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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP FRAMEWORK
FOR
THE FEDERAL REPUBLIC OF SOMALIA
FOR THE PERIOD FY24-28
January 31, 2024**

**Country Management Unit, AECE2
Eastern and Southern Africa Region**

**International Finance Corporation
Africa Region**

**Multilateral Investment Guarantee Agency
Africa Region**

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The date of the last Country Partnership Framework (CPF) was August 29, 2018. The date of the Performance and Learning Review (PLR) for this CPF was September 23, 2022.

CURRENCY EQUIVALENTS

(Currency Unit: Somali Shilling (SSH))
(US\$1.00 = SSH 571.00 as of January 24, 2024)

SOMALIA GOVERNMENT FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	DPO	Development Policy Operation
AfDB	African Development Bank	DRM	Domestic Revenue Mobilization
AMISOM	African Union Mission in Somalia	DSA	Debt Sustainability Analysis
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism	E&S	Environmental and Social
ASA	Advisory Services and Analytics	EAC	East African Community
ASCENT	Accelerating Sustainable and Clean Energy Access Transformation in Somalia	EAFS	External Assistance Fiduciary Section
ATMIS	African Union Transition Mission in Somalia	EAPP	Eastern Africa Power Pool
ATS	Automated Transfer System	ECF	Extended Credit Facility
BDS	Business Development Services	EFF	Extended Fund Facility
BRA	Benadir Regional Administration	eKYC	Electronic Know Your Customer
C	Celsius	ESF	Environmental and Social Frameworks
CBS	Central Bank of Somalia	ESSRM	Environmental, Social and Security Risk Management
CCB	Climate Co-Benefits	EU	European Union
CCDR	Country Climate and Development Report	FCS	Fragile and Conflict-affected Situations
CEM	Country Economic Memorandum	FCV	Fragility, Conflict and Violence
CERC	Contingent Emergency Response Component	FDI	Foreign Direct Investment
CIP	Capacity Injection Project	FGS	Federal Government of Somalia
CLR	Completion and Learning Review	FGM	Female genital mutilation
CMU	Country Management Unit	FHW	Female Health Worker
COVID-19	Coronavirus disease of 2019.	FM	Financial Management
COMESA	Common Market for Eastern and Southern Africa	FMFF	Finance Ministers Fiscal Forum
CP	Completion Point	FMS	Federal Member States
CPF	Country Partnership Framework	FSI	Financial Systems Initiative
CPIA	Country Policy Institutional Assessment	FY	Fiscal Year
CPSD	Country Private Sector Diagnostic	GBV	Gender-Based Violence
CRW	Crisis Response Window	GC	Global Challenge
CVS	Customer Verification System	GCP	Global Challenge Program
DFS	Digital Financial Services	GDP	Gross Domestic Product
DO	Development Outcome	GEMS	Geo-Enabling Method for Monitoring and Supervision
DP	Development Partner	GHG	Greenhouse Gas
DPF	Development Policy Financing	GRID	Green, Resilient, and Inclusive Development

HC	Human Capital	MoLSA	Ministry of Labor and Social Affairs
HIPC	Heavily Indebted Poor Countries	MS	Moderately Satisfactory
HLO	High-Level Outcome	MPF	Multi Partner Fund
HoA	Horn of Africa	MSMEs	Micro, Small and Medium Sized Enterprises
HoAI	Horn of Africa Initiative	MU	Moderately Unsatisfactory
HH	Household	ND-GAIN	Notre Dame Global Adaptation Initiative
IBRD	International Bank for Reconstruction and Development	NDC	Nationally Determined Contributions
ICR	Implementation Completion Report	NDP	National Development Plan
ICT	Information and Communication Technology	NGO	Non-Governmental Organization
ID	Identification	NRA	National Risk Assessment
IDA	International Development Association	OAG	Office of Accountant General
IDP	Internally Displaced Person	ODA	Official Development Assistance
IEG	Independent Evaluation Group	O.P.	Operations Policy
IFC	International Finance Corporation	PACG	Pre-Arrears Clearance Grant
IFI	International Financial Institutions	PASA	Programmatic Advisory Services and Analytics
IMF	International Monetary Fund	PBA	Performance Based Allocation
INT	Integrity Vice Presidency	PBC	Performance-Based Condition
IOM	International Organization for Migration	PER	Public Expenditure Review
IP	Implementation Progress	PFI	Participating Financial Institution
IPC	Integrated Food Security Phase Classification	PFM	Public Finance Management
IPF	Investment Project Financing	PIU	Project Implementation Unit
I-PRSP	Interim-Poverty Reduction Strategy Paper	PLR	Performance Learning Review
IPV	Intimate partner violence	PPA	Performance and Policy Action
ISR	Implementation Status and Results Report	PPD	Public Private Dialogue
IUU	Illegal, Unreported, and Unregulated fishing	PPP	Public Private Partnerships
JSAN	IDA-IMF Joint Staff Advisory Notes	PSG	Peacebuilding and Statebuilding Goal
LPG	Liquified Petroleum Gas	PSW	Private Sector Window
KM	Kilometers	RCRF	Recurrent Cost and Reform Financing
KV	Kilovolt	RECTF	Renewable Energy Catalyst Trust Fund
KYC	Know Your Customer	RM	Results Matrix
M&E	Monitoring and Evaluation	RMF	Risk Management Framework
MAF	Mutual Accountability Framework	RRA	Risk and Resilience Assessment
MDAs	Ministries, Departments, and Agencies	S	Satisfactory
MDB	Multilateral Development Bank	SPF	State and Peace Building Fund
MDRI	Multilateral Debt Relief Initiative	SCALED-UP	Somalia Capacity Enhancement Livelihoods and Entrepreneurship Digital Uplift Program
MFI	Microfinance Institution	SCD	Systematic Country Diagnostic
MFD	Maximizing Finance for Development	SCORE	Somalia Core Economic Institutions and Opportunities Program
MIGA	Multilateral Investment Guarantee Agency	SCRP	Somalia Crisis Recovery Project
ML/TF	Money Laundering/ Terrorist Financing	SDFP	Sustainable Development Finance Policy
MoF	Ministry of Finance	SDG	Sustainable Development Goal

SEAP	Somali Electricity Access Project	SRM	Security Risk Management
SERP	Somalia Enhancing Public Resource Management Project	SSA	Sub-Saharan Africa
SESRP	Somali Electricity Sector Recovery Project	STARS	Somalia Transaction and Reporting System
SFMIS	Somalia Financial Information Management System	SUIPP	Somali Urban Investment Planning Project
SHS	Solar Home System	SURP	Somalia Urban Resilience Project
SHFS	Somali High Frequency Survey	TA	Technical Assistance
SICRP	Somalia Investment Climate Reform Program	TAA	Turnaround Allocation
SIHBS	2022 Somalia Integrated Household Budget Survey	TAR	Turnaround Regime
SME	Small and Medium Enterprises	TPM	Third Party Monitoring
SMP	Staff Monitored Program	UN	United Nations
SNA	Somalia's National Army	UNSD	United Nations Statistics Division
SNHCP	Shock Responsive Safety Net for Human Capital Project.	US	United States
SNLRP	Shock Responsive Safety Net for Locust Response Project.	USR	Unified Social Registry
SoP	Series of Projects	WB	World Bank Group
SORT	Systematic Operations Risk Rating Tool	WBG	World Bank Group
SOS	Somali Shilling	WHO	World Health Organization
		WTO	World Trade Organization

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FY24-28 COUNTRY PARTNERSHIP FRAMEWORK FOR SOMALIA

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I. INTRODUCTION

1. This document sets forth the Country Partnership Framework (CPF) for Somalia for Fiscal Years (FYs) 2024 to 2028. The previous CPF (FY19-23) scaled-up assistance to Somalia to support core government systems, private sector-led growth, and resilience, including a response to the COVID-19 pandemic, floods, and drought, after Somalia reached the Decision Point of the Heavily Indebted Poor Countries (HIPC) Initiative and normalized relations with the International Development Association (IDA).¹ The FY24-28 CPF is aligned to Somalia's Ninth National Development Plan (NDP9) and is informed by core Analytical and Advisory Services (ASA), including the 2023 Systematic Country Diagnostic (SCD) Update, 2023 Somalia Risk and Resilience Assessment (RRA), 2023 Country Private Sector Diagnostic (CPSD), and 2023 Climate Risk Assessment².

2. Somalia has made significant progress on consolidating its federal system, building core government capacity, and supporting inclusive private sector-led growth, but still faces foundational governance, security, and other development challenges that threaten state legitimacy and impede its path out of Fragility, Conflict, and Violence (FCV). Since establishing a federal system in 2012, the Federal Government of Somalia (FGS) and Federal Member States (FMS) have made incremental headway on financing and building the capacity of state institutions to deliver basic services and made some progress on intergovernmental relations. Reflecting a good track record of reform, Somalia reached the HIPC Completion Point (CP) on December 13, 2023, which provided substantial debt relief moving Somalia out of debt distress. However, service delivery remains low, especially in areas experiencing violence and conflict, and the state remains largely invisible in parts of the country. The FGS and FMS still face political contestation on core constitutional matters and resource distribution, and domestic revenue remains insufficient to fund expenditures on security and development needs. Poverty and human development indicators are weak, and productive jobs are scarce owing to a weak business environment, limited access to finance, skills mismatches, and poor infrastructure. Recurrent climatic crises have magnified hardships, led to an influx of Internally Displaced Persons (IDPs) to urban areas, strained emerging delivery systems, and deepened food insecurity.³

3. Despite Somalia's high-risk environment, the World Bank has played a major role in convening and collaborating with Development Partners (DPs) to help Somalia build visible core government capacity and legitimate institutions and achieve development results within a longer-term international aid framework. In 2013, the World Bank helped establish the Multi Partner Fund (MPF), which has funded ASA and piloted and tested programs, such as in governance, the business environment, and urban resilience, later scaled-up by IDA. In a complex political economy, the World Bank strategically leveraged reform instruments, including HIPC and the IDA Turnaround Allocation (TAA), Development Policy Operations (DPOs), and project-based Performance-based Conditions (PBCs), to progress on state-building reforms and development milestones. The International Finance Corporation (IFC) has supported major reforms through advisory projects.⁴ The World Bank has adopted tailored FCV-sensitive approaches, including support for dialogue on intergovernmental matters; hybrid models for service delivery engaging United Nations (UN) partners and Non-Governmental Organizations (NGOs) through government contracts; Third Party Monitoring (TPM); and an enhanced portfolio Risk Management Framework (RMF). Such approaches enabled results including in the previous CPF, which focused on outputs given its orientation toward state and institution building. The Completion and Learning Review (CLR) of the previous CPF,

¹ Somalia had been in non-accrual status with IDA since 1991 due to arrears. In early 2020, Somalia cleared IDA arrears and fulfilled requirements for the HIPC Decision Point, restoring its access to regular concessional financing and providing interim debt relief. As documented in the Completion and Learning Review of the FY19-23 CPF, IDA commitments in FY19/20 reached US\$1.0 billion, exceeding the CPF's projected US\$140 million pending IDA normalization. IDA commitments from FY21-23 reached US\$1.1 billion.

² The 2023 Climate Risk Assessment is the key analytical foundation for the 2024 Climate Country Development Report and aimed at closing important data and information gaps needed for a comprehensive CCDR.

³ World Bank, Somalia Systematic Country Diagnostic Update, 2023

⁴ IFC has supported advisory work in such sectors as finance; energy, including a renewable energy program; digital infrastructure; and establishment of a legal and institutional framework for Public and Private Partnerships (PPPs) and private sector participation in Somalia.

SCD Update, core ASA, and consultations with the client and public indicate that the World Bank should stay the course in building Somalia's institutional capacity to deliver services, create jobs, and foster resilience. It should also support "second generation" reforms that move beyond capacity building and humanitarian response to satisfy more visible, people-oriented development needs, such as in domestic and regional infrastructure.

4. This FY24-28 CPF will assist Somalia in building a more stable, visible, and legitimate state able to provide basic services, foster inclusive private-sector led growth, and build resilience, with a long-term view to restoring the social contract and enabling Somalia's emergence from FCV. The CPF will feature Macroeconomic Stability and Governance Foundations as a cross-cutting, foundational High-Level Outcome (HLO), which responds to FCV drivers in the RRA and reflects elements of the SCD Update's foundational HLOs related to economic governance as well as security, participation, and access to justice. The CPF will support three core HLOs: 1) Inclusive, Private-sector-led Job Creation and Economic Growth; 2) Enhanced Human Capital; and 3) Greater Resilience to Climatic and other Shocks. Selectivity filters include capacity to enhance state visibility and legitimacy; government priorities per Somalia's Vision 2060 and NDP9⁵; World Bank comparative advantages; and SCD Update priorities. The CPF will leverage the IDA20 TAA to sustain momentum on state- and institution building reforms that build trust in emerging state institutions and extend the social contract to emerging levels of government and broader segments of the population, notably by investing in people-centered services, foundational infrastructure, and resilience. The CPF will initially focus on consolidating and deepening engagement in sectors that benefitted from the recent IDA scale-up, while selectively investing in new areas and assessing scope for new sector engagements for the CPF's later years. The IFC will support upstream reforms and undertake advisory engagements to lay the groundwork for investments. The Multilateral Investment Guarantee Agency (MIGA), which issued its first guarantee for a solar energy project in FY23, will look to replicate and scale-up green energy investments. The CPF will support an enhanced RMF and adhere to "do no harm" principles.

5. The CPF is aligned to the World Bank's Evolution and the new World Bank mission to *end extreme poverty and boost shared prosperity on a livable planet*.⁶ The World Bank will complement assistance that advances its traditional poverty goals, such as financing for Micro, Small and Medium-sized Enterprises (MSMEs), which are critical for job creation, with support for broader Evolution priorities, such as *inclusion* through education, health, and social protection services for youth and women and *sustainability* through assistance to strengthen government systems and ensure access to cleaner energy and improved water sources. The CPF will support *Climate Change Adaptation and Mitigation* through investments in renewable energy, climate resilient infrastructure, and disaster risk management. The CPF will improve *Food and Nutrition Security* through regional and national projects enhancing pastoralists' access to finance and food security systems and providing shock-responsive cash transfers. Regional lending will *Enable Digitalization* through investments in cross-border digital infrastructure and broadband access. The CPF will simultaneously reflect priorities of the World Bank Eastern and Southern Africa (AFE) region related to human capital, water security, energy access, and digitalization.⁷

2.1. Political and Social Context

6. Somalia, which is strategically located in the Horn of Africa (HoA), has a long history of FCV characterized by high insecurity over decades and domestic and external shocks undermining its institutions and people. Somalia has the longest coastline in mainland Africa, with its northern shores facing the commercially important Gulf of Aden. Somalia is a major node in the HoA's pastoral trade with Gulf countries,⁸ and is interconnected in trade, politics, and clan dynamics with neighbors Djibouti, Kenya and Ethiopia. After independence in 1950, Somalia was led by democratically elected civilian governments until a coup d'état in 1969 led by Siad Barre, who

⁵ The Government concluded an NDP9 Mid-Term Review in October 2023 that confirmed the relevance of NDP9 priorities. The Government has commenced development of the NDP10, which will build on NDP9 achievements and guide development from 2025 onwards.

⁶ See: Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution, September 28, 2023 (DC2023-0004)

⁷ In line with the new Knowledge Compact, CPF interventions will be informed by core diagnostics, including the CCDR, and support improvements in country capacity to collect, analyze, and disseminate statistical data.

⁸ Livestock production comprises about 85 percent of Somalia's exports earnings.

served as President until he was overthrown in 1991. From the mid-1980s, Somalia faced cycles of conflict and violence that fragmented the country, destroyed institutions, and created widespread vulnerability, exacerbated by climatic crises. Peace conferences led to transitional governments in 2000 and 2004, but were undermined by warlordism, mismanagement, and international interference, which gave rise to the Al-Shabaab insurgency in 2005. Due to Somalia's instability and arrears since the early 1990s to International Finance Institutions (IFIs), DPs had limited engagement in this period, with World Bank assistance channeled mainly through trust funds and analytics.

7. The establishment of the FGS in 2012 led to enhanced reengagement by IFIs towards supporting Somalia's state- and institution-building agenda and its transition out of fragility. The FGS and partners developed the 2012 Somali Compact, a framework for coordinating political, security, and development activities, which was funded partly through the MPF. Somali authorities sought to normalize relations with IFIs and reach the HIPC Decision Point, as reflected in participation in Staff Monitored Programs (SMPs) of the International Monetary Fund (IMF). In 2018, recognizing progress on the Second IMF SMP, the World Bank approved access to IDA Pre-Arrears Clearance Grants (PACGs). In March 2020, Somalia reached the HIPC Decision Point based on satisfactorily achieving its triggers⁹ and cleared IFI arrears, providing interim debt relief and restoring access to regular concessional financing. Somalia also cleared its arrears with the IMF, paving the way for a three-year IMF Extended Credit Facility (ECF) and Extended Fund Facility (EFF) program approved in 2020 to anchor reforms between the HIPC Decision and Completion Points in partnership with the World Bank.

8. Despite this headway, Somalia continues to be extremely fragile. The country faces an unfinished political settlement, continued macroeconomic challenges, weak institutional capacity for service delivery, and communal tensions, which contribute to fragility. Substantial fault lines persist on key federal matters, including the distribution of resources among the FGS and FMS and lower levels of government amid insufficient domestic resource mobilization, and the model for elections, which in 2021 contributed to the contested prolongation of the term of the incumbent President beyond the constitutionally mandated date, triggering a restriction of IDA commitments under Operational Policy (O.P.) 7.30 (resolved since April 2022).¹⁰ Impacts of elite capture in politics and business stymie public participation in governance and inclusive development of the private sector. Delivery of public services is limited and fragmented. A high share of public services is provided by donors, the private sector, and NGOs. All this has fractured citizen trust in the state, particularly in areas affected by violence and Al-Shabaab, which enforces its own parallel systems including for justice. Perceptions of diversion of public resources and aid further undermine the social contract. Intercommunal conflict rooted in lineage and marginalization of minority ethnic and caste groups stokes tensions. The Government of President Hassan Sheikh Mohamud has nonetheless shown a commitment to continued headway on fundamental reforms and on NDP9 development priorities to chart a path out of fragility.

9. Somalia continues to suffer from high levels of conflict and violence. Al-Shabaab continues to exploit divisions and conduct intermittent attacks to maintain control in rural areas. Conflict-related fatalities fell by 47 percent from 2017 to 2021, though rose by nearly 90 percent in 2022 and continued to rise in 2023 largely due to a large-scale government offensive against the group. The government offensive has had some success in recovering territory, and mobilizing local support against AS, but also faced setbacks to hold some territory. The African Union Mission in Somalia (AMISOM) had planned to depart Somalia at end-2021, though the Government

⁹ These requirements included developing a Ninth National Development Plan as its interim Poverty Reduction Strategy; achieving a satisfactory track record under IMF and IDA-supported programs; and agreeing on floating Completion Point triggers related to PFM, governance, delivery of social programs, private sector-led growth, and resilience.

¹⁰ OP 7.30 lays out the conditions under which the World Bank can suspend disbursements for existing country financing instruments because of the accession to power by a de facto government by means not provided for in a country's constitution. Parliamentary elections, which had been scheduled for before February 8, 2021, were postponed multiple times due to disagreements on the model for indirect, clan-based elections, noting Somalia's President is elected by Members of Parliament. The extension of the term of the incumbent President triggered a WB review under OP 7.30 in April 2021, which recommended continuing disbursements on active IPF operations, but restricted new commitments to projects on crisis response and human capital. Somalia finalized Parliamentary elections in April 2022, which led to lifting of OP 7.30.

and partners agreed to replace AMISOM with the AU Transition Mission in Somalia (ATMIS) to operate until end-2024. Risks of instability may increase with ongoing discussion on the mandates, roles, and resources related to the transition to Somali forces. Insecurity exacerbates fragility, requires higher expenditures, limits access to parts of the country, and undermines the implementation of development activities.

10. Somalia averted famine in early 2023 but continues to grapple with the protracted impacts of the most severe drought in decades and the effects of recent flash floods. In the context of a fifth failed rainy season, the number of people affected by drought rose from 3.2 million in January 2022 to over 8.2 million in early 2023. By end-2023, more than 4.3 million people are expected to continue facing crisis (IPC Phase 3)¹¹ or worse levels of food insecurity. Since January 2022, more than 3.36 million new displacements have been recorded in Somalia, mostly due to the drought and conflict, adding to the already high internal displacement. Humanitarian needs remain structurally high due to yearly shocks. Since 2011 when Somalia last faced severe famine, the average number of Somalis in need of humanitarian assistance exceeded 4.3 million—around 30 percent of the population. Annual resource needs surpassed US\$1.3 billion annually with about US\$1.1 billion made available, underscoring needs to address gaps in development including disaster risk financing to reduce reliance on annualized humanitarian appeals.¹²

11. Somalia faces complex regional and global challenges. Regional integration opportunities for Somalia have been discussed in detail since the World Bank/IMF Annual Meetings in October 2019, when Ministers of Finance of HoA countries highlighted needs for coordinated approaches to regional challenges including recurrent shocks and fragility, and agreed on the HoA Initiative (HoAI).¹³ Spurred by efforts to join the East Africa Community (EAC) and the World Trade Organization (WTO) and to enhance trade opportunities and regional integration, the World Bank has approved financing of HoAI projects in infrastructure, groundwater, digital development, food security, and support for pastoral economies. Countries continue to cooperate to address complex global and regional challenges including climate change, cross-border tensions, conflict, displacement, and food insecurity.

2.2 Recent Economic Developments

12. Somalia has been unable to generate sufficient economic growth and jobs due to conflict, structural constraints, and cycles of shocks. Somalia's civil war has diminished domestic manufacturing capacity, leaving Somalis reliant on imports for key products such as food and fuel. With only modest exports, the resulting high trade deficits have to be financed by Official Development Assistance (ODA) and remittances. The economy is heavily based on agriculture, livestock, fisheries, forestry, and minerals, though the services sector has grown as pastoralists and farmers shifted therein due to shocks.¹⁴ Somalia's private sector has been a source for resilience partially compensating for weak state presence.¹⁵ However, among other constraints, the formal business environment is inadequate, labor productivity low, and informality high. Amid insecurity and cycles of environmental and global shocks, including the pandemic, Gross Domestic Product (GDP) growth averaged only 2.0 percent from 2018 to 2022, and was negative in per capita terms due to the high annual population growth of 2.8 percent. Owing to the triple crisis of COVID-19, floods, and locusts, GDP contracted by 2.6 percent in 2020. Growth recovered to 3.3 percent in 2021 but slowed to 2.4 percent in 2022 due to drought and higher prices associated with external challenges.

¹¹ IPC stands for the Integrated Food Security Phase Classification.

¹² The CPF positions the WB to provide Somalia with longer-term support to reduce reliance on humanitarian assistance to fill gaps in social services, while providing flexibility to scale development projects to address immediate relief priorities amid shocks (if required). Reflecting WB comparative advantages, the majority of the WB portfolio addresses development priorities, with about US\$400 million in shock-response activities. On average, humanitarian appeals over the last 13 years have been 80 percent funded, yet in dire circumstances, such as the famine risk in 2022/23, the WB has provided additional relief support to avert the worst outcomes.

¹³ The countries participating in the HoAI include Somalia, Djibouti, Ethiopia, Eritrea, Kenya, Sudan, and South Sudan.

¹⁴ According to the 2022 Somalia Integrated Household Budget Survey (SIHBS), the services sector has the largest share of employment at 73 percent.

¹⁵ According to the 2022 SIHBS, the private sector accounts for 87 percent of all wage employment.

13. Somalia has developed nascent central bank capabilities and remains de facto dollarized, which limits policy tools to respond to crises. The Central Bank of Somalia (CBS) has increased its capacity to supervise and regulate the financial sector, focused on building a national payment system and licensing and supervising commercial banks and money transfer businesses. Some Somalia shilling (SOS) notes are in circulation, but most are counterfeit and largely used by the poor.¹⁶ De facto dollarization has been a source of stability but impedes a monetary response to global price shocks and country capacity to be an effective lender of last resort in case of bank failures. After averaging 4.5 percent from 2019 to 2021, inflation rose to 6.8 percent in 2022 due to higher food and oil prices but slowed to an estimated 5.7 percent in 2023 and is forecast to fall to 3.6 percent in 2026.¹⁷ Somalia's financial sector remains isolated from the global financial system due to concerns about money laundering and terrorism financing. Authorities have collaborated with the World Bank and IMF to strengthen the framework for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), including through a National Risk Assessment (NRA) and NRA Action Plan and support for digital and Know-Your-Customer (KYC) protocols.¹⁸

14. Somalia reached the HIPC Completion Point and qualified for full and irrevocable debt relief. In December 2023, the IDA and the IMF approved the HIPC Completion Point for Somalia based on satisfactory progress on meeting CP requirements.¹⁹ Somalia satisfactorily implemented the floating CP triggers, which included; (i) implementing for at least one year Somalia's full poverty reduction strategy (NDP9); (ii) maintaining macroeconomic stability as evidenced by satisfactory implementation of the ECF-supported program; and (iii) implementing key structural reforms and social measures outlined at the Decision Point, notably with respect to debt transparency, Public Financial Management (PFM), Domestic Revenue Mobilization (DRM), electricity reforms, and human capital development (see Annex 3 for more details). The IMF program and fiscal targets are supported by IDA's Sustainable Development Finance Policy (SDFP).²⁰ Reaching the CP provided Somalia with total debt service savings of US\$4.5 billion.²¹ Somalia's external debt fell from 64 percent of GDP in 2018 to less than six percent by end-2023. Total public debt is projected to decline to US\$706 million, or 6.1 percent of GDP at end-2023, from US\$3.9 billion or 37.4 percent of GDP at end-2022. Debt relief will enable the Government to access additional financial resources to support state building and development. The updated 2023 Debt Sustainability Analysis,²² which assumes full delivery of debt relief, assesses Somalia to be at moderate risk of debt distress, both for external and overall public debt. The forecast indicates sustained breaches of the external debt service to revenue indicative threshold under the stress scenario in the long term as grace periods on initial loans expire. Moreover, Somalia is mechanically assessed to have substantial space to absorb shocks in the post-HIPC period, but is vulnerable to security, price, and climate shocks and remains highly dependent on external concessional financing.

¹⁶ However, in 2022, 81 percent of the poor population over 15 years-old had used mobile money in the last three months.

¹⁷ 45 percent of households in the 2022 SIHBS reported experiencing food price increases in 2021 or 2022 that severely affected their economic situation.

¹⁸ For example, IFC is in the final stages of preparing both an External Due Diligence (EDD) and AML/CFT framework assessment for a few financial institutions operating in Somalia, with a view to evaluating their eligibility for a potential trade finance line under the IFC's Global Trade Finance Program.

¹⁹ *Enhanced Heavily Indebted Poor Countries Initiative Completion Point Document and Multilateral Debt Relief Initiative*, December 2023.

²⁰ In debt distress, Somalia is subject to the SDFP, which aims to incentivize countries to move toward transparent and sustainable financing through the implementation of Performance and Policy Actions (PPAs) related to debt transparency, debt management, and fiscal sustainability. The Government committed to an FY23 PPA to implement zero non-concessional borrowing. PPAs have also supported debt transparency in FY22 as well as revenue raising in FY21 and FY23.

²¹ Debt service savings of US\$4.5 billion incorporate debt relief of about US\$4.2 billion under the Enhanced HIPC Initiative, US\$115.1 million under the Multilateral Debt Relief Initiative (US\$96.4 million from IDA and US\$18.7 million from ADF), US\$164.3 million under beyond-HIPC debt relief from the IMF, and commitments from Paris Club creditors to provide beyond-HIPC debt relief to cancel most of their outstanding claims. This value is in nominal terms and refers to the dollar value of the stock of arrears accumulated at end-2022 and forgiven debt service over a period of time, based on end-2022 exchange rates.

²² The DSA was included in the HIPC Completion Point Document (*Enhanced Heavily Indebted Poor Countries Initiative Completion Point Document and Multilateral Debt Relief Initiative*), December 2023.

15. Somalia has maintained prudent fiscal policies but needs to significantly increase its domestic revenue mobilization. From 2017 to 2022, domestic revenue of the FGS rose from US\$143 million to US\$263 million but averaged only 2.3 percent of GDP versus 4.5 percent in expenditures. The fiscal gap was financed by external partners, including through World Bank budget support. Expenditures in the FGS 2022 budget were dominated by the wage bill (about 36 percent), social spending (26 percent), and intergovernmental transfers to FMS (16 percent). The FGS made incremental gains in DRM in 2022, including through higher-than-expected trade-related taxes. However, authorities must focus on boosting domestic revenue, as expenditures are forecast to rise over the medium-term to fund state stabilization needs; security outlays amid the planned ATMIS withdrawal; and multi-pronged development challenges, amid risks of continuing shocks.

Table 1. Somalia: Selected Economic and Financial Indicators, 2019–26

(% of GDP unless indicated otherwise)

	2019	2020	2021	2022	2023e	2024f	2025f	2026f
GDP, nominal (millions of dollars)	9,420	9,204	9,839	10,420	11,515	12,489	13,541	14,686
GDP, real (millions of dollars)	10,105	9,846	10,172	10,420	10,711	11,108	11,541	12,002
Real GDP growth	3.6	-2.6	3.3	2.4	2.8	3.7	3.9	4.0
Per capita GDP, real (dollars)	703	666	670	667	667	673	680	688
Money and prices								
CPI inflation rate (period average)	4.5	4.3	4.6	6.8	5.7	4.1	3.8	3.6
Private credit (growth, e.o.p)	11.8	7.0	45.7	18.0	25.0	..	..	..
Private credit (share of GDP)	3.2	3	3.3	3.8	4.3	4.9	5.7	6.8
Fiscal (central government)								
Total revenue and grants	5.2	5.5	3.8	6.9	6.4	6.9	5.2	4.7
Total expenditure	4.9	5.2	4.7	6.9	6.5	8.1	6.5	6.3
Overall balance, net	0.3	0.3	-0.9	-0.1	-0.1	-1.2	-1.3	-1.7
External								
Current account balance	-8.9	-11.1	-6.8	-8.0	-9.5	-9.0	-10.2	-10.7
Trade balance	-45.6	-50.4	-50.9	-61.2	-61	-60.8	-60.0	-59.3
Exports	12	12.8	15.6	17.3	18.1	19.2	20.3	21.1
Imports	57.6	63.2	66.5	78.5	79.0	79.9	80.3	80.4
Remittances, private transfers	16.8	17.4	21.5	20.6	20.6	20.9	21.2	21.5
Official grants	20.7	22.8	23.0	33.0	31.3	31.2	28.9	27.4
FDI	4.7	5.8	5.2	5.2	5.2	5.4	5.4	5.4
External debt*	56.4	42.7	39.9	36.7	5.5	6.3	7.1	8.3
Exchange rate (shilling/dollar) (annual average)	25,065	25,761	26,039	26,833	27,200	..	..	..
	2019	2020	2021	2022	2023e	2024f	2025f	2026f
GDP, nominal (millions of dollars)	9,420	9,204	9,839	10,420	11,515	12,489	13,541	14,686
GDP, real (millions of dollars)	10,105	9,846	10,172	10,420	10,711	11,108	11,541	12,002
Real GDP growth	3.6	-2.6	3.3	2.4	2.8	3.7	3.9	4.0
Per capita GDP, real (dollars)	703	666	670	667	667	673	680	688
Money and prices								
CPI inflation rate (period average)	4.5	4.3	4.6	6.8	5.7	4.1	3.8	3.6
Private credit (growth, e.o.p)	11.8	7.0	45.7	18.0	25.0	..	..	..
Private credit (share of GDP)	3.2	3	3.3	3.8	4.3	4.9	5.7	6.8
Fiscal (central government)								
Total revenue and grants	5.2	5.5	3.8	6.9	6.4	6.9	5.2	4.7
Total expenditure	4.9	5.2	4.7	6.9	6.5	8.1	6.5	6.3
Overall balance, net	0.3	0.3	-0.9	-0.1	-0.1	-1.2	-1.3	-1.7
External								
Current account balance	-8.9	-11.1	-6.8	-8.0	-9.5	-9.0	-10.2	-10.7
Trade balance	-45.6	-50.4	-50.9	-61.2	-61	-60.8	-60.0	-59.3
Exports	12	12.8	15.6	17.3	18.1	19.2	20.3	21.1
Imports	57.6	63.2	66.5	78.5	79.0	79.9	80.3	80.4
Remittances, private transfers	16.8	17.4	21.5	20.6	20.6	20.9	21.2	21.5

Official grants	20.7	22.8	23.0	33.0	31.3	31.2	28.9	27.4
FDI	4.7	5.8	5.2	5.2	5.2	5.4	5.4	5.4
External debt*	56.4	42.7	39.9	36.7	5.5	6.3	7.1	8.3
Exchange rate (shilling/dollar) (annual average)	25,065	25,761	26,039	26,833	27,200	..	..	..

*Assumes application of HIPC debt relief and interim HIPC assistance from the Decision Point, and MDRI and 'beyond-HIPC' relief at Completion Point in 2023

Notes: Central government refers to the Federal Government of Somalia.

Sources: Somali authorities, IMF, and World Bank estimates.

16. The economic outlook is for a continued recovery but subject to downside risks. As the impacts of the prolonged drought dissipate, GDP growth is estimated to pick up modestly to 2.8 percent in 2023 and average 3.9 percent from 2024 to 2026, fueled by economic reforms; improved post-HIPC investor confidence; a recovery in agriculture; increased private sector activities; and easing of global commodity prices. However, persistent drought or flood conditions, increased insecurity, or limited ODA could dampen economic growth.

2.3. Poverty and Inequality

17. Poverty remains elevated with the highest rate among nomadic populations but the highest number in urban areas. According to the 2022 Somalia Integrated Household Budget Survey (SIHBS), poverty based on the national *cost-of-basic-needs* poverty line of US\$754 per person per year (approximately US\$2 per person per day) was 54 percent nationally, 46 percent in urban areas, 66 percent in rural areas, and 78 percent among nomadic groups. Reflecting rapid urbanization, which is significantly fueled by Somalis fleeing instability and climate shocks in rural areas, the national distribution of the poor was 55 percent in urban areas, 29 percent in rural areas, and 16 percent among nomads.²³ Somalia's central and southern regions fare worse in poverty and human development indicators.²⁴ Survey limitations prevent directly comparing data between 2022 SIHBS and the 2017 Somali High-Frequency Survey, but simulations suggest poverty rose slightly in this period. In 2022, poverty was 72 percent and 52 percent for IDPs and non-IDPs, respectively. Poverty is multi-dimensional, with overlapping deprivations in health, electricity, education, and water and sanitation.²⁵ Poverty has likely been moderated somewhat by remittances that benefit a substantial share of the population.²⁶ Inequality is comparable to peer countries. Somalia's Gini Coefficient in 2022 was 0.35—lower than Kenya (0.41) and equal to Ethiopia (0.35).

18. Women and girls face major hurdles impeding their livelihoods and empowerment including Gender Based Violence (GBV). Societal norms and perceptions of women's roles constrain their access to productive opportunities. Women lack access to finance, face unequal regulations on asset ownership, and have a lower labor force participation rate (15 percent) than men (38 percent). In 2022, girls accounted for only an estimated 47 percent of those enrolled in school, and more girls drop out due to expected domestic household obligations. Literacy is 56 percent for males but 44 percent for females. Girls are commonly forced into marriage and expected to bear children at an early age. Female genital mutilation (FGM) affects 99.2 percent of females aged 15-49. Intimate partner violence (IPV) is the highest reported aspect of GBV, though sexual and psychological violence is prevalent, especially in informal settlements and IDP camps. Women's agency lags. In the 2023 Women, Business, and the Law Index, Somalia ranked fourth lowest in Sub-Saharan Africa (SSA).

²³ The 2020 Somalia Health and Demographic Survey (SHDS) found a Total Fertility Rate (TFR) of 6.9, largely unchanged from an estimated 6.7 in 2006. In 2019, Households (HHs) in Somalia averaged 6.7 persons versus an SSA average of 4.8 persons.

²⁴ In 2022, poverty rates surpassed 80 percent in the central regions of Hiiraan and Middle Shabelle versus 39 percent in northern Awdal and 42 percent in Nugal. In 2021, scores on the Human Development Index (HDI)—a composite index of life expectancy, education, and per capita income indicators—trended higher (i.e., better) in northern areas. Northern regions have historically benefitted from greater government presence and delivery of basic services. Central and southern regions face greater insecurity and conflict with Al-Shabaab and weaker state presence.

²⁵ According to the 2022 SIHBS, poor HH have lower access to electricity and improved sanitation, while individuals in poor HHs have lower levels of education.

²⁶ For example, in 2018, remittances totaled US\$1.4 billion and in 2022 benefited up to 19 percent of the population.

19. Youth have limited opportunities posing risks of extremism. About 70 percent of Somalia’s population is under the age of 25. Fueled by a high fertility rate of 6.9 births per women, Somalia’s population is growing at about three percent per year, outpacing economic growth and increasing pressure on scarce resources. In 2022, only 26 percent of individuals aged 15 and above were participating in the labor force, lower than other SSA (66 percent) and conflict-affected countries (61 percent). Unemployment among youth aged 15-24 years was 30 percent versus 16 percent nationally. Urban youth unemployment reached 35 percent. Recruitment by Al-Shabaab heavily targets the 15-24 age group. Somalia must create jobs and opportunities for youth, especially as an additional 161,000 workers expected to join the labor force annually on a net basis through 2025.

20. Somalia is among the most vulnerable countries to climate change and has committed to Nationally Determined Contributions (NDC) to reduce emissions and adapt to climate impacts. Somalia’s average annual temperature has already increased by at least 1° Celsius (C), and the country faces a realistic increase of an additional 3°C or more by the end of the century. Although total rainfall projections are uncertain, Somalia will experience more irregular rainfall and higher rainfall extremes. Such changes increase risks of droughts and floods, which can reduce the productivity of agriculture; exacerbate conflict and food insecurity; contribute to internal displacement; and impede poverty reduction. Somalia has just undergone a record long drought with five consecutive poor rainy seasons that eroded household assets amid a concurrent spike in global food prices.²⁷ A projected rise in sea level of up to 36 centimeters by 2080 threatens coastal urban areas, jeopardizing livelihoods and threatening saline intrusion into water resources. Somalia’s revised NDC submitted in July 2021 sets an emissions reduction target of 30 percent below business-as-usual by 2030, conditional on international public and private support. The NDC targets mitigation and adaption actions in such sectors as energy, transport, agriculture, forestry, coastal management, water resource management, and disaster risk management. The cost of resilience and adaptation initiatives between 2021 and 2030 is estimated to reach US\$48.5 billion.²⁸

2.4. Development Challenges and FCV Drivers

21. Somalia faces complex and intertwined development challenges. The 2023 SCD Update affirmed that the binding constraints in the 2018 SCD remain valid, notably Somalia’s “dual-development trap”. This two-pronged trap comprises a high frequency fragility trap manifested in turbulent politics and limited fiscal resources for providing public goods and services, which undermines trust in institutions, and a low frequency resilience trap characterized by natural disasters and shocks that undo development gains and deepen exclusion.²⁹ The 2023 RRA identified three main, mutually reinforcing drivers of FCV in state-state, state-society, and society-society dimensions along with sources of country resilience, which are summarized in Box 1 and detailed in Annex 2. The SCD Update recognized limited recent progress on access to basic services, such as in sanitation, school enrollment, and financial inclusion,³⁰ but persistent and widespread challenges including human capital (HC) indicators well below peer countries. The SCD Update detailed the five key development challenges below, which are reflected in the SCD HLOs described later in the CPF Framework section.

