also bought, operated and maintained roads construction assets and equipment including materials testing laboratory for the construction. The leading construction company has also invested in new testing/verification equipment.

[91] Small Arms Survey, Somaliland 2010. http://www.smallarmssurvey.org/fileadmin/docs/A-Yearbook/2012/eng/Small-Arms-Survey-2012-Chapter-05-EN.pdf

Somaliland has a culture of community and private-sector finance for roads. The road from Burco to Erigavo (375km) is one such road. Initially, the Government had wanted the SDF 1 to finance this road in 2013 – however, unfamiliar at the time with international procurement processes, and design requirements, the Government were concerned that SDF 1 would take too long to "deliver" the road.[92] The Government stated that a Chinese company could complete the road much faster having purchased road construction equipment from China. The Government committed to reconstruct and repair the roads separately from SDF 1. Members of the Government, private sector and the community travelled across Somaliland, Europe and the USA, reaching out to the diaspora and raising substantial funds. It is unclear how far the project has got through planning and implementation, however.

With the Dubai Ports World concession to upgrade and operate Berbera Port, there is now a renewed interest and urgency to upgrading the Berbera – Hargeisa corridor through to the Ethiopian border. This is essential to enable much greater volumes through the port for both export and import to/from Somaliland and the region. The support of funding agencies for roads rehabilitation, and to the Somaliland Roads Authority should provide a good foundation for the current plans underway for this new highway that is currently estimated at $272m.

An EU financed study (undertaken by Gauff) estimated the cost of the 240 km road upgrade to be USD 272 million. There have been claims that this is high and the road was over-engineered.[93] The Abu Dhabi Foundation has pledged USD 90 million and a company from UAE has commenced work on the road between 150 km road from Berbera - Hargeisa. The Berbera Corridor has been assessed since 2006, and lifted interest in financing the corridor. However, the Abu Dhabi Fund seems to have had the effect of unlocking funds from traditional donors, with EU donors committing funds to this important initiative.

Subsequent to the Gauff study, the UK funded Trade Mark East Africa (TMEA) to undertake a diagnostic of the Berbera Corridor – on the basis of a phased upgrading.

The UK's Prosperity Fund has recently approved GBP 25 million towards the financing of the Berbera Corridor. The Business Case[94] states that 'The UK [will] play a pivotal role to ensure the expansion of a transport route along the Berbera corridor into an economic development corridor. This will generate benefits not only for the people of Somaliland and Ethiopia but also the wider region, and the UK's development, prosperity and trade agendas'.

The main project output is to upgrade the currently poorly functioning Berbera corridor into an effective 'economic corridor'. Over four years to 2022, the UK will provide:

- **Hard infrastructure pillar** (£18m accountable grant with Trade Mark East Africa (TMEA) to finance the new 22 Km Hargeisa Bypass (currently known as Route 200).
- **Trade facilitation pillar** (£2.5m accountable grant with TMEA) which will support 'soft infrastructure,' i.e. the overarching regulatory work on trade, transit and customs on both sides of the border, enabling more equitable and efficient trade routes.

The UK's investment through the Prosperity Fund will coordinate with:

The Abu Dhabi Fund for Development – including a US$90 million contribution towards corridor road upgrading. It is also funding all detailed design and supervision, and capital costs for 4 out of 5 sections of the road;

The World Bank – potentially re-directing part of its US$150 million Ethiopian loan on trade logistics. Coordination with the World Bank will be crucial to benefit from its technical expertise;

The EU – influencing the shape of EUR83 million 'Inclusive Local and Economic Development Project', some of which will be focused on the Berbera corridor; and,

The UK is also able to use its assets and networks to assist with attracting commercial investments, including through CDC and the UK Somali diaspora.

Prosperity Fund, 2018 (op. cit.)

[92] And in any case, the SDF had already elected to move to a position of financing only road rehabilitation and upgrade, not new roads. The reasoning for this was based on the recurring failure to maintain roads which suggested new roads will simply fall into disrepair.

[93] In the authors' view, prima facie this does not appear an exorbitant cost (around $1m/km) for an international highway linking Berbera with Ethiopia, particularly giving the axle loading of the trucks that will be carrying goods to and from the port.

[94] Prosperity Fund, 2018, Business Case – Unlocking Prosperity in the Horn of Africa, HMG

- **Local economic development fund** (£3m – delivery agent to be determined in start-up phase). This will link the large scale "anchor" businesses in the port and wider corridor area with Small and Medium-sized Enterprises (SMEs), via financing and development interventions.

The overall risk rating for the programme is assessed as 'major' (in particular in relation to support for Somaliland as an unrecognised state), but within the level of risk appetite within the overall DFID portfolio. The Business Case raises the issue of the extent to which there is sufficient flexibility within the programme to adjust to changes in context – considering that the implementing partners will cover this through strong monitoring and evaluation to provide real time evidence of the context and results.

At a much smaller and more local scale DFID's Promoting Inclusive Markets (PIMS) programme supported feeder roads programmes in Somaliland and Puntland. The objective of these programmes, implemented by DAI, was to improve access to markets for agricultural products (including milk) and doing this using a cash for assets approach. The programme included support to rehabilitate 8 km of feeder roads, which were successfully completed. However, later inspection[95] found problems with one of the Irish bridges, which was damaged by trucks using the route that had axle loadings far higher than the size of vehicles expected at design stage. According to DAI[96] the benefits to the community were such that they are planning to extend the road using their own resources.

This highlights the importance of fitness for purpose of the completed road – and applies to all infrastructure development. Design standards should be rigidly applied, and assume the highest axle loadings based on a range of scenarios over the design life of the road. Adopting lower loadings to save short term costs will in many cases be a false economy in the long term.

4.2.2 Challenges with Roads Rehabilitation in Puntland

A roads rehabilitation programme in Puntland has faced significant challenges as a result of corruption. This EU funded project, being implemented by GIZ, was intended to rehabilitate 400 km of roads and provide Technical Assistance to the Roads Authority. The project was long delayed because the Federal Ministry of Public Works did not agree the introduction of an axle load limit. This was ultimately agreed. However, the contract and implementation of the rehabilitation were fraught with problems. All potential bidders submitted a single offer as a consortium and the work did not go well, with issues concerning the standards of work and the quantities for payment.[97] An article was published in the local media on tender malpractice and GIZ launched an investigation.[98] As a result, GIZ twice walked away from the project – and subsequently closed its operations in Puntland. However, the EU recently confirmed that they are exploring opportunities to conclude the work in Puntland – and utilise the remaining balance of funds - possibly through UNOPS rather than GIZ.

[95] LAMPS, 2018, Infrastructure Report

[96] Meeting June 2018 – organisation/individual redacted

[97] Meeting March 2019 – organisation/individual redacted. We were not able to independently verify this information.

[98] This case is referenced in a report from DFID's IAAAP programme: From research to action: Puntland's anti-corruption platform. December 2017. IAAAP: http://www.somaliaccountability.org/files/Resources/Eng/IAAAP_CaseStudy2_PSU.pdf

4.2.3 Roads in South-Central Somalia – Years of Neglect Due to Insecurity

Despite the extent and importance of the roads network through South-Central Somalia, there has been almost no investment in maintenance or rehabilitation for over 25 years. As a result, roads that were once main routes are now reduced to little more than tracks through the bush, some of which are impassable particularly during the rains. The reason for the neglect is that levels of insecurity across these states have meant funding agencies have considered the operational, security and reputational risks too high to consider supporting road rehabilitation.

However, funders are now taking a more positive view about funding construction of important sections of principal highways.

One of the few roads to have been rehabilitated is a 67km section of road between Hobyo and Beledweyne. This was financed through crowd sourcing from the Somali diaspora, and private sector implemented, following the SSF construction of an airstrip at Hobyo. Part of the EU funding of the SIF has been earmarked for completion of this road.

Particular priorities for the FGS have been the Mogadishu – Jowhar and Mogadishu Afgooye sections. There has for some time been donor interest in funding these roads. However, the political sensitivities and interests have revealed competing interests between ministries – including the Office of the Prime Minister (OPM), Federal Ministry of Planning (MoPIED), and Federal Ministry of Public Works (MoPWRH). In 2017, the Government of Qatar pledged USD 200 million for infrastructure development in Somalia. Following this commitment, MoPIED and the OPM decided that the two roads would be financed with Qatari financing. AfDB finance through the SIF already allocated for these roads was as a result directed elsewhere. The AfDB then had to wait for the Government to identify other roads.

