Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 11-Oct-2018 | Report No: PIDISDSC25020

Public Disclosure Authorized

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Somalia	P167826		Somalia - Water for Agro-pastoral Productivity and Resilience (P167826)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	Dec 17, 2018	Dec 31, 2018	Water
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Federal Government of Somalia	Abdiwahid Ibrahim Ahmed	

Proposed Development Objective(s)

Develop water and agricultural services among agro-pastoralist communities in dryland areas of Somalia.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	40.00
IDA Grant	40.00

Environmental Assessment Category	Concept Review Decision
B - Partial Assessment	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

After more than two decades of insecurity and humanitarian crises Somalia is establishing the foundations for a new political settlement. Agreement on a Provisional Constitution in 2011 and the subsequent establishment of a new Federal Government of Somalia opens a new chapter for Somalia's development and offers hope for a stable future based on a federal model. Since 2011, Al Shabab's territorial footprint has narrowed and the insurgency has mainly resorted to asymmetric attacks focused on Mogadishu.

New Federal Member States (FMS) have emerged in the past five years, but the federation process is a complex. State formation is both a significant development opportunity and a contentious process. Urban areas in southern Somalia—formerly under Al Shabab control—are now the capitals of newly-formed FMS and responsible for sub-national administration. Powerful local actors emerged as leaders of the five FMS. While state formation has set a course for Somalia's governance and service delivery, it has also opened new uncertainties over representation and sharing power and resources. Meanwhile, Somaliland's relationship with Somalia remains contested.

Somalia's GDP per capita of $450 makes it the fifth poorest country in the world. In 2015, Somalia's economy was estimated to be US$6.5 billion. In addition, remittances from the diaspora were estimated at US$1.2–2 billion and remain an important source of household income and a buffer against shocks. In recent years, aid flows have increased dramatically, reaching $2 billion in 2017. Half of Somalia's estimated 12 million people live in rural areas pursuing pastoralist and agro-pastoralist livelihoods. The agriculture sector remains the backbone of the economy and accounts for about 75 percent of GDP—among the highest in the world. Livestock alone accounts for about 40 percent of the sector's 79 percent share of export earnings, bringing in over US$500 million a year.

Somalia is highly vulnerable to natural disasters having experienced at least 14 drought events since 1960.[1] Rural Somalia remains acutely poor and subject to repeated cycles of devastating droughts—averaging one every four years. By February 2017, over 6.2 million Somalis needed humanitarian assistance. While famine was averted, there were nearly 400,000 cases of acute child malnutrition and an additional one million people displaced to rapidly expanding urban settlements and camps for internally displaced people. Losses in the livestock sector from the 2016/17 drought were estimated at US$2 billion with herd losses reported at between 40 and 60 percent. Just as Somalia was recovering from the drought, flooding in the upper Shebelle area during the first half of 2018 displaced over 230,000 people and affected over 600,000. Between 2006 and 2018, Somalia has experienced five major flood events, impacting hundreds of thousands of people. The Center for Global Development places Somalia at the top of the list of 167 countries for overall vulnerability to climate change adjusted for coping capacity.[2]

Over half of Somalia's population lives below the international poverty line.[3] Somalia's under-5 mortality rate is 137/1,000 births. Data on stunting of under-fives is limited with estimates ranging widely from 12 to 38 percent.[4] Three

[1] *Masih, I. et al (A review of droughts on the African continent: a geospatial and long-term perspective. Hydrol. Earth Syst. Sci., 18, 3635–3649, 2014*
[2] *The survey ranks countries across four dimensions of climate impact: Extreme Weather, Sea Level Rise, Agricultural Productivity Loss and Overall. Rankings are based on a comprehensive dataset described in a new working paper Quantifying Vulnerability to Climate Change: Implications for Adaptation Assistance, by CGD senior fellow David Wheeler, and can be accessed at http://www.cgdev.org/page/mapping-impacts-climate-change*
[3] *Poverty is estimated using the international 1.90 USD 2011 PPP poverty line.*
[4] *FSNAU report 12 percent post Deyr 2015/2016 while the 2006 MICS reports 38 percent*

quarters of the population are under 30 and access to education is marred by gender inequality. The adult literacy rate is the lowest in the world, especially among women and girls. Primary school enrollment is below 50 percent and less than a tenth of school-age children attend secondary school. Somalia's youth bulge the majority of which are unemployed is a major challenge. Over two-thirds of urban households have access to basic water services, but only 20 percent of rural households do—and less than 10 percent have basic sanitation or hygiene.[5] Only about one fifth of the population has access to electricity.