22. Lack of security, participation, and access to justice: Somalia’s development is undermined by insecurity, political contestation, and incidences of conflict and violence. Somalia has made some progress on improving the Somali National Army (SNA), but government capacity to ensure security amid the expected withdrawal of ATMIS is uncertain, especially given insufficient revenue to fund security costs. Disagreements persist among the FGS and FMS on the structure of the executive, power sharing arrangements, and the model for state elections,

²⁷ In the 2022 SIHBS, 45 percent of HHs reported being severely affected economically by food prices increases, while 35 percent reported being severely affected by drought in 2021 or 2022.

²⁸ <https://ndcpartnership.org/news/somalia-submits-enhanced-ndc-recognizing-climate-crisis-urgency-emphasizing-adaptation>

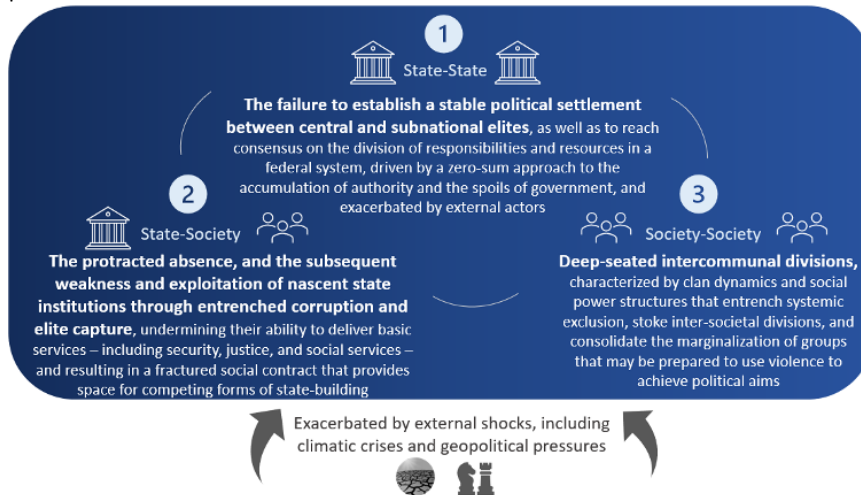
²⁹ However, some argue that the resilience trap is no longer low frequency amid more frequent, recurrent shocks.

³⁰ For example, from 2017 to 2022, net primary school enrollment rose from 21 percent to 25 percent and access to improved sanitation rose from 43 percent to 48 percent.

including the clan power sharing arrangement,³¹ which limits participation of minority groups and women.³² Somalia’s formal justice system is underdeveloped and undermined by insufficiently trained staff and perceptions of corruption, leading many to rely on the traditional “xeer” system and Al-Shabaab-administered courts.

Box 1. Findings of the 2023 Risk and Resilience Assessment

Somalia is affected by diverse and often interwoven structural challenges that contribute to its protracted state of FCV. Though the root causes of FCV are complex and multifaceted, the RRA identified three main drivers of FCV illustrated below. Collectively, these drivers are mutually reinforcing, perpetuating vicious cycles of FCV that hinder effective state-building and the attainment of peace, security, and sustainable development.



The RRA identified key sources of resilience that can help communities cope with crises and serve as a foundation for greater stability and prosperity. Improvements in state capacity and elite settlements have underpinned political processes to negotiate the distribution of resources and political power without resorting to violence. Somalia’s dynamic private sector has weathered diverse shocks and thrived in the absence of state regulations, albeit with high barriers to entry. Social capital—characterized by traditional dispute resolution mechanisms, clan support networks, diaspora remittances, and civil society groups stepping in to provide public services—has helped communities adapt to, cope with, and mitigate the impacts of diverse shocks.

23. Weak economic governance undermining service delivery: The FGS and FMS have limited fiscal space for investments in basic services amid limitations on borrowing and weak domestic revenue. Key challenges are the FGS’s inadequate stewardship role over sector expenditures; an underdeveloped civil service; lack of clarity on intergovernmental fiscal relations, including on revenue sharing and functional assignments among the FGS/FMS and lower levels of government; and limited transparency and accountability in public finances. As noted in the CPSD, the private sector has been reluctant to invest in non-excludable products and infrastructure critical to progress on service delivery due to weak Public Private Partnership (PPP) frameworks and investment incentives.

24. Insufficient resilience including to shocks: Somalia has experienced recurrent climatic and other shocks that have fueled internal displacement and exacerbated poverty, exclusion, and natural resource depletion.³³ The FGS and FMS have limited capacity in disaster management and lack fiscal buffers to respond to shocks, which has contributed to a high reliance on donor humanitarian assistance to deliver basic services.³⁴ Water and sanitation

³¹ Indirect elections have been held in Somalia since 2012, using a 4.5 power sharing formula, which gives the four major clan families an equal share of representation (61 seats) and other groups including marginalized and minority communities a collective half share (31 seats) in the 275-seat House of the People (Lower House).

³² Women have weaker claim to clan allegiance than males. To address low levels of women’s voice and agency, Somalia defined gender quotas for legislative bodies but these quotas were never reached. The 2022 election led to a deterioration in women’s representation in Parliament compared with the 2017 elections

³³ Somalia was ranked 178th of 185 countries in the 2021 Notre Dame-GAIN index, which assesses country vulnerability to climate change and other global challenges and readiness to improve resilience.

³⁴ Somalia has appealed for consecutive annualized humanitarian assistance for over two decades with basic humanitarian needs occurring even in years without major shocks, underpinning the need for more sustainable delivery models for resilience and human capital development.

infrastructure remains insufficient to serve rural and growing urban areas. In 2022, access to improved drinking water was 78 percent and access to improve sanitation was 48 percent. Agriculture accounts for 26 percent of jobs and half of livelihood sources in rural areas, but practices are outdated and largely at the subsistence level. The livestock subsector, which accounts for 75 percent of exports, is vulnerable to erratic rains and sporadic import bans from partners, reflecting lack of progress on veterinary standards. Fisheries holds promise for raising incomes and food security, but requires improvements in governance; control of Illegal, Unreported, and Unregulated (IUU) fishing, and management of threats from climate change.³⁵ Urbanization significantly driven by IDPs has strained urban land and infrastructure. Managed properly, Somalia's urban growth could bring benefits.³⁶ However, proper urban management requires more clearly demarcating responsibilities including for financing among federal, state, district, and municipal authorities, and better regulating service providers and land ownership. Cities need to address the plight of IDPs by resolving their residency status and securing their access to jobs and services. Land degradation is rapidly eroding Somalia's natural resource assets. A 2020 government report noted that Somalia lost 147,704 km² between 2000 and 2015 to unsustainable land use practices, which resulted in soil erosion, biological degradation, and gully erosion.³⁷

25. *Inadequate Human Capital:* The private sector and non-state actors have traditionally delivered a high share of social services in Somalia, with government capacity to provide stewardship over services weak given unclear assignment of mandates and resources among FGS/FMS institutions and insufficient revenue mobilization and expenditures. In education, the private sector and NGOs dominate provision of mostly fee-based schools, which poor households struggle to afford. National net primary school enrollment rose from 21 percent in 2017 to 25 percent in 2022, but it was only 20 percent among poor households.³⁸ Net secondary enrollment was 14 percent in 2022. Girls are more likely to drop out of secondary education. Only 38 percent of teachers have necessary qualifications. In health, the private sector provides about 60 percent of health services. Public health facilities are inadequate, poorly equipped, and inequitably distributed. Health workers available per 1,000 people is 0.92 versus a minimum standard of 2.3 defined by the World Health Organization (WHO). In 2020, maternal mortality per 100,000 live births was 692 and 27 percent of children under the age of five were stunted. The pandemic worsened health outcomes and diverted scarce fiscal resources.³⁹ In social protection, Somalia has with World Bank assistance supported the building blocks of the national "Baxnaano" shock-responsive safety net system, including provision of regular cash transfers to address poverty along with short-term cash transfers to protect households from crises. However, Baxnaano covers only an estimated ten percent of the population.

26. *Weak enabling environment for private sector led growth and job creation:* Somalia's private sector is dominated by a few large firms operating as conglomerates that exhibit cartelistic behavior, and a multitude of mostly small and micro businesses. Somalia suffers from a "missing middle" of Small and Medium-sized Enterprises (SMEs) able to drive higher-wage and productive employment. Financial intermediation is weak and access to finance low. In 2021, domestic credit to private sector was less than four percent of GDP versus an SSA average of 36.7 percent. Business registration needs to be simplified and harmonized across FMS. Lack of skills is a barrier to finding a job, especially among youth and non-urban populations.⁴⁰ Infrastructure gaps impede

³⁵ There are no government statistics on the contribution of fisheries to Somalia's economy, but annual export earnings estimated by development agencies range from US\$15-20 million. Losses from IUU fishing in value of catch in Somalia's marine jurisdiction have been estimated at US\$100-450 million annually. Many fish stocks in Somali waters are thought to be healthy but climate change could result in substantial decreases in productivity in this century. The impacts of climate change include acidification, sea-level rise, higher water temperatures, and changes in ocean currents, which affect fish stocks and the marine and coastal ecosystems on which they depend.

³⁶ On average globally, every one percent increase in urbanization brings four percent in GDP per capita. Somalia's urban population is on track to grow threefold by 2050, which could generate agglomeration benefits by shortening distances in access to services, infrastructure, and jobs.

³⁷ The Federal Republic of Somalia. 2020. National Voluntary Land Degradation Neutrality Targets.

³⁸ In addition, secondary enrollment shows a gap between poor (nine percent) and non-poor (21 percent) HHs.

³⁹ Somalia experienced widespread and intense community transmission of the COVID-19 pandemic in all regions. As of March 7, 2023, there were 27,324 confirmed cases of COVID-19 and 1,361 deaths reported to WHO. As of January 1, 2023, a total of 8,726,329 vaccine doses had been administered.

⁴⁰ More than 75 percent of firms in a recent survey mentioned a necessity to draw on foreign workers to remain competitive.

business development. Somalia lacks a national electricity grid, with a patchwork of mini grids commonly run by private sector operators, primarily in urban areas. Access to electricity nationally rose from 39 percent in 2017 to 62 percent in 2022 but was 39.4 percent among rural households and 8.7 percent among nomadic households. In the digital sector, the telecom market remains fragmented and there are gaps in middle- and last-mile network infrastructure. Less than five percent of the population has access to broadband. Road density is about 3.5 per 100 km² of territory—lower than most benchmarks in Africa and globally. About 90 percent of the road network is in very poor condition. Only 31 percent of the rural population has access to an all-season road. In addition, private sector development is impeded by insecurity notably threats from armed groups, which calls for conflict sensitive approaches to development in close coordination with local communities, "do no harm" approaches, and close management of security risks. The CPSD recognizes that the private sector has been Somalia's primary source of economic resilience. The CPSD proposes three mutually reinforcing Pillars, which each feature recommendations assessed as impactful and feasible in the short- to mid-term (see Box 2).

Box 2. Key findings and recommendations of the CPSD

The joint World Bank-IFC CPSD highlights that Somalia's private sector has been unable to generate enough economic opportunities to aid Somalia's transition from fragility. The private sector accounts for an estimated 95 percent of jobs and has been the primary provider of the limited range of products and services in the country. However, the productive tradable sectors are subdued and have been unable to serve as a basis for rapid structural transformation. Somalia depends heavily on imports and businesses are concentrated in non-tradeable sectors. A few politically and socially connected enterprises have captured most opportunities across different economic sectors. The private sector has a "missing middle" of productive enterprises. Most firms are micro formal, informal, and household subsistence-based entrepreneurial ventures that have limited capacity to generate productive jobs. The negligible economic integration of the private sector internationally and domestically and minimal complexity of FDI weigh on productivity growth.

The CPSD proposes three mutually reinforcing Pillars for unlocking inclusive and sustainable private-sector led growth. The first Pillar focuses on *establishing legitimate, effective, and equitable formal enabling frameworks*, recognizing that informal, trust based institutions have contributed to socioeconomic inequalities in the context of weak economic governance and an underdeveloped formal business environment. This Pillar recommends assistance in such areas as business entry and exit; quality standards and trade; investment policy and promotion; PPPs; and Public Private Dialogue to build buy-in on reforms amid complex vested interests. The second Pillar focuses on *reforming and promoting private participation in key enabling sectors* to facilitate an economic transformation, notably through support to enhance the Government's stewardship role over the economy, leverage private capital, and strengthen the financial sector, as well as reforms and investments in energy, water, digital connectivity, and transport and logistics. As reforms in the first two Pillars may take longer in Somalia's complex political economy, the third Pillar recommends *improving the growth and productivity of select value chains* that have not been captured and in which short-term productivity gains are possible (e.g., livestock, crops, fisheries, and construction).

27. Barriers to trade and regional integration limit economic growth. Somalia needs to eliminate illegal checkpoints that increase the cost of doing business. Somalia's port and aviation sectors are underdeveloped. Airports do not have sufficient space for logistics and warehousing of goods and are beset by efficiency and safety issues, while the performance of maritime ports is subpar. Somalia would benefit from harmonizing duties and rates across its three major ports to satisfy requirements of regional trade blocs, such as EAC and WTO. Somalia should support a national trade strategy to diversify products and the geographic range of exports and comply with sanitary and phytosanitary requirements of key export markets. Somalia should sustain work with partners, including through the HoAI, to invest in infrastructure and improve trade and cross-border facilitation in key regional economic corridors,⁴¹ which could accelerate trade in key commodities and promote food security.

28. Somalia has moderate capacity for Enabling and Mobilizing Private Capital. Somalia has untapped opportunities for private investment, but insecurity, political instability, and weak governance including institutional weaknesses impede mobilization of public and private financing for growth and prosperity. Recent reforms have built a foundation for private financing in development, but more needs to be done to improve the enabling environment, such as adopting a phased program of policies and reforms to establish a supportive legal and regulatory framework (e.g., enactment of PPP Act and related institutional development); identifying and preparing bankable projects in priority sectors; and implementing initiatives to de-risk capital in markets where

⁴¹ The corridors are Kismayo, Lamu, and Mogadishu; Berbera and Djibouti; and the Mogadishu, Berbera, and Bossasso.

investment incentives are weak (e.g., catalytic funding to unlock deployment of Information and Communication Technology (ICT) infrastructure in unserved or underserved areas). The CPF will continue to support relevant building blocks and explore ways to build on past and active engagements to facilitate private sector financing, notably on digitalization and energy access. For instance, the Inclusive Growth Development Policy Financing (DPF) series has supported an Investors and Investments Protection Act to encourage private domestic and foreign investment. An active regional operation aims to mobilize private sector financing to expand regional ICT networks. Recent lending has supported the development of private markets for stand-alone solar systems including through grants to distributors.

II. WORLD BANK PARTNERSHIP FRAMEWORK

3.1. Government Program and Medium-Term Strategy

29. **Somalia’s NDP9 for 2020-2024 aims to reduce poverty and inequality by promoting inclusive economic growth and employment, improving security and rule of law, and strengthening political stability.** The NDP9 featured poverty reduction prominently and doubled as an Interim Poverty Reduction Strategy Paper in line with a HIPC requirement. The NDP9 features four major pillars: 1) *inclusive and accountable politics*, which supports such areas as federalism, institutional building, constitutional reform, and free and fair elections; 2) *security and the rule of law*, which focuses on reforming Somalia’s security and justice sectors and ensuring human rights; 3) *economic development*, which calls for improving Somalia’s business environment, diversifying the economy, rehabilitating and expanding infrastructure, and improving resilience of food systems; and 4) *social development*, which emphasizes human capital formation and support for social protection, food security, and disaster risk management. The NDP9 includes cross-cutting themes, such as strengthening governance; building resilience to climate and other shocks; better managing the environment and natural resources; prioritizing durable solutions to long term displacement; and strengthening gender and social equity. In addition, the FGS/FMS launched a process to develop Vision 2060, a long-term, shared strategy to transform Somalia into a middle-income country by 2060. This Vision seeks to build a competent state capable of effectively serving its people to create a prosperous, secure, democratic, inclusive, and competitive country with a high quality of life.

30. **Somalia continues to demonstrate a strong commitment to state- and institution building and a transition out of fragility, as evident by continuous progress on TAA milestones.** Despite fragility and conflict, Somalia made important progress towards FY23 TAA milestones in four key areas: (1) achieving a more inclusive and stable state and peacebuilding process; (2) improving stability and security sector reform; (3) improving inter-governmental relations and resource sharing; and (4) progressing towards a more resilient, inclusive, and stable socio-economic environment. Annex 9 provides a detailed overview of headway on the TAA milestones.⁴² Building on these achievements, the Government has committed to new TAA milestones detailed in Annex 10.

3.2. Priorities of the SCD Update and Consultations

31. **The SCD Update’s central recommendation was that Somalia accelerate momentum to build institutions to develop resilience and create jobs as a basis for transitioning from fragility, reducing poverty, and promoting shared prosperity.** The SCD Update identified five complementary HLOs described below to respond to Somalia’s development challenges. Two are foundational HLOs supporting peace, stability, and inclusive development, and three aim to increase resilience and drive social and economic outcomes. The SCD Update identified multiple policy priorities critical to progress on the HLOs. Key priorities are summarized below.

⁴² The FY23 milestones are derived from the originally TAR/TAA process, which recognized that many of these issues—whether promoting a dialogue between Somaliland and Somalia, strengthening fiscal federalism, or reducing FCV incidents—are long-term endeavors that cannot be achieved in a single year but rather require sustained commitment by the Government in partnership with the World Bank and other humanitarian, security, development, and peacebuilding actors.

In determining the priorities, the 2018 SCD and 2023 SCD Update accounted for the potential of each to address Somalia's development constraints in light of the dynamic context.

- **Foundational HLO 1: Improved Security, Participation, and Access to Justice.** Priorities include developing Somalia's security architecture, advancing the constitutional review process, improving the voice and agency of women and minority groups, and strengthening justice mechanisms.
- **Foundational HLO 2: Improved Access to and Quality of Services through Better Economic Governance.** Key priorities include maintaining stable macroeconomic conditions, mobilizing domestic revenue, strengthening institutions for social and economic expenditures, improving transparency and accountability, and developing capabilities in public debt management.
- **HLO 3: Improved Household Resilience to Shocks.** Achieving this HLO requires increasing water access in urban and rural areas; upgrading and diversifying natural resource sectors, including adopting climate-smart practices in agriculture and strengthening monitoring and surveillance in fisheries; improving disaster risk management; and managing urbanization including IDPs.
- **HLO 4: Improved Human Capital Outcomes.** This HLO supports multiple priorities related to expanding education services focused on girls and increasing teacher training and student assessment; implementing an essential package of health services countrywide; and scaling-up coverage of the Baxnaano system, including to link Baxnaano with disaster response and a youth productive safety net.
- **HLO 5: Enhanced Private Sector for Better Jobs.** Priorities include strengthening oversight of financial institutions and AML/CFT; improving access to finance and the business environment; expanding access to renewable electricity and regional energy trade; developing a pipeline of roads projects supporting rural access and regional integration; strengthening digital inclusion; and strengthening legislation to improve protections and opportunities for women.

32. The World Bank supported innovative and wide-ranging consultations that validated the CPF framework. From September 2022 to October 2023, the World Bank held 36 consultations engaging 3,258 participants from the FGS/FMS and diverse stakeholder groups, including DPs, the private sector, Civil Society Organizations (CSOs), Parliamentarians, people with disabilities, women and youth, academia, and think tanks. Given Somalia's security challenges, the World Bank leveraged partnerships and innovative methods to reach stakeholders. For example, the African Voices Foundation supported four weekly radio series that facilitated citizen-led conversations with government representatives and stakeholders along with focus group discussions in five FMS targeting women, youth, persons living with disabilities, IDPs, and minority groups. Consultations confirmed broad-based support for identified development priorities, namely job creation and growth, resilience to shocks, infrastructure, human capital, and state effectiveness and visibility. Engaged parties shared concerns about security, climate change impacts, and post-HIPC financing. In addition, the World Bank held regular discussions with internal teams and DPs/IFIs emphasizing the complementarity of World Bank support within the broader international framework of humanitarian and development assistance. Consultations confirmed the relevance of and broad-based support for the CPF HLOs and CPF Objectives. More details on World Bank consultations are in Annex 5.

3.3. Proposed World Bank Country Partnership Framework

33. The overarching goal of the CPF will be to continue to assist Somalia in building a more stable, visible, and legitimate state capable of providing basic services, fostering inclusive private sector-led growth, and building resilience, with a view to contributing to Somalia's emergence from FCV over the long-term. The CPF design reflects lessons of the FY19-23 CPF, notably the importance of staying engaged over the long-term in building core institutional capacity while gradually transitioning to "second generation" investments supporting broader development results along the humanitarian-development nexus. The CPF's HLOs and Objectives account for key fragility drivers; country and SCD Update priorities; and World Bank comparative advantages, with a special

focus on enhancing state legitimacy, including in newly recovered areas. The CPF will remain adaptable and focus on doing no harm in Somalia's complex political economy.

Lessons learned from the Completion and Learning Review

34. The CPF accounts for lessons of the FY19-23 CPF and the World Bank's engagement in Somalia since 2012. The CLR, attached as Annex 6, rates the Program Performance of the FY19-23 CPF as Moderately Satisfactory (MS). The CLR rates World Bank Performance as Good, highlighting, among other factors, the CPF's flexibility; effective use of the Turnaround Regime (TAR)/TAA and performance-based instruments to incentivize reform; and adoption of the enhanced RMF in response to the IDA scale-up. Lessons focus on how the World Bank can maximize development impacts accounting for the World Bank's iterative, complex evolution of assistance since 2012 and Somalia's FCV context:

- **Stay the course in supporting state-building and increasing core capacity to deliver services, which is critical to rebuilding the social contract and addressing underlying fragility but expect a non-linear journey.** The CPF will sustain support to address Somalia's dual pronged fragility trap and FCV drivers, especially the *state-state* and *state-society* dimensions, by supporting intergovernmental relations including on fiscal matters and improving the macroeconomic and governance foundations for service delivery.
- **Leverage partnerships and performance-based instruments to create incentives for reform, ensure progress toward the HIPC Completion Point, and support Somalia's emergence from FCV.** The CPF was designed to sustain strategic use of performance-based instruments, including the IDA TAA framework and a new DPF series, which will incentivize progress on reforms supporting state building and governance, such as related to debt management, revenue mobilization, intergovernmental relations, and social protection.
- **Manage trade-offs between short-term crisis response and long-term institution building.** The CPF will maintain flexibility to respond to crises by leveraging existing delivery mechanisms, such as indirect Third-Party Implementation. The World Bank will be mindful that quickly reorienting operations through restructurings to address short-term crises has at times caused delays and distracted from projects' longer-term focus on institutional strengthening, which is a World Bank comparative advantage.
- **Adopt phased approaches to piloting and scaling projects.** The CPF was designed to leverage ASA and the MPF to analyze development challenges; develop and test pilot programs (especially for climate change adaptation); and scale programs operationally and geographically into FMS and municipalities with IDA support.
- **Enhance portfolio supervision and country presence and leverage innovative modalities for portfolio management.** The World Bank will strive to increase on on-the-ground presence in Somalia. The CPF will sustain use of TPM agents; portfolio-wide results and operational dashboards under the Geo-Enabling initiative for Monitoring and Supervision (GEMS) Tool;⁴³ and phone hotlines and radio broadcasts for consultations and portfolio and project management, implementation, and evaluation.
- **Continue IFC and MIGA assistance to facilitate access to finance and private sector investment and development.** Notably, IFC will continue to engage in advisory programs that will create future investments in Somalia.
- **Leverage donor coordination mechanisms and support hybrid approaches for service delivery.** The MPF will remain a platform for policy dialogue on development objectives, sector coordination, and discussions on the transition from humanitarian-focused assistance to longer term systems and institution building. The World Bank will continue to support hybrid models for service delivery through which the FGS/FMS manage projects and issue contracts for project components to UN agencies or NGOs.
- **Strengthen country capacity to manage World Bank activities.** The World Bank will scale trainings to Project Implementation Units (PIUs) in Financial Management (FM), procurement, and Environment and Social Risk

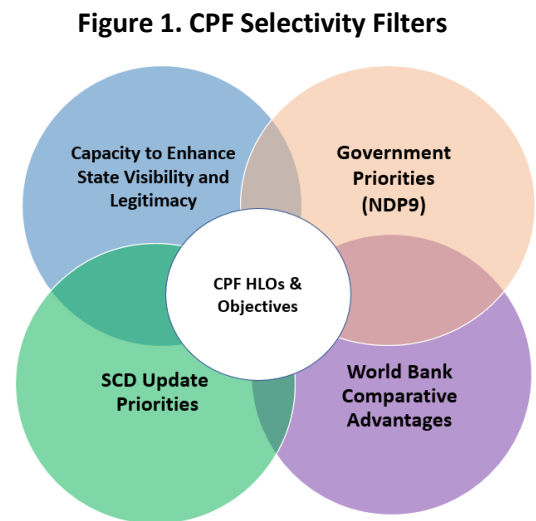
⁴³ GEMS is a simple, low-cost option for project M&E that leverages digital data collection and analysis and facilitates real-time safeguards monitoring and portfolio mapping. The GEMS tool was leveraged by the Biyoole project (P167826) and the Somalia Urban Resilience Project II (P170922), and will be deployed across the portfolio, including to build client capacity and institutions for operational mapping, prioritization, and results monitoring, ultimately across the HDP nexus and beyond the World Bank portfolio.

Management, and collaborate with the External Assistance Fiduciary Section (EAFS) in the Ministry of Finance (MoF) to facilitate FM for projects and support growth of the World Bank portfolio into FMS. The World Bank will adopt a common approach to project functions, such as financial management and environmental, social, and security risk management.

- **Strengthen the RMF.** MPF resources will enable enhanced risk management tailored to Somalia’s unique FCV context, which will include additional support for project implementation and supervision, including FM, procurement, Environmental and Social Framework (ESF), and management of FCV risks. The World Bank will maintain high-level dialogue at the Finance Ministers Fiscal Forum (FMFF) to depoliticize and reach agreement on key reforms to be supported the World Bank and other DPs. The World Bank-supported Gender Platform and Security Risk Management (SRM) framework will help ensure adequate risk mitigation across the portfolio.

CPF Selectivity and HLOs

35. The CPF framework represents the nexus of the four selectivity filters; and reflects Somalia’s FCV drivers supporting the new World Bank vision (Figure 2). The CPF framework will ensure that World Bank operations maximize *capacity to enhance state visibility and legitimacy*, which is critical to addressing FCV drivers, notably restoring the social contract to address the *state-society* driver. For example, building on previous ASA and investments in recurrent costs and institutional strengthening, the CPF will gradually support more visible, “people-centered” investments in agriculture; energy and water infrastructure; and education and health services, increasingly in FMS and municipalities and regional in scope. In addition, the CPF framework embodies the intersection of *World Bank comparative advantages* and *SCD and government priorities*. The CPF will leverage World Bank comparative advantages in testing and scaling development approaches based on analytical work in such areas as social protection, and in promoting fiscal and growth-enabling reforms tied to budget support. The CPF framework reflects NDP9 priorities related to economic development, such as improving the business environment and rehabilitating infrastructure, and social development, notably strengthening human capital services, and dovetails with the NDP9 cross-cutting priority of resilience. The CPF is anchored on a *measurable* cross-cutting foundational HLO capturing key priorities of the SCD Update Foundational HLOs. The foundational HLO and the three other CPF HLOs and Objectives described below reflect nearly all priorities of the SCD Update.



- **Cross-cutting Foundational HLO. Macroeconomic Stability and Governance Foundations.** The CPF will support macro-fiscal management and core state and institution building at federal and lower levels of government critical to improving service delivery, increasing state visibility, and restoring the social contract. A new Economic Resilience and Growth DPF series (P501988) and ongoing Investment Project Financing (IPF) operations will support improved debt management, PFM, DRM, and statistical capacity, with a view to fostering more transparent and accountable management of public finances and freeing resources for investments in poverty reduction. The World Bank will deepen support to intergovernmental fiscal relations, notably by engaging the FMFF to promote intergovernmental dialogue and agreements on federal and fiscal matters critical to addressing the *state-state* and *society-society* FCV drivers. Such assistance is being channeled through a foundational, cross cutting HLO recognizing the core and transversal impacts of governance and macroeconomic management on broader, higher-level sector results in Somalia’s FCV context. The indicators measuring progress on this HLO have been drawn from the TAA and key projects.

- **CPF HLO1. Inclusive, Private sector-led Job Creation and Economic Growth.** World Bank assistance will

support the private sector to create more productive and higher-wage jobs, focused on bridging the “missing middle” of productive SMEs. The CPF will aim to enhance financial inclusion by increasing access to finance for SMEs particularly women-owned firms, and support reforms to strengthen Somalia’s financial sector and business and investment climates. The World Bank will support investments in critical infrastructure, notably energy and digital to enable business growth and domestic and regional trade and prepare the foundations for future infrastructure investments. IFC will support participation of the private sector in major infrastructure programs, including energy and digital services, through an advisory work. HLO indicators will measure labor force participation, private credit as a percent of GDP, and access to electricity and the internet.

- **CPF HLO2. Enhanced Human Capital.** CPF assistance will increase FGS and FMS capacity and financing for delivery of human capital services. The CPF will support increased access to education and training focused on girls and women and improvements in the coverage and utilization of essential health and nutrition services. The World Bank will support increased effectiveness and coverage of the “Baxnaano” safety net, strengthening of social protection systems, and improved labor market outcomes. HLO indicators will track national primary school enrollment, the national literacy rate, and maternal and infant mortality.

- **CPF HLO3. Greater resilience to climatic and other shocks.** This HLO aims to increase the resilience of urban and rural populations in the context of Somalia’s extreme vulnerability to climate change; urbanization straining urban services and infrastructure; persistent drought and floods undermining rural livelihoods and food security; and land degradation and desertification. The CPF will support resilience in key cities by strengthening capacity of municipal governments; supporting planning for urban water supply and sanitation services; investing in climate-resilient roads and providing urban IDPs affected by drought with urgent services and longer-term support, with a view to mitigating social tensions. To contribute to rural resilience, the CPF will support investments in water points and scale-up climate-friendly water, agriculture, and environmental water catchment practices in rural areas; help improve management of fisheries to boost food security; and support disaster preparedness and response mechanisms. HLO indicators will include people in need of humanitarian assistance, Somalia’s score on the ND-GAIN Readiness Index, prevalence of acute food insecurity, and percentage of households with access to improved water sources.

Table 2. CPF Lending Program

CPF HLOs	Objectives	Key Active Lending Projects <i>(italics = regional)</i>	Key Proposed Lending Projects (FY24-25)
Cross-cutting Foundational HLO: <i>Macroeconomic stability and governance foundations</i>	<p><i>0.1. Increase the effectiveness, transparency, and accountability of institutions</i></p> <p><i>0.2. Strengthen macroeconomic and fiscal management</i></p>	<p>Recurrent Cost and Reform Financing (RCRF) III (P173731) and AF (P177900)</p> <p>Somalia Inclusive Growth Development Policy Operations (DPO) I (P174889) and II (P179307)</p> <p>Somalia Enhancing Public Resource Management Project (P177298)</p> <p>RCRF II Phase 3 (P173731) and AF (P177900)</p> <p>Somali Integrated Statistics and Economic Planning Capacity Building (P171160)</p>	<p>Second AF (P181407) for RCRF III Economic Resilience and Growth DPF Operations FY24 (P501988), FY25</p>
1. Inclusive, private sector-led job creation and economic growth	<p><i>1.1. Strengthen financial inclusion and growth</i></p> <p><i>1.2. Increase access to infrastructure, energy, and digital services</i></p>	<p>Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP, P168115)</p> <p>Accelerating Sustainable and Clean Energy Access Transformation in Somalia (P181341)</p> <p>Electricity Sector Recovery Project (P173088)</p> <p><i>DRIVE – Pastoral economies in the HoA (P17651)</i></p> <p><i>HoA Infrastructure Integration (P173119)</i></p> <p><i>East Africa Digital Integration (P176181)</i></p>	<p>Somali Electricity Sector Recovery Project 2 (P173088)</p> <p>Somalia Financial System Initiative <i>HoA Regional Power System Transformation Project (P179036)</i></p>
2. Enhanced human capital	<p><i>2.1. Increase access to education and training</i></p> <p><i>2.2 Increase coverage of the social protection system</i></p>	<p>Education for HC Development Project (P172434)</p> <p>RCRF III (P173731) and AF (P177900)</p> <p>Empowering Women through Education and Skills (P176898)</p>	<p>AF for Education for HC Development Project (PO TBD)</p> <p>Adaptive Social Protection for Human Capital Project (PO TBD)</p>

	<i>2.3. Increase coverage and utilization of essential health and nutrition services</i>	Shock Responsive Safety Net for HC Project (P171346) and AF1 (P176368), AF2 (P178730), and AF3 (P181469) Improving Healthcare Services “Damal Caafimaad” (P172031)	
3. Greater resilience to climatic and other shocks	<i>3.1 Strengthen urban resilience</i> <i>3.2. Strengthen rural resilience focused on access to water and food security</i>	Somalia Urban Resilience Project II (SURP, P170922) and AF (P178887) and AF2 (P179775) Somalia Crisis Recovery Project (SCR, P173315) and AF (P176343) Shock Responsive Safety Net for Locust Response Project (P174065) Barwaaqo – Somalia Water for Rural Resilience Project (P177627) HoA Groundwater Project (P174867)	SURP Third AF (P181512) Somalia Informal Settlement Upgrading Project (P179936) Somali Sustainable Fisheries Development Project (P178032) Social Cohesion (P501728)

36. Though important to building state legitimacy, the World Bank will engage to a limited extent in select government and SCD Update priorities, such as the political process; political institution building; security and justice; and service delivery in newly recovered areas. The World Bank completed a Security and Justice Public Expenditure Review (PER) in 2017 and follow-up work under the Public Finance Advisory Support to the Security Sector, which have informed government reforms. These products confirmed that most issues with the security transition remain outside the World Bank’s mandate, but that the World Bank could support additional analytics and Technical Assistance (TA) based on client requests. The World Bank is supporting a new country-based JUPITER tool for assessing the judicial system in terms of access to justice, efficiency, and quality. The political, security, and justice situation will be discussed with partners and the client as part of TAA monitoring. The World Bank will support extension of state functions and state visibility in areas recently recovered from Al Shabaab’s control by supporting government-led service delivery based on government requests for prioritization of investments and activities. A dedicated ASA is reviewing potential delivery modalities to inform investments in small-scale physical and social infrastructure across the health, water, and urban resilience portfolio.

37. The CPF will leverage ASA including programmatic approaches to build client capacity and accelerate development results, and, reflecting a CLR lesson, assess the political economy and perceptions of state legitimacy and visibility. The CPF inherits 21 active ASA supporting such analytics as regular economic updates and socioeconomic monitoring, along with advisory assistance, including to strengthen the financial sector and enhance government capacity in Environmental, Social, and Security Risk Management (see Annex 7). Most lending projects are complemented by Programmatic Advisory Services and Analytics (PASA), notably in health, energy, and financial inclusion. To ensure effective World Bank engagement and assess progress on addressing FCV drivers, the World Bank will support an enhanced FCV Risk Management ASA, regularly monitor Somalia’s political economy and FCV risks, and support surveys on citizen perceptions of state services and institutions.

38. The CPF will focus on inclusion by empowering girls and women and minority groups, which will help address the *society-society* FCV driver. The World Bank will leverage the active Somalia Women’s Empowerment Platform to provide analytical support and mainstream gender into World Bank supported operations. Operations of the CPF will target, among other results, enrollment of girls in primary school; second chance education for girls; cash transfers for females; access to finance for women-owned firms; adoption of improved agricultural technologies among female farmers; and access of women to improved water sources.

39. The CPF will sustain comprehensive support for climate change adaptation and mitigation. Complementing the ongoing CCDR, the Somalia Climate Change Program will provide programmatic analytic and advisory support to the FGS and stakeholders to address climate challenges and inform World Bank supported operations, with enhanced financing from the MPF. Lending projects will invest in climate-resilient water infrastructure; roads and drainage infrastructure in urban areas; sustainable land management; renewable energy; and disaster risk management. The World Bank’s increasing contribution to climate resilience in Somalia is reflected in Climate Co-Benefits (CCBs), which rose from nearly 0 percent in FY19 to 32 percent in FY23

(averaging 29 percent for the FY19-23 period). Somalia is well-placed to meet IDA20's corporate commitment of increasing climate co-benefits to 35 percent by the end of FY24. The majority of the World Bank's climate-responsive financing has supported adaptation measures. Informed by the CCDR and other ASA, the World Bank will continue to maximize the climate impacts of investment and policy lending.

40. Mindful of security risks, the World Bank will expand engagement geographically into FMS and municipalities, as well as build on knowledge work to strengthen (emerging) lower levels of government and continue select engagements in Somaliland. Early World Bank assistance focused significantly on the FGS and Mogadishu, Garowe, and Hargeisa. Active and pipeline projects scale-up activities across all FMS and the Benadir Regional Administration (BRA) as well as municipalities, including under the Somalia Urban Resilience II Project (P170922); the Barwaaqo water project (P177627); and the HoA initiative. The FGS and Somaliland have maintained an agreement for implementing and supervising World Bank financed operations in Somaliland, which will be subject to recurrent reviews at the strategic and project-levels. Subsidiary agreements with Somaliland have been signed for most operations approved since FY22 and provide an effective model for future financing, despite low disbursement rates in Somaliland. Accounting for security risks, the World Bank will continue incremental and phased approaches to expanding the spatial reach of the World Bank portfolio, such as initially funding pilots and then scaling them up into broader areas.

