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This action is funded by the European Union

ANNEX 7

of the Commission Decision on the financing of the Annual Action Programme 2018 – part 3
in favour of Eastern and Southern Africa and the Indian Ocean to be financed from the 11th
European Development Fund

Action Document for Somalia Regional Corridors Infrastructure Programme (SRCIP)

1. Title/basic act/ CRIS number	Somalia Regional Corridors Infrastructure Programme (SRCIP) RSO/FED/040-766 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/location	East Africa, Somalia The action shall be carried out in Somalia, in the following Federal Member States (FMS): Galmudug, Hirshabelle, Jubaland, Puntland	
3. Programming document	11 th EDF – Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) 2014-2020	
4. Sector of concentration/ thematic area	Regional economic integration	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 59 748 500 Total amount of EDF contribution: EUR 42 000 000 This action is co-financed in joint co-financing by: Federal Government of Somalia (FGS) for an amount of EUR 3 500 000 African Development Fund (ADF) 14 Transitional Support Facility (TSF) Pillar 1: EUR 12 309 500 New Partnership for Africa's Development Infrastructure Project Preparation Facility (NEPAD-IPPF): EUR 1 939 000	
6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with the African Development Bank (AfDB).	
7 a) DAC code(s)	21010 (Transport Policy and Administrative Management) - 8% 21020 (Road Transport) - 91%	
b) Main Delivery Channel	46002 – African Development Bank (AfDB)	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/ good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagship	N/A			
10. Sustainable Development Goals (SDGs)	<p>Main SDG: Goal 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation</p> <p>Secondary SDG Goals: Goal 5: Achieve gender equality and empower all women and girls; Goal 8: Promote inclusive and sustainable economic growth, productive employment and decent work for all; Goal 13: Take urgent action to combat climate change and its impacts; Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.</p>			

Summary

Despite decades of war and conflict that have left Somalia ranking amongst the poorest countries in the world, the country has recently taken decisive steps on the political front to rebuild itself. The overall objective of this action is to support the Federal Government of Somalia (FGS)'s efforts to promote an enabling environment for higher economic growth and participation of the country in the regional and the global economy. This objective is addressed through the activities proposed under the Somalia Regional Corridors Infrastructure Programme (SRCIP) that is part of an international community supported multi-period operation whose projects are drawn from the African Development Bank (AfDB)'s administered Multi-Partner "*Somalia Infrastructure Fund*" (SIF).

The SRCIP aims to improve management of the road sector at the national level and improve transport connectivity for road users in the targeted road corridors for rehabilitation while reinforcing the capacities of federal and regional institutions that manage road infrastructure. The programme, whose estimated cost is EUR 59.75 million, will be implemented in the states of Galmudug, Hirshabelle, Jubaland, Puntland of Somalia, over a 65-month period, from 2018 to 2023, excluding the defects liability phase.

The programme supports the realisation of the goals of Somalia's National Development Plan

(NDP), 2017-2019. It builds on projects in the Transport Sector Needs Assessments (TSNA) for Somalia that are locally owned and identified through an extensive consultative process. The TSNA which presents a comprehensive pre-feasibility assessment of Somalia's road rehabilitation projects with a complete range of possible alternatives was financed jointly by the European Union (EU) and AfDB over the course of 2015 and 2016. The programme is coherent with EU's policies and objectives and complements several of the interventions of the European Commission under the 11th EDF, as articulated in the EU cooperation framework with Somalia for 2014-2020.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Somalia is the fifth poorest country in the world, with an estimated per capita income of USD 435 (EUR 368), with about half of its population (51.6 %) living below the poverty line. Real GDP growth reached 3.7% in 2016, but is expected to decelerate to about 2% in 2017 (based on the International Monetary Fund (IMF) estimates), in the backdrop of decline in agriculture sector output because of drought. The country has experienced widespread internal conflict since the fall of Siad Barre's regime in 1991. The decades of civil war, have entrenched insecurity and has undermined the legitimacy of state, thus creating vulnerabilities, particularly, among the youth, 60 % of whom wish to migrate to seek better livelihood opportunities abroad, while many engage in criminal activities. Furthermore, a dysfunctional governance system and dilapidated infrastructure have continued to entrench extreme poverty. Frequency of droughts, and uncontrolled natural calamities due to floods, have worsened the situation leading to persistent humanitarian food crises that have disproportionately affected people living in vulnerable situations, especially women and children and Internally Displaced Persons (IDPs).

The political transition that the country embarked on in 2012, and that ushered in the Federal Government of Somalia (FGS), gives hope that the country will soon overcome the security headwinds it faces. A successful political settlement over the 2012 to 2016 period resulted in the creation of devolved systems of governance, comprising the Federal Government, and the Regional administrations. Importantly, in February 2017, the country held peaceful representative elections that brought in a new President and a Federal Parliament, with an increase in youth and women representatives. Finally, Somalia is making progress to re-engage with International Financial Institutions through a well-designed Staff-Monitored Programme by the International Monetary Fund (IMF).

Somalia development priorities emphasise the livestock and crop sectors as the main sources of current economic activity, employment, and exports. These sectors, therefore, are critical to both Somalia's economic recovery and long-term development, despite the tremendous challenges they have faced over the last three decades and those that loom ahead, including:

- **Finance:** with an informal banking system, potential investments languish for lack of funds;
- **Business climate and commercial law:** absence of legal protection inhibits business start-ups and expansion, for those not well financially connected;
- **Absence of business services:** without market research, an unusually high percentage of investments fail;
- **Standards and quality control:** export industries are always at risk of being shut down because of lack of a national system to assure the safety of food products exports;
- **Technical skills:** businesses have to import skilled labour from neighbouring countries

(when 75 % of Somalis are unemployed) to staff some of the country's most dynamic industries;

- **Infrastructure:** poor roads, expensive electricity and inefficient ports, among other infrastructure problems, increase the cost of doing business and reduce the industrial competitiveness in the country;
- **Natural disasters,** impact of flooding on infrastructure and trade as crops and livestock are important export products;
- **Weak capacity (or absence) of government:** current government is incapable of protecting the rights of business owners and legitimately increasing domestic revenues without discouraging the private sector.

The Somalia Regional Corridors Infrastructure project is addressing constraints related to poor road infrastructure and the lack of sufficient regulatory and technical capacity to oversee reconstruction and preserve road infrastructure. It is aligned with the overall EU strategy to contribute to creating economic opportunities, reducing vulnerabilities and delivering social dividends to the population in order to consolidate peace and strengthen stability in Somalia. Furthermore, the rehabilitation of feeder roads and some connections to key locations within Somalia (urban areas and/or ports) and the country's neighbours to improve access to domestic, regional, and international markets has been identified as one of the comprehensive solutions for the upgrading of the livestock and crop sectors' value chains.

Somalia's **security challenges** add to the difficulties and costs of trade; political instability and the dangers of piracy make it difficult or impossible to obtain trade insurance. In addition, Somalis who engage in trade do not benefit from membership in trade pacts or regional groupings because Somalia does not belong to any. Somalia's dependence on a few export products and a small number of overseas markets makes the country's export extremely vulnerable, as demonstrated by the impact of the Saudi ban on animal imports.

Regarding trade within Somalia, the market for truck transport services is competitive and has good potential for growth. However, lack of finance prevent many employed drivers to start their own business, and costs of overland transportation between principal cities are high because of the long distances, poor condition of roads, lack of security, and the charging of passage fees at proliferated check points. Nevertheless, through the North-South Corridor road network, Somalia has an excellent opportunity to develop transport and transit services for goods destined for landlocked Ethiopia, with its market of 90 million people.

The underlying programme will contribute to promoting job opportunities, economic activities, and improving livelihoods, while connecting both urban and rural population. It will also facilitate market linkages, services and partnerships to increase competitiveness and performance of traditional and emerging economic sectors and facilitate private investments. Finally it will strengthen the capacities and the outreach of the government at the federal, regional and local levels.

1.1.1 Public Policy Assessment and EU Policy Framework

Public Policy Assessment

At the *national level*, Somalia hopes that enhancing security, reinforcing institutional capabilities, and rebuilding strategic infrastructure will deliver on its social-economic development aspirations, as defined in the country's National Development Plan (NDP) 2017-2019 (the first since 1986). It emphasises the need to eliminate the constraints, including bad governance, weak human resource capacity, ineffective public service delivery, and poor infrastructure, that hinder the private sector from playing its pivotal role of enhancing growth in key sectors such as agriculture (crops and livestock), services, and natural resources.