The Qatari's have awarded the contract for the road construction to a Turkish contractor. The 'ground breaking ceremony' has already taken place. Construction is expected to start soon. However, recent developments with increased Al Shabaab activity along this road and the taking of Balcad mid-way between Mogadishu and Jowhar reinforces concerns about safety and security along the route during construction and after completion. The road will be constructed in short sections with protection from the Somali National Army (SNA), which received some of its training from Turkey.

Four different roads were agreed to at the sidelines of the Brussels Conference in 2018 to be financed by the EU and Italy. However, there was continued jostling between the OPM, MoPIED and the Minister of Finance on which roads were to be financed, and the delivery time. The Minister, MoPIED in particular was adamant that the timelines for road construction be reduced from approximately 60 months to 36. The Minister of Finance also wanted to change one of the four roads to the old "Chinese Road" linking Burco in Somaliland to Mogadishu. However, as this involves crossing a disputed border between Somaliland and Puntland it would be a very high-risk venture.

The EU is expected[99] to provide 42m Euros for roads construction from the EDF. This will be channelled through the SIF. The AfDB is providing 12.3 m Euros from African Development Fund (ADF) funds – which importantly gives the AfDB a financial stake in the programme. In addition, Italy is providing 2.5 m Euros, and FGS is committing 3.5 m Euros for ancillary services (e.g. markets).

It is also significant that the SIF funding is to be channelled through the Ministry of Finance, in the same way that the WB is now funding projects. This means that UNOPS will not be implementing the programme, as was the earlier plan for the Mogadishu Jowhar road. EU is also including TA and capacity building as part of the package. However, there is as yet has no Operations and Maintenance component. Capacity building will focus, as least initially, on the construction.

The four sections of road currently earmarked under this programme are:

- a relatively short section (60 km) of gravel road linking Doolow on the border with Ethiopia with Luuq Ganaane in South West. This is a high productivity area for irrigated agriculture on the Jubba river. The border area with Ethiopia is stable.
- Beledwayne to Gaalkayo (90 km of rehabilitation with a budget of 15m Euros)
- Galalkayo to Garoowe (85 km budget 13m Euros).
- Gaalkayo to Hobyo road (this is the highest priority for the government) and will complete the unfinished section of road started with diaspora funding (see above).

[99] Meeting with EU Somalia March 2019

Although challenging, it is likely that these sections of road will be easier than the Qatar funded sections of road.

After decades of inactivity in roads (re-) construction in South Central Somalia these developments are an encouraging sign. These undertakings are clearly not without risk. The stakes for Somalia are high. Their success is likely to encourage further investment in the roads sector. Failure could mean many more years of neglect before funding agencies are prepared to take another chance. The programme is due to be submitted to the AfDB Board for approval in July 2019. Some interlocuters expressed concern that the approval process had been very slow – which is a valid comment. However, the more important test will be whether the implementation is successful, and the rebuilt sections of road are safe, accessible to all, and support economic development and livelihoods.

4.2.4 Urban Roads

UNOPS had an agreement with the World Bank to conduct feasibility studies and preliminary designs for community/secondary roads in the 17 districts of Mogadishu. The Somali Urban Investment Planning Project (SUIPP) supported the final detailed designs and civil work contracts to the selected roads. The project will also provide financing and technical assistance for the community /secondary roads in the seventeen districts to be tendered, the community-based contracts awarded, and the roads constructed to ultimately improve the quality of life in the participating districts while at the same time providing for some district-based employment through the contracting. The UNOPS role will be limited to quality assurance of the works. It is an indication of the World Bank's perceptions of risk in the current operating environment that they have committed funding to urban roads, but not to any trunk roads linking urban centres.

DFID's PREMIS programme has funded some urban road upgrading in Puntland. In relation to these, the project's third-party monitors refer to communities raising concerns about safety issues regarding the proximity of the road edge to the entrances of shops and roadside stalls, with no sidewalks. The ICED team was unable to assess these claims, but it raises the important issue for all road projects of integrating road safety from the outset. Improving road safety is an important DFID policy priority.

> Globally, road traffic accidents are the leading cause of death for young people aged 15 – 29 – with the worst statistics for road traffic accidents being in Africa. The WHO concludes that 'road infrastructure has not improved to accommodate the increased number of commuters and ensure their safety and many people are exposed daily to an unsafe road environment'
>
> www.who.int/bulletin/volumes/94/7/15-163121/en/

The end of project review for SDF highlighted the issue of road safety in relation to roads in Somaliland, with a recommendation that "More attention needs to be paid to road safety by passing requisite legislation and purchase of speed monitoring equipment. The SDF has invested in road signs and speed bumps but a culture change is required to prevent accidents."

4.2.5 Strengthening Roads Maintenance Systems

The **EU and GIZ** currently have the **Sustainable Road Maintenance Project** which is a follow up to work done by the ILO in the 2000s to establish institutional capacities and best practices in the areas of labour-based works, introducing concepts such as standards, transparency, engineering capacities, community dialogue and community contracting (something which for example SSF-2 and TIS+ have capitalised on through work on airstrips and roads).

Attempts[100] have been made to establish local level government capacities to monitor and maintain road infrastructure, initially through the Somaliland Roads Authority and the Northeast Somalia Highway Authority (NESHA now called the Puntland Highway Authority).[101] Previous efforts to consolidate these efforts were victim to the short time horizons of donor funding and the requirement of demonstrating immediate results. As government infrastructure oversight is essential, donors have continued to support the highway authorities in a variety of ways.

[100] ILO initiated this in the 2002-2008 period with DFID funding.

[101] In Puntland, the Puntland Highway Authority is placed under the Ministry of the Presidency. And there are also ministries for public works, housing and transport, civil aviation and airports, and seaports and sea transport.

4.2.6 Airstrips and Ports

The DFID led Somalia Stability Fund has provided funding for two airstrips/runways in Somalia – the first in Hobyo, and the second, which is still under construction, in Baraawe. Both in or close to areas of Al Shabaab activity.

Various donors have provided funding to airports. Most notable from our interviews is Italy, which funded Bosaso airport (implemented by UNOPS) in the more secure environment of Puntland, and is interested in funding the second phase – airfield ground lighting and freight terminal/storage.

Because of the strategic importance with regards location on the Indian Ocean and regional trade ports, development is a major area of interest. It is a sector mainly dominated by the non-traditional donors – with substantial investment from the UAE and Dubai Ports World in Berbera, and through P&O has a 30-year concession from 2017 to develop and run Bosaso port in Puntland.[102] Turkey has invested heavily in both port rehabilitation and management in Mogadishu.

Somaliland - Berbera Port

The UAE with their investment in the Berbera Port has already brought about marked improvements at the Berbera port. Construction started in October 2018, and the first phase will consist of building a 400-meter quay and 250,000-square meter yard extension as well as the development of a free zone to create a new regional trading hub. The introduction of new cranes has already more than doubled handling capacity.

On-the-job training of Somalilanders has seen a visible difference in how the port is being managed professionally. Workers have been banned from chewing the narcotic khat in the work place – meaning that the ports continue to function past 1300 hrs, when everything else shuts down to “chew”.

The SSF has supported the construction of two airstrips as part of its stabilisation efforts. The first during phase 1 was in Hobyo, an area renowned for piracy. The second airstrip is in Baraawe, a strategically significant port city south of Mogadishu, once held by Al Shabaab. The initial justification for the investment was for the capital of South-West State to move to Baraawe. This is now unlikely to happen. However, an operational airstrip for the town is likely to have a significant impact – not least in terms of access, given the very real dangers of travel by road from Mogadishu. The length of the runway will enable large cargo planes to land – and is likely to be used by AMISOM for supplies. However, its proximity to areas held by Al Shabaab could make it a target for attack. The airstrip is due for completion by mid-2019. In anticipation of this, SSF is funding some further work to ensure that potential benefits are realised and shared across the community. While this is a positive intervention, it implies that the realisation of economic benefits and livelihood opportunities were not integrated into the programme from the outset. As with Hobyo, it may be that entrepreneurs in the community will benefit from the airstrip. However, earlier engagement ideally from inception phase, may have enabled greater and more widely distributed benefits in Hobyo, and possibly Baraawe.[103]

Hobyo Airport

“The rehabilitation of Hobyo airport (at a cost of $275,000) opened up economic opportunities for the local communities, including youth involved in the fishing industry. In an area that was dominated by piracy, a particular objective was to reduce youth unemployment. The report claims the airport has increased the price that fisherman can obtain for their catches (revenues up by 60%), despite the 4-fold increase in the number of fishermen. There are now 3 flights a week between Hobyo and Mogadishu to transport high value fish (SSF interview 2019).”