41. IFC and MIGA will support inclusive, private sector led growth, including by crowding in finance and investment in line with One World Bank approach. IFC will continue to support advisory services and upstream reforms and work to identify investment opportunities. IFC's advisory projects including the Somalia Renewable Energy (SUSIP2), Somalia Investment Readiness Program, and support to establish a PPP legal and institutional framework for Private Sector Participation are expected to create investment opportunities. MIGA will build off a landmark project executed in FY23 in which MIGA signed a guarantee supporting provision of solar and battery power in Baidoa. This project enables off-takers to transition from diesel power and has potential to catalyze further investment in renewable energy solutions. MIGA's pipeline includes scaling-up this project to other locations and select other opportunities in the food and agriculture sectors. MIGA's program in Somalia will seek risk-sharing arrangements with IDA Private Sector Window (PSW) and Renewable Energy Catalyst Trust Fund (RECTF), among others. The agenda will be guided by key CPSD recommendations.⁴⁴

Foundational Objectives

0.1. Increase the effectiveness, transparency, and accountability of institutions

42. The World Bank will sustain assistance to build effective, transparent, and accountable institutions critical to improving public resource management and public service delivery and restoring the social contract. Complementing investments in visible infrastructure and human capital services, the CPF, notably through the Somalia Enhancing Public Resource Management Project (P177298), will support increased institutional capacity and accountability in PFM, particularly related to budget preparation, execution, and oversight; and improved management and performance of the civil service. CPF assistance will help institutionalize government-led citizen engagement mechanisms. The Somalia Recurrent Cost and Reform Financing Project Phase III (P173731) will deepen assistance for intergovernmental dialogue on fiscal federalism and functional assignments, including in

⁴⁴ More broadly, the World Bank will provide assistance in select areas recommended in the CPSD where there is government traction and commitment to results, while engaging with authorities on scope for deeper engagement in the CPF's later years. In CPSD Pillar 1, World Bank assistance will continue to support PPPs and select improvements in the formal business environment, notably business registration, investments promotion, and national digital IDs. The World Bank will explore scope for greater support for public-private dialogue on constraints and opportunities for private sector development. Under CPSD Pillar 2, the World Bank will support key sectors critical to enabling Somalia's economic transformation, namely by strengthening institutions, regulations, and infrastructure in the financial sector; identifying spatially coordinated regional road investments; promoting digital connectivity; and supporting access to rural water supply. Under CPSD Pillar 3, regional ending will support private investment in livestock value chains to facilitate pastoralists' greater value-addition and access to markets. The World Bank will explore additional avenues of engagement aligned with CPSD findings, which would be captured in the PLR.

the FMFF, and build systems for FMS transfers to local governments across sectors of World Bank support. The CPF will strengthen institutional capacity to collect, process, and disseminate poverty and development data to inform development policy and poverty reduction activities. The World Bank will support diagnostics and analytics on governance foundations and functions, (i.e., sectoral and portfolio-wide assessments of the role of the state, the transition of humanitarian to development delivery systems, and emerging and existing justice systems) to inform country dialogue. World Bank assistance for Somalia’s institutional building agenda, which will be linked to the TAA, the IMF program, and European Union (EU) Budget Support, reflects the CLR lessons to “stay the course” in building core institutional capacity to deliver services and to use partnerships and incentive-based instruments to effect reforms.

0.2. Strengthen macroeconomic and fiscal management

43. The CPF will support macroeconomic and fiscal management focused on DRM, debt management, and targeted financial sector reforms. The Somalia Enhancing Public Resource Management Project aims to increase DRM in the FGS/FMS and Somaliland, including through support for inland revenue systems and harmonized tax and customs administrations. The Economic Resilience and Growth DPF series including its first operation (P501988) will incentivize sustainable public finance by supporting DRM; minimal debt accumulation; efficiency and equity of public spending; and public investments supporting resilience to climate change. World Bank support to strengthen the National Statistical System will build capacity for macroeconomic monitoring and compilation of National Account data. SCALED-UP and its successor operation will support strengthening of the CBS legal and institutional framework to enable the CBS’s capitalization and effectiveness. The CPF will sustain support for the AML/CFT agenda and assistance to the Somalia Remittance Council will complement the investment portfolio. The Somalia Financial Systems Initiative (FSI) will work to make the financial sector more robust for corresponding banking relationships for Somalia. World Bank support in this Objective will be closely coordinated with the IMF.

CPF Objectives

1.1. Strengthen financial inclusion and growth

44. The CPF will leverage a One-World Bank approach to support financial inclusion including access to financial services for SMEs and women. Though 97 percent of Somali households have access to mobile money accounts, access to loans and formal bank accounts is low, impeding growth of MSMEs.⁴⁵ World Bank support will include IPFs, budget support, and assistance from IFC through the Digital Financial Services (DFS) Eco-system project (607081).⁴⁶ IFC’s work in financial services via Advisory Services will help strengthen institutions’ financial and prudential reporting; address governance and compliance constraints; provide technical skills and know-how; and enhance their small business product designs so they can better support private sector growth and entrepreneurship. SCALED-UP (P168115) will build the capacity of the CBS in core functions; improve the infrastructure and legal and regulatory environment of the financial sector, including through digital Identifications (IDs) that enable transparent financial transactions and inclusive services; and crowd-in private sector financing for the Gargaara financing facility, which aims to provide more than 5,000 loans to MSMEs, of which 40 percent women-owned, by 2025. The Inclusive Growth DPF Series will support financial institutions to accept new Digital IDs with KYC protocols, which is critical to managing Money Laundering/Terrorist Financing (ML/TF) risks, and regulations to support business registration. The World Bank is considering an operation that supports issuance of new, legal Somali Shilling currency notes, which would benefit mainly low-income groups.⁴⁷

⁴⁵ In 2022, only nine percent of individuals of age 15 and over owned a bank account.

⁴⁶ The objective of the IFC DFS project is to assist private and public sector institutions to formulate strategies that enable the growth of DFS beyond payments, including by identifying policy level constraints; infrastructure and capability challenges; and other barriers preventing sustainable development in Somalia.

⁴⁷ According to the SIHBS 2022, among people aged 15 and over, about 81 percent of the poor use mobile for financial transaction, compared with 87 percent of people who are not poor.

Regional projects will enhance pastoralists' access to financial services and facilitate the livestock trade in the HoA (P176517), and promote the expansion of an integrated digital market across Eastern Africa through investments in cross-border broadband connectivity and digital trade (P176181). The Supporting Financial Inclusion and Private Sector-led Recovery in Somalia PASA will address knowledge gaps in financial and private sector development and strengthen legal, regulatory, and institutional frameworks.

1.2. Increase access to infrastructure, energy, and digital services

45. The World Bank will assist Somalia to bridge gaps in energy and digital services impeding MSME growth and the quality of life of households. Access to electricity is 62 percent nationally and 39 percent in rural areas mainly due to lack of a national grid; the high cost of power; technical and commercial losses; and the unsustainable dependency on imported petroleum products for electricity generation. The private sector supplies more than 90 percent of power in urban and peri-urban areas through local, private mini-grids, mainly powered by diesel-based generators. The Somali Electricity Sector Recovery Project (SESRP, P173088) will increase access to lower-cost, cleaner electricity. The SESRP will improve the sub-transmission and distribution network in Mogadishu and Hargeisa; support hybridization and optimization of mini grids through Battery Energy Storage Systems and Solar Photovoltaic systems; scale-up stand-alone solar-off grid solutions; and lay the foundation for regional power trade. The Accelerating Sustainable and Clean Energy Access Transformation in Somalia (ASCENT, P181341) Project will scale up energy access while improving the reliability and reducing costs of electricity services provided by the private sector.⁴⁸ The proposed Regional Power System Transformation Project (P179036) will enable power trade through the Eastern Africa Power Pool (EAPP), including through construction of a 400 kV transmission line interconnecting Somalia and Ethiopia and establishment of a transmission system network and national control center in Somalia. MIGA will continue to support through a political risk guarantee the solar hybrid electricity project in Baidoa, which will supply renewable power to the UN office in the Baidoa Green Zone and may sell electricity to a local utility company. MIGA is considering other projects in Somalia with the same client, including in Beledweyne, Kismayo, and Dhobley. IFC will provide Advisory and Upstream services in the energy sector and support a potential investment in Liquefied Petroleum Gas (LPG). Through its investment in the Riyyo Energy DMCC company, IFC aims to address the persistent shortage of LPG; support Somalia's transition to cleaner energy; and support consumers to switch to a more affordable, cleaner fuel.⁴⁹ A PASA will review options for investments to increase access to energy services and conduct a clean cooking diagnostic.

46. In the digital sector, Somalia has been benefitting from growing access to "first mile" international capacity through the submarine fiber optic landing stations along the coast. However, the lack of a national fiber optic backbone network (middle-mile) attributable to a fragmented market prevents the effective transmission of capacity to all sub-regions. Subsequently, 3G and 4G mobile access network coverage (last mile) is limited to major urban areas and national broadband service adoption is estimated at only 14 percent. Somalia, if it can fill the missing ICT links, will be positioned to resell internet bandwidth capacity to Ethiopia, a landlocked country without direct access to submarine fiber optic cables. The Eastern Africa Regional Digital Integration Project (P176181) will address network gaps by leveraging private sector investments and supporting deployment of green infrastructure. This project will provide TA to strengthen the regulatory environment to foster a more competitive and dynamic broadband market. It will support regional and national legal and governance frameworks on e-commerce, trade, and payment systems, and build digital skills including in e-commerce. In complement, SCALED-UP will help establish a national data center, cybersecurity capabilities including a national computer incident response team, legal framework for data protection, and a Data Protection Agency. The Somalia Unlocking Sectoral Investment Advisory Project is supporting development of information technology services.

⁴⁸ This will include de-risking for mobilizing private sector investments in Distributed Renewable Energy (DRE) to hybridize isolated mini grid systems.

⁴⁹ IFC's intervention will likely have a strong demonstration effect for foreign investments in other countries challenged by structural weaknesses and security concerns.

47. In addition, the World Bank will support Somalia in developing a spatially coordinated pipeline of economic infrastructure corridor projects critical to enhancing growth, trade, and connectivity with HoA neighbors. The Somalia-HoA Infrastructure Integration Project (P173119) will support designs of road works in key regional economic corridors and studies including environmental and social management instruments. The World Bank will consider deeper investments in transport at CPF mid-term, which would be captured in the PLR. The WBG will may leverage IFC support to develop such road projects through PPPs.

2.1. Increase access to education and training

48. Assistance from the World Bank will increase the coverage of education and training opportunities, with a focus on the development and leadership skills of girls and women. The active Somalia Education for Human Capital Development Project (P172434) supports increased access to a quality primary education, with an emphasis on girls, including by building FGS/FMS capacity to measure student outcomes through a national student learning assessment system; implementing a teacher professional development program; and supporting incentives for nonstate actors to expand enrollment, notably partnerships to finance and establish schools in disadvantaged communities. The active “Rajo Kaaba” project (P176898) aims to improve the skills of females and prepare women for leadership roles, including through trainings in literacy, numeracy, digital, and market-relevant skills; support establishment of Women’s Development Centers within Somali Higher Education Institutions; and help develop a consortium of autonomous women’s colleges. In complement, the RCRF program will continue to finance teacher salaries and other recurrent expenditures in the education sector; and support supervision of schools using digital tools. A PASA will assist authorities in prioritizing and sequencing reforms to develop a functioning education system, including through analytics on school financing and teacher workforce expansion and thematic notes on expansion of secondary and tertiary education. The Somalia Women’s Empowerment Platform ASA will support increased female teachers and measures to prevent GBV in schools.

2.2. Increase coverage of the social protection system

49. The CPF will improve the coverage, efficiency, and effectiveness of social protection interventions critical to addressing chronic poverty, protecting households from shocks, and promoting human capital accumulation. The active Shock Responsive Safety Net for Human Capital Project (SNHCP, P171346) has expanded the coverage of “Baxnaano”—Somalia’s national social protection platform—including through cash transfers to households to protect human capital and emergency cash transfers to respond to economic and climatic shocks. The project is supporting the FGS and Ministry of Labor and Social Affairs (MoLSA) to develop and implement Baxnaano, including by strengthening a Unified Social Registry (USR) and registering households; developing and refining operational procedures for targeting, registration, enrollment, and community outreach; and building government capacity to implement social protection interventions including co-responsibility cash transfers and economic inclusion interventions. A new project will directly support social protection delivery mechanism for cash transfers (regular and shock-response) and scale-up co-responsibility cash transfers to promote human capital accumulation and economic inclusion interventions introduced under the SNHCP. The Economic Resilience and Growth DPF series will support the legal foundation for digital IDs, which will facilitate the uptake of households in the Baxnaano system, as well as legal and institutional reforms to support sustainability of Baxnaano. A PASA will provide critical TA to the FGS to support social protection reforms, build social protection systems (including improved shock response and direct implementation), and enhance human capital, economic inclusion, and evidence-based programming, including through targeting evaluations.

2.3. Increase coverage and utilization of essential health and nutrition services

50. The World Bank will support Somalia to enhance the coverage of essential health and nutrition services with a focus on reproductive, maternal and child health services. The active Improving Healthcare Services in Somalia Project (“Damal Caafimaad”) (P172031) aims to increase utilization and coverage of essential health services, including in reproductive, maternal, and child health and GBV services, in underserved areas with higher poverty. This project is supporting contracts with NGOs for service delivery and a TPM agent that assesses health

service quality through an annual household survey and annual facility scorecard. Damal Caafimaad is strengthening the stewardship capacities of the FGS and FMS, such as by supporting improvements in PFM and Health Management Information Systems and retains a Contingent Emergency Response Component (CERC) to permit rapid reallocation of project proceeds in the event of further crises. The RCRF program will continue to fund the salaries of health workers; support the adoption and financing of community health service delivery plans; and support the training and deployment of Female Health Workers (FHWs) to improve health outcomes in underserved areas. The Somalia COVID-19 Emergency Vaccination Project is supporting the FGS and FMS to acquire and deploy COVID-19 vaccines, improve coverage of childhood immunizations, and deliver essential health care services. The Inclusive Growth DPF series will support publication of special audit reports of expenditures on health (and education). A PASA will support analytics and advisory services to strengthen the resilience of Somalia's health system including through analyses of health financing, sector coordination, human resources, and service delivery innovations. The World Bank will give priority to collaborating with other DPs to foster alignment, coordination, and harmonization among partners in Somalia.

3.1 Strengthen urban resilience

51. The CPF aims to strengthen the resilience of key Somali cities including their capacity to respond to rapid urbanization fueled by an influx of IDPs, which has strained infrastructure; resulted in slums and environmental degradation; and increased risks of exclusion and social tensions. Building on projects in the previous CPF period, the SURP II (P170922) continues to strengthen the capacity of local governments to deliver urban services; increase access to climate-resilient urban infrastructure and services; and provide urgent support to IDPs affected by climate-related drought. The SURP II supports urban infrastructure principally roads in Kismayo, Garowe, and Baidoa, which will generate employment including for women, and TA and analytics to strengthen core municipal functions, such as citywide strategic plans and a flood assessment for Kismayo and Garowe. With support of two Additional Financings (AF) and a CERC, the SURP II is providing immediate support to IDPs affected by drought in Mogadishu, Baidoa, and Garowe. In partnership with the International Organization for Migration (IOM), SURP II is providing IDPs with emergency cash transfers; housing and land; and basic services in health and water, sanitation, and hygiene, such as through emergency water trucks, mobile health teams, communal latrines, and handwashing stations. An Urban Water ASA program will provide analytics and institutional support to improve planning for water and sanitation investments in urban areas in Somalia and Somaliland. Under this ASA, the most water scarce secondary cities and small towns will be ranked in prioritization for water supply investments. This work will complement the ongoing Mogadishu Water Security Diagnostic.

3.2. Strengthen rural resilience focused on access to water and food security

52. The CPF aims to build the resilience of rural areas experiencing water stress that impedes agriculture and rural livelihoods. Building on the Biyoole project (P167826), the active 'Barwaaqo' Somalia Water for Rural Resilience Project (P177627) is supporting the development and scale-up of water, agriculture, and environmental services in rural communities in drylands in Somaliland, Puntland, Galmudug, Southwest States Hirshabelle, and Jubbaland. The Barwaaqo project supports access to improved water sources for multiple uses, including through the rehabilitation and construction of water points in drought-prone areas. The project is helping to expand agriculture and livestock services and use of agriculture technologies; establish Farmer Field Schools; and improve environmental catchment and sustainable land management practices. In complement, the HoA Groundwater for Resilience Project (P174867) is supporting strengthening of regional and national groundwater institutions; development of a regional groundwater policy and strategy; and access to groundwater services in borderlands, such as through boreholes with solar pumps and infrastructure to support aquifer sustainability.

53. To enhance the resilience of coastal areas and increase food security, the proposed Somali Sustainable Fisheries Development Project (P178032) will aim to improve the sustainable management of selected fisheries and enhance the capacity of coastal communities to benefit from fisheries production. This project will support improved governance and intergovernmental coordination of fisheries and a monitoring and surveillance system

to reduce IUU fishing. The project will invest in gear, handling, and processing; improve market information and private sector partnerships; and provide small-scale fisheries infrastructure to address value chain barriers.

54. The Somalia Crisis Recovery Project (P173315) will continue to support the recovery of livelihoods and infrastructure in flood and drought-affected areas and strengthen disaster preparedness nationwide. This project supports cash for work programs; rehabilitation of damaged infrastructure; improvements in flood risk management; and establishment of new disaster preparedness and response mechanisms.

3.4. Implementing the FY24-28 Country Partnership Framework

55. The CPF will have a strong focus on effectively implementing the scaled-up IDA portfolio, which is of generally strong quality despite challenges (especially fiduciary-related) in the previous CPF period. As of December 2023, the IDA portfolio comprised 14 national IPF projects, two DPF operations, and six regional projects totaling US\$2.30 billion in commitments.⁵⁰ Nearly all national projects are Satisfactory (S) or MS on Development Outcome (DO) and Implementation Progress (IP), except the Somaliland Civil Service Strengthening Project II (P174875), which is rated Moderately Unsatisfactory (MU) on DO. Regional projects are rated S or MS on both dimensions, except the Horn of Africa Groundwater for Resilience Project (P174867), which is rated Moderately Unsatisfactory (MU) on IP. Strong portfolio performance reflects World Bank efforts to address portfolio hurdles in the previous CPF period, which included application of O.P. 7.30; political contestation on the fair distribution of IDA resources; lack of security and restrictions on movement under the pandemic; and weak client capacity in procurement, FM, and Environment and Social Risk Management. As detailed in the CLR, the World Bank deepened engagement with FGS/FMS officials and stakeholders to help achieve consensus on IDA activities; engaged in more frequent virtual meetings in the pandemic period; and deployed an MPF-funded TPM agent to monitor the portfolio. The World Bank provided capacity-building programs in project management, FM, procurement, and Environment and Social Risk Management, and introduced the RMF to strengthen management of portfolio risks.

56. The CPF will be highly selective, initially leveraging IDA20 TAA resources to deepen the impacts of active projects and fund only a select number of new operations, while working with the Government to explore scope for engagements in new sectors in the CPF's later years. Somalia has secured access TAA resources based on its commitment to pursue major reforms to accelerate its turnaround and transition out of fragility and build resilience, contingent to progress on TAA indicators verified in annual reviews (details on the TAA envelope and indicators are in Annex 10).⁵¹ The residual IDA20 allocation for Somalia is US\$417.8 million, subject to confirmation of TAA eligibility for FY25. The World Bank expects to tap additional IDA Windows, notably the Crisis Response Window (CRW) and Regional Window. The CPF will initially focus on consolidating and deepening engagements in existing sectors, including through AFs for the RCRF III (173731) and projects in education and social protection, which is expected to continue to increase project size.⁵² The World Bank will deliver limited new lending in fisheries and climate change resilience along with annual operations of a new Economic Resilience and Growth DPF series. Projects in the CPF's later years will be agreed through consultations with government officials and stakeholders in the context of Somalia's development of the next NDP covering 2025 and beyond and Vision 2060. A PLR undertaken in FY26 will document and program new engagement areas and financing sources. Reflecting a CLR lesson, with CPF will remain highly adaptable to Somalia's FCV context.

⁵⁰ Of this total, US\$1.62 billion was from IDA, US\$156.4 million from the MPF, US\$25 million from the Global Financing Facility; US\$2 million from the Early Learning Partnership, and US\$3 million from the Health Emergency Preparedness and Response Multi-Donor Trust Fund. The regional IDA portfolio comprised six projects totaling US\$493 million in commitments supporting infrastructure, groundwater, pastoral economies, digital integration, and food systems resilience in Eastern and Southern Africa.

⁵¹ The IDA20 TAA supports countries emerging from conflict, social/political crisis, or disengagement, where there is a window of opportunity for IDA to either re-engage or intensify engagement to support these countries to pursue major reforms to accelerate the transition out of fragility and build resilience. The TAA generally provides 125 percent of a country's Performance-Based Allocation (PBA).

⁵² From FY18 to FY22, the number of projects rose from eight to 18 as average project size rose from US\$17 million to US\$88 million. In FY24/25, average project size is expected to reach US\$110 million.

57. The CPF will leverage the IDA TAA to advance policy dialogue on Somalia’s transition out of fragility. The RRA outlined FCV drivers in ‘State-State,’ ‘State-Society’ and ‘Society-Society’ relations. The TAA milestones (see Annex 10) were selected to address these drivers based on consultations with the Government and partners. The milestones focus on two objectives: 1) Strengthening institutions, sustaining economic reforms, and helping to build a stable political settlement; and 2) Strengthening inclusion and the transparency, accountability, and effectiveness of the provision of government services. Under the second objective, the Government has committed to ensuring that salaries of all military employees are paid through Financial Management Information Systems at the FGS and FMS levels, which will be important to building a professional SNA as part of the broader state-building agenda. The milestones are anchored in the NDP9 and build on the reform momentum and dialogue created through the HIPC process, the Government-DPs Mutual Accountability Framework (MAF), and the previous TAA. The World Bank foresees a robust process for monitoring the TAA milestones, including through bi-annual technical reviews, annual inter-ministerial dialogue, and regular discussions with partners.

58. The World Bank will manage risks associated with TAA resourcing and the expected shift in IDA terms from grants to concessional lending. IDA could revert to the standard Performance Based Allocation (PBA) if Somalia does not make progress toward TAA milestones. As debt distress is expected to be “moderate” after the HIPC CP, Somalia’s financing terms in FY25 will change from grants to 88 percent 50-year credits and 12 percent Shorter-Maturity Loans, which may decrease authorities’ willingness to leverage IDA resources, particularly for crisis response. The World Bank will monitor fragility and economic factors to assess risks and determine IDA envelopes and instruments. Good progress on such factors and broader development may permit Somalia to sustain access to expanded IDA resources, such as through the TAA or higher PBA, and access new aid instruments, including additional performance and policy-based lending. If Somalia continues to face persistent or magnified political and economic challenges, the World Bank may revert to the standard PBA and project-based funding with strengthened oversight.⁵³

59. The MPF will play a strong, complementary role in enhancing delivery of the CPF. The MPF was extended through 2028 reflecting its substantive contributions to Somalia’s development and the World Bank program. The MPF’s engagement is fully aligned with the CPF HLOs. MPF-financed policy dialogue and knowledge work will inform the World Bank portfolio and pipeline, advance CPF Objectives, and serve as a generator of knowledge to advance national and regional discussions on development. The MPF will continue to finance enhanced risk management of the World Bank portfolio, including in Environmental, Social and Security Risk Management (ESSRM); fiduciary risk and project management; and enhanced FCV support, including the continued deployment of a TPM across the portfolio. Where opportunities arise, the MPF will serve as a platform to channel ODA through country systems to enhance joint financing, either through co-financing IDA investments or through new projects, which may later be scaled-up by IDA to facilitate coordination across Somalia’s priorities. The MPF envisions focusing on core areas such as jobs for young people, women empowerment, and climate impacts. The MPF will serve as an important policy platform to engage with a wide range of partners from DPs including the UN, think tanks, the private sector, civil society, and other interested parties for sectoral and thematic collaboration for Somalia’s development.

60. The CPF will continue to leverage country systems for project implementation while strengthening the capacity of client institutions and PIUs. The strong performance of the World Bank portfolio has benefitted from use of country systems; tight controls; progressive development of client fiduciary capacity; recurring Country

⁵³ The World Bank will monitor Somalia’s progress on escaping a vicious circle trapping the country in fragility and poverty through headway on political and economic dimensions. The risk of backtracking is considerable as unbalanced progress in only one dimension represents an unstable equilibrium: unless stability increases the forces of fragility will weigh on development outcomes; conversely, without noticeable improvements in welfare, the state building agenda may lose legitimacy. The CPF program will be adjusted in the PLR depending on the scenario Somalia finds itself in subsequent years: consistent strides toward a virtuous cycle may unlock additional resources (including the TAA or higher PBAs in response to improving CPIA scores) with increasing fungibility of resources (e.g., shifting the focus from projects to performance- or policy-based lending). At the same time, slipping back into the vicious cycle would limit the available resource envelop and increase the reliance on project-based financing with lower fungibility and strengthened oversight.

Portfolio Performance Reviews (CPPRs); and multiple layers of oversight. The World Bank will assess and build the capacity of the EAFS units at the FGS and FMS to administer project FM responsibilities. The World Bank will continue umbrella PIUs for projects within common sectors to alleviate limitations in client capacity and sustain efforts to build capacity of PIUs in procurement, FM, and ESF. The World Bank's strong performance is reflected in S or MS ratings in procurement and financial management for all national projects.

61. The World Bank will apply FCV-sensitive approaches for portfolio implementation and management and continue to build country capacity for crisis response and recovery. The World Bank will continue to support contracting with the UN and NGOs to support project implementation. The CPF will sustain use of TPM agents, the GEMS tool, phone hotlines, and radio broadcasts for consultations and portfolio and project management, implementation, and evaluation. The World Bank will establish a FCV Risk Management Platform (P501638) with the aim of operationalizing an FCV-sensitive approach across the World Bank portfolio through regular FCV risk monitoring, political economy analysis, and enhanced implementation support (based on the RRA). Reflecting the World Bank Evolution Roadmap's Crisis Preparedness and Response Toolkit, four active IPF projects in the national portfolio (Barwaaqo, SURP II, Damal Caafimaad, and the SCRP) have CERCs. The World Bank will work with the client to rapidly reallocate un-used IPF balances (if needed) and explore use of Catastrophe Deferred Drawdown Options (CAT-DDOs). With support of the Global Facility for Disaster Reduction and Recovery, the World Bank is conducting an ASA to strengthen Somalia's fiscal resilience in the case of natural disasters.

62. In complement, IFC developed conflict-sensitive tools to support the private sector in managing operational risks and identifying opportunities to maximize positive impact on the ground. In line with WBG FCV Strategy commitments, "conflict sensitivity" will be mainstreamed into World Bank diagnostics and screening efforts in Somalia, as well as into due diligence and the investment cycle, with a view to ensuring a 'do no harm' approach and contributing to greater economic and social inclusion through private sector interventions.

63. The World Bank will emphasize effective monitoring, evaluation, and learning to inform adaptation of the CPF in Somalia's dynamic FCV context. This CPF will enhance a portfolio-wide approach to data adequacy, quality, and transparency, building on assistance from the Somali Integrated Statistics and Economic Planning Capacity Building Project (SISEPCBP, P171160). The World Bank will support data and management information systems in sectors such as education, agriculture, health, and the civil service, with a view to strengthening the collection, analysis, and dissemination of poverty and development data. In complement, the Socioeconomic Monitoring II programmatic ASA will help consolidate Somalia's data platforms and information systems. This approach will: (a) mainstream the use of data into World Bank-supported operational design, learning, and outcome monitoring; and (b) apply mapping tools, such as GEMS and the new Poverty Targeting Index, across the portfolio to enhance geographic targeting (e.g., targeting areas most suitable for investment in education).

III. MANAGING RISKS TO THE CPF PROGRAM

64. The CPF will support an enhanced RMF acknowledging the overall risk to the CPF is High. The recent IDA scale-up highlighted concerns about client absorptive capacity; political contestation; macroeconomic and security risks; and limited client FM, procurement, and Environment and Social Risk Management capacity, particularly as the World Bank engaged in new sectors and geographic areas. Specifically, the World Bank recognizes that IDA inflows risk exacerbating conflict dynamics, notably contestation among different levels of government for resources, and risks being captured by politically connected patronage networks. Somalia remains highly dependent on donor aid with potential distortionary effects. The World Bank will carefully monitor such risks, including through regular political economy assessments, and be guided by a "do no harm" approach. The FCV Risk Management platform and other activities will develop a portfolio-wide conflict sensitivity filter and undertake additional political economy assessments in key sectors that will inform selection of investments and engagement modalities.

Table 3. Systematic Operations Risk Rating Tool (SORT)

Risk Categories	Rating
Political and governance	High
Macroeconomic	High
Sector strategies and policies	Substantial
Technical design of project or program	Substantial
Institutional capacity for implementation and sustainability	High
Fiduciary	High
Environment and social	High
Stakeholders	Substantial
Overall	High

65. Political and governance risks are High. Momentum on the CPF portfolio and World Bank-supported reforms could be undermined by the lack of an effective political settlement, notably disagreements among the FGS/FMS on core intergovernmental matters; conflict and violence, including the transition from ATMIS to local forces, which could affect World Bank supported areas or draw client attention away from the portfolio; and the Government’s far-reaching agenda, including for stabilization and crisis recovery. The expected shift in IDA financing from grants to concessional ending could decrease authorities’ willingness to borrow. To partially mitigate risks, the World Bank will support dialogue among the FGS/FMS and stakeholders on intergovernmental issues within the MPF and FMFF, including through dedicated ASA. The World Bank will leverage the IDA20 TAA framework, SDFP, and budget support to incentive reforms, complementing incentives provided under the IMF program. The CPF will sustain an SRM approach tailored to Somalia, which will include centralized logistical and security platforms for mission travel to Somalia and TMP arrangements to monitor portfolio and project performance.

66. Macroeconomic risks are High. Authorities’ attention to World Bank-supported reforms could be diverted by shocks to Somalia’s economy, such as persistent drought or other adverse weather; trade disruptions; higher inflation; and drops in remittances and ODA, especially as Somalia lacks fiscal space and monetary policy options to respond to crises and remains highly dependent on donor resources. Risks are partially allayed by World Bank budget support to bridge fiscal gaps tied to reforms; assistance to protect pro-poor spending; and Somalia’s commitment to the IMF and SDFP programs.

67. Risks related to sector strategies and policies and technical design of project or program are Substantial. Somalia suffers from significant fragmentation and lack of enforceable laws and regulations affecting sector activities, which will be partially mitigated by MPF-financed coordination and knowledge work and partnerships. Counterpart institutions may lack technical capacity to design and implement development programs. MPF-supported implementation assistance and risk management will help address technical capacity constraints to enable implementation of larger, more complex investments. Programmatic ASA will help build related capacity.

68. Risks related to institutional capacity for implementation and sustainability are High. Somalia’s public sector has limited and fragmented institutional capacity for program implementation, including insufficiently skilled managerial and professional staff. To mitigate risks, the World Bank will continue to build the organizational and human resource capacity of institutions, such as through the RCRF program and Somalia Enhancing Public Resource Management Project. World Bank assistance will build on previous World Bank supported programs that benefitted from high client ownership and strong coordination with DP activities. Additional MPF resources for implementation support and risk management will mitigate low-capacity risks. The WBG will undertake regular CPPRs to identify challenges and address residual capacity risks.

69. Environmental and social risks are High. The IDA scale-up into new areas and sectors, such as infrastructure, increased risks of adverse environmental and social impacts, including of GBV. The WBG will support a dedicated client-side ESF platform including for recipient executed grants, which will complement a

Bank-executed ESF platform. A dedicated ASA program⁵⁴ is supporting diagnostic work and capacity building for project-specific and countrywide ESSRM systems. The WBG will scale trainings in environmental and social safeguards for PIU staff and sustain use of the Gender Platform to mitigate GBV risks in WBG operations.

70. *Fiduciary risks are High.* Government financial and procurement controls including capacity to manage contracts remain weak amidst high levels of perceived corruption and elite capture. To partially allay risks, the WBG will continue to employ the MPF to support fiduciary management and provide programmatic resources for FM and Procurement teams. Two dedicated PASAs⁵⁵ are providing analytical and operational support to mitigate WBG portfolio FM (P176672) and Procurement (P180586) risks and strengthen country PFM systems and capacities, including through institutional support for the EAFS, PIUs, municipalities, and community structures as well as procurement teams across the portfolio. Somalia has adopted a portfolio-wide Hands-on Enhanced Implementation Support approach on procurement. The Financial Governance Committee (P175711) remains a key forum to discuss and review contracts and concessions among the Office of the President, Office of the Prime Minister, Central Bank, Ministry of Finance, and relevant line ministries. Regular dialogue with World Bank and development partners will enhance transparency and risk management.

71. *Stakeholder risks are Substantial.* Regular engagements and outreach beyond main government counterparts, including civil society and private sector will mitigate stakeholder risks. Investments in citizen engagement under the RCRF and enhanced consultations financed by the MPF will further strengthen coordination beyond formal partners and DP coordination through the MPF. Participation by World Bank in the emerging aid coordination framework will further strengthen risk management.

⁵⁴ Capacity Building for Environmental, Social, and Security Risk Management in Development Interventions (P176672).

⁵⁵ Somalia Financial Management Capacity Building and Risk Management Program (P179174), Somalia Enhanced Procurement Risk Management (P180586).

Annex 1. Results Matrix for the FY24-28 Country Partnership Framework

(G= Gender related indicator; CC= Climate change related indicators)

Cross-cutting Foundational HLO: Macroeconomic Stability and Governance Foundations		
<p>Link to previous CPF: This Foundational HLO builds on Focus Area 1 of the of the FY19-23 CPF entitled “Strengthening Institutions and Financing for Social Service Delivery”. This Foundational HLO will, with assistance of budget support, investment lending, and ASA, address constraints in macroeconomic management and core government and institutional capacity to help ensure visible and equitably delivered public services across sectors and investments. World Bank engagement on this Foundational HLO is expected to have beneficial effects across all three other CPF HLOs and support Somalia’s progressive exit from fragility.</p>		
Indicators	Data source	Current value ^a
Annual domestic revenue	Ministry of Finance, FGS	US\$182 million (2022)
Score on Country Policy Institutional Assessment (CPIA)	CPIA website	2.1 (2022)
Score on Transparency International’s Corruption Perception Index	Transparency International	12/100 (score) 180 of 180 countries (ranking) (2022)
<p>Rationale:</p> <ul style="list-style-type: none"> • Despite good progress on HIPC-related reforms, Somalia continues to face macroeconomic challenges that jeopardize the country’s development, notably insufficient capacity in debt management, weak PFM, and limited domestic revenue mobilization, which undermine FGS/FMS capacity to accountably manage public expenditures and erode fiscal space for investments in service delivery and inclusive private-sector led growth. • Persistent disagreements among the FGS/FMS on key federal matters, including on distribution of resources, jeopardize the consolidation of Somalia’s federal system, equitable delivery of public services, and Somalia’s path out of fragility. • Somalia continues to face weaknesses in core government and institutional capacity to accountably and visibly delivery services critical to addressing FCV drivers, notably in the <i>state-society</i> dimension, and restoring the social contract. <p>World Bank Engagement contributes to this HLO by:</p> <ul style="list-style-type: none"> • Sustaining World Bank assistance to strengthen macro-fiscal management, including PFM, DRM, and debt management. • Supporting intergovernmental fiscal relations, such as through the FMFF, to help ensure fiscal accountability, fiscal space for investments, and consolidation of Somalia’s federal system. • Strengthen core government systems and capacity of public institutions to deliver basic services efficiently and effectively, including through assistance to increase statistical capacity and evidence-based policymaking. <p>Knowledge Gaps: Somalia has insufficient data and analytics in several areas including macroeconomics, business establishment, agriculture, and the environment. The World Bank will address gaps through an enhanced analytical and knowledge program financed by the MPF and continued support for a statistics program.</p> <p>Related Sustainable Development Goals (SDGs): <i>SDG 1. No Poverty, SDG 10. Reduced inequalities, SDG16 Peace, Justice and Strong Institutions</i></p>		
Foundational Objective 0.1: Increase the effectiveness, transparency, and accountability of institutions		
<p>Link to previous CPF: This Objective is linked to the previous CPF Objective 1.1 (<i>Improve core government systems and capacity</i>). Building on previous results, this Objective focuses on supporting Somalia’s state- and institution-building agenda through further improvements in public administration and PFM, and promoting policy dialogue on fiscal federalism.</p>		
<p>Rationale for the CPF objective and World Bank engagement: Somalia continues to face challenges in building effective, transparent, and accountable institutions, which are key to further advancing the state-building agenda, improving public service delivery, restoring the social contract, and exiting from fragility. The Government has made some progress on establishing institutional foundations, such as by enacting a modernized PFM Law in 2019, systemizing financial management information systems, increasing capacity in tax administration, and establishing the basics of a rule-based inter-governmental fiscal transfers system. However, Somalia and was 180th of 180 countries in the 2022 Transparency International Corruption Perception Index, reflecting challenges in such areas as public resource management and PFM controls, including lack of citizen engagement. Authorities continue to face disagreements concerning functional</p>		

assignments among the FGS, FMS, and local governments as well as revenue sharing and harmonization of inland and customs revenue. Somalia lacks sufficient statistical capacity to effectively implement evidence-based policymaking.

World Bank engagement will:

- Improve capacity, accountability, and transparency in budget preparation, execution, and oversight.
- Enhance the systems and effectiveness of the civil service to improve government capacity to deliver services.
- Deepen support for intergovernmental dialogue on fiscal federalism and functional assignments in sectors, and build systems for FMS transfers to local governments.
- Support the transition of recurrent cost financing from input-based to performance-based financing.
- Institutionalize government-led citizen engagement mechanisms.
- Support sectoral and portfolio-wide assessments of the role of the state, the transition of humanitarian to development delivery systems, and the emerging and existing justice sector, to inform decisions on future potential support.
- Strengthen the national statistical system, notably in collecting, processing, and disseminating poverty and selected macro-economic data to inform development policy and poverty reduction activities.