The Systematic Country Diagnostic (SCD) identified the country's "fragility trap" as two inter-connected cycles. The SCD applied a wealth accounting framework, bringing to light the depletion of assets, particularly in natural capital, which creates vulnerability to shocks. The framework assessed the stocks of various forms of capital – *natural assets* such as land, forests, fish, minerals; *productive assets* such as buildings, machinery, infrastructure (highways and ports, and electricity generation), *human assets* (population education and health), and various forms of *intangible capital* – and defines the process of development as one of accumulating a diversified portfolio of national wealth. Based on this analysis the two inter-connected cycles continuously eroding capital accumulation were identified as:

- A short-term cycle of fiscal—governance—political turbulence that undermines institutional effectiveness and trust; and
- A longer-term cycle of natural disaster—displacement—vulnerability that drives widespread exclusion and human suffering.

Breaking out of this fragility trap will require the country to sustain the reform and growth of public institutions that can win peoples' trust through transparency and fair delivery of basic services and that broaden economic opportunities, especially to the young. However, with a tax base of just 2 percent of GDP[6] and only a nascent civil service, the reform and growth of public institutions capable of overcoming this fragility trap will need to focus investment across a carefully selected range of public functions that enable rather than displace private, civic, and community institutions.

Sectoral and Institutional Context

Roughly half the Somali population lives in rural areas and derives their livelihoods from animal herding and crop cultivation. As set out in the 2018 Country Economic Memorandum, the livestock and crop subsectors remain critical to economic recovery and long-term development. Despite the challenges of the past three decades, the livestock and crop subsectors remain the main sources of economic activity, employment, and exports for Somalia. The country has 15 agro-ecological zones that can support expanded and more efficient production for both domestic and export markets. Half of the rural population pursue nomadic pastoralist livelihoods, while the other half pursue agro-pastoral livelihoods comprising a mix of settled crop production and livestock rearing. Agro-pastoralists live mostly along or in between the two major rivers in south-central Somalia, but also in a few other parts of the southern and north-western regions where there is better access to shallow ground water and higher average annual precipitation.

Somalia faces declining agriculture production and a food imbalance. The country's crop production depends on an increasingly narrow and fragile natural resource base and an arid and semi-arid climate that has become drier, more extreme, and more variable in recent decades. Widespread environmental degradation, fueled by, *inter alia*, the breakdown of traditional pastoral and clan-based land management systems, demographic pressures, and the unsustainable exploitation of groundwater, rangelands, and forests threatens traditional livelihoods systems and the country's food security. Domestic cereal output, averaging about 265,000 tons a year, has declined nearly 60 percent from its 1989 peak and provides less than one-quarter on average of per capita cereal needs. Declining crop production has fueled a large increase in agricultural imports, including food aid, reaching US$1.5 billion in 2015, up from US$82 million in the late 1980s. Even before the

[5] *UNICEF/WHO Joint Monitoring Program https://washdata.org/data#!/som*
[6] *Compared to 15 to 20 percent of GDP across other LICS*

2016-17 drought, food aid and food imports were already larger than domestic production of grains.

Somalia's livestock sector has rebounded markedly, but considerable downside risks remain. Substantial investments by the diaspora, Saudi-controlled companies and some donors have supported impressive export growth and fueled a dramatic expansion in livestock's relative economic importance. An estimated 10-fold increase in live animal exports in recent decades means the sub-sector today accounts for an estimated 79 percent of total export earnings and is the largest source of foreign exchange after remittances. In 2015, Somalia exported a record 5.3 million head of livestock to Gulf markets, worth an estimated US$533 million. However, production constraints related to nutrition, disease, genetic resources, and poor resource management are compounded by structural and institutional weaknesses that impede value addition and amplify exposure to climate and other shocks. This is best evidenced by an estimated 50 percent drop in live animal exports linked to Saudi Arabia's import ban during 2017 and $2 billion in livestock damages and losses during the 2016/17 drought period, due to a combination of lack of water and pasture.[7] Recurring export bans due to alleged disease outbreaks dampen critical foreign exchange earnings.

Revitalizing crop production and making livestock systems more resilient to shocks requires overcoming foundational issues of water and environmental management. Most of Somalia is arid or semi-arid (mean annual rainfall of 200-300 mm/year) with high inter-annual and spatial rainfall variability. Two permanent rivers, the Shebelle and the Juba, flow from Ethiopia into southern Somalia. Both river basins provide much needed surface and groundwater for irrigation and sustain fertile alluvial flood plains covering an area 174,600 km^2. Before the central government collapsed in 1990, over 220,000 ha along the flood plains in the middle and lower reaches of the Juba and Shebelle rivers were under either controlled irrigation or flood-recession farming. Today, much of the irrigation infrastructure remains in disrepair with only 100,000 ha under cultivation.[8]

Rehabilitating Somalia's dilapidated irrigation management infrastructure would boost crop production, but represents high risk at this stage of the stabilization process. The rehabilitation of barrages, canals, and other water infrastructure would boost agricultural output but would need to be complemented with investments to strengthen systems for land and water governance. At this point in Somalia's stabilization, investing heavily in large-scale irrigation could risk amplifying tensions as both land tenure and water rights in many areas along the two rivers are heavily contested and would require strong state and federal governance structures to settle disputes. Furthermore, as both Juba and Shebelle originate in Ethiopia, issues of transboundary water management (including for flood and drought) will require a structured transnational dialogue process.