In the NDP 2017-2019, the FGS recognises the importance of good infrastructure in attracting investment and developing a competitive and prosperous private sector led economy. To this end, the FGS requested the African Development Bank (AfDB) to lead in infrastructure planning and development, by establishing the AfDB Multi-Partner Somalia Infrastructure Fund (SIF). The SIF aims at coordinating donor interventions by funding prioritised infrastructure projects (transport, mainly, roads, ports, and airports, energy, water and sanitation and information and communications technology) and capacity building initiatives. In the transport sector, Somalia's NDP 2017-2019 incorporates the SIF's pipeline of road transport investment projects to the tune of EUR 121.8 million. Somalia expects these projects to be externally grant-funded, as the country has insufficient finances.

At the **regional and sub-regional levels**, the main sectoral transport policy, covering the FMS of Galmudug, Hirshabelle, Jubaland, Puntland of Somalia where this activity will take place, is articulated in the "*Somalia Infrastructure Fund (SIF) Project Pipeline*" document which was approved by the Somalia Development and Reconstruction Facility (SDRF) Steering Committee in November 2016. The SIF provides an integrated infrastructure development framework for Somalia in the medium-term, from 2017 to 2023, which prioritises key investments in the infrastructure sector that specifically address the unique developmental challenges that the country faces at the local and sub-regional levels. Importantly, the project pipelines in the SIF are priority interventions of FMS that ensure equitable allocation of developmental interventions across Somalia. Finally, the "*Somalia Transport Sector Needs Assessments (TSNA) and Investment Programme (IP), 2016*" that was supported jointly by the EU and AfDB, informed both the Somalia's SIF, and the NDP 2017-2019. It is a comprehensive pre-feasibility study that includes an analysis of road transport demand and supply and forecasts traffic connections on all main and feeder roads in Somalia, excluding Somaliland.

At the political level, the TSNA programme which forms the basis for this action document was approved by the SDRF Steering Committee in November 2016. It also underwent vetting as part of the process to prepare the Somalia 2017-2019 National Development Plan (NDP). Furthermore, the TSNA undertook a robust consultative process with the Somali authorities, women and human rights representatives, civil society and private sector actors.

EU Policy Framework

The SRCIP is coherent with a wide range of EU policies and objectives. It uniquely complements several European Union initiatives as articulated in the EU cooperation framework with the FGS for the period 2014-2020. This EU-FGS cooperation framework supports the objectives of the ACP-EU Partnership Agreement of 2000, as revised in 2005 and 2010. The adaptations made in 2010 to the ACP-EU Partnership Agreement address emerging challenges in the areas of regional integration and trade, state fragility, food security, climate change, and aid effectiveness, and are entirely applicable to the case of Somalia and are addressed directly or indirectly in this programme.

The proposed action is consistent with the EA-SA-IO RIP 2014-2020 and its regional infrastructure network priorities. Detailed pre-feasibility study on road rehabilitation projects exist in the form of the TSNA-IP of 2016. This action that mainly involves the rehabilitation of existing roads networks which minimises implementation risks also includes the preparation of detailed engineering designs for the roads targeted for rehabilitation. Moreover, the RIP fosters project investments in fragile states through use of stand-alone grants and/or co-financing. The project responds to the RIP priority area of Regional Economic Integration, specific objective 1: Improved connectivity and efficiency and resilience of regional infrastructure networks and, specifically, to the following main selection criteria:

- **Alignment with the regional strategy:** the project proposed should be in line with the regional strategy.
- **Commitment of the implementing country:** even if the selection and prioritisation of the regional project is done at regional level, the effective implementation will be executed at national level. The support and commitment of the implementing country is necessary to guarantee the success of the project.
- **Added value of EU intervention:** due the limited resources available, the intervention should focus on projects which can demonstrate the additionality of EU grants in terms of financial viability, taking into account quality, timing, impact and/or scale of the project. There will always be a clear rationale for public sector finance.
- **Development impact:** the projects should ensure the highest possible impact in terms of direct and indirect poverty alleviation through e.g. an increase of sustainable access, economic growth and enforcement of regional initiatives.
- **Social, financial and environmental sustainability:** the sustainability of the project is a prerequisite to any investment. The proposed scheme should include the technical, managerial and financial resources to guarantee durability. Additionally, investments should contribute to sustainable development while minimising the impact on the environment.
- **Existence of adequate sector regulatory framework:** to ensure sustainability of the projects, the partner country shall engage in a sector policy dialogue with the EU and/or EU Member States with the objective of reforming the sector aiming at providing sustainable and enabling conditions for the benefit of the population.
- **Nexus with other actions (in governance and cross sectorial):** for projects with a multi-purpose character (e.g. infrastructure for hydropower, irrigation and water storage), the interaction between different sectors (e.g. in governance aspects) should be ensured in a coordinated way.

It moves forward the ACP-EU cooperation objectives, emphasising the important role that regional integration plays in promoting cooperation, peace and security, growth, and in tackling cross-border challenges, particularly involving a fragile country such as Somalia. It is also consistent with the overall goal of Infrastructure Development in Africa (PIDA), to promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services. In line with the PIDA, closing the infrastructure deficit is vital for Africa's economic prosperity, as improved infrastructure facilitates increased intra-regional and international trade, and reduces the cost of doing business. Furthermore, adequate infrastructure would enhance Africa's competitiveness within itself and in the global economy, as well as acting as a catalyst to Africa's economic transformation and diversification through industrialisation and value addition and sustainable and inclusive growth.

To reiterate, the Somalia Regional Corridors Infrastructure project is addressing key constraints related to lack of adequate road infrastructure and the insufficient capacity of government. It is in line with the overall EU strategy to contribute to creating economic opportunities, reducing vulnerabilities and delivering social dividends to the population in order to consolidate peace and strengthen stability in Somalia. The rehabilitation of feeder roads and some connections to key locations within Somalia and the region's neighbouring countries (urban areas or ports) to access markets has been identified as one of the comprehensive solutions for the upgrading of the sectors and value chains. This also links up with the EU's territorial approach in Somalia, aiming at producing tangible results, contributing to economic development and job creation, skills development and stabilisation, particularly using infrastructure to its full potential.

This proposal supports projects with a regional dimension that can efficiently deliver results, primarily in the transport sector, to enable the Somali population to have access to national and regional markets and new economic opportunities. First, as political stability is a pre-requisite for the economic development of Somalia, key infrastructure can help regional integration and cooperation. This, in turn, helps building trust, enhancing understanding between groups and deepening interdependence, thus stabilising the region. Implementation of this priority is also underpinned by regional strategies such as the EU Strategic Framework for the Horn of Africa addressing the link between insecurity, poverty and governance.

Second, the free movement of goods, services, capital and people cannot happen without a functioning road network, as Somalia has no railway alternative. A functioning regional road network is also an enabler for economies of scale and lower transaction costs, and stimulates investment, spurring economic growth and increasing trade. The right mix of gradually increasing intraregional competition makes regional integration a vehicle for inclusive growth and accelerated poverty reduction. Supporting soft regional infrastructure, such as the regulatory environment, and strengthening productivity and the capacity of civil society organisations to participate actively in regional and inter-enterprise cooperation, is key to capacitating the private sector to take advantage of domestic and regional trade and investment opportunities.

Third the proposal has the potential to complete the key "missing links" to provide interconnectivity between national transport networks, and regional transport corridors. This is in line with the goals of PIDA and regional priorities, and would enhance transportation flows and promote closer regional integration through reinforced trade exchanges.

Fourth, the project aims at improving the strategic federal and regional regulatory framework of infrastructure developments, which the Somalia NDP 2017-20 assesses as follows:

"Systemic challenges to infrastructure development include weak institutional frameworks and the absence of an integrated and long term national infrastructure plan that is grounded in a sustainable approach to development for all the regions in the country. Factors include:

- *The lack of funding to enforce harmonised policies and regulatory frameworks at the federal and local levels of government including basic standards such as building codes also inhibits the development of the sector as it prevents the capacity of government structures to effectively regulate on-going projects...*
- *Gaping budgetary constraints and Somalia's inability to access international financing for large-scale infrastructure projects have also limited the possibilities of investment in the sector. Because of the lack of a centralised coordination and regulatory mechanism, haphazard sector development activities hamper the realisation of the long term national vision, underpinned and delivered through systems based approach to long term national infrastructure planning."*

The underlying project is one of a few government-consulted and prioritised infrastructure projects, to be implemented in Somalia as a grant, given that Somalia is still in debt arrears and cannot currently access concessional financing. Given the cost intensive nature of infrastructure rehabilitation, donors are not yet ready to make large-scale invests in this field. It is true that a robust infrastructure legislative framework is needed for both Federal and Federal Member States that link into a national policy. As such, capacity building of the local and national institutions responsible for road infrastructure developments should form part of this project, as also mentioned in the NDP. It is against this backdrop that the transport sector support will aim at two pillars entailing: (i) transport sector investments for strategic and sustainable road corridor development and (ii) accompanying technical assistance to reinforce regulatory frameworks to protect investments and to preserve the road network assets.