Key risks and mitigation: Political contestation among key partners in Somalia, fiscal pressure on the budget, and institutional capacity for implementation could slow reform processes, weaken fiscal performance and inter-governmental relations, and further undermine the formation of legitimate institutions. The World Bank will mitigate risks through sustained engagement with multiple categories of stakeholders and establishment of consultative processes, including through the Intergovernmental Fiscal Federalism Forum and citizen engagement mechanisms, that will incentivize outcomes and foster visibility and accountability.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>Percentage of RCRF III Performance-Based Conditions (PBCs) at the FGS level achieved⁵⁶ Baseline: 24 percent (2023) Target: 75 percent (2026) Source: RCRF III</p>	<p>Share of civil servants' salaries financed by government Baseline: 85 percent (2023) Target: 100 percent (2026) Source: RCRF III</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • Somali Integrated Statistics and Economic Planning Capacity Building - (P171160, SISEPCBP) • Somalia Inclusive Growth DPO (P174889) and II (P179307) • Somalia Recurrent Cost & Reform Financing Project Phase III (P173731) and AF (P177900) • Somalia Enhancing Public Resource Management Project (P177298)
<p>Implementation of previous years' audit recommendations relevant to Ministries of Finance on the consolidated financial statements Baseline: 50 percent (FGS) 10 percent (FMS) Target: 75 percent (FGS and FMS) (2027) Source: SERP</p>	<p>Open Budget Index Baseline: 20 on Budget Transparency and 0 on Public Participation (2022) Target: 26 on Budget Transparency and 8 on Public Administration (2025) Source: RCRF III</p>	<p>Proposed Lending</p> <ul style="list-style-type: none"> • Economic Resilience and Growth DPF Operations FY24 (P501988), FY25, FY26 • RCRF III Second AF (P181407)
<p>Implementation of budgeted staffing plans for technical positions in PFM, DRM, and policy making functions Baseline: 0 percent (2023) Target: 100 percent (2027) Source: SERP</p>	<p>Time taken from end of financial year to publish annual audited financial statements Baseline: 11 months (2023) Target: 6 months (2027) Source: SERP</p>	<p>Active ASA</p> <ul style="list-style-type: none"> • EGD PASA • FGC PASA • FM PASA • Poverty PASA • Justice Sector Diagnostic (JUPITER)
<p>Percent of users satisfied with statistical products and services produced by the Directorate of National Statistics Baseline: 37 percent (2022) Target: 60 percent (2025)</p>	<p>Number of United Nations Statistics Division (UNSD) Minimum List gender indicators available using data collected within 5 years^{57 G} Baseline: 11 indicators (2023)</p>	

⁵⁶ The RCRF II support PBCs related to the following activities: strengthen domestic revenue administration; strengthen payment process for operational expenditures and payroll; strengthen inter-governmental fiscal policy framework; strengthen FGS transfers to FMS; strengthen public administration; wage bill management; strengthen health service delivery; strengthen education service delivery; and strengthening PFM and DRM in selected FMS/BRA

⁵⁷ This indicator tracks the minimum set of gender indicators compiled and tracked by the UN Statistics Division and available online at <http://genderstats.un.org>.

Source: Annual Somali User Satisfaction Survey (SISEPCBP)	Target: 17 indicators (2025) Source: SISEPCBP	Proposed ASA <ul style="list-style-type: none"> Continuation and adaptation of existing PASAs along the main investments
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Foundational Objective 0.2: Strengthen macroeconomic and fiscal management

Link to previous CPF: This Objective is linked to the previous CPF Objective 1.1 (*Improve core government systems and capacity*).

Rationale for the CPF objective and World Bank engagement: Somalia has made incremental headway on fiscal and economic reforms and development of economic governance institutions. However, the FGS/FMS still have limited fiscal space for investments in basic services and inclusive private-sector-led growth. This is partly due to insufficient domestic revenue, which in 2022 was 2.2 percent of GDP, barely covering a quarter of all revenue, complicated by high expenditures, notably on the wage bill, which comprises more than half of all expenditure. Somalia needs to improve DRM, including by agreeing on revenue sharing; harmonizing inland and customs revenue; and building capacity in tax administration. In parallel, the FGS needs to build capacity to manage public debt and to appraise and select development projects compatible with fiscal sustainability, which will be particularly important in the post-HIPC context. The CBS faces weaknesses in the legal and institutional framework preventing its capitalization, and the financial sector still contends with risks associated with ML/TF, which impede corresponding banking relationships.

World Bank engagement will:

- Support the FGS/FMS and Somaliland to increase domestic revenue, including through assistance to broaden the tax base; strengthen inland revenue systems; harmonize and improve tax administration; and improve the efficiency of contracting and concessioning.
- Improve the sustainability of public finances by supporting improved debt management; greater efficiency and equity of public spending; and public investments resilient to climate change.
- Strengthen the National Statistical System, including capacity for macroeconomic monitoring and compilation of National Account data.
- Strengthen the CBS legal and institutional framework to enable the CBS' capitalization and effectiveness and advance on the AML/CFT agenda.

Key risks and mitigation: Political contestation and limitations in institutional capacity could erode momentum on World Bank-supported reforms. Support from the new DPO series and Somalia's participation in the IMF's ECF program partially mitigate risks.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>New taxpayers among pool of unregistered taxpayers identified and registered Baseline: 0 percent (2023) Target: 30 percent (2027) Source: SERP</p> <p>CBS legal and institutional framework strengthened to enable CBS capitalization, as measured by amendment of the CBS Act and adoption of CBS Capital Injection Plan Baseline: CBS act not amended and CBS capital injection plan not adopted (2023) Target: CBS Act amendment bill package approved, submitted to Parliament and gazetted. CBS Capital Injection Plan developed and adopted by Board and MoF (2025) Source: SCALED-UP and follow-up operation</p> <p>Number of banks with enhanced compliance with AML/CFT regulations</p>	<p>Annual non-tax revenue collected in the FGS Baseline: US\$93 million (2023) Target: US\$125 million (2025) Source: FGS fiscal reports</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> Somalia Inclusive Growth DPO 1 (P174889) and II (P179307) RCRF III (P173731) Somalia Enhancing Public Resource Management Project (P177298) Somali Integrated Statistics and Economic Planning Capacity Building (P171160, SISEPCBP) Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (P168115, SCALED-UP) <p>Proposed Lending</p> <ul style="list-style-type: none"> Economic Resilience and Growth DPF Operations FY24 (P501988), FY25, FY26 RCRF III Second AF (P181407) <p>Active ASA</p>

Baseline: 0 (2023) Target: 4 (2025) Source: FSI, PASA Improved national accounts and CPI series Baseline: 0 percent (2023) Target: 100 percent (2025) Source: SISEPCBP	AML/CFT mutual evaluation conducted Baseline: Not conducted (2023) Target: Conducted (2024) Source: FSI, PASA	<ul style="list-style-type: none"> EGD PASA FSI (P177665) Private and Finance Sector PASA (P179247) Proposed ASA <ul style="list-style-type: none"> Continuation and adaptation of existing PASAs along the main investments
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High Level Outcome 1: Inclusive Private Sector-led Job Creation and Economic Growth		
Link to previous CPF: HLO1 builds on Focus Area 2 of the FY19-23 CPF entitled <i>enabling inclusive private sector-led growth</i> . HLO1 will, with support of Budget Support, investment lending, and IFC/MIGA, continue to address constraints to private sector-led growth and creation of productive jobs, with a view to reducing poverty.		
HLO Indicators	Data source	Current value ⁵⁸
<i>Private Credit as percentage of GDP</i>	Central Bank of Somalia	2.5% (2021)
<i>Labor force participation (% of population aged 15+), gender disaggregated</i>	Somalia Integrated Household Budget Survey (SIHBS)	Total: 26% Female: 15% / Male: 38% (2022)
<i>Access to electricity (% of population)</i>	SIHBS	62% (2022)
<i>Population aged 10+ with access to the internet (%), gender disaggregated</i>	SIHBS	27.6% Female: 24.7% / Male: 30.8% (2022)
Rationale: <ul style="list-style-type: none"> Somalia has potential to leverage its dynamic private sector to create productive jobs but needs to bridge its “missing middle” of productive SMEs able to generate higher-wage employment. Key challenges are to enhance financial inclusion including access to finance; especially for women-led firms; strengthen the transparency and institutional capacity of the financial sector; remove impediments to business development and investment; and alleviate infrastructure gaps, notably in energy and ICTs, which are critical to domestic and regional trade. Most Somali enterprises are informal and at the subsistence level. An estimated 90 percent of jobs are informal. Productivity is low output per worker is less than a quarter of the SSA average. Use of mobile money is prevalent, but only 8.8 percent of the population owns a bank account (six percent for women). Private credit to GDP is at less than four percent of GDP, partly reflecting weak credit infrastructure and collateral registries; limited financial intermediation; and AML/CTF risks associated with weak customer identification. Labor market participation is low and only 15 percent for women. Forty percent of young people are Not in Employment, Education, or Training (NEET)—much higher than the 20 percent SSA average. Electricity access is estimated at 62 percent nationally and 39 percent in rural areas. The price of electricity can reach US\$1/kilowatt hour (kWh)—one of the highest rates in the world. Gaps in middle- and last mile ICT infrastructure limit broadband connectivity and country capacity to leverage digital services to accelerate business development and inclusive growth. World Bank Engagement contributes to this HLO by: <ul style="list-style-type: none"> Enhancing financial inclusion, including through World Bank support to improve MSME access to finance and strengthen Somalia’s business and investment climates. Investing in key infrastructure namely energy and digital services to enhance commerce, trade, and connectivity. Knowledge Gaps: Somalia has insufficient data and analytics on: the financial sector ecosystem; challenges faced by		

⁵⁸ CPFs track the trajectories of HLO indicators but do not formulate target values.

MSMEs and women-led and owned businesses; options for “greening” the financial and private sector; and sector-specific constraints and opportunities, partly due to weak statistical institutions and security constraints impeding collection of data. The World Bank will address these gaps conducting a Country Climate Development Report (CCDR) and an enhanced analytical and knowledge program financed by the MPF focused on these gaps.

Related SDGs: *SDG 1. No Poverty, SDG 5. Gender Equality, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 10. Reduced inequalities*

CPF Objective 1.1: Strengthen financial inclusion and growth

Link to previous CPF: This Objective is strongly related to the previous CPF Objective 2.1 (*Improve the business environment and economic foundations*). However, this Objective more tightly focuses on enhancing access to finance and complementary support to improve the business and investment climates. The former Objective’s focus on “economic foundations” through support for energy infrastructure is framed in a separate infrastructure Objective (see 1.2 below).

Rationale for the CPF objective and World Bank engagement: Somalia must increase financial inclusion including access of MSMEs to financial services to build foundations for growth, create productive jobs, and reduce poverty. Though an estimated 97 percent of the Somali households had access to a mobile money account in 2022, financial inclusion remains low measured by other indicators, such as access to loans and formal bank accounts.⁵⁹ Financial intermediation is insufficient. Domestic credit to the private sector is much less than the 16.7 percent average for FCV countries. Women and women-led enterprises lack access to capital and finance to contribute to economic growth. Pastoralists lack access to formal financial services, stymieing their productivity and increasing their risks to shocks, including drought. Somalia’s financial sector remains underdeveloped and isolated from the global financial system due to ML/TF risks, further hampering growth. Structural constraints in the business environment and investment climate limit access to finance and MSME growth. Somalia must strengthen the institutional, legal and regulatory regimes supporting business and investment while providing market infrastructure, including digital infrastructure, to improve access to finance, including through Digital IDs and KYC protocols.

World Bank engagement will:

- Increase access to finance for MSMEs including women-led firms through the Gargaara financing facility.
- Support a Digital ID system to enhance trust in the financial system and linkages with the global financial system.
- Strengthen Somali institutions that regulate and supervise financial institutions, promote financial intermediation, and enable economic opportunities, including the Central Bank of Somalia.
- Support legal and regulatory reforms and market infrastructure that promote financial inclusion.
- Improve the regulatory framework for foreign investment.
- Enhance pastoralists' access to financial services, include them in value chains, and facilitate livestock trade in the HoA.

Key risks and mitigation: Reforms in the financial sector and business and investment climates could be undermined by Somalia’s complex political economy; lack of institutional capacity; the dominant role of large conglomerates; prevalence of informal institutions; slow progress in defining FGS versus FMS mandates; and security risks. The World Bank will engage in high-level dialogue including through the FMFF and HIPC process to promote progress on key reforms and partially allay risks. Conflict situations could undermine the ability of World Bank support to reach pastoralist groups with financial services. The World Bank will monitor conditions on the ground to ensure lending is not directed at conflict-affected areas.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>MSME loans disbursed from retail Participating Financial Institutions (PFIs) (number, with share to women-owned MSMEs)⁶</p> <p>Baseline: 214 (28 percent to women-owned MSMEs) (2022) Target 5,500</p>	<p>Cumulative Value of MSME loans from the Retail PFIs (US\$ millions)</p> <p>Baseline: 4.6 (2022) Target: 30 (2025) <i>Source:</i> SCALED-UP</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • Somalia Inclusive Growth DPO I (P174889) and II (P179307) • Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP) (P168115) • De-risking, inclusion and value

⁵⁹ Nationally in 2022, only 9 percent of the 15 and over population owned a bank account. This is 12 percent for men and 6 percent for women.

<p>(50 percent to women-owned MSMEs) (2026) Source: SCALED-UP</p> <p>Number of beneficiaries who received their unique digital ID number^G Baseline: 0 (2020) Target: 3,000,000, of whom half women (2025) Source: SCALED-UP</p> <p>Number of pastoralists and dependents in Somalia covered by financial services and capacity building Baseline: 0 (2022) Target: 300,000 (2027) Source: HoA pastoral economies project</p>	<p>PfIs receiving training and TA to develop new savings and lending products for women (number, cumulative)^G Baseline: 0 (2019) Target: 6 (2025) Source: SCALED-UP</p> <p>Number of firms benefitting from reformed business registration requirements (of which women-owned)^G Baseline: 1,666 (nine percent women-owned) (2022) Target 5,000 (30 percent women-owned) (2026) Source: SCALED-UP</p>	<p>enhancement of pastoral economies in the Horn of Africa (P176517)</p> <p>Proposed Lending</p> <ul style="list-style-type: none"> Economic Resilience and Growth DPF Operations (P501988) (FY24, FY25, FY26) Eastern Africa Regional Digital Integration Project (P176181) SCALED-UP Phase II (PO TBD, FY26) Somalia Financial System Initiative (BEBR) <p>Active ASA</p> <ul style="list-style-type: none"> Supporting Financial Inclusion and Private Sector-led Recovery in Somalia (PASA, P179247) Financial Sector Initiative (P177665) Somalia Financial Governance Policy Support (P175711) Somalia Customs Support (P172650) Country Private Sector Diagnostic (PO TBD) Somalia Women's Empowerment Platform (P175129) Somalia: National Trade Strategy and Diagnostic Support for WTO Accession (P175939) Somali Socio-Economic Monitoring (P170762) <p>Proposed ASA</p> <ul style="list-style-type: none"> Continuation and adaptation of existing PASAs along the main investments <p>IFC Support</p> <ul style="list-style-type: none"> Digital Financial Services Ecosystem project (607081) Somalia Investment Climate Reform Project Phase 2
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CPF Objective 1.2: Increase access to infrastructure, energy, and digital services

Link to previous CPF: This Objective is related to the previous CPF Objective 2.1 (*Improve the business environment and economic foundations*), notably its component on strengthening “economic foundations” supporting preparations of transport infrastructure and investments in energy infrastructure. This more tightly focused Objective reflects the World Bank’s scaled-up assistance for growth-enabling infrastructure in the infrastructure, energy, and digital sector, including through regional approaches.

Rationale for the CPF objective and World Bank engagement: Somalia’s electricity sector is one of the most underdeveloped in the region, hindering MSME growth and the quality of life of households. Somalis lack access to affordable, safe, reliable, and predictable energy services due to lack of national grid; the high cost of power; technical and commercial losses; and dependency on imported petroleum products for electricity generation. Many businesses resort

to generators to bridge gaps in electricity, increasing costs. The private sector supplies more than 90 percent of power in urban and peri-urban areas through local, private mini-grids, mainly powered by diesel-based generators. Private and public actors have limited institutional capacity and operate without appropriate legal and regulatory frameworks. Somalia must expand energy generation and access, promote service reliability, and create conditions for universal electrification in rural areas, including by tapping significant potential for renewable energy (solar). In the ICT sector, digital inclusion remains a challenge. The telecommunications market is fragmented and lacks competition. Access to international bandwidth increased after landing of submarine fiber optic cables in Somalia. However, less than five percent of the population are estimated to have access to broadband, and coverage of 3G and 4G is mostly limited to urban areas, partly due to gaps in middle- and last-mile network infrastructure. Somalia and its East African neighbors have substantial potential to accelerate trade and business growth by deepening integration of energy and ICT infrastructure and services, including under the HoA Initiative.

World Bank Engagement will:

- Finance investments that reduce the cost of electricity and increase power generation, especially renewable energy.
- Support conditions for universal electrification and enhance expansion of energy access.
- Support establishment of Electricity Supply Industry institutions with clear roles and responsibilities.
- Provide analytic work on enabling electrification through Solar Powered / Hybrid Mini-grids.
- Advance digital market integration in Somalia and Eastern Africa by increasing access to affordable broadband connectivity and cross-border digital services, which will include investing in fiber optic network infrastructure, last mile broadband connectivity, and e-commerce and digital skills.
- Enhance foundations towards transport connectivity among HoA countries to facilitate domestic and regional trade.

Key risks and mitigation: Conflict incidents could negatively affect infrastructure projects in targeted areas of World Bank projects. The World Bank will monitor conditions the ground to ensure financing is not directed at conflict-affected areas. Civil works for infrastructure could pose environmental and social risks, including of GBV. The World Bank has adopted an enhanced Risk Management Framework to partially address related risks.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>People benefitting from improved electricity services (number) Baseline: 0 (2022) Target: 3,150,000 (2026) <i>Source:</i> Electricity Sector Recovery Project</p> <p>Renewable energy generation capacity constructed (other than hydropower) ^{CC} Baseline: 0 MW (2022) Target: 23 MW (2026) <i>Source:</i> Electricity Sector Recovery Project</p> <p>Annual greenhouse gas (GHG) avoided ^{CC} Baseline: 0 metric tons (2022) Target: 604,000 metric tons (2026) <i>Source:</i> Electricity Sector Recovery Project</p> <p>Broadband penetration rate (active mobile and fixed broadband per 100 people) (percentage) Baseline: 4% (2023) Target: 20% (2027) <i>Source:</i> Eastern Africa Regional Digital Integration Project (P176181)</p>	<p>Electricity distribution lines constructed Baseline: 0 km (2022) Target: 331 km (2026) <i>Source:</i> Electricity Sector Recovery Project</p> <p>Number of licenses issued to operators supplying renewable energy ^{CC} Baseline: 0 (2022) Target: 5 (2025) <i>Source:</i> Inclusive Growth DPO Series</p> <p>Monthly price for 1 GB of Mobile broadband data in Somalia (US\$) Baseline: 0.63 (2023) Target: 0.50 (2027) <i>Source:</i> Eastern Africa Regional Digital Integration Project (P176181)</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • Somali Electricity Sector Recovery Project (P173088) Series of Project (SOP) 1 • Somalia Inclusive Growth DPO I (P174889) and II (P179307) • Accelerating Sustainable and Clean Energy Access Transformation in Somalia (P181341) • Horn of Africa Infrastructure Integration Project (P173119) • Eastern Africa Regional Digital Integration Project (EA-RDIP) (P176181) <p>Proposed Lending</p> <ul style="list-style-type: none"> • HoA Regional Power System Transformation Project (HoA-RSTP) (P179036) • Economic Resilience and Growth DPF Operations (FY24, FY25, FY26) • Somali Electricity Sector Recovery Project (P173088) – Series of Project (SOP) 2 <p>Active ASA</p>

<p>Length of HoA Initiative identified economic corridor pipeline projects ready for investment (km) Baseline: 0 (2022) Target: 550 km (2026) Source: HoA Infrastructure Project (P173119)</p>		<ul style="list-style-type: none"> • Somalia Energy Sector Programmatic Advisory Services and Analytics FY24-27 (P180838) • Somali Electricity Infrastructure Investment Support (under Quality Infrastructure Investment Partnership) <p>Proposed ASA</p> <ul style="list-style-type: none"> • Continuation and adaptation of existing PASAs along the main investments <p>IFC Support through Advisory Service</p> <ul style="list-style-type: none"> • Digital Financial Services (DFS) Eco-system project (607081) • Establishing PPP legal and institutional framework for Private Sector Participation in Somalia • Somalia Investment Academy • KIMS Microfinance II <p>MIGA Support</p> <ul style="list-style-type: none"> • Kube Energy Solar Power, Baidoa (active) • Kube Energy Solar Power, Beledweyne (pipeline)
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High Level Outcome 2. Enhanced Human Capital

Link to previous CPF: HLO2 builds on Focus Area 1 of the FY19-23 CPF entitled *strengthening institutions and financing for social service delivery*, which included a CPF Objective on *improving service delivery systems and financing for human capital*. HLO2 more directly focuses on human capital formation reflecting the scale-up in IDA support for HC services and the importance of HC to country competitiveness, poverty reduction, and household resilience.

HLO Indicators	Data source	Current value
National primary school gross enrollment rate (GER), gender disaggregated	SIHBS	Population: 41%; Female: 39%; Male: 42% (2022)
Literacy rate	SIHBS	Population: 53% Female: 44%; Males: 56% (2022)
Maternal mortality rate (per 100,000 live births)	Somalia Demographic and Health Survey (SDHS)	692 (2020)
Under five mortality, gender disaggregated (per 1,000 live births, estimated)	UN Inter-agency Group for Child Mortality Estimation	111.79 Female: 105.4 Male: 117 (2021)

Rationale:

- Somalia’s health, education and poverty indicators lag regional, global and FCS averages. Poverty based on the international line (US\$2.15 in 2017 PPP) was estimated at 73.3 percent in 2021. According to the SIBHS, poverty based on the national cost-of-basic-needs poverty line (US\$754 per person per year) was 54 percent in 2022.
- Primary GER is low, with about 4 million primary-aged children (5–14 years) out of school.
- Maternal mortality (692 per 100,000 live births) and fertility (6.9 births per woman) are high (2020 SHDS).
- Stunting among under-fives has been rising and is estimated at 27 percent (2020 SHDS).
- The “Baxnaano” safety net program system covers less than 10 percent of the population, which increases the vulnerability of households to shocks and poverty.

World Bank Engagement contributes to this HLO by:

- Increasing access to education and training for underserved populations, with a focus on girls and women.
- Improving the foundations and coverage of Somalia’s Baxnaano safety net program.
- Improving coverage and utilization of essential health and nutrition services.

Knowledge gaps: Analytical work is required to evaluate the impact of the safety net on human capital and poverty reduction. This could include assessing the effects of the safety net on beneficiary households’ school enrollment, utilization of health and nutrition services, and food consumption. If the safety net program(s) expand(s) beyond its current coverage, further analytical work may be required to measure the impact on poverty reduction.

Related SDGs: *SDG 1. No Poverty, SDG 2. Zero Hunger, SDG 3. Good Health and Wellbeing*

CPF Objective 2.1: Increase access to education and training

Link to previous CPF: The Objective is related to Objective 1.2 (*Improve service delivery systems and financing for human capital*) in the previous CPF, which provided select assistance to the education sector, such as supporting teacher proficiency testing and financing teacher salaries. This Objective focuses exclusively on education reflecting increased World Bank support under the IDA scale-up, notably through projects supporting primary education and skills development for women.

Rationale for the CPF objective and World Bank engagement: Restoring access to education, improving learning outcomes, and providing a second chance to Somalis left out of the formal education system are critical for raising productivity. Forging partnerships with Somalia’s active non-state education providers and communities has potential to rapidly increase access to education in the short-term. Investments in second chance education and skill training could enhance access to formal education for Somalis who have previously been excluded, including women, to enhance productivity.

World Bank engagement will increase the access and quality of primary education in underserved areas and improve literacy, numeracy, and leadership skills of women by:

- Strengthening the Government’s stewardship role of the education sector, financing the establishment of new schools, and enhancing instruction quality.
- Supporting the establishment of a Nonstate Schools Incentive Program (NSIP) incentivizing enrollment of out-of-school girls and boys free of fees.
- Supporting adolescent girls and women to acquire basic literacy and numeracy skills, cross-cutting socioemotional and life skills, and basic vocational skills to improve their livelihoods.
- Supporting the establishment of women’s development centers (WDCs) and supporting a systemwide expansion of women’s higher-level skills and leadership development.

Key risks and mitigation: The effectiveness of World Bank support could be undermined by lack of institutional capacity and insufficiently clear roles and accountabilities at different levels of the education sector, as well as weak capacity of nascent structures at all levels. The Ministry of Education, Culture and Higher Education undertook an assessment of capacity building required to support the sector, which will inform TA and capacity building components of Bank projects. The World Bank is supporting enhanced upstream consultations to mitigate risks associated with potential cultural resistance to programs supporting female empowerment.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>Students enrolled in project-supported primary schools, of whom girls (number) <small>G</small> Baseline: 0 (2022) Target: 100,000, of whom half girls (2026) Source: Education for HC Development Project</p> <p>National system for measuring student learning outcomes established</p>	<p>Schools constructed (number) Baseline: 0 (2022) Target: 180 (2026) Source: Education for HC Development Project</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • Somalia Empowering Women through Education and Skills Project - "Rajo Kaaba" (P176898) • Somalia Education for Human Capital Development Project (P172434) • Somalia RCRF III (P173731) and AF (P177900) <p>Proposed Lending</p>

<p>Baseline: Not established (2022) Target: Established (2025) Source: Education for HC Development Project</p> <p>Beneficiaries advancing at least one level in reading and numeracy assessments (number) ^G Baseline: 0 (2022) Targets: 15,000 for reading and 15,000 for numeracy (for both subjects: 13,500 female and 1,500 people with disabilities) (2027) Source: "Rajo Kaaba" Project</p> <p>Female graduates of women's college and WDC programs in leadership roles (number) Baseline: 0 (2022) Target: 400 (2027) Source: "Rajo Kaaba" Project</p>	<p>Pilots for innovative approaches to reach women using remote technology (number) ^G Baseline: 0 (2022) Target: 3 (2027) Source: "Rajo Kaaba" Project</p> <p>Students benefiting from direct interventions to enhance learning, especially women and people with disabilities (number) ^G Baseline: 0 (2022) Target: 46,000 (2027) of whom 41,400 women and 4,600 persons with disabilities Source: "Rajo Kaaba" Project</p>	<ul style="list-style-type: none"> • Second AF (P181407) for RCRF III • AF for Education for HC Development Project (PO TBD) <p>Active ASA</p> <ul style="list-style-type: none"> • Building an Education System in Somalia (P180176) • Somalia Women's Empowerment Platform (P175129) • Somalia: Enhancing Governance Dialogue (P171974) <p>Proposed ASA</p> <ul style="list-style-type: none"> • Continuation and adaptation of existing PASA along the main education investments
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CPF Objective 2.2: Increase coverage of the social protection system

Link to previous CPF: This Objective is related to the previous CPF's Objective 1.2 (*Improve service delivery systems and financing for human capital*) and 2.2 (*Strengthen rural resilience and food security*), which supported the building blocks of Somalia's "Baxnaano" shock-responsive SSN system. This Objective will deepen support to strengthen and expand coverage of Baxnaano, including through human-capital-linked cash transfers and a youth-targeted productive safety net.

Rationale for the CPF objective and World Bank engagement: Social protection can play a critical role in addressing chronic poverty; protecting household food security and livelihoods during shocks; promoting human capital and productivity; and contributing to broader peacebuilding efforts through building social capital and citizens' trust in the state. Building a robust social protection system will require expanding coverage, strengthening the social registry, sustaining funding, and continuing to develop government delivery systems and institutional capacity.

World Bank Engagement will expand social protection services by:

- Sustaining provision of a safety net for the poorest households in the most vulnerable districts.
- Expanding the coverage of Baxnaano's interventions that seek to enhance uptake of human capital services by targeted poor and vulnerable households.
- Developing and expanding youth-targeted economic inclusion interventions for urban/semi-urban areas.
- Expanding the intake coverage (registration) of households in the Unified Social Registry (USR).
- Developing and expanding a government-led social protection and shock response service delivery mechanism.
- Strengthening the institutional capacity of the FGS to gradually take on full implementation and management responsibilities for Baxnaano, laying the foundation for a comprehensive social protection system.

Key risks and mitigation: Somalia remains fiscally fragile with a weak revenue base, and continually battered by overlapping and persistent crises. Inflation could result in the loss of purchasing power of cash transfers and further threaten food security of millions across the country. Even as the transition to government implementation takes place, Baxnaano will continue to rely on the WFP and other partners to continuously assess market conditions to determine how the program may be adjusted to respond effectively. The effectiveness of World Bank support to the sector could be undermined by lack of institutional capacity and insufficiently clear roles and accountabilities at different levels of the federal structure. With World Bank support, there will be continuous assessment of capacities and risks at different levels and needed adjustments of the institutional arrangements to deliver safety net programs (as feasible).

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>Households registered in the Unified Social Registry (number)⁶ Baseline: 250,000 (2022) Target: 2,000,000 (2028) <i>Source:</i> Safety Net for Human Capital Project</p> <p>Individuals benefiting from emergency cash transfers to cope with an adverse climatic event through the Baxnaano shock-responsive window (number)^{cc} Baseline: 1,140,000 (2022) Target: 2,400,000 (2026) <i>Source:</i> Safety Net for Human Capital Project</p> <p>Beneficiaries linked with human capital services (number) Baseline: 0 (2022) Target: 100,000 (2028) <i>Source:</i> Safety Net for Human Capital Project</p> <p>Youth participating in economic inclusion interventions (number)⁶ Baseline: 0 (2022) Target: 20,000 of whom 30 percent female (2028) <i>Source:</i> Safety Net for Human Capital Project</p>		<p>Ongoing Lending</p> <ul style="list-style-type: none"> Shock Responsive Safety Net for Human Capital Project (P171346) and AF (P176368), Second AF (P178730) and Third AF (P181469) Shock Responsive Safety Net for Locust Response Project (P174065) and AF (P176369) Somalia Inclusive Growth DPO (P174889) and II (P179307) <p>Proposed Lending</p> <ul style="list-style-type: none"> Adaptive Social Protection for Human Capital Project (PO TBD) <p>Active ASA</p> <ul style="list-style-type: none"> Somalia Social Protection Support: Building Blocks Towards a National Social Protection System (P168945) Somalia Women's Empowerment Platform (P175129) Support to Somalia Recovery and Resilience (P174724) <p>Proposed ASA</p> <ul style="list-style-type: none"> Somalia Social Protection PASA: Building an adaptive national Social Protection system (P500503)

CPF Objective 2.3: Increase coverage and utilization of essential health and nutrition services

Link to previous CPF: The Objective builds on the previous CPF Objective 1.2 (*Improve service delivery systems and financing for human capital*), which supported select results in the health sector, such intergovernmental coordination and deployment of Female Health Workers (FHWs). This Objective sustains and deepens support to the health sector under the IDA scale-up, including by expanding essential health and nutrition services and COVID-19 vaccinations.

Rationale for the CPF objective and World Bank engagement: Targeted investments in health service delivery, financing, and stewardship are needed to improve health outcomes. Investing in high-impact, cost-effective services through the prioritized package of essential health and nutrition services can help to address the leading causes of mortality and disability (communicable diseases, malnutrition, and reproductive, maternal, neonatal and child health disorders).

World Bank Engagement will expand coverage of essential health and nutrition services and strengthen the stewardship capacity of Ministries of Health by:

- Financing delivery of high-impact and integrated health and nutrition services to enhance service coverage and quality, focusing on primary healthcare services.
- Supporting the development of government stewardship capacities at the Federal and FMS levels to enhance quality service delivery.
- Strengthening national immunization capacity.

Key risks and mitigation: Institutional and management capacity to implement World Bank supported projects in the health sector is weak. Public resources for health services are limited due to nascent, poorly funded institutions and significant off-treasury financing provided by DPs, resulting in understaffing and fragmentation of support in the sector.

PFM capacity in the health sector is insufficient and the Federal and FMS Ministries of Health’s arrangements for M&E are inadequate, especially in rural and security-compromised areas. To alleviate strain on limited government capacity, World Bank assistance will continue to support government-led contracting of NGO providers of health services. World Bank financed activities will strengthen the capacity of the FMOH and other institutions, including in technical areas and M&E.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>Percentage of births attended by skilled health personnel in a health facility ^G Baseline: 28 percent (2022) Target: 60 percent (2025) <i>Source:</i> Damal Caafimaad project</p> <p>Percentage of children between 6-59 months old receiving Vitamin A supplementation Baseline: 10 percent (2022) Target: 70 percent (2025) <i>Source:</i> Damal Caafimaad project</p> <p>Number of beneficiaries receiving GBV services ^G Baseline: 0 (2022) Target: 500,000 (2025) <i>Source:</i> Damal Caafimaad project</p> <p>Percentage of children 12-23 months who received basic vaccinations (BCG, measles, DPT, polio) Baseline: 10.7 percent (2022) Target: 60 percent (2025) <i>Source:</i> COVID-19 Emergency Vaccination Project</p>	<p>Number of annual outpatient department visits per 10,000 population Baseline: 5,452 (2022) Target: 10,905 (2025) <i>Source:</i> Damal Caafimaad project</p> <p>Percentage of health facilities with no stock out of essential medicines in the last 6 months Baseline: 0 percent (2022) Target: 50 percent (2025) <i>Source:</i> Damal Caafimaad project</p> <p>FHWs selected according to guidelines, trained and actively providing services ^G Baseline: 946 (2022) Target: 3,000 (2025) <i>Source:</i> RCRF program</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> Improving Healthcare Services in Somalia Project (“Damal Caafimaad”) (P172031) Somalia RCRF III (P173731) and AF (P177900) Somalia COVID-19 Emergency Vaccination Project (P176956) and AF (P178886) <p>Proposed Lending</p> <ul style="list-style-type: none"> Second AF (P181407) for RCRF III <p>Active ASA</p> <ul style="list-style-type: none"> Somalia’s Investment Case to Strengthen Health Service Delivery (P173177) Somalia PHRD - Mobilizing the Private Sector for an Equitable and Rapid COVID-19 Response in Somalia (P178447) Somalia Women's Empowerment Platform (P175129) <p>Proposed ASA</p> <ul style="list-style-type: none"> Consolidation of existing ASA activities into a PASA along the main health investments

High Level Outcome 3: Greater resilience to climatic and other shocks

HLO3 builds on Focus Area 3 of the FY19-23 CPF entitled *Strengthening resilience*. World Bank-supported programs under HLO3 will continue critical assistance to enhance the resilience of urban and rural areas and key economic sectors to shocks, while building the Government’s capacity to manage and respond to them.

High-level Outcome Indicators (TBD)	Data source	Current value
Number of internally displaced persons	Humanitarian Needs Overview	3.86 million (2023)
ND-GAIN Readiness Score: Ability to leverage investments and convert them to climate adaptation actions	Notre Dame Global Adaptation Initiative	Readiness Rank: 122/192 countries Readiness Score: 0.353/1 (2021)
Prevalence of acute food insecurity (% of population IPC level 3 or above)	Integrated Food Security Phase Classification (IPC)	33% (Oct-Dec 2022)
Percentage of households with access to improved water sources during the during dry season (% of households)	SIHBS	77.8% (2022)

Rationale:

- According to the 2021 ND-GAIN Index, Somalia was the most vulnerable country to climate change globally (ranked 185th of 185 countries),⁶⁰ with low “readiness” for dealing with the impacts of climate change (ranked 122nd of 192).
- Somalia faces an expected increase in average temperature of between 3-4°C by 2080 and more irregular rainfall and higher rainfall extremes, which increase risks of droughts and floods that impede agriculture and livelihoods.
- Somalia’s humanitarian caseload doubled from 3.2 million in January 2022 to 7.7 million in December 2022, reflecting Somalia’s vulnerability to climatic shocks.
- 3.86 million people are internally displaced and largely concentrated in urban centers (>75%).
- 33 percent of Somalia’s population face acute food insecurity (IPC 3 classification or above).

World Bank Engagement contributes to this HLO by:

- Strengthening urban resilience, including in response to rapid urbanization and IDPs.
- Strengthening rural resilience with a focus on improving access to water; investing in agriculture and fisheries to improve food security; and strengthening Somalia’s capacity in disaster risk management and response.

Knowledge Gaps: Analytical work is required to further investigate the main foundations of resilience in urban and rural areas in Somalia, especially considering heightened climate risks and recurring external shocks. Programmatic ASAs will assess the potential for strengthening urban water; issues around land and land titles; sustainable delivery modalities for IDP services; disaster finance solutions for reducing crisis response times; and food security linkages with productive sectors and climate change. The community-based resilience mechanisms and community led development will need to be further investigated based on the important work under the Somalia: Bulsho - Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions Programmatic ASA (P179287). The ongoing CCDR will provide entry points for sectoral and thematic deep dives and inform the investment pipeline.

SDGs associated: *SDG 1. No Poverty, SDG 5. Gender Equality, SDG 10. Reduced inequalities, SDG 11. Sustainable Cities and Communities, SDG 13. Climate action, SDG 14. Life below water, SDG 15. Life on land*

CPF Objective 3.1 Strengthen urban resilience

Link to previous CPF: This Objective is directly related to Objective 3.1 (build the urban resilience of Somali municipalities) in the previous CPF.

Rationale for the CPF objective and World Bank engagement: Somalia is rapidly urbanizing. An estimated 54 percent of Somalia’s population and nearly 75 percent of Somalia’s IDPs live in urban areas. Unplanned urban growth has increased strain on basic infrastructure, such as roads and water systems; resulted in expansion of slums and environmental degradation; and increased risks of exclusion and social tensions. If appropriately managed, urbanization can help Somalia to develop more quickly and fully, as global evidence shows that, on average, GDP per capita rises by four percent for every

⁶⁰ The ND-GAIN index measures “vulnerability” as a country’s exposure, sensitivity and ability to adapt to the negative impact of climate change, and “readiness” as country’s ability to leverage investments and convert them to adaptation actions, through three components: economic readiness, governance readiness, and social readiness.

one percent increase in urbanization. However, if Somalia fails to meet the needs of its growing urban population including IDPs, social tensions could grow and exacerbate Somalia’s instability.

World Bank engagement will:

- Strengthen public service delivery capacity of municipal governments.
- Increase access to climate-resilient urban infrastructure and services.
- Provide immediate and effective responses to crises in select urban areas, which will include urgent support to newly arriving IDPs affected by climate-related drought, to alleviate pressures on limited urban services and mitigate social tensions.
- Undertake urban analytics to guide urban water supply and sanitation investments. The following studies will be considered and discussed: in the immediate-term, a Water Security Diagnostic for Mogadishu (ongoing under SCRIP); and in the short-term, a diagnostic of state capitals, secondary cities, and the 30 most water distressed towns and development of urban investment plans.

Key risks and mitigation: World Bank-supported investments in urban areas, particularly in infrastructure, pose security and social risks, including related to GBV; labor and working conditions including occupational health and safety (OHS); and exclusion of disadvantaged and vulnerable groups. The World Bank will mitigate risks through: implementation of appropriate environment and social (E&S) instruments; adoption of mitigation measures to address GBV along with Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH); support to include disadvantaged and vulnerable groups in project activities including project-related job opportunities; and effective stakeholder engagement, such as inclusive and transparent consultation processes and functional Grievance Redress Mechanisms.

CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>People with access to climate resilient urban infrastructure and services (number) ^{G CC}</p> <p>Baseline: 367,923 (2023) Target: 500,000 (50% women, 15% IDPs) (2026) Source: SURP II</p> <p>Number of people benefitting from municipal drought response ⁶¹(disaggregated by women, IDPs) (number) ^{G CC}</p> <p>Baseline: 51,538 (2023) Target: 371,000 (50% women, 70% IDPs) (2026) Source: SURP II</p>	<p>Financed subprojects functioning and delivering services one year after completion (number)</p> <p>Baseline: 0 (2023) Target: 90 (2026) Source: SURP II</p> <p>Urban roads rehabilitated or upgraded ^{CC}</p> <p>Baseline: 15.28 km (2023) Target: 90 km (2026) Source: SURP II</p> <p>Person days of employment created (number)</p> <p>Baseline: 135,004 (2023) Target: 300,000 (2026) Source: SURP II</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • Somalia Urban Resilience Project (SURP) II (P170922) <p>Proposed Lending</p> <ul style="list-style-type: none"> • Somalia Informal Settlement Upgrading Project (P179936) • SURP II Third AF (P181512) • Social Cohesion CDD (P501728) <p>Active ASA</p> <ul style="list-style-type: none"> • Somalia Women's Empowerment Platform (P175129) • Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions (P179287) • Somalia Climate Change Program (P176246) • Support to Somalia Recovery and Resilience (P174724) • Understanding Urban Water Supply and Sanitation in Somalia (P181303) <p>Proposed ASA</p> <ul style="list-style-type: none"> • Social PASA

⁶¹ Municipal-led drought response includes emergency water supply (e.g., water trucking and rehabilitation of solar-powered boreholes); sanitation services (e.g., construction of communal latrines/handwashing stations); Camp Coordination Camp Management (CCCM) (e.g., biometric registration of beneficiaries, displacement tracking, and service delivery monitoring through community-based camp management committees); health and nutrition assistance (e.g., deployment of mobile health teams and training of community health workers and staff); and a minimum response package (emergency cash transfers, plastic sheets for emergency shelter, and hygiene kits).

CPF Objective 3.2. Strengthen rural resilience focused on access to water and food security

Link to previous CPF: This Objective deepens supports from the previous CPF Objective 3.2 to *strengthen rural resilience and food security*.

Rationale for the CPF objective and World Bank engagement: The agriculture sector is critical for livelihoods, export earnings, and Somalia’s food security. Investing in the long-term resilience of agricultural production systems is particularly important given expectations for more erratic and extreme rainfall. Weak governance and management prevent the fisheries sector from fully contributing to food security, economic development, and revenue generation. Improving fisheries governance could generate higher economic growth, diversified exports, jobs, and revenue for the FGS and FMS. Somalia has sufficient groundwater and surface runoff resources to meet water demands—provided water is efficiently managed and allocated appropriately. Despite its importance, the water sector is undermined by low investment and poor governance arrangements, compromising the efficient use of resources. Somalia lacks institutional capacity and systems for disaster prevention, preparedness, and management.

World Bank Engagement will:

- Develop water, agriculture, and environmental services for rural communities in Somalia’s drylands and continue to scale the Barwaaqo⁶² project model.
- Improve sustainable management of fisheries and the capacity of coastal communities to benefit from fisheries production.
- Strengthen capacity and instruments for disaster preparedness and response nationwide.
- Support the sustained recovery of livelihoods and infrastructure in flood and drought affected areas.

Key risks and mitigation: World Bank support for disaster risk management activities may be difficult to implement in a highly complex environment with diverse political, security, technical, and governance challenges. This includes weak country capacity for technical design, procurement, construction, and supervision activities.

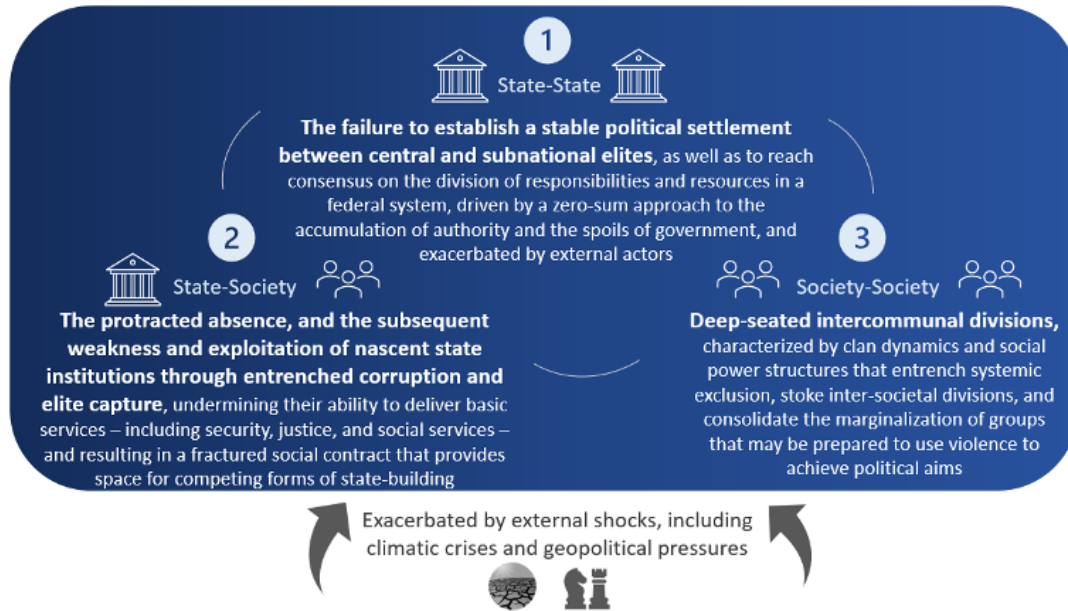
CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program
<p>People in rural areas provided with access to improved water sources for multiple uses by Barwaaqo, of whom female (number) ^{G CC}</p> <p>Baseline: 0 (2023) Target 500,000, of whom 150,000 female (end-2027) <i>Source:</i> Barwaaqo project</p> <p>Beneficiaries under regional project provided with access to improved water supply ^{G CC}</p> <p>Baseline: 0 (2022) Target: 350,000, of whom half women (2028) <i>Source:</i> HOA Groundwater Project</p> <p>Number of farmers adopting improved technology, of whom female ^{G CC}</p> <p>Baseline: 0 (2023) Target 200,000, of whom 60,000 female (end-2027) <i>Source:</i> Barwaaqo project</p>	<p>Number of improved water points constructed ^{CC}</p> <p>Baseline: 0 (2023) Target: 100 (end-2027) <i>Source:</i> Barwaaqo project</p> <p>Land area under Sustainable Management practices ^{CC}</p> <p>Baseline: 0 ha (2023) Target 8,000 ha (end-2027) <i>Source:</i> Barwaaqo project</p>	<p>Ongoing Lending</p> <ul style="list-style-type: none"> • ‘Barwaaqo’ Somalia Water for Rural Resilience Project (P177627) • Horn of Africa - Groundwater for Resilience Project (P174867) • Somalia Crisis Recovery Project (P173315) and AF (P176343) <p>Proposed Lending</p> <ul style="list-style-type: none"> • Somali Sustainable Fisheries Development Project (P178032) • AF for SCRP (PO TBD) <p>Active ASA</p> <ul style="list-style-type: none"> • Somalia Climate Change Program (P176246) • Mogadishu Water Security Diagnostic • Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions (P179287) • Support to Somalia Recovery and Resilience (P174724)

⁶² P177627

<p>Climate resilient informed fisheries management plans formulated and implemented (Number) ^{CC} Baseline: 0 (2023) Target: 6 (2026) <i>Source:</i> Somali Sustainable Fisheries Development Project</p> <p>Number of people with improved access to livelihoods support ^{CC} Baseline: 282,362 (2023) Target: 1,240,650 (2025) <i>Source:</i> SCRP</p>	<p>Climate resilient infrastructure built/rehabilitated and operational (Number) ^{CC} Baseline: 0 (2023) Target: 14 (2026) <i>Source:</i> Somali Sustainable Fisheries Development Project</p> <p>Fisheries co-management arrangements in place and operational (Number) Baseline: 3 (2023) Target: 15 (2026) <i>Source:</i> Somali Sustainable Fisheries Development Project</p> <p>Number of project-supported national disaster preparedness and response mechanisms established ^{CC} Baseline: 0 (2022) Target: 3 (2024) <i>Source:</i> SCRP</p>	<p>Proposed ASA</p> <ul style="list-style-type: none"> • Water PASA • Disaster Risk PASA
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Annex 2. Drivers of FCV in Somalia

1. According to the 2023 RRA, Somalia is affected by diverse and often interwoven structural challenges that contribute to its protracted state of FCV. Though the root causes of FCV are complex and multifaceted, the RRA put forward a framework to conceptualize Somalia’s diverse FCV dynamics, as illustrated in the figure below. Collectively, these drivers are mutually reinforcing, perpetuating vicious cycles of FCV that hinder effective state-building and the attainment of peace, security, and sustainable development.



2. In addition, the RRA identified key sources of resilience that can help communities cope with crises and serve as a foundation for greater stability and prosperity. Improvements in state capacity and elite settlements have underpinned political processes to negotiate the distribution of resources and political power without resorting to violence. Somalia’s dynamic private sector has weathered diverse shocks and thrived in the absence of state regulations, albeit with high barriers to entry. Social capital—characterized by traditional dispute resolution mechanisms, clan support networks, diaspora remittances, and civil society groups stepping in to provide public services—has helped communities adapt to, cope with, and mitigate the impacts of diverse shocks.

 **State Resilience**

Improving state capacity and elite settlements that have formed the foundation of political processes to negotiate the distribution of resources and political power without resorting to violence

 **Economic Resilience**

A dynamic private sector — though characterized by high barriers to entry — that has weathered diverse shocks and thrived in the absence of state regulations, and which with greater competition could serve as a key basis for economic growth and employment opportunities

 **Societal Resilience**

Social capital — characterized by traditional dispute resolution mechanisms, clan support networks, diaspora remittances, and civil society groups stepping in to provide public services — to help communities adapt to, cope with, and mitigate the impacts of diverse shocks

3. The RRA offered recommendations for enhancing World Bank engagement, notably to ensure assistance builds on Somalia’s sources of resilience and is informed by and—when appropriate and within the World Bank’s mandate—addresses drivers of FCV. The RRA warns that risks associated with the World Bank portfolio, including amid the IDA scale-up, can have serious implications for Somalia’s peace- and state-building agenda. The Government’s high reliance on World Bank financing means that the World Bank portfolio is intrinsically linked to Somalia’s success in developing its state and public sector capacity to deliver services, and thus state legitimacy in the eyes of citizens. The RRA recommended greater awareness of risks and challenges to inform strategic decisions and do-no-harm considerations. It is important to recognize the World Bank has limited ability to address FCV drivers. Though the World Bank is an important actor, strong domestic leadership and political will be required to fully address the multifaceted and political nature of the FCV drivers.

Annex 3. Progress on HIPC Completion Point Triggers

1. In the views of staff of the IMF and IDA, Somalia made satisfactory progress in meeting the requirements of the reaching the HIPC Completion Point reflected in progress on the following CP Triggers.

HIPC Completion Point Triggers	Assessment
Poverty reduction strategy implementation	
1. Satisfactory implementation for at least one year of Somalia’s full poverty reduction strategy, as evidenced by an Annual Progress Report on the implementation of the poverty reduction strategy submitted by the government to IDA and the IMF.	Met. The Annual Progress Report evaluating the implementation of the Ninth National Development Plan (NDP9) covering 2020-24 in 2020 was completed in June 2022. Staffs of the World Bank and IMF issued a Joint Staff Assessment Note (JSAN) confirming satisfactory implementation of the NDP9 during 2020, which was transmitted to the IDA and IMF Executive Boards in July 2023.
Macroeconomic stability	
2. Maintain macroeconomic stability as evidenced by satisfactory implementation of the 3-year ECF-supported program.	Met. The fifth review of the ECF-supported program was completed on May 17, 2023. The sixth review and final review was approved by the IMF Executive Board on December 13, 2023.
Public financial and expenditure management	
3. Publish at least two years of the audited financial accounts of the Federal Government of Somalia (FGS).	Met. The Office of the Auditor General published the 2019, 2020, 2021, and 2022 FGS financial accounts .
4. Issue regulations to implement the Public Financial Management Act’s provisions on debt, public investment, and natural resource revenue management.	Met. The PFM regulations —including chapters on debt, public investments, and natural resource revenue management—were approved by the Cabinet in May 2022.
Domestic revenue mobilization	
5. Adopt and apply a single import duty tariff schedule at all ports in the Federal Republic of Somalia (to also foster greater trade integration).	Not completed but satisfactory progress has been made. The customs regulations on valuation and declarations were issued in September 2022 and the ad valorem tariff schedule was enacted in June 2022. The Somalia Customs Automated System (SOMCAS) system has incorporated harmonized tariffs, HS codes, and harmonized item descriptions. The SOMCAS system is now fully operational in Mogadishu seaport and airport as of October 2023. In Kismayo seaport and airport, SOMCAS has been partially implemented, as shipping lines and airlines are entering manifests into the system and declarations are being made for khat imports. However, efforts are still ongoing to implement a common valuation table across Mogadishu and Kismayo. Once this is resolved, Kismayo will be able to carry out all the customs processing through SOMCAS. The reform has been paused in the ports of Bosaso and Garowe in the Federal Member State of Puntland due to political conditions.
Governance, anticorruption, and natural resource management	
6. Enact the Extractive Industry Income Tax Law.	Met. The Extractive Industries Fiscal Regime Law was enacted in June 2023.
7. Ratify the United Nations Convention Against Corruption (UNCAC).	Met. Somalia acceded to the UNCAC in August 2021.
Debt management	
8. Publish at least four consecutive quarterly reports outlining the outstanding stock of general government debt; monthly debt-service projections for 12-months ahead;	Met. Regular quarterly debt bulletins have been published since 2020Q4 with information on the outstanding stock and composition of debt liabilities, including their currency denomination, maturity, interest rate structure and projected debt service and key risk indicators.

HIPC Completion Point Triggers	Assessment
<p>annual principal payment projections (for at least the next five years); and key portfolio risk indicators (including proportion of debt falling due in the next 12-months; proportion of variable rate debt; and projected debt service-to-revenues and debt service-to-exports for the next five years).</p>	
Social sectors	
<p>9. Establish a national unified social registry (USR) as a functional platform that supports registration and determination of potential eligibility for social programs.</p>	<p>Met. In July 2023, the functionality status of the USR was achieved with the successful completion of all governance, technical and operational requirements that enables MoLSA to operate the USR for the intended objective.</p>
<p>10. FGS and Federal Member States (FMS) Ministers of Education (MOE) adopt an agreement defining their respective roles and responsibilities on curriculum and examinations.</p>	<p>Met. On July 14, 2021, the FGS and FMS MoEs finalized and officially signed the revised education cooperation Memorandum of Understanding (MoU) at the intergovernmental meeting held in Garowe. A permanent intergovernmental forum for education has been formalized. Key agreements reached include the formation of national examination, certification, and curriculum boards. An interim committee to develop the criteria for selection of the board members was also established.</p>
Social sectors	
<p>11. FGS and FMS Ministers of Health adopt a joint national health sector strategy.</p>	<p>Met. The Somalia Health Sector Strategic Plan for 2022-2026 was finalized. FGS and FMS ministers have agreed on a framework for a joint national health strategy.</p>
Growth/Structural	
<p>12. Enact the Electricity Act and issue supporting regulations to facilitate private sector investment in the energy sector.</p>	<p>Met. The Somalia Electricity Act was enacted on March 8, 2023. Two regulations – the ESP Licensing Regulations and the ESP Tariff Regulations - have also been approved.</p>
<p>13. Issue Company Act implementing regulations on minority shareholder protection to encourage private sector investment</p>	<p>Met. The regulations to the Companies Act were issued in January 2021. A second set of Regulations to the Company Act were issued in May 2022 specifically covering the issue of minority shareholder protection.</p>
Statistical capacity	
<p>14. Publish at least two editions of the “Somalia Annual Fact Book”.</p>	<p>Met. The Facts and Figures of Somalia has been published for 2018, 2019, 2020, and 2021.</p>

Annex 4. Changes in Household Socioeconomic Indicators, 2017-2022

Summary of changes to development indicators			
	SHFS 2017	SHDS 2020	SIHBS 2022
Household composition			
Household size	6.03	6.2	7.80
Education			
Net primary school enrollment	21%		25%
Net secondary school enrolment	16%		14%
Access to basic services			
Access to safe drinking water	78%	67%	78%
Access to improved sanitation	43%	57%	48%
Access to electricity	39%	49%	62%
Productive assets ownership			
Household own a livestock	53%		32%
Household own a house	17%		23%
Household has a title deed	70%		66%
Legal Identification			
Has legal ID	18%		9%
Birth registration		6%	
Finance			
Households with bank or mobile money account	64%		97%
Health & nutrition			
HH experienced hunger in the past 30days	42%		38%
Maternal mortality (per 100,000 live birth)		692	
Adolescent birth rate (per 1,000 girls)		118	
Total Fertility Rate		6.9	
Birth taking place at home		79%	
Proportion of birth attended by skilled health personnel		32%	
Stunting		27%	
Malnutrition		21%	
Skilled assistance during ANC		31%	
Delivery in health facility		21%	
Experience physical violence		8%	
Shocks			
Economic shock	3%		14%
Food price shock	10%		53%
Health shock	2%		6%
Natural shock	56%		50%
Security shock	5%		5%
<i>Sources: Somali High Frequency Survey Wave 2 (SHFS 2017), Somali Health and Demographic Survey (2020) and Somali Integrated Household Budget Survey (2022)</i>			

Annex 5. Key Findings of CPF Consultations

1. **The in-country consultative process informing this CPF had a wide reach, particularly for an FCV state.** From September 2022 to October 2023, 36 physical and virtual consultations were held with 3,258 participants. Two firms were hired to engage citizens directly through radio series and Focus Group Discussions (FGD) across Somalia. Five successive weekly radio series facilitated rich citizen-led conversations and an equal number of FGDs in each FMS targeted women, youth, persons living with disabilities, IDPs, and minority groups who are often excluded from public discourse. Consultative roundtables were held with parliamentary and senate committees, private sector players, civil society organizations, women and youth representatives, academia, think tanks, and persons living with disabilities. The World Bank engaged DPs⁶³ and UN agencies in discussions on the planned CPF.

2. **Consultations with citizens revealed broad support for the CPF's approach and recognized the CPF's importance, and confirmed a need for continuous monitoring of outcomes.** All consultations were carried out in Somali or English. Consultations with stakeholders confirmed the relevance of the CPF and helped to prioritize and validate areas of engagement. Earlier consultations confirmed the main findings of the SCD Update and the relevance of priorities supported by the CPF program. Successive shows through a radio series facilitated rich, citizen-led conversations, with participants responding to a weekly research question. Each show (five in total) featured high-ranking representatives from the FGS as guests who responded to questions⁶⁴ from the audience, offering valuable insights and potential solutions for the issues the citizens raised. This interactive format was designed to foster engagement and ownership among listeners as senior government and private sector representatives responded directly to views and questions. The inclusion of officials aimed to add credibility and relevance to the dialogue by drawing on their first-hand knowledge of government decision-making.

3. **These FGDs played a crucial role in ensuring the inclusion of minority and marginalized audiences,** and the insights gathered from these forums were integrated into the analysis and reporting process. Each FGD (five in total) had nine active participants. A total of 270 'hard-to-reach' individuals across the country had opportunities to express their views and actively participate in discussions addressing the radio questions.

4. **The citizen-led consultations identified several recommendations that citizens believe deserve stronger attention:**

- I. The World Bank's focused assistance to critical justice and policing institutions would significantly enhance security infrastructure, thereby fostering a more stable environment for economic activities to thrive.
- II. The World Bank should build on citizen's expectations of the national government to provide services and boost growth by working closely with FGS to develop robust programming, particularly targeting the health, education and agricultural sectors.
- III. In addition to the strong checks and balances integral to World Bank programming, anti-corruption measures should be a key part of the institutional support provided to the Somali government.
- IV. Alongside health and social care, the World Bank should work closely with the FGS to develop climate change mitigation activities, including funding for locally-led emergency funding pools, and identifying strategic locations for water security infrastructure projects.
- V. Heavy emphasis on job creation reflects high rates of unemployment, particularly among young people.

⁶³ All Somalia Multi Partner Fund Donors were consulted: Denmark, European Union, Finland, Germany (KfW), Italy, Norway, Sweden, Switzerland, United Kingdom (FCDO) and USA (USAID).

⁶⁴ Questions included: (i) What would you consider to be the most important areas for World Bank to support the Federal government of Somalia; (ii) How can the World Bank support the Federal Government of Somalia to develop more inclusive institutions that cater for the needs of citizens; (iii) How should the World Bank support the Federal Government of Somalia to create more job opportunities for women and youth; and (iv) How should the Federal Government of Somalia with the support from the World Bank respond to the impact of climate change?

5. **The roundtable discussions with stakeholders including legislative representatives and private sector participants highlighted needs to:** (i) strengthen governance and state institutions; (ii) promote human capital; (iii) revitalize economic sectors (e.g., agriculture, livestock, and fisheries); (iv) deepen Somalia's private sector to create jobs and ignite inclusive economic growth; and (v) develop critical infrastructure. Three cross-cutting issues emerged during these discussions: (a) improving women's participation; (b) addressing challenges of people with disabilities; and (c) supporting job creation for the youth.

6. **Comprehensive consultations were held with DPs, including the UN agencies,** which revealed a mixed bag of proposed priorities and focus areas. Key among them are: (i) support the Government's transition to a modern state through programs and foster trust with citizens (legitimacy of the state); (ii) continue support towards enhanced risk management and capacity building with a strong civil service especially in a post HIPC environment; (iii) focus on sustainable growth and build resilience with a special focus on climate adaptation; (iv) level out the divergence between humanitarian and development nexus so that they complement each other; focus on social delivery. A recurring theme across all consultations was to support the FGS and FMS to fund the stabilization efforts of regions recently liberated from al-Shabaab. The consensus is that the World Bank has comparative advantage and should take lead on this agenda. Despite the security situation, there is also a sustained need to enhance implementation support through more frequent consultations with project beneficiaries, especially those in underserved areas.

Annex 6. Completion and Learning Review of the FY19-23 CPF for Somalia

I. OVERVIEW

Introduction

1. This Completion and Learning Review (CLR) assesses the World Bank Group (WBG) Country Partnership Framework (CPF) for Somalia for FY19-23, through which the WBG scaled its assistance to support Somalia's federal system and crisis response after Somalia reached the Decision Point of the Heavily Indebted Poor Countries (HIPC) Initiative and normalized relations with the International Development Association (IDA). The CPF, which originally covered FY19-22 and programmed the first two years, aimed to address key drivers of fragility and support consolidation of Somalia's nascent federal system leveraging financing from the Multi-Partner Fund (MPF) and IDA Pre-Arrears Clearance Grants (PACGs). The CPF acknowledged that Somalia had been in non-accrual status with IDA and International Financial Institutions (IFIs) since 1991 due to IDA and IFI arrears, though potential for Somalia to reach the HIPC Decision Point based on a track record of reform supported by international partners including the WBG, and thereafter normalize IDA relations. In early 2020, Somalia reached the HIPC Decision Point and cleared IDA arrears, allowing access to regularized IDA resources as Somalia faced the fiscal, economic, and social shocks of the "triple crisis" of COVID-19, floods, and locusts. The WBG thereafter scaled-up IDA assistance including budget support to advance reforms toward the HIPC Completion Point and build core government systems, foster private sector development, and enhance resilience, including through multi-sector support to respond to the triple crisis. The Performance and Learning Review (PLR) extended the CPF by one year through FY23; adjusted the CPF framework to capture increased IDA support; and introduced a new Risk Management Framework (RMF) to address risks associated with scaled IDA assistance. This CLR assesses the CPF based on the PLR's revised framework.

CPF Background: *Renewed WBG engagement since 2012*

2. The CPF followed a period of renewed engagement from the WBG and international partners. For multiple decades, Somalia had faced cycles of internal conflict that contributed to high fragility, fragmentation, insecurity, and limited government control over parts of the country, which had stifled development and complicated engagement of the WBG and other Development Partners (DPs). In August 2012, Somalia approved a new constitution establishing a new Federal Government of Somalia (FGS), a watershed moment triggering interest from the international community to assist Somalia in state-building and its emergence from Fragility, Conflict, and Violence (FCV). Such interest was enshrined in the 2012 Somalia Compact, an overarching framework for coordinating political, security, and development activities for 2014-2016 aligned to five key Peacebuilding and State Building Goals (PSGs).⁶⁵ Key elements of the Compact were funded through the Somalia Development and Reconstruction Facility (SDRF) and the World Bank-administered MPF, an SDRF funding window established in 2013 to catalyze IFI normalization, fund analytical and advisory support, and pilot and test programs supporting core government systems. The WBG Interim Strategy Note (ISN) for FY14-16 leveraged the MPF to support Advisory Services and Analytics (ASA) and pilot and test small-scale investment projects aiming to strengthen core economic institutions and expand economic opportunities. During this period, FGS authorities were keen to normalize relations with IFIs and reach the HIPC Decision Point, as reflected in participation in Staff Monitored Programs (SMPs) of the International Monetary Fund (IMF). In 2018, good progress on the Second IMF SMP enabled Somalia to access to IDA PACGs, through which IDA may provide early support to governments undertaking convincing reforms. The WBG did not support a country strategy from FY17-18, when the WBG focused on delivery of core analytics, including the 2018 Systematic Country Diagnostic

⁶⁵ The PSGs of the Compact included legitimate politics, security, justice, economic foundations, and revenues and services. These PSGs mirrored those in the "New Deal for Engagement in Fragile States", which was adopted by a group of FCS states and international partners at the fourth High-Level Forum on Aid Effectiveness in 2011.

(SCD), to shed light on evolving challenges and inform the design of a full CPF program incorporating scaled-up financing from IDA PACGs.

3. The original CPF was designed to assist Somalia in consolidating its federal transition and addressing drivers of fragility. The CPF was aligned to Somalia’s eight National Development Plan (NDP8) for 2017-19 and findings of the 2018 SCD and 2018 Risk and Resilience Assessment (RRA). The CPF attested to Somalia’s incremental progress since 2012 in such areas as federalism and institution building and the private sector’s potential to accelerate poverty reduction, while acknowledging persistent security challenges and needs to address Somalia’s “dual development trap”: a high frequency fragility trap manifested in turbulent politics and limited fiscal resources for providing public goods and services, which undermined trust in institutions, and a low frequency resilience trap characterized by natural disasters and shocks that undo development gains and deepen exclusion. Building on past engagement and WBG comparative advantages, the CPF featured two Focus Areas: 1) *Strengthen institutions for service delivery*, which included four CPF Objectives focused on improving institutional effectiveness, Public Financial Management (PFM), intergovernmental resource sharing, social service delivery, and urban resilience; and 2) *Restoring economic resilience and opportunities*, which included four CPF Objectives on supporting the business environment, access to finance, renewable energy, and access to water in rural areas.⁶⁶ The CPF programmed only FY19-20, expecting that the CPF framework would be updated in the PLR if Somalia reached the HIPC Decision Point and normalized IDA relations.

Key Changes in CPF Period: Scaled IDA assistance to deepen state-building and address the triple crisis

4. In early 2020, Somalia reached the HIPC Decision Point, marking a turning point in WBG engagement, but thereafter faced the mounting challenges of the “triple crisis”, which impeded economic growth and exacerbated poverty and fragility. Somalia fulfilled requirements for the HIPC Decision Point in March 2020,⁶⁷ restoring its access to regular concessional financing and providing interim debt relief. The FY20 Reengagement and Reform Development Policy Financing (DPF, P171570) reimbursed a bridge loan from the Government of Norway that cleared IDA arrears, opening access to regular IDA resources. In addition, this DPF cleared Somalia’s arrears with the IMF, paving the way for a three-year IMF Extended Credit Facility (ECF) and Extended Fund Facility (EFF) program approved in 2020 to anchor reforms between the HIPC Decision and Completion Point.

5. The “triple crisis” impeded economic growth and exacerbated poverty and fragility. After averaging 2.4 percent growth from 2014 to 2019, Gross Domestic Product (GDP) contracted 0.3 percent in 2020 before rebounding to 2.9 percent in 2021 and an estimated 1.7 percent in 2022.⁶⁸ The pandemic and measures to contain its spread threatened lives and livelihoods, with household surveys in 2020 showing reductions in wages and work. Severe flooding in 2019/20 washed away homes and farms and displaced more than a million people. The associated locust outbreak in 2019/20—the worst in 25 years—decimated crops and increased food insecurity. A severe drought since 2019 exacerbated food insecurity. Shocks strained Somalia’s limited fiscal

⁶⁶ The original CPF Objectives under Focus Area 1 included: 1.1) Improve public finance management and institutional effectiveness; 1.2) Enhance domestic revenue mobilization and resource sharing; 1.3) Establish basic delivery systems for more inclusive social services; and 1.4:) Build the capacity of Somali municipalities for urban resilience. The original Objectives under Focus Area 2 included: 2.1) Improve the business environment and lower barriers to entry; 2.2) Increase access to finance for inclusion and digital development; 2.3) Increase access to renewable energy; and 2.4): Increase access to water for rural resilience and productivity. The selection of Focus Areas and Objectives aimed to address the key fragility drivers of weak trust in institutions and exclusion linked to the dual-development trap, including through World Bank assistance to help to build consensus among different layers of government; strengthen core institutions and capacity to deliver services that people value; and mitigate natural resource depletion and the effects of climate change.

⁶⁷ These requirements included developing a Ninth National Development Plan (NDP9) as its interim Poverty Reduction Strategy; achieving a satisfactory track record under IMF and IDA-supported programs; and agreeing on floating Completion Point triggers related to PFM, governance, delivery of social programs, private sector-led growth, and resilience. Somalia continued to make progress in the CPF period on such HIPC Completion Point triggers.

⁶⁸ The data on GDP growth was current as of early 2023, but has since been updated (see Table 1 in the CPF main text).

space and institutions, and worsened the plight of vulnerable households. Later, rising commodity prices linked to the external challenges strained household expenditures, especially for the poor.

6. The Government approved a new NDP but faced contestation around elections and security challenges. Somalia authorities approved a new ninth National Development Plan (NPD9) for 2020-24 featuring four major themes: inclusive and accountable politics; security and the rule of law; inclusive economic growth; and social development. Compared with the NDP8, the NDP9 more strongly emphasized poverty reduction, doubling as an Interim Poverty Reduction Strategy in line with a HIPC requirement. In 2020 and 2021, Somalia experienced a political impasse amid delays and disagreements on constitutional matters and the model for Parliamentary elections, which led to the contested prolongation of the term of the incumbent President Farmaajo beyond the constitutionally mandated date of February 8, 2021.⁶⁹ This extension triggered a WBG review under Operational Policy (OP) 7.30⁷⁰ in April 2021, which recommended continuing disbursements on active Investment Project Financing (IPF) projects, but restricted new commitments to projects focused on crisis response and human capital.⁷¹ OP 7.30 was lifted after Hassan Sheikh Mohamud was elected President on May 15, 2022. Al-Shabaab continued to exploit divisions and conduct intermittent attacks to maintain territorial control, with violence flaring up in February and April 2021 amid the electoral impasse and in response to a large-scale government offensive in 2022. However, overall conflict-related fatalities fell by 47 percent from 2017 to 2021. The African Union Mission in Somalia (AMISOM) had planned to depart Somalia at end-2021, though in April 2020 the Government and partners agreed to replace AMISOM with the Africa Union (AU) Transition Mission in Somalia, which will operate until end-2024. Somalia's security situation is characterized by a low-intensity yet high-frequency cycle of violence, particularly in southern and central regions.

7. The World Bank scaled-up IDA assistance to strengthen core government systems, inclusive growth, and resilience. IDA commitments in FY19/20 reached US\$1.0 billion, vastly exceeding the CPF's projected US\$140 million, for the bridge DPF operation (US\$420 million) and IPF operations supporting PFM, institution building, the business environment, urban resilience, access to water in rural areas, and multi-pronged crisis recovery. IDA commitments in FY21/22 reached US\$820 million for Additional Financings (AFs) supporting crisis response and the business environment and projects in energy, education, health, COVID-19 vaccinations, and skills development for girls and women. National IDA commitments for FY23 were US\$280 million for an AF for an urban project; the first operation of a multi-sector Annual Economic Resilience and Growth DPF Operations (P501988) DPO series; and follow-on PFM and water projects. In FY22/23, the World Bank approved US\$158 million for new regional projects supporting infrastructure, groundwater resilience, and pastoral economies in the Horn of Africa (HoA), along with regional projects supporting food security and digital integration. The WBG initiated a PLR in 2020, but its submission was delayed until September 2022 due to the pandemic and political crisis. The PLR adjusted the CPF framework to capture scaled-up IDA assistance, particularly for crisis response and resilience. The PLR slightly modified Focus Area 1 to *strengthen institutions and financing for social service delivery*, consolidating the original CPF Objectives therein into two higher-order Objectives: 1.1) *improve core government systems and capacity* and 1.2) *improve service delivery systems and financing for human capital*. The PLR split the original dual-themed Focus Area 2 into a narrower Focus Area 2 on *enabling inclusive private sector-led growth*, which included two slightly reformulated objectives: 2.1.) *improve the business environment and economic foundations*; and 2.2) *increase access to finance and digital inclusion*. The PLR introduced a new Focus Area 3 on *strengthening resilience*, which included Objectives 3.1) *build the urban resilience of Somali*

⁶⁹ Parliamentary elections, which had been scheduled for before February 8, 2021, were postponed multiple times due to stakeholder disagreements on the model for indirect, clan-based elections, noting Somalia's President is elected by Members of Parliament. Somalia finalized Parliamentary elections in April 2022.

⁷⁰ OP 7.30 lays out the conditions under which the World Bank can suspend disbursements for existing country financing instruments because of the accession to power by a de facto government by means not provided for in a country's constitution.

⁷¹ All World Bank-financed projects approved in the period when OP 7.30 was in effect complied with the noted restrictions.

municipalities,⁷² and 3.2) strengthen rural resilience and food security. Annex 3 of this CLR includes a mapping of the revised CPF framework to the NDP9 and Sustainable Development Goals (SDGs).

Summary of Findings

8. The CPF Development Outcome is rated Moderately Satisfactory (MS), acknowledging that a relatively high share of CPF results were outputs given the CPF's heavy focus on state and institution building. The CPF made substantial headway on *improving core government systems and capacity*, funding institutions' recurrent payroll costs in the FGS and select Federal Member States (FMS), strengthening PFM, and supporting intergovernmental fiscal relations, including greater fiscal transfers from FGS to FMS for service delivery. The CPF made good progress on *improving service delivery systems and financing for human capital*, supporting recurrent costs in Somalia's health and education sectors, teacher proficiency, deployment of Female Health Workers (FWHs) to improve health outcomes, and the building blocks of the national "Baxnaano" shock-responsive safety net system. The CPF made some progress on *improving the business environment and economic foundations*, achieving gains on business registration and surpassing targets in access to renewable energy in rural areas, and launching regional programs in energy and transport infrastructure. The CPF made limited headway on *access to finance and digital inclusion*, notably by supporting loans to MSMEs including female-owned firms and a digital ID policy. The CPF made good headway on *building urban resilience* through investments in urban roads and development of related operation and management plans. The CPF made substantial progress on *rural resilience and food security*, exceeding CPF targets on access to improved water sources and adoption of improved agriculture technologies, while building capacity in disaster preparedness and response. In addition, CPF assistance increased the number of people accessing livelihood support and locust-affected households receiving emergency cash transfers.

9. The WBG Performance is rated as Good. The original CPF was well aligned to client and SCD priorities and was appropriately selective, leveraging the WBG's established comparative advantages in incrementally supporting core institution building and economic reform, while accounting for security and access constraints. The CPF reasonably programmed only FY19-20 given potential for portfolio changes. The CPF accounted well for lessons of previous WBG engagement, such as by carefully sequencing assistance through ASA and pilots funded by the MPF to test approaches, then scaling programs with IDA support; and by promoting dialogue on intergovernmental relations. After IDA normalization, the WBG effectively scaled-up IDA assistance for crisis response and recovery and investments focused on people-centered service delivery, strategically leveraging performance-based instruments. The choice to rapidly scale-up the portfolio was justifiable given Somalia's acute development needs amid a possible shift in financing terms after Somalia reaches the HIPC Completion Point. The WBG addressed portfolio hurdles, which included Somalia's complex political economy, pandemic restrictions, security challenges, and limited client capacity, by supporting policy dialogue among the FGS/FMS in the Finance Ministers' Fiscal Forum (FMFF); FCV-sensitive portfolio management tools; and client capacity building for Project Implementation Units (PIUs). Portfolio quality was generally high. The PLR logically adjusted the CPF framework to capture enhanced IDA support. The CPF made good progress on scaling support for gender and resilience to shocks including climate change, with Climate-Co-Benefits (CCBs) spiking in the CPF period. The WBG remained a key player in assisting in DP coordination through the MPF. The CPF and WBG engagement since 2012 were well rooted in the WBG's broader FCV strategy.

10. More broadly, the WBG adopted a unique and effective operating model accounting for Somalia's high fragility. Many WBG staff working on Somalia have operated out of the Nairobi Country Office (CO) as security risks prevented posting staff to the Somalia CO. To address heightened fiduciary, environmental, social, and security risks, the WBG adopted a comprehensive RMF that continues to deepen Somalia's institutional capacities in managing fiduciary, environmental, and social risks. The WBG has applied strict fiduciary controls

⁷² Objective 3.1, which was originally CPF Objective 1.4., was moved under Focus Area 3 to reflect its focus on resilience.

and increased use of FCV-appropriate tools, such as remote supervision, third-party monitoring (TPM), and technical implementation support through United Nations (UN) agencies. The WBG is relying on frequent mission travel from Nairobi and the region, and employs a private security provider to support missions, as well as professional services allowing the World Bank to field external consultants to project sites and partner offices for supervision and implementation support. The WBG is engaging in more frequent virtual meetings given the FCV environment, and continues to deploy a TPM funded by the MPF agent across the portfolio.

11. Lessons focus on how the WBG can maximize development impacts in Somalia reflecting findings from the CPF period, the WBG’s broader engagement since 2012, and Somalia’s FCV context: 1) Stay the course in supporting state-building and capacity to deliver services, which is critical to rebuilding the social contract and addressing fragility, but expect a non-linear journey; 2) leverage partnerships and performance-based instruments to promote dialogue, create incentives for reform, and ensure progress toward the HIPC Completion Point; 3) manage trade-offs between short-term crisis response and long-term institution building; 4) adopt phased approaches to piloting and scaling projects; 5) continue assistance from the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) to facilitate access to finance and private sector investment and development, leveraging Maximizing Finance for Development (MFD) approaches; 6) enhance support for portfolio supervision and on-the-ground presence, while leveraging innovative modalities for portfolio management; 7) leverage donor coordination mechanisms as platforms for mission-driven partnerships; 8) strengthen country and PIU capacity to manage WBG activities and risks, notably fiduciary risks; 9) strengthen the RMF reflecting the WBG’s changing role from reengagement to managing a more mature portfolio; and 10) leverage the ASA program to ensure analysis of Somalia’s political economy and FCV risks; communities’ perceptions of state legitimacy and exclusion; and expenditures and reform areas in the security sector.