Groundwater sources from boreholes—which in many African countries provide water for domestic use, livestock and irrigation—are technically demanding to identify and exploit in Somalia. This is because aquifers are deep (more than half of boreholes are over 130 m deep with some over 400 m) and water within aquifers is often low quality (salty or hard) that makes it unsuitable as drinking water or for irrigation.[9] Costs for drilling and equipping these deep boreholes are high, ranging from US$500,000 and US$1,000,000, due to a combination of the physical, market and security conditions.[10] I n 2014 FAO mapped 3,700 water points across the country. Only 2,200 were functional and perennial water points under normal non-drought conditions. Of these only around 500, mainly deep borehole groundwater sources, were improved sources providing people with protection from environmental contamination associated with the spread of waterborne diseases.

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[7] *Federal Government of Somalia (2017) Somalia Drought Impact and Needs Assessment: Synthesis Report*
[8] *The area currently under irrigation is estimated to be roughly 50-61 percent of what it was pre-war. Just before the collapse of the government, the Somali Ministry of Agriculture estimated that 112,950 hectares were under controlled irrigation and 110,000 hectares were under flood-recession irrigation (cultivation along the edge of rivers or other water bodies using water from receding floods), for a total irrigated area of 222,950 hectares.*
[9] *FAO SWALIM http://fmt.faoso.net/imms/fmt/maps/website/227*
[10] *UNICEF Somalia, personal communication*

While boreholes can play an important role in ensuring water security—especially for people—they are associated with environmental degradation. The yield of groundwater-fed boreholes is less vulnerable to short-term fluctuation in rainfall than other sources: such as berkads, open dams, shallow hand dug-wells and springs. This makes boreholes an important source of water in times of severe drought especially for humanitarian response– and particularly in non-riverine regions of Somalia. However, heightened pressures on pasture around these boreholes during drought events can cause long-term damage to surrounding rangeland, creating so-called 'sacrifice zones'. Deep boreholes are also not a good solution for increasing agricultural productivity as their operation and maintenance costs are much higher than from shallow water sources.

There are opportunities to increase access to water for agricultural production across Somalia's drylands in ways that are low cost and without exacerbating conflict. Rivers in northern Somalia, and in areas other than the Juba and Shebelle valleys, are ephemeral with water flowing for very short periods during the seasonal rains. Following seasonal rains, water infiltrates into shallow aquifers that last for only a few months of the year. Based around these shallow aquifers there is a small but growing horticultural production base selling vegetables to urban areas – a potential driver of rural incomes. Pilot projects in the Puntland and Somaliland, including the World Bank financed Water for Agro-pastoralist Livelihoods Project (WALP), have demonstrated that water catchment and storage in these drylands can be increased through investment in small dams—such as, sand dams, sub-surface dams, infiltration galleries, etc. These technologies protect water from high evapotranspiration rates by holding the water in shallow sand aquifers and can be used to supply limited amounts of water for domestic, livestock, and agricultural uses. Though there is still potential for tension over land and water rights, these investments are small and disputes can be resolved by existing community mechanisms rather than depending on strong higher-level dispute settlement mechanisms.

Elsewhere, roughly 3 million hectares of grains and pulses are cultivated under rain-fed production systems that need support to adapt to climate change. Key constraints faced by rainfed farming systems include: a) lower and more erratic rainfall and more frequent and intense cycles of droughts and floods; b) poor soil management, resulting in very low rainwater infiltration and low moisture retention; and c) low-input farming techniques (a traditional, low-risk response to erratic rainfall conditions). Even in normal years, average yields are extremely low. However, if the constraints summarized above were fully addressed, the expert consensus is that average yields could increase by a factor of four to six for maize and three times for sorghum. Improved soil and water conservation, drought tolerant seeds and other climate smart agricultural know-how could help to increase yields—by as much as four to six times for maize and three times for sorghum, based on trials—and reduce post-harvest losses. This would improve food security and attenuate reliance on imports.

Re-establishing a rationalized public-sector role in agriculture will help re-integrate markets for private goods with support for public goods and extend the reach of services across the country. Over the past decade, the private sector seems to have filled some of the gaps left by the public-sector role in agricultural, with increasing diaspora investments,[11] taking advantage of Somalia's lack of restrictions on capital transfers and low barriers to market entry. Commercial suppliers are stepping in to market new seed varieties and agro-chemicals while networks of private veterinary associations provide animal health services. This has spurred the regrowth of agricultural knowledge and innovation systems for private goods where there is good access to urban markets (e.g. for veterinary drugs, improved seeds, and fertilizers). While much aid has also been channeled to public goods and knowledge (e.g. climate-smart land management technologies to improve soil, water, rangelands management) through the UN and civil society organizations to more remote areas, this has largely bypassed nascent public-sector institutions. Re-introducing a core public-sector role in the agricultural innovation system is essential to helping traditional rural livelihoods adapt to climate change.