DFID, 2017, SSF II Annual Review

In Somaliland, there are two main airports – Hargeisa and Berbera. The Hargeisa Airport has been upgraded to meet international standards with the support of the Kuwaiti Government with a number of international carriers such as Ethiopian Airways, Fly Dubai, Saudi Air amongst other international carriers providing up two flights a day. There are four unpaved airstrips in Borama, Burao, Las Anod

[102] However, a P & O Executive was killed in February 2019 in Bosaso – with Al Shabaab claiming responsibility. www.reuters.com/article/us-somalia-security-p-o/gunmen-kill-dubai-owned-po-ports-executive-in-somalias-puntland-idUSKCN1PT0IO

[103] Further information on this project is in the box in section 5.1.

and Erigavo, which are capable of handling light aircraft.[104] The UAE are also in the process of upgrading Berbera airport, which be used by both military and civilian aircraft. The military landing strip in Berbera was considered to be the longest in East Africa and originally built by the Russians in the past. As part of the concession, the UAE are also building a military base in Berbera. Funding of the airport is also linked to the Berbera corridor upgrading.

4.2.7 Institution Building

An independent Roads Agency at the federal level does not exist, but the NDP states that it could significantly contribute to coordination of rehabilitation and maintenance efforts in the country. Competences for road construction, rehabilitation and maintenance are so far distributed between several ministries decreasing the efficiency of all on going and intended interventions.

Federal - At the federal level, the Ministry of Public Works, Reconstruction and Housing is in charge of road construction and maintenance as well as supervising projects. At the federal level there are no roads or highways authority, but one is under consideration. Ports come within the ambit of the Ministry of Transport and Roads, but the Port Authority reports directly to the President's Office.

Somaliland – In Somaliland the institutional structure is similar to the federal one, except that transport falls within the Ministry of Public Works, Housing and Transport, also containing the Roads Development Agency. The Agency has some operational capacity, as it is builds and maintains some roads (despite extreme resource limitations). The Roads Development Agency has received technical assistance from the EU, SDF 1 and is currently receiving technical assistance, and assistance with training and capacity building from GIZ. In addition, there are separate ministries for ports and maritime transport, as well as for civil aviation and airports. The port of Berbera enjoys relative managerial autonomy. Although our interviews indicated that Somaliland is keen to establish a Somaliland Ports Authority, and seek to accede to the UN Convention on the Law of the Sea (UNCLS) in their own right – separate to Somalia – there are clearly challenges with an entity not recognised by the UN General Assembly as a state acceding to a state convention. The main objective of the Somaliland authorities is to maintain and improve the connectivity between main cities and agricultural areas, as well as with border crossings/neighbouring countries.

Puntland - In Puntland, the Puntland Highway Authority is placed under the Ministry of the Presidency. And there are also ministries for public works, housing and transport, civil aviation and airports, and seaports and sea transport.

Southern Somalia - The international community is doing a lot to improve capacity within Somali institutions, but most of the focus is given to the federal government, upper tiers of government and policy. Capacity within the ministries is important, but so too is the middle layer. It is the middle layer that is responsible for the procurement process, construction, supervision of contractors, operations and maintenance of infrastructure. The problems pertaining to institutional capacity are exacerbated by an extreme lack of technical skills, particularly in Somalia across all infrastructure sectors.[105]

[104] Somaliland Ministry of National Planning and Development. 2018. NDP II Sector Priorities: Infrastructure. Pg 7.
[105] ICED, 2018, Infrastructure Scoping Report for DFID Somalia

4.3 *Water for productive uses*

With Somalia's economy depending so much on its agricultural production – particularly livestock – the safeguarding of its water resources for current and future generations is an important priority. Given its importance and scarcity, access to water is a highly sensitive and, in some places, a contested issue. FAO expressed concerns that both the Shabelle and Juba rivers have no flow towards the end of the dry season – whereas historically flows were perennial.

A director in the Federal Ministry of Irrigation expressed his concerns[106] about transboundary issues on the Shebelle and Jubba Rivers. Somalia is concerned about the dams being built upstream in Ethiopia on the Shebelle and Juba rivers. There is currently no water sharing agreement. He said that water is at the top of Somalia's political agenda and that the President raised this with the Ethiopian President during a visit in 2018. The flows from these rivers have dropped to almost zero in recent years – although SWALIM[107] is not clear whether this is due to climate change related drought or upstream storage in Ethiopia. Somalia's current state of fragility and insecurity makes negotiation of water sharing arrangements with Ethiopia problematic and without the necessary legal and technical capacity.[108]

SWALIM is based in Nairobi with a presence in Mogadishu. However, it is now under pressure, from the EU as its principal funder, to integrate operations within one of the relevant ministries, on the basis that current arrangements are not building capacity in the Ministries of Agriculture and Irrigation or Water Resources. This is seen as particularly important because of the quality of some of the graduates from the region, Ethiopia in particular, with training in water resources management who would benefit from this. This highlights a broader point about the high level of capacity based in Nairobi for data gathering and analysis on Somalia – which inevitably limits the level of knowledge transfer to Somalis. However, safety and security, the ability to operate and attract good quality staff will be major challenges.

A recent World Bank/FAO report[109] provides information on the level of investment along the Shebelle River's upper, middle and lower reaches in the 1980s prior to the start of the civil war. This included:

- an FAO-funded primary canal to a depression south of Jowhar, with storage capacity of 200 million cubic meters. In addition to irrigation the reservoir also supported a commercial-scale tilapia fishery for both local consumption and export by air. This was run by a businessman using local labour, motorised fishing boats, and cold-storage facilities and trucks. This $34 million project was funded by Saudi Arabia and built by a Chinese construction company SIETCO, and supervised by the Ministry of Agriculture.
- the Chinese government funded the Dududble barrage and its relief canal (known as the Chinese Canal), also constructed by SIETCO, mainly to safeguard against flooding when the Jowhar reservoir became full and the level of the river at Belet Weyne was still high.
- the Democratic People's Republic of Korea funded Balad barrage, built in 1987 in Balad district of the Middle Shabelle, providing irrigation for up to 10,000 hectares, mainly to small-scale farmers growing cotton for the (state-owned) clothing factory in Balad.
- to protect all low-lying areas along the river from floods, flood control embankments were constructed and maintained annually during the dry season. In addition, various river gauges (in Mustahill, Ethiopia, and in Belet Weyne, Bulaburde, Mahadday Weyne, and Jowhar) provided regular monitoring of water flow and early flood warnings downstream.

[106] Meeting June 2018

[107] Recognising the need for better quality data and analysis on surface water and groundwater, the FAO/SWALIM project (Somalia Water and Land Information Management) was set up in 2001. This has done extensive work relating to water resources, including preparing more accurate and adequate hydrogeological maps of the northern part of Somalia, which are essential for planning any groundwater exploration and exploitation (FAO/SWALIM 2012).

[108] Meeting June 2019

[109] World Bank, FAO, (2018), Rebuilding Resilient and Sustainable Agriculture in Somalia

Now operating at a much smaller scale the FAO, with SWALIM providing design and technical support, have funded some repair and rehabilitation of the irrigation canal system and associated control structures on the Shabelle River. They have focused on the sections of canal from Jowhar through Afgooye in the Merka area – a total length of roughly 200 km. During the colonial era this was an area of high productivity with significant involvement of private companies – mainly Italian. Some of these companies maintain an interest. Given the high value of the land within the irrigation command area, ownership is also complex and contested.

There are two projects funded on sections of the canal known as the 'Primo Secondario' section of canal downstream of Afgooye in a contested and insecure area. These are being funded through the Rome based UN agencies, FAO and IFAD. The Italian NGO, Terre Solidali, is implementing through the IFAD's Support to Agriculture Programmes in Somalia (SAPS).[110]

> *With most farmed land currently privately owned (under long-term leases), traditional and religious leaders' recommendations and decisions are usually accepted by parties in conflict in rural areas where there are no armed clan conflicts. However, many prime farms in the Lower Shabelle are still occupied by militiamen from outside the region who fought against the Siad Barre regime. Landholders who left those farms for safety after the start of the civil war are still unable to reclaim their land, despite documentary or traditional evidence and rulings, because of insecurity, the weakness of traditional arbitration, and the absence of modern judicial institutions.*
>
> World Bank, FAO, (2018), Rebuilding Resilient and Sustainable Agriculture in Somalia

IFAD[111] recognises that prior to the destruction of irrigation and agricultural systems in the region, Lower Shebelle was the 'bread basket' of Somalia, and key to overall agricultural and food production systems. The Primo Secondario canal is targeted by the project (along with the activities geared towards alternative water sources and allied activities) as key to rejuvenating production in the region.