II. PROGRESS TOWARD CPF DEVELOPMENT OUTCOME

Table 1. Ratings of CPF Objectives

CPF Objective	Objective Rating	Ratings of CPF Indicators in Objective			
		Achieved	Mostly Achieved	Partially Achieved	Not Achieved
Focus Area 1: Strengthening Institutions and Financing for Social Service Delivery					
1.1: Improve core government systems and capacity	Mostly Achieved	1	4	1	
1.2: Improve service delivery systems and financing for human capital	Mostly Achieved	3	2		
Focus Area 2: Enabling Inclusive Private Sector-led Growth					
2.1. Improve the business environment and economic foundations	Partially Achieved	3	1	1	1
2.2. Increase access to finance and digital inclusion	Partially Achieved			1	3
Focus Area 3. Strengthen Resilience					
3.1: Build the urban resilience of Somali municipalities	Achieved	2	1		
3.2: Strengthen rural resilience and food security	Mostly Achieved	3	1	1	1
Overall CPF Outcome Rating	MS	12	9	4	5

10. The CPF Development Outcome is rated Moderately Satisfactory (MS), with a majority of Objectives either Achieved or Mostly Achieved. Of the 30 CPF indicators, 12 were Achieved, nine were Mostly Achieved,

four were Partially Achieved, and five were Not Achieved. Reflecting the CPF's explicit focus on building core state capacity, the CPF included a high share of outputs measuring such dimensions as institution building and PFM, though included—and made headway on—several intermediate development indicators, such as coverage of social protection and access to water, energy, and road infrastructure in targeted project areas. The CPF and project-level indicators documented herein testify to increased institutional capacity for basic services; greater access to finance for MSMEs to support private sector-led growth; protection of household incomes; and select gains in resilience. Such results have likely contributed to higher-level outcomes including those related to poverty reduction and human capital. However, this CLR cannot precisely measure the WBG's contribution to such outcomes due to such factors as limitations in country statistical capacity and lack of a pre-established system for rigorously evaluating the extent to which upper-level results were attributable to WBG activities.

Focus Area 1: Strengthening Institutions and Financing for Social Service Delivery

12. CPF assistance herein aimed to assist Somalia to build institutional and financial capacity to deliver basic services critical to poverty reduction, human capital formation, crisis response, and, more broadly, restoration of the social contract.

Objective 1.1: Improve core government systems and capacity (Mostly Achieved)

13. The CPF made substantial progress on this Objective. The CPF recognized that the FGS and FMS had insufficient institutional and human resource capacity, weak PFM systems, and limited domestic revenue, and faced disagreements on intergovernmental revenue sharing, which undermined the capacity of the public sector to finance basic services and crisis response. In the FGS and FMS, the Capacity Injection Project (CIP, P149971) and Recurrent Cost and Reform Financing (RCRF) program improved capacity of Ministries, Departments & Agencies (MDAs) in strategic management, Financial Management (FM), and human resources, while financing recurrent payroll costs of institutions and injecting capable staff into select line ministries. Under the RCRF program, the share of the civil service wage bill financed by the FGS budget reached 84 percent in 2022, making good progress on the CPF target of 87.5 percent. Under the CIP, the number of people appointed to critical staff positions in MDAs through the capacity injection mechanism rose from 0 in 2015 to 95 in the FGS and 110 in Puntland by September 2022. The share of females in key positions in the FGS and Puntland reached 23 and 36 percent by September 2022, respectively, against a CPF target of 30 percent for both. The proportion of injected staff who remained in service after 12 months—a proxy measurement for staffing stability and institutional capacity—reached 90 percent in the FGS and 70 percent in Puntland. The Somaliland Civil Service Reform Project (P155123) improved payroll controls, human resource capacity, and trained staff in select MDAs in Somaliland. The Somalia Reengagement and Reform DPF (P171570) supported reforms that strengthened fiscal management and qualified Somalia for HIPC debt relief. The Second PFM Capacity Strengthening Project (P151492) enhanced systems for domestic revenue mobilization, expenditure control, and accountability in the FGS, Puntland, and Somaliland. Under this project, the percentage of MDA audits completed and published surpassed the CPF target of 75 percent for the FGS (98 percent) and Puntland (87 percent), though fell short in Somaliland (55 percent). This project supported the automation of basic processes of two tax and non-tax revenue functions in the FGS against a CPF target of four by 2023. With CPF assistance including for a Revenue Administration Law, real FGS inland revenue rose from US\$38.6 million in 2018 to US\$65.5 million in 2022, representing an increase of 70 percent against the CPF target of 20 percent. As it is in debt distress, Somalia is subject to IDA's Sustainable Development Finance Policy (SDFP), which aims to incentivize countries to move toward transparent and sustainable financing through the implementation of Performance and Policy Actions (PPAs) related to debt transparency, debt management, and fiscal sustainability. Somalia maintained a

successful record in implementing PPAs focused on revenue raising, debt transparency, and fiscal sustainability.⁷³

14. CPF assistance was instrumental in improving intergovernmental fiscal relations and increasing fiscal transfers from the FGS to FMS for basic service delivery. Budget support and the RCRF program supported intergovernmental dialogue, including through the FMFF, and strengthened the intergovernmental fiscal policy framework, notably through development of a fiscal formula for transferring grants from the FGS to FMS,⁷⁴ which was a key CPF target, as well as agreements to transfer revenue, notably in health. Reflecting this support, intergovernmental transfers from the FGS to eligible FMS rose from US\$15.1 million in 2018 to US\$59.6 million in 2020, reverting somewhat to US\$31.6 million in 2021. Transfers rose to US\$76.5 million in 2022.

Objective 1.2: Improve service delivery systems and financing for human capital (Mostly Achieved)

15. The CPF made significant progress on this objective. World Bank assistance aimed to strengthen delivery systems for human capital focused on basic health services; COVID-19 response; education services; and safety nets, particularly to respond to the triple crisis and impacts of external challenges. The RCRF II (P154875) and its AF financed recurrent costs in Somalia’s health and education sectors, including salaries of health workers and teachers across the FGS, FMS, and the Benadir Regional Administration (BRA); development of a policy for teacher recruitment, remuneration and career progression; annual proficiency testing of teachers in four FMS and the BRA; and training and deployment of FHWs to improve health outcomes in underserved areas. The follow-on RCRF III (P173731) continued to finance key recurrent costs, which helped bridge fiscal gaps in the pandemic period; scaled-up the deployment and training of FHWs; and financed a school supervision exercise in all FMS to improve educational outcomes. Under the RCRF program, the proportion of unique pregnant women and children 0-59 months referred to health facilities by FHWs reached 27.2 percent in 2022, surpassing the CPF target of ten percent. As of September 2022, 789 FHWs were actively providing services. Still in its early stages, the FHW program was the first government-led and owned “last mile” community health service delivery program, setting a foundation for longer-term gains in health outcomes. The RCRF program supported service delivery agreements in health and education; annual community health service delivery plans in all five FMS; and citizen engagement in education and health through a Citizen Engagement Call Center.

16. The CPF made significant progress on strengthening Somalia’s social protection system. The Shock Responsive Safety Net for Human Capital Project (SNHCP, P171346) and DPF operations supported the building blocks of the national “Baxnaano” shock-responsive safety net system, including development of a Unified Social Registry (USR), which was a key CPF indicator, and a household scoring system to improve targeting of poor and vulnerable households. The Baxnaano program has a regular cash transfers window, which addresses chronic poverty and food insecurity, and a shock-responsive window, which provides short-term emergency cash assistance during shocks to protect impacted households (HH). The SNHCP provided predictable nutrition-linked cash transfers to HH in 21 rural districts. As of October 2022, about 1.14 million individuals—of whom 570,147 were women—received regular cash transfers contributing to building their resilience and protecting their livelihoods and human capital assets, barely missing the CPF targets of 1.2 million people and 600,000 women. As detailed in Objective 3.2 (strengthening rural resilience and food security), the SNHCP and the Shock Responsive Safety Net for Locust Response Project (SNLRP, P174065) leveraged the Baxnaano platform to scale-up cash transfers in response to the shocks of the pandemic, drought, locusts, and floods, while the Somalia Crisis Recovery Project (SCRIP, P173315) provided livelihood support to HH affected by floods and drought.

⁷³ From FY21-23, Somalia has implemented a PPA on zero non-concessional borrowing, which is expected to continue as the country nears reaching HIPC Completion Point. In addition, PPAs have supported debt transparency in FY22 as well as revenue raising (through customs modernization reforms) in FY21 and FY23.

⁷⁴ The FGS and FMS Finance Ministers and Deputy Director of Finance from BRA agreed on a fiscal transfer formula including transparent performance-based criteria for grants from the FGS to FMS, which was signed by all FMS except Puntland.

17. The WBG’s multi-pronged assistance enabled progress on reorienting FGS spending toward social services. The FGS’s MDA spending on social services delivery and social assistance benefits as share of the overall FGS budget rose from a baseline of 4.4 percent in 2018 to 27.1 percent in 2022—against a target of 12.0 percent. In the same period, the nominal value of such spending rose from US\$11.86 million to US\$198.42 million.⁷⁵

18. In line with the PLR program, the World Bank approved new projects in health and education expected to generate results in the next CPF period. The Improving Healthcare Services in Somalia Project (P172031, “Damal Caafimaad”), approved in June 2021, aims to improve the coverage of essential health and nutrition services in targeted areas in five FMS and the BRA. Given Somalia’s limited public sector capacity, this project supports the FGS to contract delivery of health services to Non-Governmental Associations (NGOs) and use a TMP agent to monitor health sector outcomes. However, the Damal Caafimaad faced delays in contracting NGOs and the TPM agent due to limited capacities in the Ministry and insufficient staff familiarity with systems for financing social services. The World Bank approved an emergency project (P176956) in September 2021 to support Somalia in acquiring and deploying COVID-19 vaccines and strengthening national immunization capacity. However, project activities initially stalled amid a proposal from the Ministry of Finance (MoF) to establish a separate PIU, which conflicted with the original agreement to leverage a joint PIU for this project and Damal Caafimaad. The World Bank engaged authorities to develop a compromise solution with one official PIU but two separate project coordinators. In June 2021, the World Bank approved a project (P172434) that aims to increase access to primary education, with a focus on girls, and improve quality of instruction. In mid-2022, the World Bank approved the Somalia Empowering Women through Education and Skills “Rajo Kaaba” Project (P176898), which aims to improve literacy and numeracy skills of women and to prepare women for leadership roles. The COVID-19 project, which is scheduled to close in July 2023, is not expected to fully meet its targets on COVID-19 and childhood vaccinations. The key results of the other projects will be captured in the next CPF reflecting their closures in 2025 (Damal Caafimaad), 2026 (education), and 2027 (Rajo Kaaba).

Focus Area 2: Enabling Inclusive Private Sector-led Growth

19. This Focus Area channeled WBG assistance to improve the business climate, bridge gaps in growth-enabling infrastructure notably energy, and improve access to finance and digital inclusion. Such assistance was designed to promote an inclusive, private sector-led economic recovery, by contributing to business creation and jobs, especially for women and at-risk youth.

Objective 2.1. Improve the business environment and economic foundations (Partially Achieved)

20. The World Bank and IFC made some progress on improving the business environment. The CPF documented that job growth depended on reducing bureaucratic hurdles and regulatory deficiencies impeding business creation and private sector development. The MPF-financed Somali Core Economic Institutions and Opportunities Program (SCORE, P155241), which closed in FY21, supported the development of a new Company Law, which was enacted in December 2019 and provided the legal basis for a new Business Registration System. Budget Support and the follow-on Somalia Capacity Enhancement, Livelihoods and Entrepreneurship through Digital Uplift Program (SCALED-UP, P168115) supported key legal and regulatory reforms and the launch of an online business licensing and registration system in Mogadishu. The IFC Somalia Investment Climate Reform Program (SICRP) provided complementary advisory and implementation support to improve business registration, including a new Business Licensing Registration system in Somaliland. Under SCALED-UP, the number of firms having benefited from reformed business registration requirements in the FGS rose from 0 in 2018 to 2,546 firms in 2023—against a CPF target of 2,500. With support of IFC and SCALED-UP, the number of firms reached 2,652 in Somaliland, vastly exceeding the CPF target of 400. In addition, the SICRP provided

⁷⁵ World Bank staff estimates based on mapping of MOF spending data.

support to build the capacity of Somalia's Investment Promotion Agency (IPA) to attract foreign investment. Under the SICRP, investment leads registered by the IPA rose from zero in 2020 to 33 in Somalia in 2022, surpassing the CPF target of five. Though IFC implemented advisory projects that supported the foundation for foreign investment, no progress was made on the CPF indicator to attract US\$15 million in private sector investment in key economic sectors. However, IFC built a robust pipeline of early-led investment projects, including in energy, finance, livestock, and property and retail, which are in various stages of business development, from undergoing IFC's due diligence to screening commercial viability of business propositions.

21. The CPF made gains in strengthening the capacity of the Central Bank of Somalia (CBS) to supervise and regulate financial institutions and promote financial intermediation. SCORE supported reorganization of the CBS to reflect modernization of banking and accounting operations and include links to a national payment system, along with endorsement of the CBS Strategic Plan and Transitional Plan for 2020-24. SCORE and SCALED-UP supported drafting of a New Payment System Law, Financial Institutions Law, and Insurance Law. Under SCALED-UP, the CBS launched a National Payment System (NPS), which as of end-2022 offered a fully operational Automated Transfer System (ATS)/Somalia Transaction and Reporting System (STARS). All commercial banks in Somalia have been onboarded into the ATS/STARS, which enables the transfer of funds (credit transfer) among them. SCALED-UP supported the Office of Accountant General (OAG) to launch systems that will increase transparency and facilitate payments within the FGS.⁷⁶ Performance-Based Conditions (PBCs) of SCALED-UP catalyzed improvements in governance and financial reporting of the CBS to enable capitalization; CBS supervisory oversight and capacity building; and activation of critical CBS institutional systems to strengthen the CBS's core banking system and its roll out to the FMS, which was a key CPF target.

22. The CPF made substantial progress on increasing access of underserved communities to renewable electricity. The CPF acknowledged that bridging gaps in energy infrastructure was critical to Somalia's economic foundations and MSME development, noting Somalia suffered from low access to electricity partly due to lack of a national grid and isolated mini-grids. The MPF-financed Somali Electricity Access Project (P165497, SEAP) expanded electricity access in targeted urban, peri-urban, and rural communities that lacked access to mini-grids by supporting the private market for standalone Solar Home Systems (SHSs). As of August 2022, the SEAP had provided US\$888,417 of results-based grants to SHS distributors, which incentivized delivery of SHSs to 28,818 households, exceeding the CPF target of 21,500 for 2022, with additional gains in 2023.⁷⁷ Under the SEAP, 221,513 people including an estimated 114,522 women were provided with new or improved electricity services, surpassing the CPF targets of 113,900 and 56,700 women. In areas affected by floods, the SEAP provided emergency solar kits to 1,286 households. The SEAP strengthened the capacity of energy ministries in the FGS and Somaliland in sector management and planning, including by training 152 ministerial staff, and supported development of a Least Cost Geospatial Electrification Plan to Achieve Universal Access. In December 2021, the World Bank approved the Somali Electricity Sector Recovery Project (SESRP, P173088), which, building on the SEAP, aims to increase access to lower-cost and cleaner electricity supply. The SESRP launched activities including procurement of consultants, but its key results are expected in the next CPF period.

23. In line with the PLR program, the World Bank in FY23 delivered regional projects supporting transport and livelihoods in the HoA. In September 2022, the World Bank approved the HoA Infrastructure Integration Project (P173119), which is part of an HoA Series of Projects (SoP) that aims to enhance connectivity among HoA countries; facilitate domestic and regional trade and economic integration; and improve road safety. The project will strengthen capacity of the FGS in transport and trade; support development of spatially coordinated investment pipeline of regional economic corridor projects; and support development of a national level

⁷⁶ These systems include the Somalia Financial Information Management System (SFMIS), Electronic Management Information System for Accountable Documents (EMIS-AD), an Enterprise Electronic Office and Document Management System (EODMS), and a Cash Management System/Database.

⁷⁷ By February 2023, distributed 34,667 SHS in the FGS and Somaliland, though some SHS were for SMEs.

program of activities. In June 2022, the World Bank approved a regional project (P176517) that aims to enhance pastoralists' access to financial services and facilitate livestock trade in the HoA.

Objective 2.2. Increase access to finance and digital inclusion (Partially Achieved)

24. The WBG made some progress on increasing access to finance and laid the groundwork for digital inclusion. SCALED-UP continued assistance to facilitate access to finance, building on activities supported under SCORE, which included capacity-building of the CBS and adoption of mobile money regulations. SCORE supported the Somali Business Catalytic Fund, a matching grant scheme that mobilized US\$6.5 million in private financing for MSMEs and generated 2,217 jobs, of which 1,343 were for youth and 634 for women. Under SCALED-UP, Somalia established the apex Gargaara Financing Facility, through which Participating Financial Institutions (PFIs) disbursed loans to 262 MSMEs from 2020 to 2023, of which 13 percent were to women-owned or managed firms. The value of these loans reached US\$9.4 million in 2023, below the CPF target of US\$20 million. Planned offerings by Gargaara are expected to increase financing to MSMEs in the remainder of 2023, though the pace of the increase is uncertain due to slow onboarding of additional PFIs. Moreover, the pandemic and the political crisis decreased PFIs' willingness to lend to MSMEs. The CPF did not reach the CPF target that 100 firms affected by COVID-19 receive Business Development Services (BDS).⁷⁸ The launch of BDS services under Gargaara was delayed due to the pandemic. However, a related demand side study is underway and Gargaara plans to launch the BDS program later in 2023. With support of DPF operations and SCORE/SCALED-UP, the FGS adopted a Digital ID policy in 2019 and established an ID Authority in December 2020. However, Somalia has made no progress on the CPF target that 175,000 unique transactional accounts are opened using a digital Customer Verification System (CVS) to enable electronic Know Your Customer (eKYC) protocols. Progress on the CVS/e-KYC and the Digital ID system systems was slower than expected, largely due lack of intergovernmental policy dialogue during the political crisis and insufficient institutional capacity at federal level. The CBS postponed fulfilment of the condition to verify customers with transactional accounts using the CVS/eKYC systems until end-2024, but remains committed to this reform. Budget support and SCALED-UP helped increase the performance of and competition in the ICT sector, notably by supporting interconnection agreements and issuance of seven new licenses from 2019 to 2023 to telecom operators. The CPF supported the Financial Reporting Center (FRC) to complete a National Risk Assessment (NRA) on Money Laundering/Terrorist Financing (ML/TF) published in May 2022.

25. IFC's engagement was more limited than expected in this Objective. IFC provided sector-wide advisory support for financial institutions and firm-level engagement with Microfinance Institutions (MFIs) to build their institutional capacity. IFC was unable to undertake firm-level engagements with banks to finance the SME segment, mainly due to integrity, diligence, and KYC issues of many Somali financial institutions, though IFC began engaging with a few financial institutions on possible investments. As such, no progress was made on the CPF indicator measuring *female SME beneficiaries of new financial products and services*. IFC continued to collaborate with the World Bank on interventions to resolve underlying impediments to investment related to the lack of robust KYC measures and absence of national digital IDs.

Focus Area 3. Strengthen Resilience

26. This Focus Area aimed to enhance the resilience of Somalia's economy and households to shocks including those posed by climate change, accounting for Somalia's resilience trap that exacerbated fragility and exclusion. WBG assistance invested in urban infrastructure to enable key cities undergoing urbanization to manage urban expansion and ensure sustainable growth. The CPF sought to improve rural resilience by investing

⁷⁸ BDS activities supported by SCALED-UP include support to MSMEs to access PFI financing, strengthen their business investment plans, and accelerate COVID-19 recovery and adaptation

in climate-friendly agriculture and water infrastructure; strengthening Somalia's capacity in disaster planning and response; and providing short-term assistance to households affected by the triple crisis.

Objective 3.1: Build the urban resilience of Somali municipalities (Achieved)

27. Substantial progress was made on this Objective under Somalia Urban Resilience Program (SURP).

The CPF recognized that as urban areas had failed to keep pace with rapid urbanization, Somalia's cities had become more fragile, threatening country stability. Through a series of inter-related projects, the SURP was designed to help strengthen urban resilience by strengthening the capacity of local governments in public service delivery, increasing access to climate-resilient urban infrastructure and services, and supporting a municipal response to forced displacement. Infrastructure under the SURP was planned, designed, and operated in ways that anticipate, prepare for, and adapt to changing climate conditions and respond to different types of shocks (i.e., flooding and drought). The FY16 Somali Urban Investment Planning Project (SUIPP, P150374) initially helped Mogadishu and Garowe plan and design urban investments, and was scaled-up in January 2019 to assist Kismayo and Baidoa. The Somalia Urban Resilience Project (SURP I, P163857), approved in FY19, financed priority urban infrastructure in Mogadishu and Garowe using country systems at the municipal level for the first time. The SURP II (P170922), approved in FY20, scaled-up investments in urban infrastructure in Mogadishu, Garowe, Kismayo, and Baidoa and two new cities of Beledweyne (Hirshabelle State) and Dhusamareb (Galmudug State). Two AFs for SURP II, approved in June 2022 (P178887) and December 2022 (P179775), respectively, increased the SURP program's focus on urban forced displacement, enabling the delivery of urgent support for IDPs affected by drought, with the aim of alleviating pressure on limited urban land and services while mitigating social tension—though results of such support will manifest primarily in the next CPF cycle. To ensure conflict sensitivity and strengthen social cohesion, interventions were targeted to benefit newly displaced persons, protracted IDPs, and host communities, in terms of locations of interventions and employment generated.

28. The SURP made good progress on CPF and project indicators. The SURP I financed the rehabilitation of 12.3 km of roads in Mogadishu and Garowe. The SURP II supported rehabilitation of an additional 15.28 km of roads in Garowe (7.17 km), Kismayo (4.23 km), and Baidoa (3.88 km), with more civil works underway that are expected to be completed in FY24. Under SURP I, the number of beneficiaries satisfied that rehabilitated roads met their needs in Mogadishu and Garowe reached 136,152 (19.3 percent IDPs), already greatly surpassing the CPF target of 2,500. The number of people with access to improved roads within a 500-meter range in Mogadishu and Garowe reached 148,800 in 2021, greatly exceeding the CPF target of 8,000 for 2023. Under SURP II, an additional 367,923 people are already benefitting from completed infrastructure investments, with high rates of satisfaction for investment selection (92.5 percent of women, 87.9 percent of men, and 87 percent of IDPs were very or somewhat satisfied). However, the results of the endline satisfaction survey will not be available until FY24. The SURP projects created 240,840 person days of employment (15 percent for women and 24 percent for IDPs) from 2018 to March 2023, exceeding the CPF's overall target of 150,000 for 2023.⁷⁹ The SURP I program as of December 2022 had trained 279 project and government staff in such areas as PFM, procurement, human resources management in local government, M&E, contract management, project management, and environmental and social safeguards. The SURP program met or exceed its major project targets, as reflected in the *Satisfactory* Outcome Rating of the SURP I in its Implementation Completion Report (ICR), and greatly surpassed key numerical targets for CPF indicators, even if data is not yet fully available for Baidoa and Kismayo. Given the magnitude of the results in Mogadishu and Garowe, this Objective is rated Achieved.⁸⁰

⁷⁹ Despite no data for the CPF disaggregate of youth, which was not tracked by the SURP program, a majority of those employed are estimated to have been youth based on the nature of the work, which tends to heavily favor recruitment of those under 35.

⁸⁰ In addition, the SURP generated additional tangible socioeconomic benefits for Somalis. According to the SURP I ICR, new roads contributed to improved access to services for IDPs and host communities by reducing time and travel costs to health facilities and schools. Gradients and side drains of roads reduced flooding and stagnant water, contributing to health improvements. New pedestrian walkways, speed bumps, traffic signage, and streetlighting in several districts reportedly improved road safety and security. The total

Objective 3.2: Strengthen rural resilience and food security (Mostly Achieved)

29. The CPF made significant progress on strengthening rural resilience and food security. The CPF recognized that agricultural productivity and rural livelihoods were undermined by limited access to water and water infrastructure, exacerbated by weak land management and climate and natural disasters. The Water for Agro-pastoral Productivity and Resilience “Biyoole” Project (P167826) made good gains on developing water and agricultural services among agro-pastoralist communities in dryland areas. Biyoole supported integrated community planning and management of water, land, and livestock resources, including through Village Development Committees, as reflected in the establishment of 51 community management systems from 2018 to 2023, surpassing the project target of 45. Biyoole as of February 2023 had invested in the construction and rehabilitation of 49 improved community water points. The number of people in rural areas with access to improved water sources for multiple uses rose from 0 in 2018 to 362,731 by February 2023 (of whom 48 percent were women), greatly exceeding the CPF target of 125,000. The number of farmers adopting improved technology reached 85,015 as of February 2023 against the CPF target of 25,000. In December 2022, the World Bank approved the Somalia Water for Rural Resilience “Barwaaqo” Project, which will build on Biyoole to scale-up water and agriculture services in rural communities in Somaliland, Puntland, Galmudug, and South West States, as well as in Hirshabelle and Jubbaland. In July 2022, the World Bank approved the HoA Groundwater for Resilience Project (P174867), which aims to increase the sustainable access and management of groundwater in HoA borderlands. Results from these latter projects will manifest in the next CPF period.

30. The CPF made significant gains on building Somalia’s resilience to disasters and protecting vulnerable populations. The Somalia Crisis Recovery Project (SCRCP, P173315) supported national disaster preparedness and response mechanisms, including completion of an assessment of Emergency and Preparedness Response Capacities and a National Emergency Operations Center Investment Plan, and finalization of a work plan in collaboration with the Somalia Disaster Management Agency, with procurement of critical equipment, systems, and human resources expected to commence in 2023. However, the full establishment of these mechanisms, which was the CPF target for 2023, will likely not be met until 2024, due to delays in completing the assessments, chaos of elections, and institutional changes. With SCRCP support, the number of people with improved access to livelihood support in response to flood and drought shocks reached 282,362 people, of whom 141,181 women, in 2023. This undershot the overall CPF target of 1,203,650 people, but surpassed the target of 116,375 women. Under the SCRCP, 50 flood embankments were rehabilitated benefitting 572,802 people, which surpassed the CPF target of 525,000 people. The Baxnaano shock response window and World Bank projects supported emergency cash transfers to protect food security and the livelihoods of poor and vulnerable HH affected by the locust outbreak and drought. As of November 2022, 416,918 HH received emergency cash transfers in response to shocks, including 252,905 locust-affected HH and 164,013 HH impacted by the 2021/22 drought. This slightly missed the CPF target that 260,000 locust-affected HH receive emergency cash transfers, though the aggregate emergency cash transfers was well beyond this specific CPF indicator. Further, 86 percent of beneficiary households self-reported improved food consumption and 78 percent self-reported that cash transfers allowed them not to sell or mortgage their productive assets. The SNLRP AF (P176369) and Second SNHCP AF (P178730) strengthened the capacity of the social protection system to respond to shocks, notably by expanding coverage of HH in the USR. The approval of the regional Somalia Food Systems Resilience Project (P179832, US\$150m) aims to further increase the resilience of food systems and preparedness for food insecurity in Somalia.

IFC and MIGA Support

ERR for all road investments under Components 1 and 2 of SURP I is estimated at 23 percent based on travel time and costs saved for commuters, jobs created through the construction works, and the value of increased public services and economic integration as a result of these investments over a 20-year period including the period of project implementation.

31. IFC activities focused principally on Focus Area 2. IFC's Somalia Private Sector Development program, funded by the IFC Somalia Trust Fund, supported the following sectors and active projects: energy (Somalia Unlocking Sectoral Investment Program), Somalia Energy Engagement, financial institutions (FIDEP), investment climate reforms (SICRP 2), ICT (SUSIP), investment legal training (SOMINA), and fostering Public Private Partnerships (PPPs) in targeted infrastructure projects (Somalia PPP). The Somalia Investment Climate Reform Project-2 (IFC 603600) supported improvements to business regulation and the enactment of the Companies Act, opening the door to other reforms supporting formalization and investment. SICRP2 supported trade reforms and the launch of the Somalia Trade Information Portal (STIP). The SUSIP continues to provide support to the National Communications Authority. IFC has begun coordinating more with the World Bank where priorities converge (e.g., livestock value chain, energy sector, and reforms governing the private sector).

32. Somalia became the 182nd member of MIGA in March 2020. MIGA focused on projects supporting Focus Area 2. In FY23, MIGA executed a US\$5.7 million political risk guarantee to a solar hybrid electricity project in Baidoa. This captive solar project will supply reliable renewable power to the UN office in the Baidoa Green Zone in FY24, and may be expanded to serve more customers in the Green Zone and sell electricity to a local utility company. Building on this project, MIGA has a pipeline of additional projects in Somalia with the same client, including in Beledweyne, Kismayo, and Dhobley. In the next CPF period, these projects could supply power to a small number of off-takers, including the UN, and to local electricity supply companies who distribute power to local customers. By displacing diesel power generation, the projects could drive GHG emissions savings. Moreover, the solar power plants are expected over time to be transferred to local governments as part of their permanent energy infrastructure. These projects stand to demonstrate that investment in renewable captive power projects can be financially viable even in fragile contexts, where policy and regulatory frameworks in the electricity sector are weak. MIGA explored other opportunities in the food and agribusiness sectors. MIGA benefited from the IDA Private Sector Window (PSW) and RECTF for the Baidoa project, and would rely on these financing mechanisms for pipeline projects.

III. WORLD BANK GROUP PERFORMANCE

33. The WBG Performance is rated as Good. This rating reflects, among other factors, the highly flexible and relevant CPF design appropriate to Somalia's FCV context, which presents an insightful example for designing CPFs in other FCV contexts. It further reflects the effective, deliberate scale-up in IDA assistance for crisis response, "people-centered" service delivery, and critical development needs in the context of Somalia possibly later reaching the HIPC Completion Point, which might entail a change in IDA financing terms.

CPF Design

34. The CPF was well aligned to client priorities and SCD findings. The original Focus Area 1 on *Strengthening Institutions to deliver services*, which supported such areas as institutional effectiveness, resource sharing, social service delivery, and urban infrastructure, reflected key priorities of the NDP8 to support state-building, effective and efficient institutions, social and human development, and effective urban planning and resilience. Focus Area 2 on *Restoring economic resilience and opportunities*, which supported the business environment, access to finance, digital development, renewable energy, and access to water, reflected NDP8 priorities to adopt private-sector driven economic growth; bridge gaps in infrastructure, notably in water, energy, and ICTs; and strengthen Somalia's resilience to environmental shocks. The CPF design reflected key client sector plans, such as a PFM Action Plan and a Financial Sector Roadmap, and recommendations of the 2018 SCD, which called for strengthening governance institutions and services to restore confidence in the state; leveraging the private sector to restore jobs for a young, excluded population; and building resilience to shocks.

35. The CPF's selectivity filters of WBG comparative advantages, fragility drivers, and access and security were reasonable given Somalia's FCV context. Since reengagement in 2012, the WBG had developed

comparative advantages in strategically leveraging the MPF and ASA to support institution building, economic analysis, and public-private dialogue critical to supporting and consolidating Somalia's nascent federal system. The CPF justifiably supported incremental scaling-up of assistance for state and institution-building leveraging the MPF and IDA PACGs, complemented by ASA (e.g., economic updates) to shed light on evolving challenges and inform policy dialogue and the next NDP. The CPF reasonably focused on efforts to deepen public-private dialogue to address contentious issues with FGS/FMS on revenue sharing, trade arrangements, and constitutional matters. Drawing on the 2018 RRA, the CPF was aptly designed to assist the FGS/FMS to address Somalia's dual development trap, which highlighted two interlinked cycles of fragility that had resulted in a weak social contract and widespread exclusion.⁸¹ The CPF recognized that the spatial dispersion of WBG interventions would require assessments of security and access concerns, particularly amid new opportunities to engage beyond urban areas that had experienced security improvements, and possibilities to expand to rural areas—subject to regular reviews of risks and leveraging innovative methods for project supervision.

36. The CPF was appropriately designed to be flexible given the evolving WBG-client relationship. The CPF inherited eight operations totaling US\$144 million in IDA commitments funded by the MPF and IDA PACGs.⁸² The CPF justifiably programmed only its first two years with funding from the MPF (US\$101.5 million) and IDA PACGs (US\$140 million) in support of nine projects, pending Somalia reaching the HIPC Decision Point and clearing IDA arrears. The CPF acknowledged a "high-case" of WBG assistance if Somalia normalized IDA relations, which pointed to potential access to new IDA windows and regional projects in such sectors as trade, transport, and energy, though did not specify projects and amounts, which was justifiable given Somalia's fluid context and the major shifts portended by IFA normalization. The CPF acknowledged that deteriorating political and security conditions could hinder reforms critical to the HIPC process and IDA arrears clearance, suggesting that the World Bank under such a scenario would remain "agile", sustaining incremental support through AFs and restructurings. This *de facto* "lower-case" scenario did not materialize. Nonetheless, the World Bank still leveraged multiple AFs and restructurings to enable an agile response to the triple crisis.

37. The WBG delivered on the "inclusive approaches" recommended in the CPF. Previous ASA and WBG engagement had pointed to three principles critical to conflict prevention and momentum on Somalia's transition.⁸³ First, the WBG worked to *sustain prevention and balance short and long-term approaches*, notably by integrating emergency components into projects, such as Contingent Emergency Response Components (CERCs), and leveraging iterative, learn-by-doing activities and AFs/restructurings to respond to shocks, within the context of medium-term project frameworks and objectives. The WBG focused on *inclusion of different groups* in the CPF and projects, such as by supporting intergovernmental dialogue under the RCRF series that was effective in establishing common ground among FGS/FMS stakeholders. The WBG made strides in *proactive targeting of grievances and inclusion*, particularly through inclusion of women, IDPs, and youth in projects; scaled support for understanding social and gender risks in projects; and integration of effective grievance redress mechanisms in projects.⁸⁴

38. The CPF adhered well to lessons from previous WBG engagement. The CPF did not include a Completion and Learning Review (CLR) as the previous strategy was an Interim Strategy Note for FY14-16, but highlighted lessons from a 2017 Country Portfolio Performance Review (CPPR) on the importance of carefully sequencing aid, improving coordination, and supporting intergovernmental relations. The World Bank

⁸¹ The CPF sought to position WBG assistance to address some underlying drivers of fragility, including by building consensus among different levels of government, improving service delivery, and strengthening social-economic inclusion.

⁸² The eight operations supported recurrent financing in FGS, PFM in central agencies, line ministry capacity building, and investments in water, ICT, local development, private sector development, and civil service reform in Somaliland.

⁸³ See, for example, the "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict", United Nations and World Bank, 2017

⁸⁴ For example, the SNLRP targeted cash transfers at eligible beneficiaries from minority groups, female-headed households, persons with disabilities, and households at risk of food insecurity, and the SURP program focused on providing infrastructure and employment for IDPs and women.

strategically *sequenced* assistance, initially leveraging ASA and pilot projects funded or co-financed by the MFP that were scaled operationally and geographically with IDA resources, such as in social protection. The WBG's modular, phased approaches leveraging adaptive learning and feedback loops helped maximize development results in the complicated FCV context. Acknowledging challenges with insufficient coordination between World Bank sector teams, the World Bank *leveraged interdependencies* by transitioning to larger, cross-sectoral projects, such as DPFs and the human capital IPFs, and, reflecting limited client capacity, by applying judicious use of AFs and joint and umbrella PIUs, such as in the health sector. Lastly, the World Bank supported greater *clarity on inter-government relations*, recognizing that WBG/MPF engagements, especially those operating across FMS, had faced delays due to uncertainty and disagreements among FGS/FMS actors on whether to use centralized or state PIUs, implementation arrangements for procurement, and how funds would flow from the FGS to FMS. WBG-supported dialogue with authorities through the FMFF was instrumental in resolving issues.

39. The CPF rightly characterized the overall risk to the CPF as High accounting for Somalia's fragility and volatile political and security dynamics. The CPF identified *political* risks as High, suggesting that WBG-supported reforms critical to strengthening the federal system and HIPC might be derailed by intra-governmental and inter-governmental contestation, particularly related to resource sharing; regional interference in Somalia's political processes; and uncertainty on the constitutional review process, transition of ANISOM, and upcoming federal and state-level elections. As expected, the WBG's support intergovernmental dialogue including through the FMFF helped to manage such risks. Nonetheless, the political impasse around the 2021 Presidential elections prompted application of O.P. 7.30, which limited preparation of projects to those on crisis response and human capital. The CPF justifiably rated *macroeconomic and fiscal risks* as High, pointing to possible economic and fiscal strain from drought, changes in aid flows that could undermine the Government's fragile fiscal position, and Somalia's limited recourse to macro instruments to manage crises. These risks proved discerning given the persistent drought in the CPF period, even if the full economic and fiscal impacts of the "triple crisis" particularly COVID-19 were reasonably unforeseen. The WBG partially mitigated risks by collaborating with the IMF to support the fiscal and financial sectors and later pandemic response. The CPF rightly gauged risks related to *institutional capacity for implementation and sustainability* as High, noting Somalia's public sector capacity was limited and weaknesses in the banking and financial sectors posed risks related to funds flow. As expected, the World Bank leveraged IDA resources to build institutional capacity for implementation and integrated capacity building components into projects, and leveraged an MPF-funded monitoring agent to monitor funds flow. The WBG rated *environmental and social risks* as Substantial, pointing to lack of a country-wide framework for managing such risks and only nascent associated capacity of FGS and FMS systems. The WBG implemented key proposed mitigation measures, such as by providing more attention to post-approval safeguards/ESF documentation and supervision; increasing the intensity of World Bank safeguard/ESF supervision; working with procurement personnel on embedding environmental clauses into contracts; and supporting client and consultant capacity to assist the development of safeguards/ESF instruments.

40. The original CPF Result Matrix (RM) was of generally high quality. The RM clearly defined the two CPF Focus Areas and provided comprehensive intervention logics for the six CPF Objectives. CPF indicators were specific, measurable, and well sourced. The RM featured many disaggregates to track results for youth (e.g., person days of employment created), IDPs (e.g., share of IDPs with access to improved roads) and women (e.g., women-owned MSMEs reached with loans). Disaggregates captured the results of different Somali regions, such as businesses registered under a One Stop Shop in both the FGS and Somaliland. That said, Objective 1.4 on building capacity of Somali municipalities for urban resilience might have fit better under Focus Area 2, which focused on "economic resilience". The formulation of Objective 2.4 (increase access to water through rural resilience and productivity) was somewhat convoluted, and likely could have been more clearly phrased as increasing rural resilience and productivity through water and agriculture investments.

CPF Implementation

41. The World Bank substantially scaled IDA commitments leveraging new IDA sources in the CPF period.

In early 2020, Somalia became eligible for additional IDA resources under the IDA18 Turnaround Regime (TAR) and IDA19 Turnaround Allocation (TAA), based on submission of an IDA18 TAR Eligibility Note and IDA19 TAA Application, which testified to an acceleration of reforms reflecting a “turnaround” in Somalia’s performance, yet needs for deeper support on governance and basic security and services, particularly given enduring FCV risks and humanitarian and climate shocks. Annex 6 includes more information on the TAR/TAA including milestones for assessing progress. Actual IDA commitments in FY19-20 reached about US\$1.0 billion for 12 projects—much more than the US\$140 million forecast in the original CPF—tapping funding from IDA PACGs (US\$140 million); the TAR (US\$218 million); an IDA Arrears Clearance Set-aside (US\$380 million) for the Reengagement and Reform DPF (P171570); IDA reallocations to Somalia (US\$164 million); and the IDA Crisis Response and Regional Integration Windows (US\$100 million). In FY21-22, IDA commitments reached US\$820 million for five projects and eight AFs. IDA commitments in FY23 were US\$280 million as of June 8, 2023.