The World Bank is a relative newcomer in a crowded development field in Somalia, but brings comparative advantages in supporting institution-building, on-budget financing and in the market/state interface. At present, the

[11] *A 2014 survey highlighted that more than 50% of sector investments by the Somali diaspora were directed to agriculture. See Jay B. Benson, Lindsay L. Heger, Lee C. Sorensen, Alexandria E. Wise. 2014. Somalia Diaspora Investments Survey Report: Typologies, Drivers, & Recommendations.*

WBG group portfolio represents a small percent, approximately eight percent, of Somalia's total ODA. Donors – including DFID, EU, GIZ, Norway, Sweden and US – are playing a major role in financing rural community-based resilience either through UN joint programs or directly implemented by NGOs or private sector contractors. The protracted humanitarian situation and limited use of country systems has led to a fragmented aid environment, which – unless managed – will continue to undermine the capacity of national institutions. Relative to the other main actors, the Bank's comparative advantage in Somalia has been to strengthen institutions at the national and sub-national level, through the establishment of clear norms and standards. The Bank therefore takes the lead in capacity building of government institutions, mainly focused on the public finance and civil service functions, but also extending to regulation in key economic sectors, including financial services, energy and telecoms. By channeling funds through government systems, the Bank introduces fiduciary, social and environmental standards in government around which new practices and capacities can form. Until now, the WBG has channeled more than $100 million through these country systems. The modalities used allow the Bank to play a strong convening role both for national and international actors. The Bank finances and supports an annual Aid Flow analysis by the Aid Coordination Unit of the government, which allows increased visibility on who is doing what and where. Working as a WBG, the institution has also demonstrated competencies in facilitating dialogue between public and private sectors.

Following the February 2017 presidential election, the Federal Government of Somalia is better positioned to coherently address the numerous challenges associated with rural development. Somalia's National Development Plan (NDP), the first in more than 30 years, set out the country's priorities for national recovery and development for 2017-2019. The plan sets ambitious targets for peacebuilding, state building and the Sustainable Development Goals structured around nine pillars across the humanitarian-development-peace continuum. Agricultural development, improved natural resource management, and upgrades to infrastructure (water, roads) are top priorities to boost prospects economic growth, help cement peace and security, alleviate poverty and malnutrition, and enhance health and nutrition outcomes in both rural and urban areas across Somalia. Investment in rural development is also expected to strengthen the resilience of communities against internal and external shocks. These objectives are also aligned with the recently completed Recovery and Resilience Framework developed following the 2016/17 drought.

Table X - Key Rural Sector Development Challenges

Key rural development challenges highlighted in Somalia 2017-19 National Development Plan include:

- low productivity mainly under rain fed conditions with limited access to water resources;
- high levels of vulnerability and farmers are exposed to climatic shocks and stresses;
- low technical and organizational capacity and nascent institutions - especially at regional and district levels in developing/overseeing agricultural policies and providing public services (agricultural extension and research);
- Lack of suitable crop varieties for the Somali climate offer few options for farmers for production of food and cash crops;
- poor adaptation strategies and mechanisms to changing climatic conditions;
- high environmental degradation particularly due to soil erosion;
- Absence of fodder reserves and alternatives for fodder/feed during dry and lean seasons contributing to a high animal loss.

Relationship to CPF

The CPF is based on the priorities within the current National Development Plan (NDP) and the subsequent priority sector plans—such as, the PFM Action Plan, the Financial Sector Roadmap, the Education Sector Strategic Plan, the Drought Impact Needs Assessment (DINA); and the follow up Recovery and Resilience Framework (RRF). In

addition, Somaliland has produced its own National Development Plan 2017-2021. These planning frameworks shaped the prioritization and sequencing of CPF activities across NDP objectives. The activities selected in the CPF were based on the three filters: (1) building on the WBG comparative advantage in Somalia; (2) addressing conflict drivers; and (3) managing access and security. Investing in water infrastructure, environmental management and agricultural innovation to diversify and strengthen resilience of dryland rural communities was specifically integrated into the CPF (objective 2.4) under its second area of focus which aims at restoring economic resilience and opportunities.

To build a more diverse, competitive, and resilient economy and enhance food and nutrition security, the WBG will (a) improve access to and management of water resources; (b) support improved management of rangelands and forests; and (c) strengthen agricultural knowledge and innovation systems. In the initial stages of the CPF, the Bank proposes deploying a Pre-Arrears Clearance Grant to scale up the WALP (P152024), which supported the construction of small sand and subsurface dams in Puntland and Somaliland. WALP demonstrated the capacity of government institutions, private sector contractors, and community institutions to plan, design and deliver small dams to harvest and store water along dry river beds (*wadis*). The grant will scale-up delivery in the arid northern regions, while incrementally spreading into states in the south of Somalia. This national program of water resource development will build capacity of the nascent FMS and rural communities in the south to plan, deliver, and sustainably manage water infrastructure for improved livelihoods. The menu of water resource development options will be expanded from small dams to include technologies appropriate for developing ground water sources. However, emerging lessons from the project and other interventions supporting resilient rural livelihoods emphasize the need to strengthen community-level watershed management and promote the uptake of sustainable land management and productivity-enhancing technologies and practices.