The programme comprises four main components:

- Conflict risk management and community engagement.
- Rehabilitation of 37 km of irrigation canals.
- Enhanced water sustainability, operational sustainability of the canal system, and development of pilot solar pumping from tubewells for irrigation.
- Agricultural support for small farmers.

The IFAD project report[112] describes the operating environment as being 'highly risky' – and sees community engagement as an essential part of mitigating this early in the programme. The programme is scheduled for 2 years at a total cost of 2.8 million Euros.

However, despite the challenges and risks due to the proximity of Al Shabaab to the area, disputed land titles and vested interests of large farmers, Terre Solidali have established an approach that has enabled them to make progress with project implementation. This is based on operating at the local level and gaining the trust of the community and its leaders. This has led to the community making a stand against the large landowners to allow the rehabilitation work to proceed. There were, however, issues when Terre Solidali planned to award a large contract for some of the implementation work. This was opposed by the local authorities who insisted that the work be packaged to allow smaller local contractors to bid for the work. IFAD and Terre Solidali agreed to this change of approach.

FAO is also planning a similar project on the Primo Secondario. However, FAO did not provide any information on current status, which implies that the project has not yet started. FAO did, however, confirm that they were planning a similar approach to that adopted by IFAD.

Further upstream to the IFAD project, DFID has funded some canal rehabilitation through its Promoting Inclusive Markets in Somalia (PIMS) Programme. DAI implemented the project, again working in an area of significant hazard – particularly in relation to Al Shabaab and clan militia. The project is now complete. It was undertaken on the middle reaches of the Shebelle River, near Jowhar, working closely with large companies. It has provided irrigation water for 25,000 smallholder outgrowers, who sell the Sesame harvest to these companies, which has resulted in 4000 Ha being brought under cultivation

[110] https://operations.ifad.org/documents/654016/3a4472fc-9423-4614-ac88-a0ec93b04845
[111] IFAD, 2017, Support for Agricultural Production in Somalia (SAPS)
[112] Op. cit.

through a cash for assets[113] programme. DAI's approach was similar to that of Terre Solidali in working closely with the local community, and using their support as a significant part of their security strategy. They tried to ensure a low profile, working 'under the radar'. As a result, there were no security incidents – despite DAI not hiring any additional security for the project.

Irrigation canal. DAI

DAI did, however, provide some comments on the programme. In particular they felt that the programme missed opportunities through taking a short-term approach. The information provided by DAI suggests a substantial amount of early work in gaining understanding of the local context and the trust of the community. This investment could have been used to do more to ensure the sustainability of the restored assets, and investigate the extent to which the improved irrigation was resulting in the expected outcomes, and whether there was a reasonable distribution of benefits.

USAID has a similar programme – Growth and Economic Empowerment for Livelihoods (GEEL) – although time did not permit exploring the learning from this programme.

There are some ambitious plans for further work on the Shabelle. One is an off-stream storage project close to Jowhar that is on a much larger scale to the FAO/IFAD projects. The Turkish development agency (TIKA) is reported[114] to have signed an agreement for the funding of this project – that will include reconstruction of a major barrage on the Shabelle for controlling the flow. This will reduce the downstream risk of flooding by ponding the water, and holding it back for irrigation after the end of the rainy season. Mott MacDonald undertook the study and design of the project. This would be a major undertaking with an indicative cost of around $200m. However, despite earlier indications of support, the research team were not able to ascertain its status or possible start date for implementation.

The Somaliland Development Fund (SDF 1) has pursued some water resources development projects in Sool and Sanaag, close to the disputed border areas between Puntland and Somaliland. These were challenging on a number of levels (see box). Revealingly, access to these projects was not possible for the third-party monitoring consultant, LAMPS, due to security concerns.

Challenges of Operating in Providing Access to Water in Eastern Somaliland (SDF 1)

The learning from the SDF 1 water projects exemplifies the challenges of operating in disputed areas, with local tensions, to improve access to water that is a contested resource in an extremely arid context.

It became apparent, during the implementation of the Hadaaftimo mini-water system in Sanaag that tensions between two local sub-clans were masked during the project feasibility process. This arose over the borehole location and pipeline distribution. Despite the drilling contractor cancelling the contract, it was successfully completed. The problems were resolved by involving the chief of the two sub clans that resulted in an agreement to work together. A full-time community mobilisation officer was engaged throughout to ensure continuous engagement with, and information flow to, the communities. A water committee was created and continues to function.

Another two – related - projects in Kulaal and Fiqifuliye were halted (and handed over for completion to the Ministry of Water) due to a combination of technical and security factors. Adverse ground conditions and poor water quality meant that drilling was not an option and the decision was taken to develop sand dams. However, there was limited interest from contractors to carry out the work, and the selected contractor had difficulty leasing the required equipment because of security concerns from the owners. Ultimately the contractor abandoned the contract after their project manager was attacked by members of the local community. The projects were delayed and SDF 1 found it necessary to close them due to the impending end of its implementation period. They may be revisited under SDF 2.

These projects illustrate the difficulties in getting local context analysis right first time, the value of continual community engagement throughout a project and the practical limitations of subcontracting work in areas with very low security.

From Mott MacDonald email communication with authors, 2019

[113] Call with DAI April 2019

[114] www.skyscrapercity.com/showthread.php?t=2068321

The Somalia Stabilisation Fund undertook water resources development in the Sanaag and Bari Regions of Somaliland and Puntland, also close to the disputed border area. Using a different approach to SDF, SSF have supported the development of public-private partnership arrangements for the management of water reservoirs. This was done with a view to preventing local conflict over scarce water resources, and reported to have been successful.[115]

SSF has also been supporting some borehole drilling for basic water supply but has concerns about costs and relatively high proportion of dry boreholes.

Further DFID support for water related initiatives in Somalia has been as sub components of larger programmes – the most substantial being through the Humanitarian programme. This has supported access to basic water supply and sanitation (mainly for IDPs).

There is evidence that humanitarian interventions in the water sector in Somalia have been short-term, whether addressing flood or drought. Information collected during the research[116] indicates that the same water projects are routinely rehabilitated every 2 – 3 years by different agencies. This suggests water interventions that are short term, relief orientated and do not consider sustainability. The lack of government capacity to oversee the work and maintain records further reinforces the short-term nature of the approach. In connection with humanitarian water interventions, a UN water systems expert interviewed by ICED expressed concerns about the general lack of quality and consistency of planning and designs – as a result of processes being rushed, or designs being handled by staff or consultants poorly qualified for the task.

[115] As was the SDF's approach, in spite of initial problems due to an incomplete understanding of the context prior to implementation in Hadaaftimo.

[116] This reflects the views of interviewees from implementers and donor organisations with long experience in the water sector.

4.4 *Environment, Climate Change, Gender and Social Inclusion*

Environment and climate change

Somalia suffers from the dual challenges of ongoing conflict and regular drought, with increasing variability and vulnerability due to climate change. As noted by the World Bank: "In the last quarter century, Somalia has experienced three droughts and two famines – a pattern that is predicted to continue and intensify … Meteorologists predict the Horn will experience more erratic and more extreme rainfall patterns in the coming half century, threatening the long-term viability of the already fragile ecosystems underpinning Somali agriculture and related livelihoods … Persistent conflict in Somalia has contributed to environmental degradation, recurring humanitarian crisis, waves of displacement, and high levels of youth unemployment, trauma, and inter-personal violence."[117]

The centrality of water to the environment with regards to ecosystems and related services is not well understood. There is a risk that planners and funders will overlook the interconnectedness of water with ecosystems and related services. For example, river control systems can have significant effects on downstream ecosystems – potentially the most significant being Ethiopia's plans for upstream development on the Shabelle and Juba rivers. Mining of groundwater, where extraction exceeds replenishment is a further risk. A greater understanding of the water ecosystem is required to avoid unintended consequences of water extraction.[118]

Conflict also impairs the ability to monitor and prevent malign environmentally damaging activity. There are many opportunities for powerful groups to operate illegally – for personal gain and to fund extremists and other militia groups. Kismayo has the reputation of being a pirate port, from which illicit cargos can be exported. This observation reinforces this report's earlier assertion that roads infrastructure can serve both positive and negative ends depending who has the power to control the road – or sufficient funds to bribe whoever does have control in order to gain safe passage.