Somalia is a fragile State, and with financial support of the AfDB, has recently initiated steps to build the capacity of its statistical department. However, currently the country is not producing meaningful official statistics, so therefore, government agencies do not have robust data and certainly not sex disaggregated or age and disability data that meet EU standards.

1.1.2 Stakeholder analysis

The programme will engage **public sector actors** at federal and regional levels, and the **international community**. The key counterparts and beneficiaries to this operation, especially, the technical assistance (TA) and capacity building component, are the FGS Ministry of Public Works, Reconstruction and Housing (MPWR&H), and regional infrastructure agencies in Galmudug, Hirshabelle, Jubaland and Puntland. To avoid any negative impact on local communities of the proposed road rehabilitation works, it will be crucial for FGS, FMS infrastructure agencies and the **development partners (DPs)** to be actively engaged in a broader monitoring framework to oversee the effective implementation of this action.

The **local construction** industry in Somalia is insufficiently skilled to participate in large infrastructure projects. As part of this action, the AfDB will ensure that concerned private and non-governmental actors are effectively involved during the implementation of this activity as a pathway to strengthening their capacities. The Bank will also ensure that the retained Third-Party Implementation Partner (TP-IP) service provider and foreign contractors are mandated to transfer skills to authorities at both federal and regional levels, and local contractors engaged in the transport industry.

Furthermore, the AfDB will ensure that the Somali **civil society** are effectively engaged to play their advocacy and watchdog roles to monitor the accountability of the public transport sector and it has put in place adequate social and environmental impact safeguards. The **general public**, specifically road users, such as cargo companies affected by axle load control policies; motorists and pedestrians affected by road safety measures; and project affected persons (PAPs) –in the framework of the implementation of the Resettlement Action Plan (RAP) –, will also be involved through stakeholder consultations to ensure the sustainability of interventions that are proposed under the 11th EDF. It will be necessary to enhance public ownership of infrastructure assets, through **use of appropriate communication tools**, as the general public is a valuable stakeholder in the protection of public infrastructure.

This action will make a **significant contribution to Somalis (over half of whom live below the poverty line) in target sub-regions** of Galmudug, Hirshabelle, Jubaland and Puntland. This is by enhancing the incomes of those living in proximity to the construction sites. First, good road infrastructure will improve the environment for the private sector to increase its participation in the economy, through higher trade flows, and this is bound to raise the living standards of local communities. The programme offers direct construction jobs to Somali youth living in the proximity of the concerned roads, in a country where youth unemployment reaches 67 %, one of the highest rates in the world. International and national labour standards will be respected, meaning child labour will be strictly excluded. While this project will not be able to remove barriers to access to health and education services as such, it will indirectly improve access to health and education services, and markets, for neighbouring communities because of enhanced road networks. As concerns potential trafficking risks that might be increased through the road construction, the project will address those risks by including an awareness raising campaign on trafficking risks through putting up billboards, etc.

1.1.3 Priority areas for support/problem analysis

Somalia's stability, economic growth and development will depend on good transport infrastructure, especially roads, but also on energy, water and sanitation, among others². Despite this, according to the AfDB's 2016 Africa infrastructure development index, Somalia is ranked lowest among all African countries. The country has no railway infrastructure, and coastal shipping is limited. Somalia's primary mode of internal connectivity is roads, but investments in the sector declined in the late 1980s. As such, out of Somalia's close to 22,000 km of road networks, only 2,860 km are paved, leaving most of the rural areas, where more than 63 % of the population live, inaccessible to motor vehicles, especially during the rainy season. Because of lack of maintenance, of the 2,860 km of roads, 90 % have deteriorated and are no longer "all-season" roads. A road network that is widely destroyed has left the Somali people suffering from high transportation costs and difficult or no access to markets and social services.

The Government's capacity to deliver basic infrastructure is severely curtailed by budgetary and human resource constraints. Recurrent costs (salaries, security, general administration) absorb almost the entire budget. Public offices are manned by ageing and poorly motivated staff with no short-term prospect of being replaced by a young workforce. Regulatory frameworks for road rehabilitation, maintenance, and oversight are often missing. On the positive side, the Somali private sector, fuelled mainly by livestock exports and diaspora remittances, has in part mitigated the weaknesses of the public sector by providing some public and semi-public services such as water, energy and, sometimes, road rehabilitation and maintenance. It has consistently shown its ability and willingness to invest in the development of public service delivery through embryonic public-private partnerships (PPPs).

In summary, the poor conditions of the road network in Somalia can be ascribed to the age of the road network, a severe lack of maintenance for decades, and overloading due to insufficient axle-load control. The main problem leading to this severe lack of maintenance of road assets is lack of public sector support for the road networks, due to three main problems:

- Limited Government resources and poor governance by the agencies responsible for the maintenance of the primary road networks resulting in a shortfall of the funding required to effectively maintain the core road network.
- Road Authorities' low levels of staff and their limited technical planning, management and supervisory capacity coupled with lack of available data.
- Lack of awareness of the importance of routine (annual) road maintenance versus periodic maintenance.

² The SIF's prioritises four areas where Somalia's infrastructures need to be rehabilitated: transport (roads, ports, and airports), energy, water and sanitation, and information and communications technology.

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigation measures
1. Political risks and insecurity (including the charging of passage fees from proliferated check points) emanating from state failure and continued insurgency, could undermine implementation.	H	(i) Reduce disparities through equitable allocation of projects across regions; (ii) Concentrate operations in secure regions while remaining flexible to move operations when security conditions change; (iii) Build local ownership through community participation and visible improvements on the ground; (iv) Monitor the drivers of conflicts and engage AMISOM and the UN appropriately to tackle underlying causes; and (v) Obtain written assurances that FGS will provide necessary security on the road corridors targeted for civil works both during implementation and after for road users.
2. Macroeconomic indicators are weak and outlook is uncertain.	L	Project financing is mainly grants only. The Federal Government of Somalia (FGS) also contributes to this programme, and the AfDB will ensure that the FGS delivers on its commitments.
3. Financial risks due to external (e.g. variation in commodity prices) and internal (insecurity, low tax revenues) shocks, and fiduciary risks due to weak <i>public financial management (PFM)</i> , and <i>public procurement systems</i> .	H	AfDB will continue engaging other development partners to sustain grant resources inflows to Somalia, needed to finance road infrastructure maintenance costs under the auspices of the SIF. As regards fiduciary risks, the AfDB has reinforced fiduciary practices in Somalia including intensifying its own oversight responsibilities, and by competitively contracting the services of Third-Party Implementation Partners (TP-IPs) with adequate fiduciary arrangements to oversee activities in hard to reach areas of Somalia. It will properly oversee and manage procurement process on works and consultancy contracts, including providing its "No Objection Certificates" to the Executing Agencies / TP-IPs for all major procurement steps, following the traditional, "design-bid-build" approach.
4. Where communities have encroached on the existing road reserves they may need to be relocated, in the backdrop of weak judicial systems in Somalia. Furthermore, there are negative social impacts associated with road rehabilitation projects (e.g. influx of workers, potential increase of insecurity, and spread of infectious diseases in campsites).	M	FGS, with financial support of the AfDB, will recruit a long-term expert to develop an Environmental and Social Impact Assessment (ESIA) and a Resettlement Action Plan (RAP) on relocations of communities, and to define actions required to mitigate the projects' negative social and environmental impacts, respectively. In situations where people will need to be relocated, the human rights of both relocated persons and the receiving communities must be guaranteed . Because of the dysfunctional judicial systems in Somalia, proven local alternative dispute resolution mechanisms will be deployed to give affected people a greater voice . In this regard, the terms of reference for the ESIA will require that concrete proposals (these may vary across localities in different project sites) be made on how the existing traditional justice mechanisms will be used as avenues for