The proposed operation is consistent with the World Bank's twin goals of ending extreme poverty and promoting shared prosperity. Providing access to a multiple use of water (for human consumption, livestock and small-scale irrigation) in a dry land environment contributes immensely to improving human health and well-being and productivity. It reduces the effects of poverty by building the communities resilience to nature induced risks and the associated vulnerabilities that disproportionately affect the poor. The project will contribute to income generation by helping secure sustainable livelihoods for vulnerable people and catalyzing economic growth in rural areas. By introducing an all rounded sustainable use of natural resources, it will also help to improve the availability of water for longer period in a year, thereby reducing water related internal displacement and contributing to minimize resources-based conflicts.

C. Proposed Development Objective(s)

Develop water and agricultural services for improving productivity and livelihood resilience among agro-pastoralist communities in dryland areas of Somalia.

Key Results (From PCN)

The development objective will be realized by: expanding access to domestic water and sanitation, water for productive uses, and, supporting basic extension services for cropping, livestock, water and environmental management. Demand for these services will be shaped through a bottom up planning process linking communities' needs with a mixed service delivery model (public, private, civic and community) that is led and coordinated from state level with federal level oversight. Key expected results include:

- 250,000 people (o/w 140,000 women) in rural areas provided with access to improved water sources for multiple uses: domestic, livestock and horticulture;
- 250,000 producers (o/w 125,000 women) reached with agricultural assets or services (livestock and crops)
- Improved livelihood resilience and adaptive know-how: proportion of households applying at least two climate-smart agricultural technologies (crop and livestock)

- Reduced prevalence (%) of individuals in project areas living in households where at least one adult was found to be severely food insecure – using FAO's Integrated Food Security Phase Classification (IPC) or Food Insecurity Experience Scale (FIES).

D. Concept Description

Widespread environmental degradation, fueled by, inter alia, the breakdown of traditional pastoral and clan-based land management systems, demographic pressures, and the unsustainable exploitation of groundwater, rangelands and forests threatens the viability of traditional livelihoods systems and the country's food security. Amplifying these pressures are shifting weather patterns driven by climate change. To build a more diverse, competitive and resilient rural economy and enhance food and nutrition security, Somalia and its development partners need to support systemic adaptation and innovation.

The theory of change underlying proposed project interventions is that supporting institutional development at the local, subnational, and national levels and channeling integrated, strategic investments into water, land, and people will enhance the relevance and sustainability of project investments and reinforce poverty impacts.

This project will: (a) improve access to water infrastructure among rural communities; (b) strengthen management of natural resources—e.g., water, land, forests, rangelands; (c) support a bottom-up planning process linking communities' needs with a mixed-service delivery model—public, private, civic and community—that is led and coordinated from state level with federal level oversight; and (d) strengthen agricultural knowledge and innovation systems for livelihoods development. Project-driven localized development planning will mobilize communities to identify their needs, "pulling" and creating demand for TA, livelihood and environmental services.

Key Project Design Considerations

To minimize risks and maximize outcomes, the project's design prioritizes:

- building on WALP's learning-by-doing approach
- reinforcing basic rural water infrastructure and agricultural extension services
- incrementally strengthening basic institutional and governance frameworks to sustain and scale up services.
- rapid on-the-ground results to build trust between communities and implementing agencies.
- geographic out-scaling while introducing next generation solutions in new areas with different hydrogeology and fragility context.

The public-sector role will be limited to light touch policy and regulation, mainly at the federal level, and a minimalist service delivery role across federal member states. Infrastructure development will be overseen at the state level but outsourced to private sector. Water resources and environmental management will be led by communities with support from state level expertise. Agricultural innovation and extension services at local level would link community animal health workers and farmer field schools with private and civil society delivered services overseen and coordinated by a small cadre of civil servants at state and at district levels. Support to a bottom up planning process, overseen by a small cadre of state and federal planning officials, will link communities' needs with a mixed (public, private, civic and community) service delivery model. Rural development policy on water, environmental management, agricultural products and services would be guided by federal level.