Charcoal Smuggling – Environmental Degradation and Economic Terrorism

According to the Kenyan newspaper The Daily Nation (16 November 2018, online), charcoal is smuggled through Kismayo port despite it being controlled by the Kenya Defence Forces. It cites a UN monitoring report that Al Shabaab levies $7.5m in 'taxes' for transit of charcoal through Middle and Lower Jubaland. An estimated three million bags of charcoal was smuggled in 2017 from Somalia within East Africa and to the Middle East, with a value of $150m. This is denuding trees, and threating the future availability of this basic fuel source upon which most Somalis depend.

Gender and Social Inclusion

Principles of inclusion apply to the most vulnerable men, women, girls and boys. However, there are many ways in which cultural, social and religious norms in Somalia combine to make women and girls particularly vulnerable.

A recent brief on gender[119] in Somali summarises how clan-based forms of political representation have meant women are excluded from most political and judicial structures, particularly with the post 1991 emphasis on customary law, with the application of Sharia. With the tradition of "Male Traditional Elders" women are not allowed to go under the tree where decisions are taken by this group. This means that if they want to bring a case, they can only do this through a male relative.

The ongoing conflict, and social instability have weakened women's position regarding their access to land and property. Widows rarely inherit land under customary norms and are often deprived of access

[117] World Bank, 2018, Somalia Country Partnership Framework
[118] ICED, 2018, Infrastructure Scoping Report for DFID Somalia
[119] UNDP, 2015, Brief on Gender in Somalia

to their husband's land if they have no children. Where that are children, the land is often held by uncles or other male relatives as trustees, and inherited by the children when they become of age.

Although women are facing increased economic opportunities, many women still work in menial positions, involving "sacrifice, risk and humiliation," and often only making enough money to sustain themselves and their families.

> Some religious figures in Somalia view the 30% female quota in parliament as a Western imposition.
>
> Unless the quota is enshrined in Somalia's constitution, activists' hard-fought gains could be lost.
>
> Mahmood, O (op. cit.)

Women's participation in Somali politics has traditionally been low, and a controversial topic in the country.[120] In 2016/17, the 30% quota was enacted again, but with renewed vigour on the part of women's groups, who pushed for the fulfilment of the 30% threshold. This resulted in the selection of 80 women, or 24% of parliamentarians – an increase from 8% in 2012. However, it still didn't meet the legal requirement and, in some cases, men occupied seats that were reserved for women.

Generally, women in Somalia who wish to pursue a political career struggle with a number of factors. One is the Somali clan system which permeates political life and is a male-dominated institution. Clan elders are almost exclusively male, and clans themselves struggle to accept changes to this. Another dynamic relates to whether women represent themselves as women first, or their clan. Attempts to mobilise female parliamentarians to unite around a single candidate, in Mogadishu, failed to ensure women's representation. This was because many women chose to vote along clan lines instead. This shows that female politicians should not be viewed as a homogenous group solely based on gender, and that advancing female representation is not everyone's priority.

However, women activists are concerned that without the 30% quota being enshrined in Somalia's constitution, which is currently provisional, their hard-fought gains could be lost. This is because most people (including women) will likely vote along clan lines, and thus for male candidates.

Gender-based violence (GBV) is also a significant challenge in Somalia. Drivers of GBV in Somalia include pervasive insecurity, impunity, increased vulnerability and displacement—linked both to conflict and climate-related disasters—and deteriorating social and customary structures. Displaced women and girls are among the most vulnerable populations—to extreme poverty, marginalization and conflict and climate-related shocks."[121]

This background reinforces the importance of prioritising issues of gender and inclusion in relation to planning and access to infrastructure services.

SSF

The ODI report on SSF as a case study for Thinking and Working Politically (TWP),[122] highlights other research findings that there has been a lack of focus on gender equality in the literature on TWP. This is a surprising finding, given the significance of gender in power relations. Evaluations of SSF Phase 1 found that while gender issues were considered to some extent, procedures were not in place to mainstream gender into implementation plans. SSF has committed to much greater attention to gender and women's participation in Phase 2 of the programme. It also now includes a commitment that 30% of funds for community-level projects will be invested in line with women's priorities, in recognition of the fact that women tend to be poorly represented in consultation processes.

The SSF 2018 Annual Review suggested that more should be done to improve wider coordination with other stabilisation actors, and to specifically target minority clans and make meaningful progress on gender. SSF's forthcoming revised Gender and Social Exclusion (GESI) strategy should aim to determine what is 'good enough' in the context of stability interventions building on the large evidence base for shifting gender norms for stability outcomes in fragile states.

[120] Mahmood, O, 2018, Women Claim Their Place in Somalia's Politics, ISS Addis Ababa
[121] World Bank, 2018, Somalia Country Partnership Framework
[122] Laws, E. 2018, Thinking and Working Politically in Somalia, op. cit.

Significantly SSF's Theory of Change refers to operating in a manner that is context-appropriate, putting the right people in the right places, putting politics first to understand incentives and priorities, is adaptive and iterative, building coalitions around shared information and commonality of intent, ensuring local ownership by both communities and government institutions, gender and conflict sensitive, and balancing risk and return. The logic being that as a result government legitimacy is enhanced and political and communal conflict is reduced, and consequently, stability in Somalia will be enhanced.

SDF

One of the findings from the SDF Completion Report[123] is that SDF (arguably) failed to fully consider the issue of gender. The Mott MacDonald team has learned lessons from the political economy, gender and inclusion analysis from the SDF 1 inception. This analysis should have been updated during the SDF 1 implementation phase and focused on informing project delivery. This finding was further reinforced by the more recent external review report.[124] This recommended that stronger social science and political economy inputs would help conceptualise the dimensions of equity that the SDF could seek to address. It highlighted including more emphasis on promoting gender equality and monitoring gender impact, and looking at the geographic dimensions of equity and considering the realistic options for sustainable investment in isolated regions. As a result, there are new frameworks in place to underpin all aspects of project development.

Addressing Issues of Inclusion in the IFAD irrigation programme on the Shabelle River

Source: IFAD, 2017, Design Report, Support to Agricultural Productivity in Somalia

***Clans**: Somali people are organized into clan groupings, which are important social units; clan membership plays a central part in Somali conflict, peace building and politics. Clans are typically divided into sub-clans. Through the xeer system (customary law), the clan structure has provided governance rules in places where the state has limited reach. Because of this, a political decision-making method based on Clans has been developed. The clan decision making has even permeated politics, which uses the 4.5 formula. The 4.5 formula gives equal quota to the four "major" clans, and a half-point to a cluster of "minority" clans in politics. It is possible that there will be interest in the 4.5 formula in sharing of goods and services from the project. It is however important to note that clans are led by male elders and exclude youth and women.*

***Organised groups of women and youth**: The project will work with women and your people in the planning, implementation, monitoring and evaluation. The project will interact with elders and religious leaders to increase the participation of youth and women in the project. While there are agricultural groups of women, which will be the entry point in communities, the project will create, mentor and promote groups of youths to participate in agriculture. These groups, working together with elders, will form peace and conflict mitigation committees that will be selected along the length of the canal, particularly in locations that have latent conflict. There will be 10 committees formed along the canal length. The consortium partners have a history of working with youth who have been demobilised and also women's' groups. The project will dig into this historical connection and get champions who will lead the entry of both youth and women into the project.*

Any works undertaken on the canal (whether complete or sections of the canal) will be undertaken based on community consultations and consensus of all clans.

[123] DFID, 2018, End of Project Review for SDF Phase I

[124] Duncan, A. et al. 2018, Somaliland Development Fund Joint Review, The Policy Practice

5 Summary of Main Findings and Lessons from the Case Study

This section of the report examines the results of the interview programmes and literature review to identify lessons learned.

Somalia is an extremely challenging operating environment – with multiple contexts in the different areas of the country.[125] There are varying shades of complexity in the states. Somaliland has seen an increase in infrastructure investment over the last 5 years, although this has been mainly focused in the west. Whereas donor funding for infrastructure in the other states has been far more limited, with Jubbaland, South West and Hirshabelle being particularly hazardous states in which to operate.