Risks	Risk level	Mitigation measures
		<p>preserving human rights, resolving grievances, and finding mitigation and compensation measures of project affected persons. Furthermore, given the fact that the adoption of the resettlement framework and the provision of sufficient budget are vital for the execution of the rehabilitation and construction works, AfDB will finalise this with the FSG before the commencement of the works. To empower the affected communities, community development initiatives (e.g. develop marketplaces, rehabilitate water supply points adjacent to the roads) will be initiated in collaboration with beneficiaries, while paying attention to the marginalised and excluded parts of the population (women, youth and internally displaced persons). The ESIA will be prepared and published 120 days before the AfDB presents this operation to its Board for approval. Essentially, this will guarantee that physical works funded by this action can only start after the ESIA is available, and a Resettlement Action Plan developed in order to address specific environmental and social issues related to the road rehabilitation. Also, this action proposes that EUR 1 000 000 of the EU grant be allocated to these tasks and the balance, plus any contingencies arising, be paid by the FGS. This will be detailed in an AfDB and FGS MOU (memorandum of understanding), including the requirement that human rights of project affected communities be protected. Also the eviction guidelines shall be taken into account as and when relevant.</p>
<p>5. Inadequately constructed roads can cause severe environmental damage.</p>	<p>M</p>	<p>Technical supervision of civil works will ensure proper construction of drainage systems in flood prone areas to minimise road surface erosion, and off-site water pollution.</p>
<p>6. Institutional and human capacity constraints and low quality or insufficient technical designs for civil works, could delay activity implementation. Implementation could also be adversely impacted by lack of AfDB staff presence to supervise site works due to security concerns in hard to reach project site</p>	<p>H</p>	<p>Provision of technical assistance and capacity building aims at empowering federal and regional actors to manage infrastructure projects. AfDB will intensely monitor activities and evaluate outcomes (see Logframe) to ensure that the programme delivers on its objectives. Executing Agencies are required to use AfDB's procurement procedures to accelerate tendering processes. AfDB will monitor the procurement process and, under the prior review requirements, AfDB will review the evaluation of bids, with the support of TP-IP, AfDB will tender, implement, and supervise all contract awards and related deliverables for detailed engineering designs, civil works, site supervision of civil works, and technical assistance services, throughout the project cycle. With a robust and timely monitoring and</p>

Risks	Risk level	Mitigation measures
locations.		evaluation (M&E) system, AfDB will ensure that potential construction and implementation problems are timely addressed and resolved.
7. Risk of Child labour	L	The programme offers direct construction jobs to the Somali youth, who live in proximity to the roads that will be rehabilitated. Whilst providing job opportunities, national and international labour standards will be respected, and no child labour will be contracted. Also, social safeguards measures will be included in employment opportunities and the gender aspect will be duly taken into consideration.
8. Increased risk of human trafficking and link to Human Rights Commission (HRC)	M	The project will address potential trafficking risks that might be increased through the rehabilitated roads by including an awareness raising campaign on Trafficking risks through putting up billboards, etc. As regards linkages to the HRC, it needs to be emphasised that even though the bill for the HRC was passed at Parliament and interviews of candidates have been undertaken, the HRC is, de facto, currently not functional as it has not been approved yet. A link to the HRC can be made once it has been made functional.
9. Demand/supply factors (scarcity of local contractors, and limited supply of foreign ones) could cause sharp price rises for civil works when bids are launched.	H	A TP-IP which is well conversant with the market conditions in Somalia will closely monitor developments in the road sector and recommend to the AfDB an appropriate, and cost effective, phasing of contracts that avoids bunching, and ensure effective contract management that guarantee best and competitive pricing. Contingencies have been incorporated in the budget for this action as mitigation.
10. Other risks (e.g. lack of awareness of the importance of routine road maintenance and lack of axle load control) could curtail the sustainability and the expected socio-economic results.	H	The capacity building component on this action include appropriate sensitisation for routine and annual road maintenance works by FGS, FMS and affected communities and the enactment of harmonised, federal level axle load legislation and its related enforcement actions.
Assumptions		
<ul style="list-style-type: none"> · Conflict in Somalia will not intensify, which could increase tensions in the project sites. · Progress on the political front will continue to maintain a sense of stability in all regions. · Commitment of infrastructure agencies at regional level to work in partnership with the federal authorities. · Timely identification of suitable counterparts at federal and regional levels. · FGS timely allocates resources to compensate persons having encroached on road reserves. · The programme generates tangible results to maintain beneficiaries' interest and ownership. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The *2011 Mid-Term Review of the 10th EDF Eastern and Southern Africa, Indian Ocean (ESA-IO) Regional Indicative Programme (RIP)* recommended that the 11th EDF strategy will need to remain flexible to adapt to the evolving needs of the region and, at the same time, ensure concentration of efforts by focusing the RIP to key fields of actions. This action moves this recommendation forward by maintaining a strategy where infrastructure is used to its full potential, while focusing action within a geographical corridor so as to produce tangible results and contribute to Somalia's economic development, stabilisation, skills development, and job creation.

The *2012 Special Report No 17 of the Court of Auditors on the road network in Sub-Saharan Africa* highlighted the crucial importance of enhancing sector governance if investments in infrastructure were to be sustainable. Combating overload, addressing sustainable maintenance management, and instituting trade facilitation measures (e.g. one stop border crossings and corridor observatory support) eventually drive down transport prices, and this benefits end-users. Accordingly, under the technical assistance and capacity building component, this action will pay attention to strengthening road transport sector regulatory frameworks at federal and regional levels and, especially their implementation and enforcement.

This action will build on lessons learnt from the German cooperation agency Gesellschaft für Internationale Zusammenarbeit (GIZ) during their implementation of the EU-Germany funded Sustainable Road Maintenance Project (SRMP). Key lessons include the need to promote mutual accountability and transparency from all stakeholders and support initiatives to promote communication between and with government at federal and state. There is more need to ensure TP-IP will be responsible to transfer skills to relevant Somali officials and institutions and need to strengthen, through reforms and related technical assistance support, regulatory and road maintenance and management frameworks. Federal member states of Galmudug, Hirshabelle and Jubaland are recently formed administrations and require support for initiatives that help road maintenance such as reinforcing road agency institutions, enacting new and implementing laws and regulations, e.g. Roads Act, Axle Load Control Act, Road Fund, etc. Importantly, actions incorporated in this action that ensures effective engagement of local communities and the private sector during implementation of this action were informed by lessons learned by GIZ. Finally, GIZ's experience shows that provision of water supply through bore holes or other water harvesting techniques could be an invaluable addition to support livelihoods of local communities. This lesson will be addressed during project implementation (see risks and mitigation strategy, n° 4).

This action also brings to bear other lessons learnt by the AfDB and that arise because of the very challenging and fragile Somalia context, including: (i) the need to use innovative project delivery methods to overcome execution bottlenecks that could emanate from untimely availability of in-depth feasibility studies/engineering designs because of security risks in Somalia, and inadequate funding for the relocation of those who have misused the Right of Way on road reserves; (ii) technologies such as low-cost sealing could reduce subsequent costs of road maintenance; (iii) the need to remain flexible in the implementation modalities; and (iv) the need to address the huge human resource capacity gaps in Somalia's transport sector that could undermine the longer-term sustainability of the road rehabilitation efforts.

AfDB will remain flexible to ensure that emerging technologies for road works are applied and that the project is implemented by competitively recruited third parties (TP-IP). Finally,

this action gives priority to strengthening state capacity and building effective institutions in the infrastructure sector through training and recruitment of staff at federal and regional member states levels to ensure sustainability of road infrastructure development and maintenance.

3.2 Complementarity, synergy and donor coordination

During the 2016 conference in London, the FGS and the international community, agreed on a New Partnership Agreement (NPA) that would facilitate the implementation of Somalia's NDP 2017-2019. The aid delivery coordination and funding mechanisms that were set up for the NPA were reinforced through the Somalia Development and Reconstruction Facility (SDRF), and the aid architecture, including Pillar and Sub-Working Groups, providing the technical fora for coordinating transport sector policy dialogue, and programmatic approaches. The SDRF and the Infrastructure Pillar Working Group will form a valuable platform for coordination and synergy of infrastructure projects/programmes in Somalia.

The project will seek coherent linkages with ongoing and future support by DPs in road infrastructure development in Somalia, including the EU, the AfDB, the World Bank, the Nordic International Support Foundation (NIS), the United States Agency for International Development (USAID), Germany, Turkey and Italy. The project proposed the rehabilitation of Garowe-Belet road which is a continuation of the North-South road corridor to Bosaso to complement the ongoing EU and German-funded and GIZ implemented Sustainable Road Maintenance Project. Down South the Luuq-Dolow road will connect Somalia to Ethiopia and Kenya and will foster linkages with the World Bank's efforts that are focused on the rehabilitation of main roads in the towns of Mandera and Elwak both in Kenya, and Dolow in Ethiopia.