Component 1. Support development of multiple use water sources ($XX million IDA). Based on detailed basin-level hydrology assessments, micro-watershed action plans, and groundwater investigations, this component will finance investments in key water management infrastructure for the harvesting, storing and delivering water for people, livestock and agriculture. The infrastructure will be designed to deliver on both improved human health outcomes and water for productive uses. The menu of water infrastructure investments will include small sand and sub-surface dams in dry river beds (wadis), surface water storage infrastructure (e.g. berkads and hafir dams) and the rehabilitation and/or construction of boreholes for deep groundwater extraction. The sub-component will also finance the associated infrastructure needed to provide multiple-use water services (standpipes or shallow wells with hand or solar pumps and watering troughs for livestock). Selected project sites can include multiple interventions to ensure adequate water through periods of drought and for the multiple purposes: high quality water for domestic use; sufficient quantity for livestock and agricultural uses. These

investments will be the 'anchor assets' around which other project activities in each selected sub-catchment both seek to capitalize and manage.

Component 2. Strengthen Integrated Landscape Management for Productive and Resilient Livelihoods ($XX million IDA). Building on the water access created in Component 1, this component will work with communities, districts, and FMS ministries to support agro-pastoral livelihoods activities around that water points. Supported activities will contribute to rehabilitation of the natural resource base on which the livelihoods depend as well as the infrastructure, capacity building, and technology needed to increase productivity. Using a modified community driven approach, the project will finance the demand pull for agro-pastoral livelihood services, and consolidate and coordinate demand with supply options at the nascent district and FMS level through facilitated planning meetings that bring together all stakeholders within a project geography. It will finance, inter alia, (a) mobilization and facilitation services that will bring stakeholders together for investment planning; (b) necessary infrastructure at the community level—e.g., agro-pastoral resource centers with ; (c) capacity building at community level—e.g., training, learning exchanges; (d) labor-intensive public works—e.g., reforestation drives, landscape engineering; (e) productive services—e.g., farmer field schools, vaccination campaigns, support to community animal health workers (CAHWs), etc.); and (f) assets and technology—e.g., seeds, inputs, tools, demonstration sites. The component objectives will be delivered through three sub-components.

Sub-component 2.1. Investments and technical assistance to FMS for improved service delivery. The project will support decentralized public service delivery to improve agro-pastoral production systems. Given the sizable FMS capacity constraints, the project will finance investments in physical assets to get the ministries functioning—e.g., upgrading training centers and offices. The bulk of investment at this level will be for technical assistance and training to ministry staff to manage modern, pluralistic extension services for farmers and pastoralists. Additional investments would be made to jumpstart service provision where the FMS ministry has comparative advantage—e.g., running tree nurseries for reforestation and agroforestry programs, adaptation and verification trials for new seed varieties, animal health services, fodder varieties, etc. The project will build the managerial capacity of ministry staff to identify, procure, and manage service providers in a multi-party extension system involving public sector, private sector, civil society, and producers. It will build technical capacity with strategic linkages (including exchange visits and external training) with relevant CG centers (ILRI, ICRISAT) and regional research and extension consortia to expand the inflow of knowledge and skills to FMS ministry staff.

Sub-Component 2.2. Investing in the natural resource base. Based on community investment plans, this component will finance labor intensive public works (LIPW) to restore and safeguard the soil, water, and pasture resources around the new water point. Potential activities to be financed: soil and water conservation works; drainage line improvement; rehabilitation/protection of irrigable land degraded or endangered by erosion; gully rehabilitation; reforestation in upland areas; training on rangeland management (e.g., rotational grazing and stocking rate limits) and improved management of forest resources. This sub-component would also support the promotion (information, demonstration, financing) of alternative energy solutions since charcoal-making is emerging as a destructive livelihood option. The sub-component would finance establishment of tree nurseries, livelihood investments along the *prosopis juliflora* value chain, and small-scale solar energy at the household level for electricity.

Sub-component 2.3. Agriculture and livestock investments for improved livelihoods, food, and nutrition security. This sub-component will finance the development of demonstration plots, market-driven supply of improved seeds and other inputs, soil micro-nutrient assessments, and training for communities to increase their production of more nutritious foods (e.g., horticulture, agroforestry) for household and/or community consumption and marketable surpluses for income generation and diversification. To support Where feasible, it will finance the introduction of water efficient technologies such as micro-irrigation systems. Training will focus on helping farmers apply more climate-resilient solutions beyond soil and water conservation—such as, cultivating drought-resistance crops; intercropping and crop diversification; integrated pest management; agroforestry; soil fertility management; fodder production and management; animal health; developing household kitchen and community gardens. Where necessary, community resource centers will be established to host meetings, trainings, and demonstrate new technologies/practices including fodder/forage production, animal fattening,

poultry, improved crop varieties, agroforestry.

Component 3. Institutional and Capacity Development ($XX million IDA). As Somalia consolidates its political transition and builds on the resulting peace and security dividends, there is strong need for the World Bank to support the Federal Government and the FMS to developing the knowledge systems and institutions needed to deliver essential services and safeguard and optimize usage of the country's natural resources. This component will support the building of a strong foundation for a gradual transition to more integrated and sustainable agriculture and water development by strengthening local, state and national institutions and capacities. The component objectives will be delivered through two sub-components.