As a result of the relatively low level of infrastructure investment there are far fewer examples of significant failures in infrastructure delivery in Somalia compared for example with Afghanistan – where there are many examples of failed, incomplete and abandoned infrastructure investments. There are also limited examples of success in infrastructure delivery at scale in Somalia.

With the exception of the repair and rehabilitation of roads in Somaliland (Hargeisa– Berbera, Dilla – Kalabaydh, and Berbera – Sheikh) there has been no major road construction or rehabilitation elsewhere in Somalia for over 30 years. Elsewhere in the transport sector, some major airports have been upgraded (Mogadishu, Hargeisa and Bosaso), and major ports (Mogadishu and Berbera) – as well as some smaller airstrips and jetties (although even some of these have proved challenging).

The research team found no examples of implementation of projects supporting water use for productive purposes (e.g. irrigation) at a major scale. There are, however, some examples of local small-scale canal rehabilitation, and small dams/borehole development.

The power/electricity sector is an example of the entrepreneurial, innovative and resourceful character of Somalis – despite the levels of destruction and extreme challenges. However, the informal structural and governance arrangements have limited opportunities for funding agencies to engage at a sectoral level, until now, in direct investment beyond institutional support and sector planning. Support has been limited to involvement in the renewables sector mainly solar PV, and some wind energy. Collaboration with the private sector providers has mainly been limited to Somaliland.

The figure below, prepared for DFID Somalia,[126] provides a conceptual framework that provides a basis for considering what infrastructure investments may be possible in the different operating environments that comprise Somalia, and many other fragile and conflict affected states. However, inherent within the framework is the recognition that the transition from instability to stability is neither guaranteed nor linear. This reinforces the importance of a realistic assessment not just of the notional position of any area on the curve, but the forces at play, any momentum and potential for progression or regression as a result.

[125] DFID Somalia's Senior Governance Adviser suggested that there are as many as eight different contexts. Chatham House has published a series of reports on Somali federalism and political economy, for further reference.

[126] ICED, 2018, Infrastructure Strategy Scoping Report for DFID Somalia

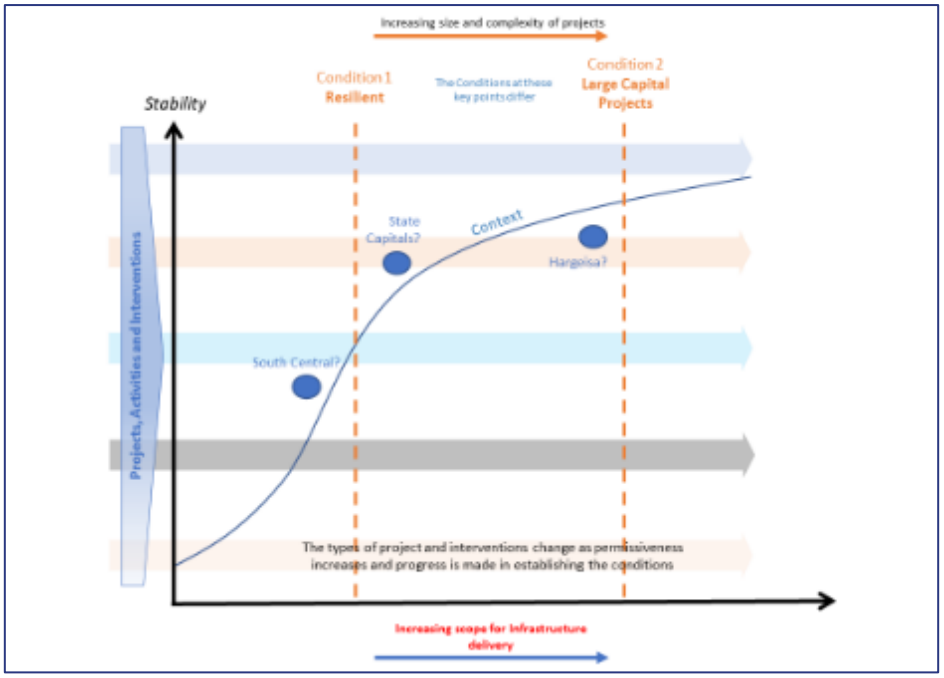

Figure 9: Conceptual Framework - Levels of ambition in relation to stability of the operating environment

5.1 *Understanding the context*

To what extent has the context, and adapting to contextual changes, been central to infrastructure development in Somalia?

The level of caution to engage with and support infrastructure in Somalia is a significant indicator of the challenges of the operating environment, related in particular to security and the broader political, social and cultural context. There is evidence from the research that many agencies and project developers are recognising the importance of a thorough contextual understanding, prior to making decisions to fund and implement infrastructure development. SSF's approach to understanding the context and responding to the demands of political players and communities is worthy of wider consideration and application. It adopts the 'Thinking and Working Politically' (TWP) approach from initial inception of any project through to the delivery of services to beneficiaries of the completed infrastructure.[127] A team of Somali nationals, supported by international experts on the region, undertake the local engagement and analysis.[128] This aims to enable informed decisions on infrastructure investments that are appropriate to the context – or advice that this is not possible. There are a number of related findings and recommendations from this case study research:

- Use contextual analysis to be clear on the security risks as a basis for deciding whether these are manageable and proportionate to the project objectives. If additional security protection will be needed during construction, what are the implications post construction? Baraawe airport provides an example of an infrastructure investment that has been a target during construction and is likely to be a target once operational.[129]
- Find ways to engage with local communities during planning phases – directly or indirectly. This needs to include all those affected by the project, not just the intended beneficiaries. This is echoed by the SDF 1 end of project review, which recommended: **'Allow sufficient time for participatory planning'.** Despite the undertaking of fragility, conflict and social impact

[127] Laws, E. op cit.
[128] Sahan Research, one of the partners in the implementing consortium.
[129] See box on page 53.

analyses and contracting community-based NGOs, unforeseen issues with the recipient community have led to misunderstandings and in some cases the cancellation of projects.

- The acceptance of inaccessibility and the need for remote working has become the norm for projects and programmes in much of Somalia, which poses a challenge because of the distance between the local population and development/humanitarian actors.[130] Third parties provide a partial solution, but this does not address the fundamental issue of separation of development actors from the field. Reinforcing this point, a recent DFID commissioned report on remote management in Kenya and Somalia found that *'remote management can lead to a disconnect between programmes and their context. Analysis of the information suggests that remote project management may inadvertently contribute to a lack of understanding of the broader operating environment …. and highlights the need to strengthen community involvement.'*[131]
- In some circumstances, an adequate level of security has been achieved primarily by engaging and working with the local community, where they see direct benefits. This reinforces the importance of seeking to develop social capital with affected and beneficiary communities as an effective means of mitigating and in some cases overcoming security and other risks from project spoilers – even in highly insecure environments (DAI and IFAD Shabelle irrigation).
- Sectoral observations on context:
    - There are dangers inherent with any project in the sectors considered in this case study. However, because of the heightened levels of exposure any roads projects in areas of militia activity are likely to be most vulnerable for the safety of those working on the project.
    - There are also extreme sensitivities, and potential for local conflict in relation to water particularly in agro-pastoral arid/desert areas. Support of some water projects – particularly in the disputed Sool and Sanaag area in the Somaliland/Puntland borderlands have resulted in conflict and dispute and projects being abandoned. External involvement in such fragile environments can risk not sufficiently understanding these local water management traditions, including sharing of water and community power dynamics.
- In an FCAS context with a trend of reducing security risks, associated social and governance issues and complexities will not diminish as quickly. For example, while Somaliland is more permissive and has seen a higher number of infrastructure projects planned and successfully implemented, there are still examples of problems arising because of insufficient contextual analysis of community engagement.
- Draw on and disseminate research that will be useful to inform contextual understanding of current and upcoming programmes. The research team found a number of research and information documents, mainly donor-funded, which were not known within funding agencies' programmes. Some important available knowledge is not being sufficiently widely disseminated or used.
- Consider the interests of insurgents and militia groups when planning infrastructure – both during construction and post construction – and in particular the points of vulnerability if any to capture/attack.
- Evidence suggests that the 'ink spot approach' seeking to develop and link pockets of stability under government control, as adopted initially by SSF, has not proved a successful strategy in Somalia.[132]
- There is very little evidence of sabotage of infrastructure investments by Al Shabaab. This has been mainly limited to attacks on government buildings, perceived by insurgents as directly supporting the legitimacy of the state or federal government. One well informed Somali interlocuter suggested that Al Shabaab sees local urban and rural communities as their local support base. For this reason, where projects have a clear community benefit, and do not

[130] Majid, N et al, 2016, Narratives of Famine – Somalia 2011, Feinstein Institute
[131] Integrity, Axiom, 2015, Cross Cutting Assessment of Remote Management in Somalia and North-East Kenya, for DFID.
[132] See Page 7 of Laws, E., Thinking and working politically in Somalia: A case study on the Somalia Stability Fund.

threaten their interests (particularly if they can levy revenues), they are unlikely to sabotage the infrastructure.