Finally, the technical assistance (TA) and the capacity building component of this action will build on the ongoing efforts to reinforce the regulatory and institutional capacities of the MPWR&H by GIZ and the AfDB under parallel operations. GIZ led efforts to support the Government to develop draft legislation for the road infrastructure sector (Roads Law & Traffic Code) and to set-up a National Highway Authority in 2018, and those by the AfDB to strengthen the capacity for effective delivery of public works initiatives at the MPWR&H by strengthening organisational structure and operating procedures, and the recruitment of 18 personnel (50 % female, including a Senior Environmental and Social Impact Assessment Expert) and youth interns, will foster an enabling environment for the actions proposed under the SRCIP to succeed.

3.3 Cross-cutting issues

Environmental and social impacts: Despite Somalia having ratified a number of international/regional environmental regulations and treaties, the environmental regulatory and institutional framework, and functional formal judicial systems for most of the country have largely been absent over the last three decades. As a result, there has been tremendous destruction of natural resources. The United Nations (UN) Security Council has also determined that the illegal trade in charcoal is a significant source of funding for terrorism and a major cause of deforestation. Despite these challenges, long-term efforts to address the situation continue to be hindered by insecurity and a lack of access to many recovered areas due to Al-Shabaab's blockade of major supply routes. But broadly, the major challenge facing Somalia today is its limited resilience to environmental extremes and pressures such as floods and drought, as compounded by a deteriorating road network. Impassable roads intensify soil erosion during rainy seasons and lead to higher vehicle maintenance costs. An initial environmental and social review by the AfDB reveals that the programme might trigger

adverse environmental and social impacts. That is why it requires an adequate environmental and social management framework.

To respond to potential adverse environmental and social impacts risks that accompany road construction civil works, the FGS's Ministry of Public Works, Reconstruction and Housing (MPWR&H), with the support of the AfDB is recruiting a long-term expert to conduct an Environmental and Social Impact Assessment (ESIA) and develop an Environmental and Social Management Plan (ESMP). Furthermore, the roads targeted for rehabilitation might suffer from the misuses of Right of Way by local communities, and internally displaced persons (IDPs). The ESIA, therefore, will have to make recommendations on ways of protecting the human rights of project affected persons, and how the existing traditional justice mechanisms across localities will be brought to bear to resolve any grievances that may emerge during the relocation process, if any, given that Somalia does not have functional formal judicial processes. The FGS will be required to prepare a resettlement policy framework that will articulate how the misuses of the Right of Way will be addressed. This will entail the preparation of a *Resettlement Action Plan*, detailing the magnitude of relocation impact and the actions proposed. The programme, among other activities, includes compensation payable for relocation and implementation of gender-sensitive community-based social infrastructure in the programme locations that is estimated at about EUR 2 000 000 (or 5 % of the cost of civil works before contingencies). These may equally include the development of marketplaces, and rehabilitation of water supply points along the road reserves that are earmarked for rehabilitation, and will be decided upon by local communities themselves. This action proposes that EUR 1 000 000 of the EU grant be allocated to these tasks and the balance plus any contingencies arising, be paid by the FGS. The AfDB will continue to engage the FGS to make budgetary allocations for its share of these costs.

Climate change: Somalia has limited capacity to manage the environmental extremes, such as frequent droughts and occasional floods. Heavy flooding destroys road infrastructure, while both floods and droughts expose communities to risks of loss of lives and livelihoods. With the support of the United Nations Development Programme (UNDP), Somalia has developed a National Adaptation Programme of Action (NAPA) that seeks to address these climate change vulnerabilities. This programme will support Somalia's actions in this area to ensure that practical risk management and climate change adaptation measures are integrated into the programme activities and implementation plans, including: (i) advancing the planting of trees along the road corridors for carbon sequestration and to contribute to the country's afforestation strategy; (ii) improving the drainage systems along the highways to slow down soil erosion and reduce the environmental degradation that is pervasive in the county; (iii) optimising of drainage designs through proper sizing and location of drains, culverts, and outflow sites including provision of settling ponds to retain water thereby preventing uncontrolled flooding on the roads; (iv) provision of solar powered electrical posts on sections of the road that run through cities/towns; and (v) enhancing Somalia's capacity to develop longer-term local solutions for managing climate-related risks in the area of road infrastructure development and maintenance, through formal and on-the-job training of local communities and federal and state level authorities.

Gender and youth: Somalia faces persistent social challenges, such as poverty, and food insecurity that disproportionately affect people living in vulnerable situations, especially women and children and Internally Displaced Persons (IDPs). Furthermore, a weak government, structural bottlenecks, and the dilapidated state of road transport infrastructure, are major constraints to the country's private sector growth and its ability to create jobs. As a result, lack of formal jobs has disproportionately affected women, the youth and IDPs. High unemployment rate among the youth make them easy targets for recruitment by Al-Shabaab

terrorist group. This action will create labour intensive jobs for young men during road rehabilitation works. Furthermore, under the institutional capacity building component of this programme, at least 50 % of formal training and infrastructure jobs opportunities (at both federal and regional levels) will be reserved for young women. This project also includes actions that will foster gender sensitive community development initiatives to enhance livelihoods of local communities. Since women's and girls' rights are human rights, this action intends to ensure that the National Human Rights Commission, that was recently created, is sensitised to ensure gender issues are mainstreamed across the activities of this project. Finally, the AfDB, under a complementary initiative will be developing a gender action plan to help guide the implementation of the gender components of this action, as well as other AfDB's interventions in Somalia. The action plan will be grounded on available Somalia gender profile as conducted by EU or other donors and supplemented by AfDB own assessment of gender issues relating to the country. The analysis will need to go beyond the direct impacts of the road rehabilitation initiative to other barriers and constraints that are hinder women and girls in Somalia from benefiting from the improvements of access to road infrastructure services. The gender action plan will then include actions to mitigate such barriers to ensure that women have full access to improved road infrastructure services and are not sexually abused and/or trafficked on the road networks. Furthermore, specific affirmative actions, revisions of guidelines, and policies, will ensure all road infrastructure government agencies that are supported by the EU and the AfDB at both Federal and Regional levels, have strong gender sensitive human resource policies, including those related to gender equality and women's empowerment. This is intended to ensure that Somalia makes progress towards achieving the Sustainable Development Goal 5 (Achieve gender equality and empower all women and girls) in line with the goals of the EU's external relations framework for the 2016-2020 period. Of importance will be to ensure that activities funded by this action are aligned with EU's goals of ensuring preferential access by women to productive resources, including marketplaces that are strategically located on road networks to maximise their trade and entrepreneurship opportunities. Furthermore, through the community-based intervention under this project, women will be provided with preferential equal access and control over clean water, transport infrastructure, and equitable engagement in the management of these assets.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of **SDG 9** "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" but also promotes progress towards **Goal 5**: "Achieve gender equality and empower all women and girls", **Goal 8**: "Promote inclusive and sustainable economic growth, productive employment and decent work for all", **Goal 13**: "Take urgent action to combat climate change and its impacts", and **Goal 17**: "Strengthen the means of implementation and revitalise the global partnership for sustainable development".

The **overall objective** of the programme is to promote an enabling environment for higher economic growth and participation of the country in the regional and the global economy.

Specific objective 1: to improve management of the road sector at the national level, and in the states of Galmudug, Hirshabelle, Jubaland, Puntland.

Specific objective 2: to improve transport connectivity for road users in targeted road corridors in Galmudug, Hirshabelle, Jubaland and Puntland regions of Somalia.

Result 1: Reinforced policies, laws and regulations, institutions, and technical capacity to guide planning, design, build, maintain and monitor roads, and deliver road transportation services that are gender-responsive, environmental friendly, and climate resilient at federal and regional (in Galmudug, Hirshabelle, Jubaland, Puntland) levels.

Result 2: Improved road transport infrastructure in target areas.

4.2 Main activities

Linked to Result 1, Technical Assistance and Capacity Building, the activities are:

Activity 1.1: Support the development of an improved, reliable and regular funding mechanism for the road sector at both federal and regional levels, including adoption of a Somalia Road Fund for financing road maintenance costs;

Activity 1.2: Undertake research and manage the transport sector more effectively, through data collection and policy-design;

Activity 1.3: Consolidate actions on policies, legislation and regulation (including those on axle load controls) that are harmonised across federal and regional levels by using senior external advisers assisted by local/diaspora experts embedded in the ministry and regional infrastructure authorities;

Activity 1.4: Provide formal and on the job training/knowledge transfer to staff of the ministry, regional infrastructure authorities, the new National Human Rights Commission, the staff/managers of private sector firms involved in the transport sector, and affected communities, on broad issues including the need for routine roads maintenance;

Activity 1.5: Establish a work plan to procure short-term, specific technical expertise to ministry and regional infrastructure agencies for tasks that would be identified once the projects are active and operational;

Activity 1.6: Adopt clear organisational structures and terms of reference for the MPWR&H, including NHA.