Sub-component 3.1. National and state institutional capacity building. The sub-component will support strengthening of national and state institutions and capacities to plan, implement and monitor integrated agriculture and water development programs. It will finance a technical assistance agency (NGO, university, technical team) to support national and state government agencies in selecting, training and monitoring field NGOs for local project implementation. It will also support the development of a training needs assessment for relevant government agencies, development of curricula and delivery of high value training programs. It will also finance highly targeted exposure visits to neighboring countries to learn from similar work that is more advanced. Government needs to develop sector oversight to coordinate external interventions with its own nascent program of domestic investment. The government needs to establish the policies and laws to regulate the sector and ensure that infrastructure investment is sustainable. The includes agreeing and putting in place construction standards, management models and cost-recovery mechanisms. More and better data is also needed to improve knowledge of hydrogeology and groundwater exploration. Without this both external and domestic infrastructure investment will continue to be ad hoc and unsustainable.

Sub-component 3.2. Local institutional and capacity building. This sub-component would engage communities around project water investments to raise awareness about the natural resource conditions in the community and how that links to the livelihood opportunities. It will also familiarize communities to the "rules of the game" for participating in the project—e.g., women's participation, inclusion, transparency. It would include an information campaign to introduce the project, establishing baseline profiles of participating communities, and build on existing community action plans (CAPs) to prioritize investments that will contribute to increased sustainable productivity in cropping and livestock. Activities will be consistent with CAPs and district development plans (DDPs) that have already been developed with support of the SOMREP and BRCiS Consortium and which are also being supported by UN agencies (FAO, WFP, and UNICEF) through a joint resilience action program.[12] The project's value addition to the process will be the facilitation of planning discussions between the project communities, district authorities, UN agencies, NGOs, and the private sector to converge available resources around expressed needs of the communities. An outcome the mobilization process will be an agreed investment plan that will be supported by the project and organized community groups—water user associations, producer groups, farmer field schools, etc. that will take the lead in implementation with technical assistance from the FMS ministry, private sector, and other service providers. Community engagement and capacity building would continue through the life of the project. Activities to be financed include mobilization/facilitation service providers, training and communication materials production, capacity building and priority infrastructure of participating FMS agencies, and costs involved in planning

[12] ***Somalia Resilience Program (SomReP)*** *is a consortium of seven international non-governmental organizations working with chronically vulnerable households, communities and systems across Somalia. Members include: World Vision (WV), Oxfam, Danish Refugee Council (DRC), Cooperazione International (COOPI), CARE, Adventist Development Relief Agency (ADRA) and Action Contre la Faim (ACF). Financers include: European Union (DEVCO), the Swiss Development Cooperation (SDC), Swedish International Development Cooperation Agency (SIDA), the Department of Foreign Affairs (DFAT), and the Danish Refugee Council (DRC), (USAID), Denmark's Development Cooperation (DANIDA), and the Disaster Emergency Committee (DEC) to implement drought recovery activities in the region.* ***Building Resilient Communities in Somalia (BRCiS Consortium)*** *takes a holistic approach to supporting Somali communities develop their capacity to resist and absorb minor shocks without undermining their ability to move out of poverty. It comprises 5 international NGOs– Cooperazione e Sviluppo (CESVI), Concern Worldwide (CWW), the Norwegian Refugee Council (NRC), the International Rescue Committee (IRC), and Save the Children International (SCI). Financers are: DFID and the European Union.*

meetings.

Component 4. Project Management, Monitoring & Evaluation, and Knowledge Management and Learning ($XX million IDA). This component would finance the operational costs of the project management units in participating FMSs and a project coordinator and fiduciary support unit at the FGS level. The successful targeting of beneficiaries and the achievement of improved water access and management, agricultural productivity, and gender sensitive and nutrition sensitive outcomes would be among the main performance indicators to be monitored. The component would also be responsible for M&E, knowledge management and learning, and evidence-based policy input.

Sub-component 4.1. Project Management. The sub-component will ensure that the project is implemented efficiently, on time, and in accordance with the Loan Agreement. This would be the responsibility of a Project Implementation Unit (PIU) which will be staffed by team of experts located at the national, state, and district level. The final arrangements for project management will be agreed at preparation stage. This component will support: (i) the incremental operating costs for ministry staff managing the project and for inputs from other technical Ministries, Departments, Agencies (MDAs - water, livestock and agriculture); (ii) the cost of procurement and financial management specialists; and (iii) outreach and communications on the governments' role and leadership on the project to the broader Somali community.

*Sub-component 4.2. M&E, Knowledge Management and Learning***.** The project would support continuous learning and adaptable knowledge management. A web-based Management Information System (MIS) will be set up to track real time performance of the project and a robust monitoring and evaluation (M&E) system will be developed to focus on project results and outcome. This sub-component will finance baseline, concurrent monitoring of inputs and outputs and monitoring of safeguards, conflict and gender, and will focus on developing and disseminating knowledge generated through various project activities. Sub-component activities will incorporate new modern technology such as geo-tagging of site investments, collection of field data with tablets/smart phones, and application of geospatial imaging for quantifying before and after comparisons for specific indicators.