- Ensure strong conflict analysis that is continuously updated. This reflects experience from a number of projects referenced in this case study. For example, the SDF End of Project Review for SDF 1 recommended that SDF 2 improve its local conflict analysis before starting further implementation in project formulation (also see below the box on SSF's implementation of Baraawe airstrip).

Learning from SSF Funding of Baraawe Airstrip (DFID, 2018, SSF II Annual Review)

Approved in 2014, the Baarawe airstrip project, which will be 1.4 km when completed is a high-risk project. At the time the President of South West State (SWS) requested the airport in order to move the government administrative headquarters from Baidoa. The move from Baidoa was critical to state-building and stabilisation in the region. In its assessment, SSF considered the airstrip to be of high importance for stabilisation, as well as for economic growth and basic service provision.

Significant risks have materialised, causing significant delays as a result of a number of incidents including disputes; mission creep as a result of the security of the project (and a shift away from the original rationale for funding); significant security incidents involving IED explosions close to the site and a deteriorating security situation around the airstrip which required a stop work order. There was also a lack of clarity on the financial liability for suspension of works, which DFID is investigating.

The Baraawe airstrip remains one of the highest risk, highest value and most complex investments under the Somali Stability Fund. The SSF team has continued to progress this project under very difficult circumstances. Baraawe has provided an important example of working in difficult to reach areas, mobilise partners to work in these environments, jointly manage the risks, and lobby large security actors around common goals to meet Somalia's development objectives. The context in SWS remains extremely fragile. The security, reputational and fiduciary risks remain high, however robust mitigation measures will continue to be deployed to manage this effectively.

Key learning includes the need to:

- continually review investments in the context of the original funding rationale. Any shifts to the political and security context should inform programming in real time and the full set of risks should be clearly communicated and escalated through the established governance mechanisms;
- flag details on financial liability relating to high risk investments as soon as project implementers are aware; and,
- assumptions (including reliance on security actors), rationale and contracts for all high-risk investments should be reviewed periodically to test for mission creep.

The review also found that at a broader level:

- The wider risks were not sufficiently well understood nor mitigated.
- Wider political, stability and reputational risks to the fund and DFID in particular were not given sufficient attention
- The risk of technical infrastructure projects should be measured and mitigated from inception through to hand over of the completed infrastructure. There should also be a recognition that the legacy of any infrastructure investment will remain with DFID long after the end of the programme – and should be reflected in the risk register.
- Mitigation could include dedicated staff resource to oversee the successful completion, handover and exit from this investment.

5.2 *Delivery of infrastructure*

Have infrastructure projects been successfully completed?

Although a very thorough understanding of the context and community engagement are essential to successful infrastructure development, proper planning, design, construction and subsequent operations and maintenance of the infrastructure are also fundamental,[133] **irrespective of the size and scale. Even seemingly basic infrastructure investments (e.g. Irish bridges and buildings) require careful design. Failures are costly, both in terms of finance and reputation. The relative costs of ensuring fitness for purpose of any infrastructure development is relatively small.**

- Ensure enough time for the design process. This is reinforced by a recommendation from the SDF End of Project Report 'Instil a clear understanding across the SDF teams about the time it takes to design appropriate programmes in Somaliland. Approaches in project design should recognise complexity of project delivery across Somaliland and allow adequate time for planning and addressing challenges'.
- When making decisions on programmes that includes infrastructure components ensure that a competent technical expert (or team depending on scale/complexity), with awareness of the context, is involved to provide advice on the technical complexities to the funding agency. The ability for funders to play an 'intelligent client' role at inception, independent of advice from contractors, is important to avoid inappropriate or suboptimal projects being approved. This includes the use of cost benefit/least cost analysis to assess options. Interviews suggested that the level of technical capacity can often be quite limited within implementing agencies, even those with significant infrastructure portfolios.
- As part of the risk analysis, give particular attention to the possibility of stranded assets. There are a few examples of stranded assets, where infrastructure, whether fully or partially completed, is not delivering any outputs. Examples such as a partially completed bridge, an incomplete section of road or a non-functioning power station (such as the wind turbines in Somaliland described in section 4.1.4) become relics and symbols of failure. There is potentially a long-term reputational risk for the funding agency. This reinforces the importance of extensive risk analysis of the context, and good quality design and construction.
- Hire good quality technical expertise to develop infrastructure investments. There is also evidence of implementing agencies using technical expertise and advice of apparently poor quality (Puntland road rehabilitation – cost estimates).[134] Since the major cost is in the construction, it is a false economy not to engage good quality technical inputs for the feasibility, design, procurement, supervision and handover stages of any project.
- Resist pressures for early spend and having 'boots on the ground' too quickly (SDF 1). Interlocuters indicated that donors often want things to happen more quickly than is realistic, and risk insufficient attention for example to Gender Equality and Social Inclusion (GESI) and a conflict/context analysis. Although there is some legitimacy to learning by doing, and creating some momentum to infrastructure development, this should neither be fully ad hoc nor rushed without proper planning, preparation and consultation.
- Do not proceed with any infrastructure investment without a clear plan for operations and maintenance of the planned asset. Operations and maintenance of completed infrastructure is frequently overlooked or considered to be of secondary importance, to be addressed once the infrastructure has been completed. However, it is an essential pre-requisite to address this (roles and responsibilities, costs and budgeting), prior to proceeding with the project. As with the roads unit in Somaliland, this may include/require a significant technical assistance/capacity building component to the project. It may also require policy engagement with government to encourage structural/institutional change in relation to operation and maintenance of assets.

[133] ICED, 2018, Infrastructure Handbook, DFID

[134] Private communication from a donor technical expert: 'Someone who does not know Somalia or roads did the calculation'.

- Recognise that corruption is pervasive and institutionalised (both in Somalia and generally speaking in most other FCAS contexts).[135] Somalia has been at the foot of Transparency International's Corruption Perceptions Index every year since 2016. All projects will have to deal with corruption. Some interlocuters consider it to be manageable, while others believe that the issue is not given enough prominence or consideration early in the planning process.[136] If there has been clear collusion with a bid process, beware of proceeding to award of contract (as demonstrated in the Puntland roads rehabilitation project described in section 4.2.2).

5.3 *Impact of Infrastructure*

Have completed projects achieved the planned outcomes?

There is reasonable data on whether infrastructure outputs have been achieved (construction completed and the asset handed over to the client/owner). However, given the remote implementation of most projects, the monitoring environment in Somalia is such that data on *outcomes* is sparse. There are, however, some notable examples including: the renovation on the Berbera corridor reducing travel times and wear and tear on vehicles with a resultant drop in bus fares; rehabilitation of irrigation canals on the Shabelle River (IFAD and DAI) resulting in increased sesame production; and the catalytic impact of the Hobyo airstrip on local livelihoods in particular for high value fish sales to Mogadishu.

- Given the limited outcome data, there is a case for taking a long-term view with monitoring completed infrastructure projects to better understand sustainability, and extent to which benefits are share post completion of construction.
- There is a case to strengthen the scrutiny of humanitarian actors responsible for significant investment of infrastructure through their programmes. Although there are examples of good practice, the research team heard a recurrent theme of short-term, unsustainable and in some cases damaging humanitarian interventions, although we were unable to report on many examples as solid evidence is rarely collected and is usually disputed when it is.
- The large number of discrete and often relatively small and unconnected infrastructure projects implies the need for dedicated capacity to develop a **systems approach** to provide a clearer overview of the totality of infrastructure investments (across humanitarian, stabilisation and development programming) and support greater connectedness and more integrated planning in Somalia.
- Sufficient attention should be given to the potential outcomes from the infrastructure investment, even where it is used primarily as a 'political tool'. This is an important issue across different programmes and agencies, where there is a mix of humanitarian, stabilisation and development objectives. While the SSF approach arguably provides an example of good practice for infrastructure development in terms of the contextual understanding, there is a risk in relation to its use of infrastructure as a tactical instrument, which extends to other stabilisation programming in Somalia and elsewhere. Infrastructure provides a legacy that should, if properly built and maintained, last for decades. For example, further early thought should be given to the economic or basic services benefits of an infrastructure investment to understand how the benefits will be realised – and consideration given to what additional investment or support may be needed to achieve these.
- Recognise the challenges of monitoring, where access is not possible for reasons of security. Third party and other forms of under-cover monitoring provide important, albeit often limited information – particularly with regard to outcomes. Remote satellite monitoring is clearly useful for some larger road and irrigation projects. However, the use of drones for military purposes (US in particular) means that their use for monitoring of infrastructure projects could lead to insurgents being informed of their use, which is likely to risk an armed intervention.[137]

[135] Alex de Waal, 2015, The Real Politics of the Horn of Africa: Money, War and the Business of Power, Polity Press.
[136] Meeting with EU June 2018
[137] Private communication, GIZ

5.4 *Donor modalities, instruments and approaches*

What were the lessons from the funding instruments and delivery modalities?