Although a detailed capacity gap analysis will be undertaken during the inception phase of this action, background studies for the Somalia Infrastructure Fund (SIF) and ongoing AfDB engagement with the authorities in Somalia, already indicate major gaps in human resources capabilities in Somalia's transport sector. A newly created Somalia Human Rights Commission may not have the knowledge to understand their role as custodian of defending the rights of project affected persons to make their claims. At the level of FGS's MPWR&H, there are gaps in the ability of the Government to undertake research and manage the transport sector more effectively through data collection (disaggregated by sex) and policy-design, and lack of adequate policies, legislation and regulations. There are acute shortages of capable technical expertise across federal and regional infrastructure agencies, and a capacitated National Highway Authority (NHA) to be established by GiZ in 2018 does not exist. At the level of Galmudug, Hirshabelle, Jubaland, Puntland, and South West ministries of infrastructure capacity gaps identified include inability for these agencies to participate in the decisions concerning the reconstruction of infrastructure, and to subsequently follow and monitor ongoing activities.

The actions proposed above aim to address these immediate capacity challenges, to sustain the reform efforts, and to make sure that the newly created National Human Rights Commission is sensitised to ensure that activities undertaken by this action follow best practices on human rights of rights-holders, are gender mainstreamed, and do not employ child labour. The project will build the capacity of the MPWR&H to undertake sex

disaggregated data collection (as well as age and disability according to the EU commitments) and develop grounded policy analysis and design that will help feed into the national statistical and gender machinery. While establishing and capacitating the National Highway Authority, this action will ensure that this crucial institution is set up with gender sensitive human resource policies that will apply nationwide. For effective use, senior expert advisors and consultants will be centrally managed at the federal level, and transferred/ used on specific interventions at FMS level as need arises. The institutional strengthening tasks involve the employment of senior external advisers assisted by local and diaspora experts, who will be embedded in FGS's MPWR&H and FMS infrastructure ministries to ensure maximum transfer of skills to local staff. The EU's contribution to the total technical assistance and capacity building effort amounts to EUR 3 260 000 (50 %). This funding will be complemented by EUR 1 380 000 (21 %) contribution of the AfDB. Detailed pre-feasibility study on road rehabilitation projects exists in the form of the TSNA-IP of 2016. Detailed engineering designs for civil works, and environmental and socio-economic studies are not currently available. Consequently, this TA component is also co-financed with a EUR 1 940 000 (29 %) grant by the African Union's New Partnership for Africa's Development Infrastructure Project Preparation Facility (NEPAD-IPPF) to support the development of feasibility studies and engineering designs for the regional road corridors that are earmarked for rehabilitation under Result 2.

Linked to Result 2, Road Rehabilitation, the activities are (the EU grant covers activities 2.1, 2.2 and 2.3):

Activity 2.1: 90 km rehabilitation and overlay of the existing 7.3 m wide Belet Weyne-Galkayo paved road with TST, including the construction of a potential 7 km link road between Belet Weyn and Ferfer (Somalia/Ethiopia border).

This road is an important section of the Mogadishu-Jowhar-Belet Weyn-Galkayo Somalia North-South (NS) corridor and is a key link in the trunk road system toward Ethiopia and the Northern areas of the Somali peninsula. It links Southern Somalia and Ethiopia (via Belet Weyn and Ferfer) and the Northern regions where the EU is already intervening through its support to the Sustainable Road Maintenance Project (SRMP) that is co-financed with Germany. To the South, the road provides access to Puntland and the Northern regions to the regions of Benadir and Middle Shabelle and, eventually, Mogadishu. Mogadishu is the capital and largest market, and therefore provides great trade opportunities for goods coming from the interior. On the other hand, the Shabelle Valley is an area of high potential and intensive agriculture, and opening up will make it the country's breadbasket and a solution to its food security. Finally the road would also stabilise the area by making the preservation of security easier and more effective, which is also a broader EU strategic objective for Somalia.

Activity 2.2: 85 km construction of a new Galkayo-Garowe paved-TST road of 7.3m wide.

Under this activity, the 11th EDF contribution will be used to construct 68 km of the road with an additional 17 km being financed by resources from the AfDB's ADF-14 Transitional Support Facility (TSF). Not only does the proposed EU's intervention leverage additional funds and investments, it also builds important synergies with ongoing EU/Germany interventions in Somalia through the ongoing Sustainable Road Maintenance Project (SRMP), when taken collectively with Activity 2.1 above.

Activity 2.3: 80 km grading and compacting of the existing 7.3m wide Luuq, Ganane-Dolow earthen road.

This activity contributes to the larger Mogadishu-Baidoa-Afgoye-Dolow (on the border with Ethiopia) road corridor rehabilitation. Thus, EU's intervention will complement ongoing

efforts for the rehabilitation of Mogadishu to Afgoye road. Afgoye is a town in the Southwestern Somalia in the lower Shebelle region, which is also a highly productive agricultural area. On the other hand, Baidoa is the capital city of the South West State and is within the Bay Region, an agriculturally important and productive region. Thus, an eventual link from Dolow to Baidoa and eventually Afgoye will cut down transport costs on this section of a major road corridor in Somalia for food shipments northwards. Indeed, the Mogadishu-Baidoa-Afgoye-Dolow road, other than being a part of the regional corridor eventually linking up with the World Bank's implemented rehabilitation of the main road in Mandera as well as Elwak town in Kenya and also Dolow town of Ethiopia, serves the Somali export industry of farming produce such as sesame seeds as well as supplying the residents of Mogadishu with vegetables and fresh fruits from Afgoye's large scale farming areas. Finally, the road has the potential of stabilising the regions of the Interim South-West Administration (ISWA) and Juba and creates a favourable environment for the preservation of security in Somalia.

Activity 2.4: 100 km new compacted gravel feeder road of 3.65 m wide Galkayo-Hoby road.

This activity will be funded by the AfDB and involves the construction of a new feeder road that would link Galkayo to the port of Hoby. The road corridor from the Somali seaport of Hoby via Galkayo (to Goldogob in Ethiopia), complements the seaport of Hoby as gateway link to the hinterlands of the Horn of Africa and even Eastern Africa. Linking the Somali trunk road system at Galkayo with the proposed port at Hoby and Galdogob on the Ethiopian border is hugely advantageous for the trade needs of the Ogaden Region in Ethiopia. Importantly, the AfDB funding uniquely complements ongoing EU efforts that aim to establish a jetty at the port of Hoby through funding support to the Food and Agriculture Organisation (FAO). FAO aims to conduct a feasibility study, and eventually establish a jetty at the port of Hoby for fish exports and, in that way, provide sustainable livelihood to the local fishing communities. The AfDB, on its part, envisages that the feeder road would provide an essential route for livestock exports from the hinterland, once the port of Hoby is further expanded to accommodate larger carriers.

4.3 Intervention logic

The proposal is in line with the EU future geographical approach, as the road from Dolow to Luuq is within the Juba corridor, the road from Garowe to Adado is part of the North Central corridor, finally linking the Central Corridor to the Shabelle Corridor in Beletweyne. Importantly, the road from Belet Weyne to Galkayo is a continuation of the North-South (NS) corridor road whose section Galkayo-Garowe is currently being rehabilitated by GIZ in the "Sustainable Road Maintenance Project". As such, the SRCIP will open up remote parts of Somalia and bring indirect benefits of enhancing security and addressing fragility, which are key objectives of the ACP-EU cooperation.

A resilient road infrastructure, effective public-sector service delivery institutions, and a vibrant private sector, are all important if Somalia is to achieve a track record of stronger, sustainable and shared real economic growth of 5.5 % and a reduction of the high unemployment and poverty rates envisaged by the country's 2017-2019 NDP. This programme aims at reinforcing the capacities of federal and regional institutions managing road infrastructures in Somalia while rebuilding road networks linking Somalia's coastline to the Ethiopia's Ogaden Region, and Kenya' North Eastern Region, to drive closer regional integration and trade.

On a more technical level, the EU and AfDB's infrastructure sector capacity building and technical assistance support will enable the MPWR&H to undertake data collection and develop grounded policy analysis and design. The capacity building initiatives at the FMS

level will focus on creating immediate capacity for regional actors to participate in the decisions concerning the reconstruction of infrastructure, and to subsequently monitor ongoing activities and sustainable road maintenance.