Sub-component 4.3. Contingent Emergency Response. This sub-component will support immediate and rapid response to an Eligible Crisis or Emergency, as needed. This zero-cost component will finance eligible expenditures under the Immediate Response Mechanism (IRM) in the case of natural or man-made crises or disasters, severe economic shocks, or other crises and emergencies in Somalia. It can be triggered through formal declaration of a national emergency by the government authority and upon a formal request from FGS to the World Bank through the Ministry of Finance. In such cases, funds from other project components will be reallocated to finance emergency response expenditures to meet agricultural crises and emergency needs. The emergency response would include mitigation, recovery, and reconstruction following crises and disasters, such as severe droughts, floods, disease outbreaks, and landslides, among others. Implementation of this subcomponent will follow a detailed Contingent Emergency Response Implementation Plan (CERIP) satisfactory to the World Bank that will be prepared for each eligible emergency.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Eighty (100) community sites will be developed with a combination of small-scale water, agriculture and livestock interventions, forty (40) in Puntland and forty (40) in Somaliland. In Galmudug and South West states, twenty (20) water points will be developed, ten (10) in Galmudug and ten (10) in South West States.

B. Borrower's Institutional Capacity for Safeguard Policies

Borrower institutional capacity for safeguards policies is weak. Detailed safeguard capacity assessments of the PIUs and the new states will be done as part of updating and/or preparing the instruments. To accommodate for the anticipated gap, the project budget will include funds to build infrastructure and procure vehicles and office equipment. To gain experience and graduate and move up procurement capacity ladder, the project work plans will be phased starting with the less complex minor civil works tendering and contracting for office infrastructure and then moving on to water sources in rural areas. This will allow for PIUs to comfortably learn and implement environmental and social safeguards policies and for the Bank to assess PIU ability to learn and take on more complex safeguards responsibilities. Borrower capacity will be backed up by third-party monitoring..

C. Environmental and Social Safeguards Specialists on the Team

Tracy Hart, Environmental Specialist
Verena Phipps-Ebeler, Social Specialist
Harub Ahmed Harub, Social Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Environmental and social risks are Substantial due to the potential for changes in the natural resource asset base during project implementation. More specifically, poor community management of the water point investment can result in increased soil fertility loss, degraded pasturelands, poorly-managed farming, and/or poor water quality, all of which could lead to increased community conflict and/or affect project viability and sustainability. The nature and range of impacts of the planned investments are well known, and the overall baseline conditions are quite uniform over the entire project area (meaning that all potential sites will experience similar conditions in terms of topography, climate, hydrography, biology, socioeconomic conditions etc.), which will facilitate an easy adaptation of the WAPR ESMF into location-specific ESMPs once sites have been identified. The ESMF will identify E&S risks and negative impacts, and propose corresponding preventive, mitigation and management measures designed to minimize and enhance the overall environmental and social performance of the project. The risks and impacts are differentiated into the following phases: (i) site identification; (ii) road access to sites; (ii) transport, storage, and disposal of construction materials; (iv) construction activities and related impacts; (v) worker health and safety; and (vi) operation, especially

		impacts on river beds/banks, hydrology and local biodiversity.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not applicable.
Natural Habitats OP/BP 4.04	Yes	This policy is applicable, as seasonal streams will be altered.
Forests OP/BP 4.36	No	The project supports the preparation of nursery sites for a potential reforestation of degraded land in small scale. Activities planned under the project related to agroforestry programs and landscape management, are for demonstration trials only including studies and operational and training manuals. Because of this , the project didn't trigger Forests OP4.36.
Pest Management OP 4.09	Yes	The development of small-scale agriculture near the developed water points will include training on integrated pest management. The ESMF will also include a simplified Pest Management Plan.
Physical Cultural Resources OP/BP 4.11	Yes	Chance find procedures will be included in the ESMF to manage unexpected occurrences of physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	This policy is not applicable.
Involuntary Resettlement OP/BP 4.12	Yes	A Resettlement Policy Framework will guide the selection and use of the land to be used for the water point, including communal livestock watering as well as lands to be developed for irrigated small-scale agriculture. The main modality for land acquisition will be on voluntary basis and a voluntary land donation Protocol will be part of the Resettlement Policy Framework.
Safety of Dams OP/BP 4.37	Yes	Because small dams will be constructed, the ESMF will include a section on how to manage environmental impacts associated with small dam construction and implementation. Such small water impounding infrastructures under component 1 will be studied and designed by qualified engineers.
Projects on International Waterways OP/BP 7.50	No	This policy is not applicable.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not applicable.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 22, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Since the specific sites for the project are not going to be determined during the project preparation, a frame work approach is chosen both for the Environmental and Social Management framework and for the Resettlement policy framework. These two documents are expected to be prepared and ready by October 2018.

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APPROVAL

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