The research team found that although there are few major high-profile infrastructure investments in Somalia, there are substantial levels of infrastructure investment as components of larger multi-donor funding mechanisms/instruments. The base (i.e. Nairobi) for most development professionals working on Somalia also raises some important points for comparative learning with other FCAS contexts.

- Multi-donor funds with external (non-IFI) managers are important instruments for programme implementation in FCAS. They have many benefits including the ability to pool larger levels of funds than would be possible bilaterally, the spread of risk between agencies, and to be less encumbered by bureaucratic process and therefore able to respond more quickly to a changing context and new opportunities. There are also risks if these are not sufficiently closely monitored and supported by donors.
- Such flexible funds have evolved over time to focus on ownership rather than solely project delivery, and must expend a lot of effort to work with very fragile systems to deliver visible projects.
- There is a need for greater transparency on infrastructure development within humanitarian programmes. Based on the observations of the research team, the details of infrastructure development within humanitarian programmes are obscure and not easy to obtain. This makes it difficult to make an overall assessment of delivery or impact.
- Recognise that dedicated infrastructure funds (such as the AfDB's SIF) through multilateral agencies are likely to be slow to become operational and as a result slow to disburse. It is not clear that this is attributable to poor management (whether in the case of the SIF or more broadly), and there are inherent challenges in FCAS which make such delays difficult to avoid. Part of this relates to the ('catch 22') perversities of investor confidence – where bilateral donors hold back on funding until they see some success, which inevitably leads to under-capitalisation and therefore the inability to develop projects to demonstrate a track record. Funds with a mixed portfolio (such as the World Bank's Multi Partner Fund or the SSF) that include some small and medium scale infrastructure projects, within a mixed portfolio, are likely to have faster early disbursements and a smoother spend profile.
- Be willing to consider locally appropriate forms of procurement. For example, breaking down packages of work into smaller components to enable more involvement of local contractors (IFAD funding on Lower Shabelle). AfDB's proposed road rehabilitation projects may require a similar approach, as they will pass through areas with different clan loyalties and Al Shabaab presence.
- As far as reasonably possible, hire local contractors with prior association, capacity and capability and a track record of operating in the area. There are important lessons in the Somali context regarding the selection of contractors for construction of infrastructure – particularly given the complexities of clan dynamics as well as considerations of fiduciary risk. Foreign contractors also raise security risks and accompanying costs.
- The location of staff of funding/development agencies, research organisations and consultants working on FCAS programmes affects length of contracts and therefore institutional memory. In the case of Somalia, the ability of development actors to operate from Nairobi presents a dilemma. On the one hand, increased length of postings has resulted in a great deal more expertise being developed and retained within Somalia development teams, which manifests in more politically aware programming and more realism and long-term thinking (ultimately reducing effort wasted on programmes and planning that were unrealistic from the start), compared to other contexts where such a setup is not possible. On the other hand, the creation of what has been called a 'Nairobi mafia' has served to alienate ordinary Somalis from the political and development process and has led to some examples of internal stratification within institutions and companies, where in-country teams and out-of-country teams do not see eye

to eye and decisions are made without a full understanding of programmatic context.[138] The gradual pressure on development actors to move decision-makers into roles that spend a significant amount of time in Somalia itself has been a positive development, but this needs to be balanced with the imperative of retaining longer-duration postings.

5.5 *The role of other actors*

How has the presence and role of other actors affected the geopolitical context and infrastructure investments?

The most significant non-traditional donors engaged in Somalia are the UAE, Turkey and Qatar – with Kenya and Ethiopia having significant interests because of shared borders and the presence of many ethnic Somalis in their countries. Qatar and Turkey[139] support the Mogadishu Government, whereas UAE supports the Somaliland Government. This significantly raises the internal geopolitical stakes and came to a head in 2018 with the lease deal that the Government of Somaliland signed with Dubai Ports World for Berbera Port. There are a number of lessons for donors like DFID, some of which apply to all FCAS and others to a smaller set:

- It is important to understand the roles and motivations of different external actors (traditional and non-traditional donors) in developing Somalia's infrastructure.
- Recognise that the non-traditional donors have particular influence – both in terms of the scale of funds available and in particular the political and religious alliances and allegiances. Some of these external players are playing out deep seated disputes between themselves (e.g. Qatar, Turkey and UAE) that are likely to distort funding decisions.
- Be aware that the power of some of these other actors may result in governments reneging on earlier deals in the interests of these deeper political alliances (e.g. an FGS agreement with AfDB to finance two highways out of Mogadishu was replaced by substantial Qatari funding for these roads).
- Take account of the significance of borderlands issues with regards political dynamics and security. In the case of Somalia this applies mainly to Ethiopia and Kenya. This raises significant questions regarding infrastructure development in relation to the border areas (in particular their isolation or inclusion), as well as the health of national political relations. It is a particularly sensitive issue for the Somalia/Kenya borderlands area which has strong Al Shabaab presence and provides an access route to Kismayo port which is a principal arrival port for illegal goods (e.g. sugar) smuggled across the border for sale in Kenya.
- Seek to understand China's interests and engagement in the infrastructure sector, particularly in view of Somalia's strategic importance and China's past track record of infrastructure delivery post-independence. Despite its earlier substantial involvement, China appears to be holding back from delivering major infrastructure programmes in Somalia, and is likely to be waiting to see how the context evolves prior to further commitment.[140]
- Understand the role of the local private sector in infrastructure/basic services delivery. The Somali private sector has played a remarkable role in supplying mobile/internet services, water supply and electricity services to Somali citizens. They have done this using private resources, from a situation of almost total destruction of the infrastructure – particularly in the case of

[138] This was reported by several interviewees and aligns with observations in other highly fragile contexts.

[139] Turkey's support to Somalia follows a remarkable visit to Mogadishu by President Erdogan together with his family in August 2011, with a commitment to provide significant financial and political support. This was the first visit by a non-African Head of State to Mogadishu in over 20 years. Turkish airlines started flying into Mogadishu the following year and substantial investments have followed – particularly in Mogadishu Port.

[140] Dahir, M. 2017, Infrastructure and Resources: China in Somalia

electricity. There is still more learning needed about the rules of the (unregulated) game[141] for the Somali private sector, and how donor agencies can improve the enabling environment and provide investment without distorting the model/market. The strength and structure of the local private sector has meant that funding agencies have had to understand the existing structures, engage in dialogue, and consider ways of engagement that do not undermine or distort current arrangements.

- The strength of the Somali diaspora network and the levels of fund flows into Somalia is highly significant. The private utilities are able to crowd source equity from Somali investors. Funds are readily available and Dahabshil Bank, amongst others, provides the vehicle to facilitate transfers. Some donors have offered loans to the private utilities but these have been declined on the basis that loans are not in accordance with Sharia, or Islamic law. In such situations, it is important to have a detailed understanding of Islamic finance, and its local interpretation.
- The Somali diaspora has also demonstrated its willingness to provide funds (as donations) for other infrastructure facilities – notably a section of road between Hobyo and Galkayo. The role of diaspora funding of infrastructure is another area for potential research. AfDB's plans to complete the rehabilitation is significant – as is their recognition normal AfDB procedures should be waived to allow the original local contractor to complete the work.[142] This provides a useful lesson in looking at ways to benefit from the momentum created by diaspora funding, in a way that is sensitive to local complexities.

[141] Including the issue of clan dynamics in business and payment of revenues to Al Shabaab and possibly other militia groups, to maintain a 'license' to continue operating without hindrance.
[142] Meeting with AfDB March 2019