42. The World Bank applied scaled-up IDA resources to support crisis response and recovery and deeper reforms and investments critical to people-centered service delivery, recognizing a need for “second generation” reforms to support Somalia’s state-building agenda, and the possibility that Somalia could face a shift in lending terms.

The WBG made a conscious decision to “go big” and more strongly focus the portfolio on crisis response and services critical to restoring the social contract, understanding that new projects, particularly in new geographic areas, would take time to manifest results, amid a risk that Somalia authorities might become less inclined to borrow under a potential shift from IDA grants to credits in the post-HIPC Completion Point period. Among others, the WBG delivered operations that provided COVID-19 vaccinations, cash transfers, livelihood support, and infrastructure for households impacted by the triple crisis. Operations increased access to finance among pandemic-affected MSMEs and access to water in rural areas, and initiated activities to increase human capital services, including the coverage of health services and access to a quality basic education.

43. The MPF continued to play a major role in the CPF in piloting and scaling approaches, donor coordination, risk management and policy dialogue, though MPF commitments dropped amid the IDA scale-up.

Regular Reviews⁸⁵ testified to the MPF’s substantial impacts on improving donor and sector coordination; harmonizing policy dialogue; increasing government ownership; piloting and scaling programs; enabling scaled up support through country systems; and strengthening government institutions. The MPF provided a platform for coordinating financing using country systems, and financed the bulk of risk management for the WBG portfolio, notably enhanced supervision budgets for task teams, centralized security and logistics platforms for mission travel, and a portfolio-wide TPM agent. This TPM agent was complemented by a professional services contract allowing World Bank Task Teams to hire consultant-type assets on the ground beyond the security-related duty of care of the World Bank, and in addition to portfolio-wide TPM resources. The MPF continued to finance and co-finance select operations.⁸⁶ Total commitments from the MPF reached US\$109.8 million in FY19/20. In FY21/22, MPF commitments were US\$20 million for co-financing an AF (P174769) for SCALED-UP.

44. The WBG diversified its assistance in sector composition and geographic coverage.

Before the CPF and in its early years, WBG assistance was heavily oriented toward governance, PFM, and institutional capacity-building targeting the FGS and Mogadishu, Garowe, and Hargeisa, namely through the “troika” of governance projects (RCRF, CIP, and Second PFM). After IDA normalization, WBG assistance invested in the full breadth of human capital services (e.g., health, education, and social protection) through a more “people-centered” approach, and was increasingly national in scope, with activities targeting all FMS, the BRA, and Somaliland. The

⁸⁵ Notably, the MPF mid-term review and successive MPF Progress Reports.

⁸⁶ In FY19/20, the MPF financed three projects entirely (SEAP, CIP, and SURP). The MPF co-financed four operations with IDA, including the SURP II (P170922), SCALED-UP (P168115), and AFs for the RCRF II (P167224) and the PFM Capacity Strengthening Project (P166206).

SURP expanded to encompass six cities across five FMS and the BRA. The WARP expanded into agro-pastoralist communities in dryland areas, and was the first IDA-financed project to implement in Somaliland.

45. Portfolio challenges included Somalia’s complex political dynamics; lack of security and pandemic restrictions; and insufficient client capacity. World Bank assistance, which represents the largest contribution to FGS and FMS budgets among DPs, was subject to disagreements among political stakeholders on what constitutes a fair distribution of IDA resources, especially concerning Somaliland, which in some cases extended project preparation and undermined efficient resource allocation. The WBG was aware that the IDA scale-up could exacerbate political contestation, and partially mitigated this risk through engagement in the FMFF and the incentives for reform under the HIPC process. Somalia’s complex political economy required the WBG to engage with multiple client counterparts who lacked familiarity with WBG instruments. As noted, OP 7.30 limited preparation of projects to crisis response and human capital until restrictions were lifted after election of a new President in May 2022. Had the political impasse not occurred, the WBG might have delivered the new budget support series earlier, with possibly accelerated reforms. Lack of security and restrictions on movement during the pandemic period impeded missions, on-the-ground presence, and in-person consultations. Client institutional capacity to implement projects was limited, particularly in procurement, FM, and safeguards, notably environmental and social frameworks (ESFs), exacerbated by the IDA scale-up. Activities of projects in health and education were slowed by delays in contracting NGOs and TPM agents, delayed government approval of the 2022 budget, and conflicts over implementation arrangements. In some cases, WBG support under projects and CERCs was slow to reach beneficiaries due to delays in effectiveness and disbursement, such as for the SNLRP, which was approved in June 2020, but more than 80 percent of its disbursements were made to implementing partners after April 2021, a year after the onset of the desert locust outbreak. In some cases, WBG-supported projects were slowed by delays in staffing PIUs and project-supported government agencies.

46. The WBG took steps to address challenges. The WBG deepened engagement with FGS and FMS officials and stakeholders to help achieve consensus on IDA activities and strengthen portfolio supervision. In the OP 7.30 period, the WBG maintained close, regular contact with Task Teams and PIUs to monitor early warning signals suggesting weaker commitment to WBG-supported reforms or project implementation, complemented by discussions with risk management teams in FM, procurement, and ESF. In response to insecurity and pandemic restrictions, the WBG engaged in more frequent virtual meetings, and deployed an MPF-funded TPM agent across the portfolio. The WBG resolved challenges with the projects in health and education by providing additional TPM support and engaging senior management of the WBG and DPs to highlight the importance of maintaining timelines and agreements. The WBG provided capacity-building programs in project management and safeguards along with greater resources and capacity-building to project teams to manage fiduciary risks exacerbated by the IDA scale-up, which formed part of the broader RMF designed to strengthen management of heightened portfolio risks. The CPF’s iterative, adaptive approach of using IDA to scale-up MPF-financed programs ensured counterpart institutions benefitted from gradual capacity-building and understanding of WBG instruments, while enhanced WBG implementation support and MPF-financed risk management tools supported effective portfolio delivery, as reflected in strong disbursement and portfolio indicators.

47. As expected, the World Bank consolidated financed projects into larger operations through restructuring and AFs. Average project size nearly tripled from US\$29.7 million in FY19 to US\$88 million in FY22. From FY19 to FY23, the number of projects financed solely by the MPF fell from eight to two and the number of projects financed solely by IDA rose from one to 14. The use of AFs, such as in the RCRF program, SCALED-UP, and the SURP, has enabled the World Bank to scale-up approaches accounting for limited client capacity.

48. Portfolio quality was generally high. On Development Outcome (DO), 66.7 percent of 15 active lending projects with ratings were Satisfactory (S) and 33.3 percent Moderately Satisfactory (MS) as of June 2023. On Implementation Progress (IP), 53.3 percent were S and 47.7 percent MS. Ten lending projects closed in the CPF

period—eight IPFs and the Somalia Reengagement and Reform DFP and its Supplemental Financing.⁸⁷ Of the six closed projects with ICRs, five were S and one MS on both DO and World Bank Performance. The Independent Evaluation Group (IEG) concurred with all DO ratings except that for the SURP. IEG recognized progress on rehabilitated roads under the SURP, but rated the DO as MS instead of S in the project ICR accounting for shortcomings in achieving higher-level outcomes, notably building municipal accountability to constituents. IEG concurred with all ratings except one for World Bank Performance, upgrading the rating for the Special Financing Facility for Local Development Project⁸⁸ from MS to S, placing less weight on minor shortcomings in project supervision by highlighting use of third parties for project monitoring. The IPF disbursement ratios were 58.7 percent in FY20, 34.6 percent in FY21, and 30 percent in FY22, with a slight pullback in FY22 due to the political crisis. Portfolio performance was robust despite all active projects rated High or Substantial on overall risk. Portfolio performance in Somalia trended higher than other FCS countries, likely due to incentives for reform under HIPC, the narrow focus of the portfolio and careful scaling, and strong strategic partnerships.⁸⁹

49. The World Bank delivered a scaled-up, high quality ASA portfolio that bridged knowledge gaps; simulated and informed policy dialogue; strengthened client technical and institutional capacity; and laid the analytical foundation for the next CPF. As shown in CLR Annex 5, more than 90 percent of ASA programmed in the original CPF for FY19/20 were delivered or active as of June 2023. The World Bank initiated nearly all ASA that the PLR programmed for FY23, including core diagnostics such as the SCD Update, RRA Update, Country Private Sector Diagnostic, and Country Climate and Development Program, which have built a strong knowledge base for the next CPF. Beyond those programmed in the original CPF, the World Bank delivered or initiated more than 20 additional ASA activities through FY22. Of nine ASA with ratings that closed in the CPF period, 78 percent were Highly Satisfactory (HS) or S and 22 percent MS on Development Effectiveness.⁹⁰

50. The PLR made warranted changes to the CPF framework, though its late delivery undermined its utility somewhat. The PLR documented the key changes to country context, and reasonably extended the CPF one year through FY23 to allow time for engagement with the new FGS/FMS governments on medium-term priorities to inform the next CPF, which was particularly relevant given the political impasse. The PLR made reasonable adjustments to the CPF framework to enhance coherence and reflect new IDA inflows. The PLR documented efforts to manage higher portfolio risks amid the IDA-scale-up. The WBG initiated the PLR in early 2020, but it was not delivered until September 2022 largely due to difficulties in finalizing changes amid the pandemic and the political impasse. The delay was reasonable, but undermined the PLR’s use as a “mid-term” instrument for program adjustments. The revised CPF matrix was strong and featured clear intervention logics and indicators.

51. The World Bank delivered new regional operations to address humanitarian needs and longer-term recovery and development in the HoA. At WBG/IMF Annual Meetings in October 2019, Ministers of Finance of HoA countries highlighted needs for a coordinated approach to regional challenges, and agreed on priority proposals in four thematic areas: improving regional infrastructure connectivity; promoting trade and economic integration; building resilience; and strengthening human capital development. In FY22/23, the WBG approved

⁸⁷ The IPFs that closed in the CPF period includes the ICT Sector Support in Somalia Phase II (P152358), Special Financing Facility for Local Development (P156257), SCORE, RCRF Phase II, SUIIP, SURP, CIP, and the Barwaaqo water project (P177627).

⁸⁸ The Special Financing Facility for Local Development project supported the construction and reconstruction of infrastructure and building capacity for public service delivery in select areas of Somalia.

⁸⁹ The Somalia portfolio has consistently exhibited higher disbursement ratios than FCS, which averaged 28.6 percent from FY18-22. Project preparation time is faster in Somalia, taking just over 18 months on average from concept note to first disbursement, compared with the FCS average of 21 months and the non-FCS average of 25 months.

⁹⁰ Key ASA initiated or delivered in Focus Area 1 included a program to enhance government dialogue with partners; TA on a shock responsive SSN, and a program supporting engagement with youth on gender norms. Focus Area 2 included ASA to enhance FGS/FMS coordination on customs and domestic revenue mobilization; TA to develop a national trade strategy; and a program supporting a regulatory framework for mobile money. Besides the RRA and CCDR, key ASA in Focus Area 3 included a program to strengthen social cohesion and resilience through community institutions and a programmatic ASA to strengthen Somalia’s capacity to manage environmental, social, and security risks.

US\$158 million in regional IDA financing for HoAI initiatives supporting regional infrastructure (P173119), groundwater in borderlands (P174867), and support for pastoral economies (P176517). These projects are in early stages, with recent ISRs showing S or MS ratings for DO and IP. In March and May 2023, the World Bank approved the Food Systems Resilience for Eastern and Southern Africa Program Phase 3 (P177816, US\$150 million for Somalia) and the Eastern Africa Regional Digital Integration Program (P176181, US\$80 million).

52. The PLR rightly introduced the RMF to address higher risks. The PLR maintained the CPF ratings of High for political, macroeconomic, institutional capacity risks. The PLR upgraded fiduciary and environment and social (E&S) risks from Substantial to High, reflecting challenges with procurement, limited client capacity in E&S safeguards, and heightened E&S risks as the WBG scaled engagement in core infrastructure.⁹¹ Under the RMF, the WBG worked to mitigate risks of the FGS/FMS losing momentum on reforms amid the chaos of the triple crisis and political impasse, notably by sustaining engagement in the FMFF, delivering budget support tied to key reforms, and collaborating with the IMF on its ECF program. The WBG scaled trainings for PIU staff on project management, FM, and procurement, and adopted a common approach to core PIU functions. The World Bank undertook systematic reviews of environmental and social risks in the WBG portfolio and allocated additional resources to develop systems for mitigating risks and improving stakeholder engagement. With MPF support, the WB delivered programmatic ASAs aimed at strengthening FM, procurement, and management of ESF risks across the portfolio. The CPF supported development of dedicated client ESF capacity.

53. The WBG appropriately applied a Security Risk Management (SRM) approach accounting Somalia's FCV environment. The IDA scale-up necessitated greater engagement in remote, rural areas and areas facing risks of insecurity. The SRM approach supported dialogue within the WBG on security risks, including through a senior, cross-unit advisory group that worked to ensure institutional awareness and buy-in on security risks, identify best practices for SRM, and share lessons. The SRM delineated roles, responsibilities, and resources for developing and administering SRM in client operations. The World Bank leveraged TPM arrangements to monitor project performance, including adherence to safeguards.⁹² The World Bank established centralized logistical and security platforms for mission travel to Somalia, and centralized arrangements with a private contractor for deploying consultants. The use of the Nairobi CMU as a base for WBG staff should continue as the WBG strives to incrementally increase in-country presence accounting for access and security concerns.

54. The WBG deepened support to empower women and girls. In 2019/20, the WBG undertook portfolio review of Sexual and Gender-Based Violence (SGBV) risks, which highlighted contextual, portfolio-level, and project-specific dynamics; recommended interventions and risk management tools; and identified opportunities for proactive SGBV prevention and response programming. This review informed the establishment of the Gender Equality Platform in June 2021, which increased technical support to operations, conducted frontier research, identified innovative interventions to advance women's socioeconomic empowerment, and expanded policy dialogue and knowledge sharing across government and development partners.

55. The WBG strengthened client fiduciary skills and adopted common, sector-wide approach to project management in strategic sectors and geographical areas. The WBG's strong portfolio performance benefitted from progressive development of client fiduciary capacity; use of country systems; tight controls; and multiple layers of oversight. The WBG supported a pilot program that adopts a common PIU for projects in the same sector at the FGS or FMS level; centralized oversight of procurement; common safeguards specialists; and uniform approaches to Performance Based Financing. World Bank projects leveraged the MoF's External

⁹¹ The PLR recognized that Somalia's susceptibility to climate shocks could drive social tensions with negative spillovers on government and WBG programs, and that the IDA expansion into core infrastructure could pose greater risks to workers, project officials, and communities of insecurity, occupational health and safety, and Gender-Based Violence (GBV).

⁹² For example, the Damal Caafimaad Project (P172031) is contracting a TPM agent to undertake an annual household survey and develop an annual scorecard on health facility performance. TPM can be used in myriad other situations, including independent audits and reviews of complex and sensitive matters, such as allegations of GBV or health and safety incidents.

Assistance Fiduciary Section (EAFS) units, which were established at FGS and FMS levels to handle FM responsibilities for all externally financed projects, which strengthened and consolidated national capacities, while reducing the risk of overstretching human resources. As of June 2023, the 15 active lending projects with ratings (i.e., minus budget support) are rated S or MS in both Procurement and FM.

56. The WBG enhanced multi-sector support for climate resilience reflected in a major spike in CCBs. According to the 2020 Notre Dame Global Adaptation Initiative Index, Somalia is the second most climate-vulnerable country globally and among those least ready to confront the climate crisis. Somalia is expected to face irregular rainfall and a projected increase in average annual temperature of between 3°C and 4°C by 2080, increasing risks of floods, droughts, and drops in agriculture productivity. IFPs supported access to climate-resilient water infrastructure, sustainable land management, and renewable energy in rural areas. The SURP invested in climate-resilient roads and drainage infrastructure in urban areas, while the shock responsive projects provided short-term assistance to households impacted by climate-related disasters and rehabilitated infrastructure affected by floods. CCBs rose from nearly 0 percent in FY19 to 32 percent Projected Year End (PYE) in FY23, averaging 28 percent for the FY19-23 period. The rapid increase was primarily driven by the projects in water, energy, urban resilience, and social protection.⁹³

Evolution of Partnerships

57. The WBG remained a major player in aid coordination in the CPF period. The 2012 Somali Compact established a mechanism for country ownership and donor coordination that the World Bank, African Development Bank (AfDB), and the UN supported through the MPF and other trust funds. A Mutual Accountability Framework (MAF) was agreed in 2017 and updated in 2019 to align with the NDP9, and underpinned Somalia's TAR/TAA allocations. This aid architecture was suspended during the political impasse in 2021, but continued to provide a forum for decisions on high-priority operations and engagement with the FGS/FMS. The WBG played a leading role in the HIPC process, while the UN political, development, and humanitarian mission in Somalia coordinated on political and security issues. WBG integration into these frameworks ensured coordination with security, development, humanitarian, and political actors.

58. As noted, the MPF was instrumental in piloting new approaches; deepening implementation support; and providing co-financing, risk management, and donor coordination. Supported by ten donors,⁹⁴ the MPF was the primary source of WBG financing in Somalia until clearance of IDA arrears, and was instrumental in building core government systems, expanding services and investments at federal and state levels, and creating knowledge. The MPF was the most important source of external financing for government systems, bringing DPs and the Government in discussions on the functioning of core state institutions and the state building agenda. IDA financing built on many MPF-financed projects. The MPF facilitated donor coordination and supported enhanced oversight of WB-financed programs, including through a dedicated TPM agent and new platforms (e.g., Somalia Gender Equity Platform). The MFP was extended through 2028 reflecting the MPF's contributions to Somalia's development and the WBG program, and is expected to play a continued strong role in next CPF.

59. Partnerships along the humanitarian-development nexus will remain critical to reduce Somalia's reliance on short-term humanitarian flows. According to IMF projections, Somalia's Official Development Assistance (ODA) reached about 30 percent of GDP in 2022, with about two thirds humanitarian and one third development assistance. This reversed a trend of roughly even distribution in 2020 and 2021, and was attributable to financing for drought response and famine prevention. Somalia remains vulnerable to frequent

⁹³ For example, in FY20, the WARP was assigned 100 percent CCBs, the SURP II 59 percent, the SCRP 65 percent, and the SRLP 50 percent. In FY21/22, the ESRP was assigned 68 percent CCBs and high CCBs were assigned to AFs for the SURP II and SP projects. In FY23, the WARP II is projected to have 68 percent CCBs.

⁹⁴ The MPF is supported by the European Union, the United Kingdom, Germany, Sweden, Norway, Denmark, Switzerland, Finland, the United States, Italy, and the World Bank State and Peacebuilding Fund.

shocks, underscoring needs for investments in human capital and climate resilience. The World Bank portfolio has scaled-up human capital investments and crisis preparedness and response efforts, and remains positioned to leverage partnerships with NGO and UN partners to deliver services as part of government-led crisis response.

Alignment with Corporate Priorities

60. The CPF was well aligned to key WBG and IDA priorities. The aim of the original CPF Focus Area 1 to strengthen institutions for service delivery, including through activities supporting institutional effectiveness, FM, and social service delivery, dovetailed with IDA18 special theme of *governance and institutions*, which emphasizes better managing resources and improving service delivery, and with the WBG priority of *human capital*. The aim of Focus Area 2 to restore economic resilience and opportunities, such as by improving the business environment, increasing access to finance, and supporting renewable energy and water infrastructure, reflected the IDA18 special themes to *empower jobs and economic transformation* and increase resilience to *climate change*, as reflected in the rapid increase in CCBs. IDA's focus on *gender* was reflected in scaled efforts to diagnose challenges facing girls and women and support gender outcomes in multiple sectors, including through the Gender Equality Platform. The PLR's revised CPF framework sustained alignment with IDA priorities, scaling support for government systems, social services, and a response to the triple crisis. The new Focus Area 3 on resilience, which incorporated ongoing projects in urban resilience and scaled-up work in water, energy, and crisis response, dovetailed with multiple IDA priorities, including *climate change* and *Fragility, Conflict, and Violence*, through which IDA seeks to provide financing and knowledge to rebuild resilient institutions and economies. The revised framework was aligned to priorities of the WBG Green, Resilient, and Inclusive Development (GRID) framework, as reflected in simultaneous support to address the short-term impacts of COVID-19 and longer-term threats of climate change, such as by investing in green infrastructure, strengthening Disaster Risk Management, and supporting a multi-pronged approach to human capital.

61. WBG engagement in Somalia was well rooted in FCV approaches and well-coordinated with the international community. In December 2011, the International Dialogue on Peacebuilding and State Building, comprised of g7+ group of 19 fragile and conflict-affected countries, DPs, and international organizations, had endorsed a "New Deal for Engagement in Fragile States", which recognized needs for differentiated approaches in Fragile and Conflict-affected States (FCS) and delineated five PSGs for FCS (see footnote 1). The FY14-16 ISN sought to lay the foundations for poverty reduction and shared prosperity by delivering on select priorities of this Compact's PSGs financed by the State and Peace Building Fund (SPF) and MPF. The CPF was more steadfastly anchored on Somalia's drivers of fragility as analyzed in the 2018 RRA, channeling WBG assistance to address Somalia's dual development trap. Compared with the ISN, the CPF scaled-up support to address environmental degradation and climate change, which can exacerbate vulnerabilities and drive fragility and conflict. The PLR's revised CPF framework remained aligned to WBG priorities for FCV countries specified in the 2020-2025 WBG FCV Strategy. For example, Pillar Three of this FCV strategy addresses how to help countries such as Somalia transition out of fragility, recommending WBG assistance be directed at strengthening the capacity and legitimacy of core institutions, renewing the social contract, and supporting private sector development.

IV. LESSONS LEARNED

62. The WBG played an increasingly important role in Somalia over the past decade and in the CPF period. The WBG demonstrated its ability to constructively engage in Somalia's complex FCV environment. The WBG applied iterative, differentiated, and adaptive approaches to expand its early support for strengthening institutions and core government functions financed by the MPF to regularized IDA financing for infrastructure, human capital, and crisis response across new sectors and geographic areas under a more "people-centered" approach. Lessons consider how the WBG can maximize its development impacts accounting for: the IDA scale-up; challenges of the FY19-23 CPF; and Somalia's FCV context. Lessons are broadly informed by WBG analytical work on FCV settings, including the WBG FCV Strategy for 2020-2025 and a recent FCV learning note on Somalia.

- **Stay the course in supporting state-building and increasing core capacity to deliver services, which is critical to rebuilding the social contract and addressing underlying fragility, but expect a non-linear journey.** WBG experience in Somalia affirms the importance of remaining engaged over the long-term and continuing to address Somalia's complex fragility drivers, including the country's unfinished political settlement, limited state presence and security, and continued deep-seated intercommunal divisions. The WBG should expect a non-linear process accounting for Somalia's complex political and social dynamics. The WBG should anchor the WBG portfolio on building core government systems for service delivery and the foundations for longer-term resilience and development. Building on good gains in strengthening institutions and core government functions concentrated largely at the FGS level, the WBG should increase support for building capacity of FMS and municipal institutions as the portfolio expands geographically.
- **Leverage partnerships and performance-based instruments such as the TAA to create incentives for reform, ensure progress toward the HIPC Completion Point, and support Somalia's emergence from FCV.** The HIPC Initiative provided a framework for the international community to align financial incentives, investments, and policy dialogue, while prospects for debt relief provided incentives for the Government to pursue an ambitious reform agenda. The World Bank effectively leveraged and coordinated the TAR/TAA framework, the RCRF program, and budget support with interventions of DPs including the IMF to drive key reforms, complemented by engagement in the FMFF to support country dialogue and consensus on key policies. In the post-HIPC period, the WBG should apply IDA TAA resources to sustain momentum on key reforms critical to addressing Somalia's FCV drivers and strengthening state stability and institutional capacity, such as related to revenue mobilization, intergovernmental relations, and social protection.
- **Carefully manage trade-offs between short-term crisis response and long-term institution building.** The WBG provided substantial and justifiable short-term assistance for crisis response that alleviated hardships on households, and should remain prepared to respond to humanitarian crises, particularly through one-off operations. However, WBG staff expressed that quickly reorienting operations through CERCs and restructurings to address short-term crises has at times caused delays and distracted from projects' longer-term focus on institutional strengthening, which is a WBG comparative advantage.
- **Adopt phased approaches to piloting and scaling projects that leverage adaptive learning and multiple instruments.** With support of the MPF, IDA, and other partners, Somalia has achieved good results in key sectors by leveraging analytical work to develop and test small pilot programs, then scaling programs operationally and geographically using IDA resources. The WBG has effectively combined budget support with IPFs to drive reforms, such as in social protection and the business environment.
- **Continue IFC and MIGA assistance to facilitate access to finance and private sector investment and development, leveraging MFD approaches whenever possible.** IFC built a pipeline of early investment projects and provided advisory support to build capacity of microfinance institutions, but its engagement with banks to finance SMEs was limited due to weak country systems and capacity for integrity, due diligence, and KYC, which may call for additional WBG support in such areas. MIGA's engagement was limited due to difficulties in the operating environment, particularly related to regulatory oversight and the legal framework, which delayed investors' entrance to the market, though MIGA demonstrated that renewable captive power projects can be viable in Somalia despite weak policy and regulatory frameworks. As proved critical to the success of the Baidoa project, MIGA should continue close collaboration with the CMU, UN, and other third parties with deep knowledge of Somalia to address hurdles, and leverage risk-sharing tools, such as Private Sector Window and trust funds.
- **High fiduciary risks and rapid scale up of the portfolio require enhanced support for portfolio supervision and on-the-ground presence, while leveraging innovative modalities for portfolio management and citizen engagement accounting for security risks.** The MPF was pivotal in enhancing supervision of the portfolio and assisted with security and logistics to facilitate WBG engagement. Though insecurity has made it difficult to establish staff presence in Mogadishu, the WBG has increased staff in the Somalia Country Team, and deployed more regular, flexible on-the-ground support to clients in Somalia. Establishing a presence on-the-ground remains a critical priority to ensure strong portfolio supervision and development impacts. Given

Somalia's FCV environment, WBG staff should sustain use of innovative instruments as TPM, the GEMS Tool,⁹⁵ beneficiary scorecards, phone hotlines, radio broadcasts for consultations and portfolio and project management, implementation, and evaluation.

- **Leverage donor coordination mechanisms and support hybrid approaches for service delivery engaging DPs and civil society.** Working through the Government-led aid architecture enabled the WBG to successfully “plug in” to widely used aid coordination mechanisms and established networks supporting Somalia's development. Partnerships with the IMF, the AfDB, and the donor community have been critical for sustaining authorities' focus and momentum on the debt relief process. Given limited client institutional capacity, the WBG should continue to support hybrid models for service delivery through which the FGS/FMS manage projects and issue contracts for project components to UN agencies or NGOs.
- **Strengthen country capacity to manage World Bank-financed activities and project risks, especially fiduciary risks.** The World Bank should scale-up trainings to PIUs in safeguards, FM, and procurement, noting fiduciary risks intensified during the IDA scale-up, which required enhanced risk assessments and greater resources for project teams. The WBG should work with the EAFS unit to facilitate FM for projects and support the growth of the WBG portfolio into FMS. The WBG should accelerate efforts to consolidate project management in counterpart institutions, and adopt a common approach to project functions, such as procurement and environmental and social risk management.
- **Strengthen the RMF reflecting the MPF's changing role from reengagement to managing risks of a broader, more mature portfolio.** This should include continued high-level dialogue at the FMFF to depoliticize and reach agreement on key reforms; and use of the gender platform, an umbrella ESF framework, and the SRM Framework to ensure adequate mitigation measures for risks are integrated into projects.
- **Leverage the ASA program to analyze Somalia's political economy; communities' perceptions of state legitimacy; and expenditures and reform areas in the security sector.** The WBG should undertake regular monitoring of political economy and FCV risks at the sector and project levels to inform WBG engagement, and support surveys on citizen perceptions of state services and institutions and grievances to understand on-the-ground realities and inform interventions. State security is traditionally outside the WBG purview. However, the WBG can have a limited but critical role in examining expenditures and supporting select reforms, noting the 2017 Somali Security and Justice Public Expenditure Review (SJPER) co-led by the UN and WB served as a foundational document guiding the sector, and was followed by WB TA to implement HR reforms including biometric registration of soldiers.

63. The evolution of the WBG assistance since 2012 suggests a broader lesson on factors that favor successful WBG country strategies in FCV states. Country strategies in FCV states, whether a CEN or CPF, should be highly flexible and designed to address FCV drivers and leverage sources of resilience confirmed by ASA, such as RRAs, and be anchored within a framework of sustained, long-term development assistance engaging DPs. Capacity limitations may call for the use or establishment of singular or multi-donor TFs to initially fund analytics and small-scale pilots that strengthen country systems for basic service delivery crucial to the social contract, followed by gradually increased funding to scale-up results building on successes. Strategies should consider performance-based instruments, such as the TAA, and regional or international donor aid mechanisms, such as HIPC, to incentivize reforms, and support engagement in specialized and regional donor groups to ensure aid coordination and promote effective country dialogue. Strategy design might benefit from tailored “conflict” and “peace” filters and innovative portfolio management, supervision, and risk management modalities, such as TPM and third-party professional services, to enable effective WBG operations in fragile and conflict-affected areas, as well as enhanced risk management frameworks tailored to county conditions. Strategies may benefit from scaling-up regional programs to help address fragility drivers in cross-border environments.

⁹⁵ The Geo-Enabling initiative for Monitoring and Supervision (GEMS) tool is a simple, low-cost option for project M&E that leverages digital data collection and analysis and facilitates real-time safeguards monitoring and portfolio mapping. The GEMS tool has been leveraged by the Biyoole and SURP projects.

CLR Annex 1: Summary of Progress on Somalia FY19-23 CPF Results Matrix

CPF Focus Areas, Objectives, and Indicators	Ratings
Focus Area 1: Strengthening Institutions and Financing for Social Service Delivery	
Objective 1.1: Improve core government systems and capacity	
1.1.1. Percent of civil service wage bill financed by the FGS budget	Mostly Achieved
1.1.2. Female recruitment increased for middle and upper management positions in the civil service in FGS and Puntland (percentage)	Mostly Achieved
1.1.3. Percentage of MDA audits completed and published in FGS, Somaliland, and Puntland	Mostly Achieved
1.1.4. Increase in real terms (adjusted for inflation) inland tax revenue collected	Achieved
1.1.5. Number of tax and non-tax revenue instruments with basic processes	Partially Achieved
1.1.6. A rules-based allocation for intergovernmental transfers to all federal member states based on transparent criteria is in place	Mostly Achieved
Objective 1.2: Improve service delivery systems and financing for human capital	
1.2.1. Increase in percent of the FGS's MDA spending on social services delivery and social assistance benefits (as share of the overall FGS budget)	Achieved
1.2.2. Proportion of women of child-bearing age (15-59 years) and children 0-59 months referred to health facilities by Female Health Workers in selected federal member states	Achieved
1.2.3. Teachers undergoing proficiency testing on literacy, numeracy, and classroom pedagogy in selected FMS (number)	Mostly Achieved
1.2.4. Beneficiaries of social safety net programs (number, of whom women)	Mostly Achieved
1.2.5. Developed unified social registry	Achieved
Focus Area 2: Enabling Inclusive Private Sector-led Growth	
Objective 2.1. Improve the business environment and economic foundations	
2.1.1. Increased private sector investment in key economic sectors	Not Achieved
2.1.2. CBS core-banking system functional and scaled-up to support government business continuity and digital payments in Federal Member States	Partially Achieved
2.1.3. Number of firms having benefited from reformed business registration requirements	Mostly Achieved
2.1.4. New Investment leads registered by Somalia Investment Promotion Agency (number)	Achieved
2.1.5. People provided with new or improved electricity services (number, gender disaggregated)	Achieved
2.1.6. Number of households with new stand-alone solar systems	Achieved
Objective 2.2. Increase access to finance and digital inclusion	
2.2.1. Value of MSME loans from MSME financing facility advanced by participating financial institutions in key economic sectors	Partially Achieved
2.2.2. Number of firms that receive Business Development Services as part of COVID-19 response support	Not Achieved
2.2.3. Women SME beneficiaries of new financial products and services (number)	Not Achieved
2.2.4. Number of unique transactional accounts opened using a digital Customer Verification System (CVS) to enable electronic KYC (eKYC) protocols	Not Achieved
Focus Area 3. Strengthen Resilience	
Objective 3.1: Build the urban resilience of Somali municipalities	
3.1.1. Beneficiaries are satisfied that the rehabilitation of secondary urban roads met their needs in Mogadishu, Garowe, Kismayo and Baidoa (number)	Achieved
3.1.2. People with access to improved roads within a 500m range in Mogadishu, Garowe, Kismayo and Baidoa (number)	Achieved
3.1.3. Person days of employment created in Mogadishu, Garowe, Kismayo and Baidoa (days)	Mostly Achieved
Objective 3.2: Strengthen rural resilience and food security	
3.2.1. People in rural areas provided with access to improved water sources for multiple uses: domestic, livestock and horticulture (number)	Achieved
3.2.2. Producers adopting improved agricultural technology (number)	Achieved
3.2.3. Establishment of national disaster preparedness and response mechanisms	Not Achieved
3.2.4. Number of people benefitting from improved flood risk management	Achieved
3.2.5. Number of people with improved access to livelihoods support in response to flood/drought shocks (of whom women)	Partially Achieved
3.2.6. Locus-affected households receiving emergency cash transfers (number)	Mostly Achieved

CLR Annex 2: Detailed Evaluation of Somalia FY19-23 CPF Results Matrix

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
Focus Area 1: Strengthening Institutions and Financing for Social Service Delivery				
<p>Objective 1.1: Improve core government systems and capacity</p> <p>Rating: Mostly Achieved</p>	<p>Percent of civil service wage bill financed by the FGS budget Baseline: 40 percent (2018) Target: 87.5 percent (end-2022)</p>	<p>Mostly Achieved. The percent of the civil service wage bill financed by the FGS budget reached 84 percent for Fiscal Year 2022.</p> <p><i>Source:</i> RCRF III ISR, Seq. 6</p>	<p>WBG support for technical dialogue between the FGS and FMS assisted in building trust among FGS and FMS and advancing the fiscal federalism agenda.</p> <p>The next CPF should focus on increasing the share of performance-based financing of the wage bill, and helping to build an exit strategy for wage bill financing at the FGS level.</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> • RCRF II (P154875) and AF (P167224) • Somaliland Civil Service Reform Project (P155123) • Capacity Injection Project (P149971) • Somalia Reengagement and Reform DPF (P171570) and Supplemental Financing (P174064) <p>Lending Active at end of CPF</p> <ul style="list-style-type: none"> • Second PFM Capacity Strengthening Project (P151492) and FY19 AF (P166206) • Recurrent Cost & Reform Financing III (P173731) and AF (P177900) • Integrated Statistics and Economic Planning Project (P171160) • Somalia Inclusive Growth DPO I (P174889) <p>ASA Completed in CPF Period</p> <ul style="list-style-type: none"> • Country Economic Memorandum (CEM, P175062) • Somalia Economic Update 5 (P171805) • Somalia Economic Updates 6 and 7 (P175024) • Somalia Policy Notes for the New Government (P177504) <p>ASA Active at end-CPF</p> <ul style="list-style-type: none"> • Somalia: Enhancing Governance Dialogue (P171974) • Somalia Financial System Initiative (P177665)
	<p>Female recruitment increased for middle and upper management positions in the civil service in FGS and Puntland: Baseline: 20 percent (2017) Target: 30 percent (2022)</p>	<p>Mostly Achieved, reflecting some progress in FGS but greatly exceeding the CPF target in Puntland.</p> <p>FGS: Under the Somalia Capacity Injection Project's Capacity Injection Modality (CIM), 23 percent of staff appointed to key middle and upper management positions were female as of September 2022.</p> <p>Puntland: Under the CIM, 36 percent of staff appointed to middle and upper management positions were female as of September 2022.</p> <p><i>Source:</i> ISR of Somalia Capacity Injection, Seq. 12</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p>Percentage of MDA audits completed and published in FGS, Somaliland, and Puntland Baseline: 0 percent (2018) Target: 75 percent (2022)</p>	<p>Mostly Achieved As of December 2021, the percentage of MDA audits completed and published reached 98 percent in the FGS, 87 percent in Puntland, and 55 percent in Somaliland. <i>Source:</i> ISR of Second PFM Strengthening Project (P151492), Seq. 11</p>		<ul style="list-style-type: none"> • Somalia Financial Governance Policy Support (P175711) • Somalia Financial Management Capacity Building and Risk Management (P179174) • Risk and Resilience Assessment (RRA) update (P178901) • Somalia: Macroeconomics and Fiscal Programmatic Approach (P179702)
	<p>Increase in real terms (adjusted for inflation) inland tax revenue collected (US\$, millions) Baseline: 38.6m (2018) Target: 46.2m (2023), equaling 20 percent real increase above 2018 value, deflated by the CPI (2023) Data source: Ministry of Finance</p>	<p>Achieved With support of the Somalia Re-engagement and Reform DPF (P174064), real FGS inland tax revenue rose from US\$38.6 million in 2018 to US\$65.5 million in 2022 (deflated by the CPI), representing an increase of 70 percent. <i>Source:</i> WBG staff estimates</p>		
	<p>Number of tax and non-tax revenue instruments with basic processes automated at the FGS Baseline: 0 (2018) Target: 4 (2023)</p>	<p>Partially Achieved As of December 2021 (latest data available), the basic processes of two processes had been automated at the FGS, namely Taxpayer Registration with Taxpayers Identification Numbers (TIN) Issuance and Revenue Receipts.</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p>A rules-based allocation for intergovernmental transfers to all federal member states based on transparent criteria is in place Baseline: no transparent rules-based transfer for all FMS (2020) Target: Transparent rules-based allocation is in place (2023)</p>	<p><i>Source:</i> ISR of Second PFM Strengthening Project (P151492), Seq. 11</p> <p>Mostly Achieved The FGS and FMS Finance Ministers and Deputy Director of Finance from BRA agreed on a fiscal transfer formula including transparent performance-based criteria for grants from the FGS to FMS, which has been signed by all FMS except Puntland.</p> <p><i>Source:</i> Staff Documentation, RCRF III ISR, Seq. 4</p>		
	<p><i>Additional Evidence:</i> Under the RCRF, the share of civil servants paid on time rose from 67 percent in 2019 to 78 percent by September 2022. Under the CIP, ten change management plans for MDAs in the FGS were developed and at least partially implemented. Further, the proportion of staff injected into MDAs who remained in service after 12 months, which is a proxy for staffing stability and positively impacts institutional capacity, reached 90 percent in the FGS and 70 percent in Puntland. Under the Second PFM project, the coverage and classification of data in in-year budget reports has been improved, and regulations were introduced to implement Customs Act. The Somali Integrated Statistics and Economic Planning Capacity Building project (P171160) supported the strengthening of Somalia's national statistical system, including by training staff on macroeconomic-fiscal analysis, forecasting, and reporting and publishing survey micro datasets, with a view to informing development policy and poverty reduction activities.</p>			
<p>Objective 1.2: Improve service delivery systems and financing for human capital</p>	<p>Increase in percent of the FGS's MDA spending on social services delivery and social assistance benefits (as share of the overall FGS budget) Baseline: 4.4 percent (2018) Target: 12 percent (2022)</p>	<p>Achieved The percent of the FGS's MDA spending on social services delivery and social assistance benefits as share of the overall FGS budget reached</p>	<p>Quality of services can be improved by moving toward outcome-oriented health and education activities (e.g., the design of the FHW program), rather than</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> • RCRF II (P154875) and AF (P167224) • Somaliland Civil Service Reform Project (P155123) • Capacity Injection Project (P149971)

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
Rating: Mostly Achieved	Data source: Ministry of Finance, Budget Out-turn	27.1 percent in 2022 (noting social services delivery and social assistance benefits are included in Somalia’s fiscal category of “social sector” spending). In nominal terms, total social sector spending increased from US\$11.86 million in 2018 to US\$198.42 million in 2022. <i>Source:</i> FGS Ministry of Finance	purely input-focused activities. ICT-based training, data collection, and beneficiary engagement systems have increased efficiency and outreach to remote areas. The performance-based conditions of the RCRF functioned as important incentives to cascade good public FM practices and increase financing of social sectors.	<ul style="list-style-type: none"> • Somalia Reengagement and Reform DPF (P171570) and Supplemental Financing (P174064) <p>Lending Active at end of CPF</p> <ul style="list-style-type: none"> • Second PFM Capacity Strengthening Project (P151492) and FY19 AF (P166206) • Recurrent Cost & Reform Financing III (P173731) and AF • Integrated Statistics and Economic Planning Project (P171160) • Somalia Inclusive Growth DPO I (P174889) • Somalia Crisis Recovery Project (P173315) and AF (P176343) • Somalia Shock Responsive Safety Net for Locust Response Project (P174065) and AF (P176369) • Somalia Shock-Responsive Safety Net for Human Capital Project (P171346) and FY21 AF (P176368) • Somalia COVID-19 Emergency Vaccination Project (P176956) and AF (P178886) <p>ASA Completed in CPF Period</p> <ul style="list-style-type: none"> • Somali High Frequency Poverty Monitoring (P164306) • Somalia Economic Update 4: Building Education to Boost Human Capital (P168325) • Somalia: Accelerating Education Participation and Learning using Digital Technologies (P169992) <p>ASA Active at end-CPF</p>
	Proportion of women of child-bearing age (15-59 years) and children 0-59 months referred to health facilities by Female Health Workers in selected federal member states: Baseline: 0 percent (2018) Target: 10 percent (2022) Data Source: District Health Information Software 2 (DHIS 2) and Health Management Information System (HMIS)	Achieved The proportion of unique pregnant women and children 0-59 months referred to health facilities by Female Health Workers reached 27.2 in 2022. ⁹⁶ <i>Source:</i> Government estimate		
	Teachers undergoing proficiency testing on literacy, numeracy, and classroom pedagogy in selected FMS (number): Baseline: 0 (2018) Target: 2,622 (2022) Data source: Ministry of Education Communiqué; Third Party verification reports	Mostly Achieved With support of the RCRF, Somalia implemented in 2019 a pilot Teacher Proficiency Testing (TPT) program, which tested a targeted sample (845) of 4,155 teachers in the Banadir administration in		

⁹⁶ This RCRF indicator was revised to include the language “unique pregnant women” and not “women of child-bearing age (15-59 years)”, but the general dimension of the indicator is the same.