This action also aims at providing Somalia with enhanced road transport infrastructure that is reliable and cost effective by undertaking the needed and urgent rehabilitation and construction of 355 km (238 km of which is earmarked for EU funding) of the major and feeder road networks. In turn, this support will improve accessibility and transportation of people, goods and services in the target regions of the country and consequently, enhance the country's economic competitiveness, social development and security. The AfDB will leverage its vast experience in financing and implementation of regional infrastructural projects, and draw lessons learned to ensure that the implementation of this action is timely and has life-changing developmental impact in Somalia and the region.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country Somalia.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 65 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendment to this decision would constitute a non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N/A

5.4 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation³.

5.4.1 Indirect management with an international organisation

This action may be implemented through indirect management with the African Development Bank (AfDB). This implementation entails providing EU funds to the AfDB managed Multi-Partner Somalia Infrastructure Fund (SIF). The SIF, which was approved in October 2016, is one of the original financing windows under the Somalia Development and Reconstruction Facility (SDRF) and focuses on supporting infrastructure development and the related capacity building efforts. So far, the SIF has received over EUR 3 100 000 from the United Kingdom and Italy. Italy, in 2017 committed to pay EUR 1 000 000 into the SIF, and pledged a further EUR 4 000 000 for 2018. The AfDB has so far committed about EUR 21 000 000 on the three approved and ongoing projects. This implementation modality is justified because the AfDB has specific added-value, including its existing (successful) partnerships with the

³ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

FGS's Ministry of Public Works, Reconstruction and Housing (MPWR&H) and the relevant infrastructure ministries at the regional level. It is also able to foster synergies among different components of this action and its other ongoing interventions in the public works sector in Somalia. These include an ongoing EUR 6 600 000 grant that is reinforcing the institutional capacity of the FGS's MPWR&H and the Federal Members States' infrastructure agencies and a EUR 7 000 000 grant strengthening economic and financial governance arrangements in Somalia's infrastructure sector. The AfDB has proven and demonstrated experience in the design, development and funding large scale regional infrastructure projects and has a long experience working with the EU on several initiatives across the African continent. As the administrator of the SIF, the AfDB is mandated to coordinate donor interventions in infrastructure development and the related capacity building efforts. Such pooling and leveraging of funds ensures aid effectiveness and minimises fragmentation and duplication. Finally, through the SIF framework, the EU will have an enhanced forum for engaging with Somali authorities and development partners, as well as receiving annual monitoring and progress reports of all activities undertaken under the SIF. The monitoring and evaluation (M&E) system will also include assessment of effective implementation of rights-based approach principles and of the programme's contribution to gender equality and women's empowerment, bearing in mind that currently no official statistics on gender exist, other than via NGOs and IOs as well as World Bank reports. The Bank also explores ways through which it can apply its policies flexibly so as to enable the SIF to achieve its objectives, without incurring fiduciary risks, unacceptable to both SIF contributors and the Government.

The entrusted entity would carry out the following budget-implementation tasks: notably launching calls for tenders and for proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments and recovering moneys due.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Budget item	EU contribution (EUR)	Indicative third party contribution (EUR)
	Activities 1.1 to 1.6 and 2.1 to 2.3	Activities 1.1 to 1.6, 2.2 and 2.4
5.4.1.4. - Indirect management with the AfDB	41 450 000	
5.9 - Evaluation	300 000	
5.10 - Audit	250 000	
Totals	42 000 000	17 748 500
Combined Contribution Totals	59 748 500	

5.7 Organisational set-up and responsibilities

The programme activities shall be implemented by SIF that is managed and administered by the AfDB through a management unit based in the Bank's Kenya offices. This unit is staffed with experts to ensure that infrastructure projects are prepared and designed appropriately, and delivered and monitored effectively. While retaining the overall responsibility for the success of the programme, the AfDB will ensure that actions by the several partners involved in the implementation are strongly coordinated to guarantee achievement of the intended results. To remain flexible, the AfDB will retain the services of competitively contracted Third-Party Implementation Partners (TP-IPs) to undertake certain delegated tasks, which will be defined in a Tripartite Agreement that will be signed between the AfDB, the Government of Somalia and the specific TP-IP. The activities that might fall under the TP-IPs purview include supervision of activities in hard to reach areas of Somalia, and the day-to-day management of certain fiduciary (procurement, disbursement, and financial management), environmental (including climate change) and social risks. Furthermore, the partnership with TP-IP's will include specific and measurable capacity transfer components to relevant Somali officials and institutions. The TP-IPs will also ensure day-to-day close coordination of programme activities with the Executing Agency (EA) of the programme, the FGS's Ministry of Public Works, Reconstruction and Housing (MPWR&H), the concerned FMS' infrastructure ministries and local communities. The TP-IPs will, however, at all times report directly to the AfDB.

All procurement of works and acquisition of consulting services will be indirectly managed with the AfDB. The AfDB will establish adequate programme implementation teams, headed by a programme manager, who will provide overall oversight over the implementation of the programme activities. To foster buy-in and knowledge transfer, the MPWR&H will appoint in-house programme implementation counterparts, at federal and regional levels, to work with the AfDB and the teams that will be set up by the TP-IPs. The AfDB will ensure that a complete organisational structure of the programme is developed during the project initiation phase. A steering committee spearheaded by MPWR&H and including FMS, representatives of the National Human Rights Commission, civil society representatives (including relevant women's rights groups) and, on observer status, the AfDB and the EU Delegation, shall be set up to oversee and validate the overall direction, policy and implementation of the programme on the basis of the Logical Framework Matrix in Appendix I. The steering committee shall meet bi-annually/quarterly. Project management committees shall also be set up to support the smooth implementation of individual components of the programme. They shall meet quarterly and take responsibility for the review of quarterly progress reports (which track progress on milestones captured in the LogFrame), take decisions and agree on follow-up actions. The meetings will be chaired by the beneficiaries of the individual actions, who will be assigned the role of Project Manager. The MPWR&H, the AfDB and the EU Delegation will have representatives as observers on each of these committees. The newly created infrastructure development partners working group's meetings will form a good forum for sharing experiences on the implementation of actions under this operation.

5.8 Performance monitoring and reporting

The LogFrame outlines the indicators and baseline data that will be used to monitor the outputs and outcomes of this proposed action. However, the data needed for monitoring and evaluation (M&E) of the programme are limited due to the lack of baseline data in the case of Somalia. Programme performance monitoring will be aligned as much as possible to national reporting systems and conducted within the newly created development partners group for the transport sector. Under Specific Objective 1, data needed for M&E are: (i) overall satisfaction rating of road users; (ii) extent of implementation of policies, laws, and regulations; and (iii)

evolution of fund mobilisation for periodic road maintenance. Under Specific Objective 2, data elements include: (i) annual average daily traffic; (ii) average speed on rehabilitated roads; (iii) proportion of local to foreign construction materials used to rehabilitate roads; (iv) number of jobs created through labour-intensive approaches to road rehabilitation; and (v) percentage value of works/services awarded by the project to local contractors/ consultants. The project aims to monitor the gender impact of the intervention by collecting sex disaggregated data (as well as age and disability according to the EU commitments) on the key indicators from primary and secondary sources. Baseline and final evaluation surveys will be carried out in the project areas to assess the impact of the project on women's lives, and empowerment. Furthermore, M&E activities will include an evaluation of effective implementation of the Rights-based Approach in all aspects of the project to ensure that human rights aspects are fully realised through this action, in line with EU requirements. Given that rights of women are human rights, the M&E tasks in this regard will include an evaluation as to how the project is fighting violence of any kind against women and girls, how it is empowering women economically and socially and strengthening their voice and participation in activities, and how it is shifting culture in infrastructure agencies to capacitate women and girls to achieve their full potential and to participate effectively in the Somali economy and the society in general. The MPWR&H, with support of the TP-IP and funding included under project management costs, will undertake, as part of its work programme, the required special surveys to gather data such as user satisfaction and assessments at project initiation, during implementation and at completion, as necessary. There are some data, for example, on the mobilisation of funds for routine maintenance of roads, which will be directly sourced from the FGS' Ministry of Finance. The MPWR&H will report the outcome indicators in an Annual Report, and the output indicators in Monthly/Quarterly Interim reports, and make these available to the AfDB to facilitate close monitoring of this action. The reports will cover progress on implementation of the Rights-based Approach and data will be sex-disaggregated. The AfDB, under a separate action within the framework of the Somalia Infrastructure Fund (SIF), will be recruiting a Third-Party Monitoring Team (TP-MT) that will provide independent assessments of the technical, environmental, and social aspects of all activities under the SIF, including this action. This is part of the AfDB's efforts to enhance SIF portfolio quality and to cross verify outputs and outcomes of all SIF interventions. The TP-MT, which will have direct reporting responsibility to the AfDB, is expected to be in place within the first year of implementation of this action.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate semi-annual/annual progress reports and final report. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The ESIA will be explicitly used to identify indicators that:

- can follow up on climate risks and performance of the structure to effectively increase resilience to people (justifying the Rio Marking on Climate Change Adaptation);
- ensure there is a proper follow-up of the status of the environment during and after the construction, in its surrounding areas;
- ensure quality of implementation of the environmental management plan.

5.9 Evaluation

Having regard to the importance and nature of the action, a mid-term and a final evaluation will be carried out for this action or its components contracted by the Commission.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to the manner implementing partner, including decentralised level of governments, are performing.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the manner programme components have reinforced each other.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders.

The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract, one is expected to be signed at mid-term, the other one at completion.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. Indicatively, one contract for audit services shall be concluded under a framework contract in the fourth trimester of 2019.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the AfDB, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - LOGFRAME⁴

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets	Sources and means of verification	Assumptions
Overall objective: Impact	To promote an enabling environment for higher economic growth and participation of the country in regional and global economy	(1). % annual GDP growth rate (%) (2) Annual volume of cross border trade with Ethiopia at Belet Weyn/Ferfer crossing, and at the port of Hobyo in both directions (%)	(1). 2.5 % (2018) (2). TBD at programme inception	(1). 5 % (2023) (2). Increase by 20 % (2023)	(1). Ministry of Finance (MoF) reports and Economic Surveys (2). MoF will collect and provide the data to the PMU, MPWR&H.	

⁴ The indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. Indicators aligned with the relevant programming document are marked with '*' and indicators aligned to the EU Results Framework with '**'.

Specific objective(s): Outcome(s)	<p>Specific objective 1: to improve management of the road sector at the national level, and in the states of Galmudug, Hiran, Jubaland, Puntland.</p>	<p>(1). Overall satisfaction rating — scale of 1 (very dissatisfied) to 4 (very satisfied)— for road users' experience, by sex and age</p> <p>(2). Number of policies, laws, regulations passed Concerning Road Sector</p> <p>(3). Percentage of Road Inspections Conducted Annually</p>	<p>(1). To Be Determined (TBD) during a baseline survey at inception of programme (2018)</p> <p>(2). TBD at programme inception</p> <p>(3). TBD at programme inception</p>	<p>(1). TBD in inception phase (2023)</p> <p>(2). TBD in inception phase (2023)</p> <p>(3). TBD in inception phase (2023)</p>	<p>(1). MPWR&H special survey reports</p> <p>(2). MPWR&H reports, and programme progress reports</p> <p>(3). MoF and MPWR&H reports</p>	Progress is made on the political front to maintain stability in the programme areas
Specific objective(s): Outcome(s)	<p>Specific objective 2: to improve transport connectivity for road users in targeted road corridors in Puntland, Galmudug, Juba and Hiran regions of Somalia</p>	<p>(1). Annual average daily traffic (vehicles / day)</p> <p>(2). Average speed on rehabilitated roads (km/h)</p> <p>(3). Proportion of local to foreign construction materials used to rehabilitate roads, measured by quantity (%)</p> <p>(4). Number of jobs created through labour-intensive approaches to road rehabilitation, by sex and age** (EURF L2 #28)</p> <p>(5). Percentage value of works/services awarded by the project to local contractors/consultants</p>	<p>(1). TBD in inception phase (2018)</p> <p>(2). 30 km (2018)</p> <p>(3). 0 (2018)</p> <p>(4). 0 (2018)</p> <p>(5). 0 % (2018)</p>	<p>(1). TBD in inception phase (2023)</p> <p>(2). 60 km (2023)</p> <p>(3). TBD (inception phase) (2023)</p> <p>(4). TBD (inception phase) (2023)</p> <p>(5). 30 % (2018)</p>	<p>(1) and (2). MPWR&H special monthly survey reports</p> <p>(3), (4) and (5). Programme progress/performance reports and surveys</p>	Lack of major conflict in programme areas

Outputs (1)	<p>Result 1: Reinforced policies, laws and regulations, institutions, and technical capacity to guide planning, design, build, maintain and monitor roads, and deliver road transportation services that are gender-responsive, environmental friendly, and climate resilient at federal (including the National Highway Authority, NHA) and regional (in Galmudug, Hiran, Jubaland, Puntland) levels.</p>	<p>(1.1). Number (No.) of policies, laws (including the Axel Load Act), strategies, and regulations formulated and adopted in the road sector, with the support of the project, and that are harmonised across federal and regional levels and meet requirements to be gender-responsive, environment friendly and climate resilient.</p> <p>(1.2). Status of organisational structures and terms of reference for the MPWR&H, including NHA</p> <p>(1.3). No. of local staff recruited and trained to eventually to become permanent civil servants (disaggregated by sex and age) (staff/months)</p> <p>(1.4). Percentage of this project specific accountability reports from state road agencies submitted within 30 days after the end of each calendar</p>	<p>(1.1). 0 (2018)</p> <p>(1.2). Organisation structure and ToR not in existence (2018)</p> <p>(1.3). 0 (2018)</p> <p>(1.4)....% (to be defined at Baseline Study) (2018)</p>	<p>(1.1). TBD in inception phase (2023)</p> <p>(1.2). Organisational structure and ToR developed (2023)</p> <p>(1.3). Equivalent of about 100 staff/months at federal level and 400 staff/months at states level recruited and trained with 50 % women and 70 % youth (2023)</p> <p>(1.4). 25% (2023)</p>	<p>(1.1) and (1.2). Baseline assessment and subsequent programme progress/performance reports, progress reports by TA staff and consultants, MPWR&H reports, and cabinet/ministerial reports.</p> <p>(1.3) Programme progress performance reports, and progress reports by TA staff and consultants.</p> <p>(1.4). Programme progress/performance reports, and MPWR&H reports</p>	<p>Adequacy of political commitment of federal and state infrastructure agencies to create partnerships to strengthen the institutions and performance of the road transport sector</p> <p>The sustainability of the policies by the FGS and States to invest in the road transport sector as top priority</p> <p>Commitment by FGS and States to enhance their policies of private sector participation in road transport sector</p> <p>FGS and the concerned states will identify suitable counterparts for training</p>
O =	Result 2: Improved road	(2.1). Length (in km) of upgraded	(2.1). 0 km	(2.1). 175 km	(2.1) to (2.3).	Timely relocation

	<p>transport infrastructure in target areas: Rehabilitation of about 355 km of road network</p>	<p>paved roads with triple surface treatment ** (EURF 26 L2)</p> <p>(2.2). Length (in km) of roads rehabilitated using labour intensive methods (compacted gravel/earthen)** (EURF 26 L2)</p> <p>(2.3). Estimated length (in km) of roads rehabilitated using local construction materials with the support of this action</p> <p>(2.4). Number of beneficiaries of the roads rehabilitated with EU support (disaggregated by age and sex)⁵ ** (EURF L2 #28)</p> <p>(2.5). Number of direct beneficiaries (project affected persons) living below the poverty line (disaggregated by age and sex)**</p>	<p>(2018)</p> <p>(2.2). 0 km (2018)</p> <p>(2.3). 0 km (2018)</p> <p>(2.4). 0 (2018)</p> <p>(2.5). 0 (2018)</p>	<p>(2023)</p> <p>(2.2). 180 km (2023)</p> <p>(2.3). TBD in inception phase (2023)</p> <p>(2.4). About 1 million (of which 50 % women and 70 % youth) (2023)</p> <p>(2.5). TBD in inception phase (2023)</p>	<p>Programme progress/performance reports and MPWR&H reports⁶.</p> <p>(2.4) World Bank and UNDP estimates</p> <p>(2.5) Resettlement Action Plan (RAP) by the MPWR&H and special survey reports at inception, and project completion stages</p>	<p>of communities who may have encroached on the existing road reserves</p>
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⁵ Definition: "Access to an all-season road is measured as the proportion of people who live within 2 kilometres (typically equivalent to a 20-minute walk) of an all-season road."

⁶ Indicator 2.3 relates to the road rehabilitated per indicators 2.1 and 2.2. Monitoring of progress under indicator 2.3 cover each project only once, without duplications.