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		<p>pedagogy and subject skills in mathematics, Somali language, Islamic studies, and the English language. In 2019/20, Somalia scaled the TPT program to select FMS, testing a sample (960) of a target population of 5,505 in Jubbaland, South West, Galmudug, and Hirshabelle.</p> <p><i>Sources:</i> 2019 Teacher Proficiency Testing Pilot Assessment Report for Banadir Region; Teacher Proficiency Testing Overall Assessment Report for Somalia</p>		<ul style="list-style-type: none"> • Somalia’s Investment Case to Strengthen Health Service Delivery (P173177) • Somalia Social Protection Support: Building Blocks Towards a National Social Protection System (P168945) • CHOICES evaluation - interventions for young adolescents and their parents to transform gender norms in Somalia – Impact Evaluation (P165258) • Somalia Women’s Empowerment Platform (P175129) • Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions (P179287) • Somalia Risk and Resilience Assessment (P178901)
	<p>Beneficiaries of social safety net programs (number, of whom women) Baseline: 0 (2019) Target: 1.2m (2022) (600,000 of whom women)</p>	<p>Mostly Achieved As of October 2022, the number of beneficiaries of social safety net programs reached 1,140,294, of whom 570,147 were women.</p> <p><i>Source:</i> SNHCP ISR, Seq. 7</p>		
	<p>Developed unified social registry Baseline: No (2019) Target: Yes (2023) Data Source: Ministry of Labour and Social Affairs; SNHCP Progress Reports</p>	<p>Achieved As of June 2022, the FGS had developed and endorsed a national Unified Social Registry.</p> <p><i>Source:</i> SNHCP ISR, Seq. 6</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p><i>Additional Evidence:</i> Under the RCRF program, 944 FHWs were trained from 2019 to 2022, of which 789 were actively providing services as of September 2022. As of December 2022, the selection was underway of an additional 500 FHW, who will be trained and start providing services by June 2023. From June 2019 to October 2022, 190,147 households received cash transfers under the SNHCP.</p>			
Focus Area 2: Enabling Inclusive Private Sector-led Growth				
<p>Objective 2.1. Improve the business environment and economic foundations</p> <p>Rating: Partially Achieved</p>	<p>Increased private sector investment in key economic sectors (energy, livestock, fisheries and agriculture) (US\$ million)</p> <p>Baseline: 0 (2017) Target: 15 (2023) Data source: IFC Project Completion Reports/Somalia Investment Promotion Agency/CBS</p>	<p>Not Achieved As of February 2023, no progress had been made on this indicator, though IFC had developed a pipeline of early-lead investment projects in energy, finance, property and retail, and livestock.</p> <p><i>Source:</i> IFC staff</p>	<p>The WBG should ensure realistic timelines when integrating PBCs into project designs accounting for limited FGS/FMS familiarity with them.</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> Somali Core Economic Institutions and Opportunities Program (SCORE, P155241) Somalia Reengagement and Reform DPF (P171570) and Supplemental Financing (P174064) <p>Lending Active at end of CPF</p> <ul style="list-style-type: none"> Somalia Capacity Enhancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (SCALED-UP) (P168115) SCALED-UP AF (P174769) Somalia Inclusive Growth DPO I (P174889) Somali Electricity Access Project (P165497) Somali Electricity Sector Recovery Project (P173088) <i>Horn of Africa Infrastructure Integration Project (P173119)</i> <p>IFC Support in CPF Period:</p> <ul style="list-style-type: none"> Somalia Investment Climate Reform Project II (#603600) Somalia Unlocking Sectoral Investment Project (SUSIP) #603088 IFC: Somalia Public-Private Partnership Advisory Project (#605172)
	<p>CBS core-banking system functional and scaled-up to support government business continuity and digital payments in Federal Member States (yes/no)</p> <p>Baseline: No (2018) Target: Yes (2022) Data source: SCALED-UP Additional Financing/completion report</p>	<p>Partially Achieved As of December 2022, the CBS core-banking system, which includes an integrated Core Banking Solution and Accounting System (CBS & ERP) under a Financial Accounting Control and Transactional System (FACTS), was not yet fully functional and scaled-up in FMS. However, the CBS had commenced building of core systems and select trainings, and the CBS IT team was preparing baseline and background information across FMS and a roadmap for system implementation in FMS.</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		<p><i>Sources:</i> Government staff, ICR of SCORE</p>		<p>ASA Completed in CPF Period</p> <ul style="list-style-type: none"> • CEM (P17506) • Input to Somalia National Trade Strategy (P168088) • Somalia Policy Notes for the New Government (P177504)
	<p>Number of firms having benefited from reformed business registration requirements (number) FGS Baseline: 0 (2018) Target: 1,500 (2023) (of whom 30 percent owned or managed by women) Data Source: IFC Project Completion Reports/Somalia Investment Promotion Agency</p> <p>Somaliland Baseline: 0 (2018) Target: 400 (2023) Data Source: IFC Project Completion Reports/Somaliland Ministry of Trade and Tourism</p>	<p>Mostly Achieved As of June 2023, 2,546 firms had benefited from reformed business registration requirements, of which 6.7 percent were women-owned.</p> <p><i>Source:</i> SCALED-UP ISR, Seq. 9</p> <p>With support of IFC and SCALED-UP, the number of firms having benefited from reformed business registration requirements in Somaliland rose from 0 in 2018 to 2,652 in June 2023 (i.e., as measured by 2,652 businesses registered).</p> <p><i>Source:</i> IFC Documentation</p>		<p>ASA Active at end-CPF</p> <ul style="list-style-type: none"> • IFC: Somalia Public-Private Partnership Advisory Project (#605172) • IFC Country Private Sector Diagnostic • National Trade Strategy and Diagnostic Support for WTO Accession (P175939) • Somalia Financial System Initiative (P177665) • Somalia PHRD - Mobilizing the Private Sector for an Equitable and Rapid COVID-19 Response in Somalia (P178447) • Supporting financial inclusion and private sector-led recovery in Somalia (P179247)
	<p>New Investment leads registered by Somalia Investment Promotion Agency</p> <p>Baseline: 0 (2020) Target: 5 (2023)</p>	<p>Achieved The number of new investment leads registered by Somalia Investment Promotion Agency reached 33 by 2022.</p> <p><i>Source:</i> Sominvest</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p>People provided with new or improved electricity services (number, gender disaggregated)</p> <p>Baseline: 0 (2018) Target: 113,900, of whom 56,700 female (2023) Data source: MTF Survey</p>	<p>Achieved</p> <p>As of February 2023, 221,513 people had been provided with new or improved electricity services, of whom 114,522 were women.⁹⁷</p> <p>Source: SEAP Aide-Memoires (February 2023)</p>		
	<p>Number of households with new stand-alone solar systems</p> <p>Baseline: 0 (2018) Target: 21,500 (2022)</p>	<p>Achieved</p> <p>As of August 2022, the number of households provided with stand-alone solar systems reached 28,818, of which 24 percent were female-headed. As of February 2023, the total number of SHS distributed as of was 34,667, though this total included some SHS for SMEs.⁹⁸</p> <p>Source: SEAP ISR, Seq. 7, SEAP project documentation</p>		
	<p><i>Additional Evidence:</i></p> <p>Budget support and SCORE/SCALED-UP supported legal and regulatory reforms; the development and implementation of a Companies Act streamlining rules for starting a business; and the launch of an online business licensing and registration system in Mogadishu. SCALED-UP helped to strengthen the national payment system, including by supporting an Automated Transfer System (ATS)/Somalia Transaction and Reporting System (STARS). From 2018 to 2023, the SEAP provided US\$1,527,836 of results-based grants to 23 SHS distributors to incentivize uptake of household SHSs. In areas affected by floods, the SEAP</p>			

⁹⁷This data is sourced from two World Bank Aide-Memoires (AMs) for the Somali Electricity Access Project (P165497) dated February 2023 covering the FGS and Somaliland. These AMs indicated that the number of people who benefited from new or improved electricity services through SHSs was 148,625 in the FGS and 72,888 in Somaliland (total=221,513). The figure on women was extrapolated using household data from the 2022 Somalia Integrated Household Budget Survey (SIHBS), which indicated that 51.7 percent of households members are female (i.e., 51.7 percent * 221,513 = 114,522).

⁹⁸The February 2023 AMs indicated that SHS provided was 22,519 in the FGS and 12,148 in Somaliland (i.e., 34,677).

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
<p>Objective 2.2. Increase access to finance and digital inclusion</p> <p>Rating: Partially Achieved</p>	<p>Value of loans from MSME financing facility advanced by participating financial institutions in key economic sectors (US\$ millions) Baseline: 0 (2018) Target: 20 (2023)</p> <p>Share to women owned MSMEs (percent) Baseline: 0 (2018) Target: 30 (2023)</p> <p>Number of firms that receive Business Development Services as part of COVID-19 response support Baseline: 0 (2020) Target: 100 (2023)</p>	<p>Partially Achieved As of June 2023, participating financial institutions had disbursed US\$9.4 million in loans to 262 MSMEs, of which 13 percent were to women-owned MSMEs.</p> <p>With support of SCALED-UP, the value of loans is expected to increase significantly in the remainder of 2023, through it is unclear whether the target will be reached due to slow onboarding of PFIs.</p> <p><i>Source: SCALED-UP ISR, Seq. 9</i></p> <p>Not Achieved Business Development Services (BDS) have not been launched. However, a demand side study, which is expected to inform provision of services, was underway as of mid-2023, and a workshop is anticipated in late 2023 to develop a BDS action plan.</p>	<p>Phased and iterative approaches can be useful to deliver gradual but sustained reforms, as evident by successes of SCORE and SCALED-UP.</p> <p>Inclusive forums for frank (and confidential) discussions can help advance difficult reforms and strengthen governance and legitimacy of institutions.</p> <p>It is important to continually respond to changes in the operating environment and economic risks to chart alternative pathways by using feedback loops on feasibility.</p> <p>IPF activities should be complemented with substantial World Bank-executed TA, capacity</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> • ICT Sector Support in Somalia Phase II (P152358) • Somali Core Economic Institutions and Opportunities Program (SCORE, P155241) • Somalia Reengagement and Reform DPF (P171570) and Supplemental Financing (P174064) <p>Lending Active at end-CPF</p> <ul style="list-style-type: none"> • Somalia Capacity Enhancement, Livelihoods and Entrepreneurship, through Digital Uplift Program (SCALED-UP) (P168115) • FY21 SCALED-UP AF (P174769) • Somalia Inclusive Growth DPO I (P174889) • <i>De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa (P176517)</i> <p>IFC Support in CPF Period</p> <ul style="list-style-type: none"> • Somalia Investment Climate Reform Project II (603600) • Somalia Unlocking Sectoral Investment Project (SUSIP, 603088) • IFC: Somalia Skills Development program (603120)

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		<p><i>Source:</i> SCALED-UP ISR, Seq. 8</p>	<p>building, and analytical support.</p> <p>Reaching women beneficiaries remains challenging and requires innovative and targeted support.</p>	<ul style="list-style-type: none"> • IFC: Somalia Public-Private Partnership Advisory Project (605172) • Country Private Sector Diagnostic (607500)
	<p>Number of female SME beneficiaries of new financial products and services Baseline: 0 (2018) Target: 50 (2022) Data source: IFC Project Supervision Reports/ Project Completion Report</p>	<p>Not Achieved IFC provided sector-wide advisory support to financial institutions and capacity building of microfinance institutions, but had not as of February 2023 provided firm-level engagement with banks to finance the SME segment, primarily due to integrity, diligence and KYC issues specific to Somalia’s financial institutions.</p> <p><i>Source:</i> IFC staff</p>	<p>When supporting an MSME financing facility, lines of credits are not sufficient. It is important to supplement financing with other support, such as capacity building to the apex institution and PFIs; provision of derisking instruments, and demand side interventions.</p>	<p>ASA Completed in CPF Period</p> <ul style="list-style-type: none"> • Somalia Livestock Insurance (P169836) • Somalia: Accelerating Education Participation and Learning using Digital Technologies (P169992) • Implementation Support: Regulatory Framework for Mobile Money in Somalia (P171387) • Somalia Digital Economy for Africa (DE4A) Country Diagnostic (P178300) <p>ASA Active at end-CPF</p> <ul style="list-style-type: none"> • Somalia Financial System Initiative (P177665) • Supporting financial inclusion and private sector-led recovery in Somalia (P179247)
	<p>Number of unique transactional accounts opened using a digital Customer Verification System (CVS) to enable electronic Know Your Customer (eKYC) protocols Baseline: 0 (2019) Target: 175,000 (2023)</p>	<p>Not Achieved The number of such accounts remained zero as of June 2023. Progress on implementing the Digital ID Initiative and the CVS/e-KYC systems was slower than expected, largely due lack of policy dialogue during the political crisis and insufficient institutional capacity. The CBS postponed fulfilment of the condition to verify customers with transactional accounts</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		using the CVS/eKYC systems until end-2024. <i>Source:</i> World Bank staff, SCALED-UP ISR, Seq. 9		
	<p><i>Additional Evidence:</i> SCORE and SCALED-UP supported capacity building at the CBS, the adoption of mobile money regulations, and the drafting of a new Payment Systems Law and Financial Institutions Law. The SCORE-supported Somali Business Catalytic Fund mobilized US\$6.5 million in private financing for MSMEs and created more than 2,000 jobs. With assistance of World Bank Budget Support and SCALED-UP, the FGS adopted a Digital ID policy in 2019 and established an ID Authority (i.e., Somali People’s Registration and Identification Agency, DADSOM) in December 2020. However, the FGS reportedly repealed the ID Authority Law, and plans to pass a new ID law in 2023. The WBG through Budget Support and SCALED-UP helped to improve performance and competition in the ICT sector, notably by supporting interconnection agreements and the National Communications Authority (NCA) to issue seven licenses from 2019 to 2023 to telecom operators, including for three supporting mobile money. SCALED-UP provided assistance to the FRC for the publication of a NRA on ML/TF.</p>			
Focus Area 3. Strengthen Resilience				
<p>Objective 3.1: Build the urban resilience of Somali municipalities</p> <p>Rating: Achieved</p>	<p>Beneficiaries⁹⁹ are satisfied that the rehabilitation of secondary urban roads met their needs in Mogadishu, Garowe, Kismayo and Baidoa (number) Baseline: 0 (2018) Target: 2,500 (2023) of whom IDPs (20 percent) and host communities (30 percent)¹⁰⁰ Data Source: Somali Urban Resilience Project monitoring reports and end of project survey</p>	<p>Achieved Under SURP I, the estimated number of beneficiaries satisfied that that infrastructure met their needs in Mogadishu and Garowe was 136,152 by project-end in September 2021. Of these satisfied beneficiaries, 26,277 (19.3%) were IDPs and the remaining 109,875 (80.7%)</p>	<p>It is important to choose indicators for CPF matrices that are closely aligned to WBG projects and are easily trackable by government or WBG project staff.</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> • Somali Urban Investment Planning (P150374) • Somalia Urban Resilience Project (P163857) <p>Lending Active at end-CPF</p> <ul style="list-style-type: none"> • Somalia Urban Resilience Project II (P170922), FY22 AF (P178887) and FY23 AF (P179775) <p>ASA Active at end-CPF</p>

⁹⁹ People or groups who directly derive benefits from improved roads in a WBG-assisted project.

¹⁰⁰ The CPF indicator should not have included a target for host communities as the figure is simply the inverse of the IDP figure.

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		<p>were from host communities.¹⁰¹</p> <p>Under the SURP II, an additional 367,923 people are benefitting from improved access to climate-resilient urban infrastructure and services in Garowe, Kismayo, and Baidoa. Of these people, 87% of IDPs and 90.1% of non-IDPs indicated they were very or somewhat satisfied with project selection. In addition, 92.5% of women and 87.9% of men were very or somewhat satisfied with project selection. A future end-line survey will measure the extent of satisfaction with rehabilitated infrastructure.</p> <p>This indicator is rated Achieved despite lack of data on satisfaction of rehabilitated works in Kismayo and Baidoa reflecting substantial overachievement of the numerical CPF targets.</p>		<ul style="list-style-type: none"> Urban Water Supply, Sanitation and Waste Management

¹⁰¹ Under SURP I, results of an endline survey indicated that the share of beneficiaries in Mogadishu and Garowe satisfied that infrastructure met their needs rose from zero percent in 2018 to 91.5 percent by September 2021, with similar levels of satisfaction reported by IDPs and host community respondents. This endline survey was based on a sample (922 people) of the 148,800 total beneficiaries in Mogadishu and Garowe, which was pulled from the 148,800 beneficiaries who were within 500 meters of renovated infrastructure (see next CPF indicator). The total number of satisfied beneficiaries was extrapolated at 136,152 (148,800 * 91.5 percent). As IDPs comprised 19.3 percent of the beneficiaries, the total number of IDPs satisfied with infrastructure was 26,277 (136,152 *.193). The remainder (109,875) were from host communities.

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p>Number of people with access to improved roads (rehabilitated roads financed by a WBG–assisted project) within a 500-meter range¹⁰² of Mogadishu, Garowe, Kismayo and Baidoa</p> <p>Baseline: 0 (2018)</p> <p>Target: 8,000 (2023) of whom women (30 percent), IDPs (20 percent), and host communities (30 percent)</p> <p>Data source: Somali Urban Resilience Project monitoring reports and end of project survey</p>	<p><i>Sources:</i> ICR for SURP I; Aide-Memoire for SURP II (May 2023)</p> <p>Achieved</p> <p>Under SURP I, the number of people with access to improved roads within a 500-meter range reached 148,800 (19.3% IDP, 50% female) in Mogadishu and Garowe.¹⁰³</p> <p>Under SURP II, 367,923 people now have access to improved roads within a 500-meter range (Garowe: 64,906 (Female=52%, IDP= 23%, Host =77%); Kismayo: 149,941 (Female=52%, IDPs=13%, Host=87%); Baidoa: 153,076 (Female=53%, IDP=24%, Host=76%)</p> <p><i>Source:</i> ICR for SURP I; Aide-Memoire for SURP II (May 2023)</p>		

¹⁰² The revised CPF matrix in the PLR erroneously included “miles” as the unit, which should have been “meters”. The CLR corrected this indicator.

¹⁰³ Beneficiaries were estimated using satellite imagery to identify residences (including those in IDP camps) within a 500-meter range of the renovated infrastructure. The latest statistics on average household size for each municipality were used to calculate total beneficiaries as well as the gender breakdown of households (hence the differences across municipalities). Breakdown by municipality: 140,800 in Mogadishu (50% female, 19% IDP, and 81% host communities), and 8,000 in Garowe (50% female, 25% IDP, 75% host communities).

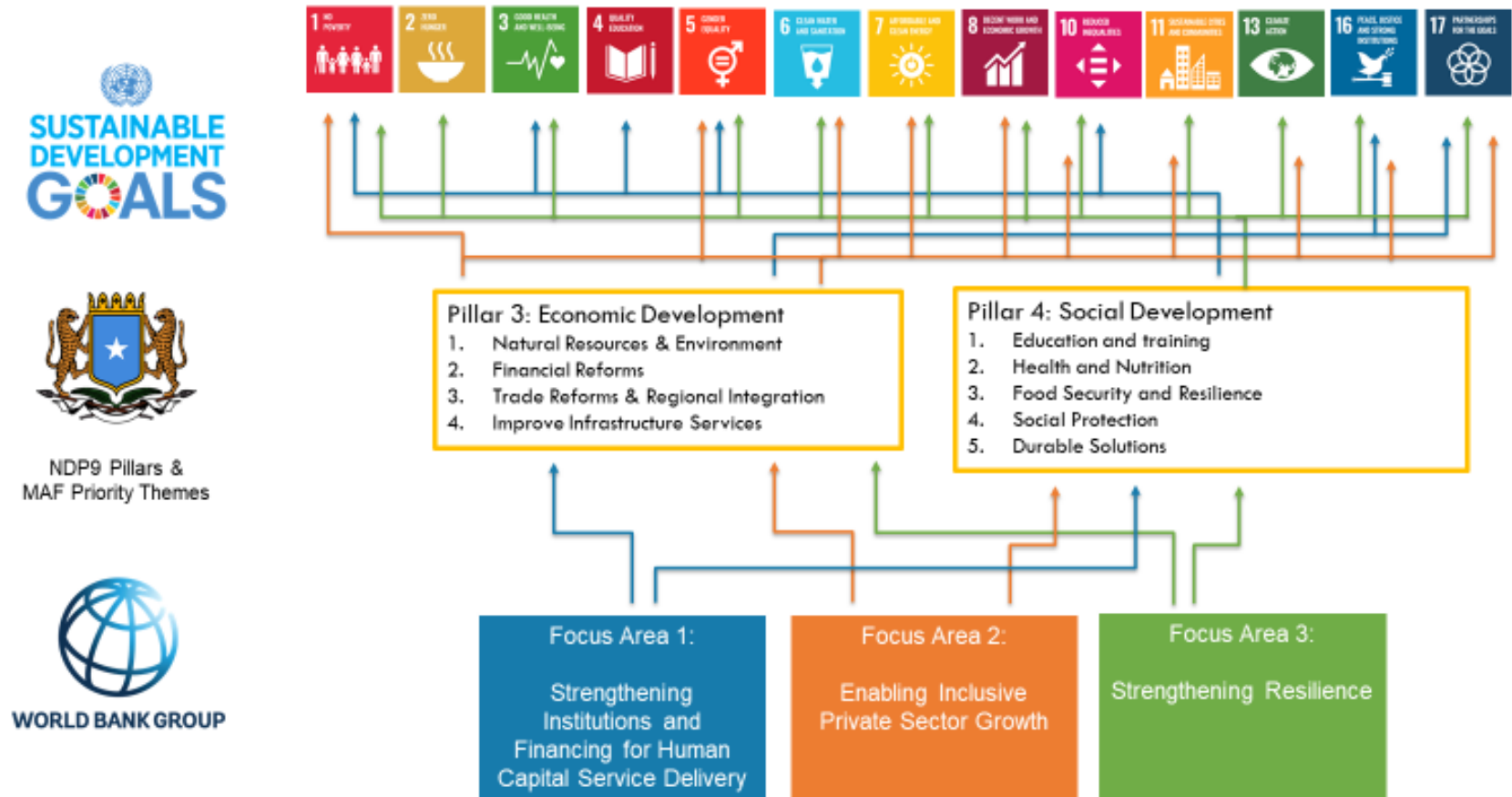
CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
	<p>Person days of employment created in Mogadishu, Garowe, Kismayo and Baidoa Baseline: 0 (2018) Target: 150,000 (2023), of which women (30 percent) and youth (30 percent) Data source: Somali Urban Resilience Project monitoring reports and end of project survey</p>	<p>Mostly Achieved From 2018 to March 2023, the SURP projects created 240,840 person days¹⁰⁴ of employment in Mogadishu, Garowe, Kismayo, and Baidoa (15% women, 24% IDPs) <i>Sources:</i> ICR for SURP I; Aide-Memoire for SURP II (May 2023)</p>		
	<p><i>Additional Evidence:</i> The SUIPP supported completion of seven institutional assessments and seven feasibility studies and engineering designs for urban investments. The SURP I and II rehabilitated 27.6 km of roads; trained 439 project and government staff (SURP I: 286; SURP II: 153 as of March 2023) in such areas as PFM and environmental and social safeguards; and supported the development of 16 community engagement and O&M plans.</p>			
<p>Objective 3.2. Strengthen rural resilience and food security Rating: Mostly Achieved</p>	<p>Number of people in rural areas and share of women provided with access to improved water sources for multiple uses (domestic, livestock and horticulture) Baseline: 0 (2018) Target: 125,000 (2023) of whom 50 percent women</p>	<p>Achieved As of February 2023, 362,731 people, of whom 48 percent were women, were provided with access to improved water sources for multiple uses. Though the share of women missed the target by two percentage points, this indicator is deemed Achieved as the corresponding number</p>	<p>The WBG demonstrated that rural water supply projects can be scaled-up under both grants and lending in Somalia, with recent ASA suggesting scope for future projects supporting urban W&S.</p>	<p>Lending that Closed in CPF Period</p> <ul style="list-style-type: none"> Water for Agro-pastoral Productivity and Resilience ‘Biyoole’ Project (P167826) <p>Lending Active at end-CPF</p> <ul style="list-style-type: none"> Somalia Inclusive Growth DPO I (P174889) Somalia Crisis Recovery Project (P173315) and FY21 AF (P176343)

¹⁰⁴ Days of employment generated, and the number of workers employed were reported by the contractors and tracked by the PIUs. Results according to the ICR of the SURP I: Mogadishu: 63,324 (Male: 50,659; Female: 12,665, IDPs/returnees: 8,232); Garowe: 42,512 (Male: 38,176; Female: 4,336; IDPs/returnees: 13,774). Results reported in the May 2023 SURP II Aide-Memoire: Garowe: 37,491 (Male: 29,993; Female: 7,498 IDPs/returnees: 6,373); Kismayo 37,368 (Male: 34,117; Female: 3,251; IDP/Returnees: 13,340); Baidoa: 59,280 (Male: 50,388; Female: 8,892; IDP/returnees: 17,191); Mogadishu: 865 (Male: 822; Female: 43; IDP/Returnees: 17). For both the SURP I and SURP II, project data in percentages for the gender and IDP breakdowns was calculated into absolute numbers. Despite no data for the CPF disaggregate of youth, which was not tracked by the SURP program, a majority of those employed are estimated to have been youth based on the nature of the work which tends to heavily favor recruitment of those under 35.

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
		<p>of women provided access—more than 174,000—greatly exceeded the 62,500 women targeted under the CPF.</p> <p><i>Source:</i> Biyoole Project ISR, Seq. 10</p>		<ul style="list-style-type: none"> • Somalia Shock Responsive Safety Net for Locust Response Project (P174065) and FY21 AF (P176369) • Somalia Shock-Responsive Safety Net for Human Capital Project (P171346) and FY21 AF (P176368) • <i>HoAI Groundwater for Resilience (P174867)</i> • ‘Barwaaqo’ Somalia Water for Rural Resilience Project (P177627) • <i>Horn of Africa Infrastructure Integration Project (P173119)</i> • <i>Food Systems Resilience Program for Eastern and Southern Africa (P178566)</i> <p>ASA Completed in CPF Period</p> <ul style="list-style-type: none"> • Somalia Economics of Water (P174994) • Support to a Transboundary Water Resources Management (P167749) • Roadmap for Resilience and Growth of Somalia's Livestock Sector • CHOICES evaluation - interventions for young adolescents and their parents to transform gender norms in Somalia (P1652598) • Somalia Livestock Insurance (P169836) <p>ASA Active at end-CPF</p> <ul style="list-style-type: none"> • Somalia Risk and Resilience Assessment (P178901) • Somalia Social Protection Support: Building Blocks Towards a National Social Protection System (P168945) • Somalia ESF and Security Management Capacity Building (P176672) • Somalia Women's Empowerment Platform (P175129) • Support to Somalia Recovery and Resilience (P174724)
	<p>Number of producers adopting improved agricultural (cropping and livestock) technology Baseline: 0 (2018) Target: 25,000 (2023)</p>	<p>Achieved As of February 2023, 85,015 farmers had adopted improved agricultural technology.</p> <p><i>Source:</i> Biyoole Project ISR, Seq. 10</p>		
	<p>Establishment of national disaster preparedness and response mechanisms Baseline: Not established in 2019 Target: Established in 2023</p>	<p>Not Achieved As of December 2022, the SCRP had supported completion of the National Emergency Preparedness and Response (EP&R) Assessment and National Emergency Operations Centre (NEOC) Investment Plan, and activities were moving towards procurement of associated equipment, systems, and human resources. However, this target is not expected to be achieved until 2024.</p> <p><i>Sources:</i> SCRP ISR, Seq. 5 December 2022 Staff Mission</p>		

CPF Objective	CPF Objective Indicators	Status at CLR Review	Lessons and Suggestions for new CPF	Key WBG Instruments in CPF Period
				<ul style="list-style-type: none"> • Somali Socio-Economic Monitoring (P170762) • Somalia’s Investment Case to strengthen health service delivery (P173177) • Somalia Climate Risk Assessment (P176246)
	Number of people benefitting from improved flood risk management Baseline: 0 (2019) Target: 525,000 (2023)	Achieved As of March 2023, 572,802 people benefitted from rehabilitation of more than 50 flood embankments under the SCRP. <i>Source:</i> SCRP ISR, Seq. 6		
	Number of people with improved access to livelihoods support in response to flood/drought shocks (of whom women) Baseline: 0 (2020) Target: 1,203,650 (2023) of whom 116,375 women	Partially Achieved As of March 2023, 282,362 people, of whom 141,181 women, had been provided with livelihood support. <i>Source:</i> SCRP ISR, Seq. 6		
	Number of Locus-affected households receiving emergency cash transfers Baseline: 0 (2020) Target: 260,000 (2023) Data source: Ministry of Labour and Social Affairs; SNLRP Progress Reports	Mostly Achieved As of November 2022, 252,905 locust-affected households had received emergency cash transfers. <i>Sources:</i> SNLRP, ISR Seq. 6		
<i>Additional Evidence:</i> From 2018 to 2023, Biyoole supported establishment of 51 community management systems and the construction or rehabilitation of 49 improved water points.				

CLR Annex 3: Mapping of Revised CPF to Somalia's Ninth National Development Plan and the Sustainable Development Goals



CLR Annex 4: Planned Versus Actual Lending

(Note: The original FY19-22 CPF programmed only select operations in FY19 and FY20.
The PLR documented substantial, new scaled-up lending through FY22, and programmed only FY23)

Somalia National Lending Portfolio

Project	Planned commitment US\$ millions			Actual Commitment US\$ millions				
	MPF	IDA PACG	IDA Other	MPF	IDA PACG	IDA TAR	CRW/ Regional	Trust fund
FY19								
Domestic Revenue Mobilization and Public Financial Management Capacity Strengthening Project, Additional Financing (P166206)	10.0	20.0		10.0	20.0			
Somalia Recurrent Cost and Reform Financing Project, Phase II, Additional Financing (P167224)	60.0	60.0		2.0	60.0			
Somalia Urban Resilience Project (P163857)	6.0			9.0				
Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP) (P168115)	10.0	20.0		13.0	18.0			
Somali Electricity Access Project (P165497)	5.5			5.8				
Somalia - Water for Agro-pastoral Productivity and Resilience (Biyoole) (P177627)		40.0			42.0			
Inclusive Community Resilience and GBV pilot (dropped)	1.4							
Total Commitments FY19	92.9	140.0		39.8	140.0			
FY20								
Somalia Capacity Injection (P149971)	10.0			8.0				
Somalia Urban Resilience Project II (P170922)	64.0			62.0	50.0			
Somalia Reengagement and Reform Development Policy Financing (P171570)						420.0*		
Somalia Re-engagement and Reform Supplemental Development Policy Financing (P174064)						55.0		
Somalia Recurrent Cost and Reform Financing Project, Phase III (P173731)						68.0		
Somali Integrated Statistics and Economic Planning Capacity Building (P171160)						25.0		
Shock Responsive Safety Net for Human Capital Project (Baxnaano) (P171346)					65.0			
Somalia Crisis Recovery Project (P173315)						62.0	75.0	
Shock Responsive Safety Net for Locust Response Project (P174065)							40.0	
Total Commitments FY20	74.0			70.0	115.0	630.0	115.0	
FY21								
Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP) Additional Financing (P174769)				20.0		50.0		
Improving Healthcare Services in Somalia Project (Damal Caafimaad) (P172031)						75.0		25.0
Somalia Education for Human Capital Development Project (P172434)						40.0		
Shock Responsive Safety Net for Human Capital Project Additional Financing (P176368)						110.0		
Additional Financing to the Somalia Crisis Recovery Project (P176343)							50.0	
Shock Responsive Safety Net for Locust Response Project Additional Financing (P176369)						25.0	50.0	
Total Commitments FY21				20.0		300.0	100.0	25.0
FY22								
Somalia COVID-19 Emergency Vaccination Project (P176956) and Additional Financing (P178886)						20.0		

Project	Planned commitment US\$ millions			Actual Commitment US\$ millions				
	MPF	IDA PACG	IDA Other	MPF	IDA PACG	IDA TAR	CRW/ Regional	Trust fund
Somali Electricity Sector Recovery Project (P173088)						150.0		
Somalia Empowering Women through Education and Skills Project - "Rajo Kaaba"	27.0					25.0		
AF for RCRF Phase 3 (P177900)	30.0					62.0		
AF Somalia Urban Resilience Project II (P178887)	21.58					20.0		
AF Shock-Responsive Safety Nets for Human Capital Second (P178730)						143.0		
Total Commitments FY22	78.58					420.0		
FY23								
First Inclusive Growth DPO (P174889)			100.0			100.0		
Somalia Enhancing Public Resource Management Project (P177298)	15.0		35.0	15.0		60.0		
Barwaaqo - Somalia Water for Rural Resilience Project (P177627)			73.0			70.0		
Somalia Urban Resilience Project Phase II Second Additional Financing (P179775)			50.0				50.0	
Somali Sustainable Fisheries Development Project (P178032)			50.0			Moved to FY24		
Somalia Enabling Financial Inclusion for the Poor ("Kalkaal") Project (P176434)			40.0			Moved to FY24		
Somalia Informal Settlement Upgrading Project (P179936)			TBD			Moved to FY24		
Total Commitments FY23	15.0		348	15.0		230.0	50.0	
Grand Totals (FY19-23)	260.48	140.0	348.0	146.5	255.0	1,580	265.0	25.0

*The total for the Somalia Reengagement and Reform DFP included US\$45 million from the IDA18 TAR and US\$375 million from an IDA Pre-Arrears Clearance Set Aside.

Somalia Regional Lending Portfolio

Project	Planned commitment US\$ millions			Actual Commitment US\$ millions				
	IDA PBA	IDA RIW	Other	IDA PBA TAR	IDA RIW	Other	CRW	Trust fund
<i>De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa (P176517)</i>				23.0	47.0			
<i>Regional Groundwater for Resilience (P174867)</i>				10.0	20.0			
<i>Horn of Africa Infrastructure Integration Project (P173119)</i>				38	20			
<i>Food Systems Resilience for Eastern and Southern Africa Program Phase 3 (P177816)</i>				50	100			
<i>Eastern Africa Regional Digital Integration Program (P176181)</i>				26.7	53.3			
Total Commitments	0.0	0.0	0.0	147.7	240.3			

CLR Annex 5: Planned Versus Actual ASA

(Bold=Completed)

ASA Program	Status
ASA Planned in Original CPF	
Macro-economic planning and statistics (including poverty analysis, public expenditure reviews and support to the I-PRSP)	<p>Somalia Economic Update 5 (P171805), completed in FY20 Somali High Frequency Poverty Monitoring (P164306), completed in FY21 Somalia Economic Updates 6 and 7 (P175024), completed in FY22 Somalia Financial Governance Policy Support (P175711), active Somalia Country Economic Memorandum (P175062), completed in FY21</p>
Health & Education Sector Knowledge Work	<p>Somalia Economic Update 4: Building Education to Boost Human Capital (P168325), completed in FY19 Somalia: Accelerating Education Participation and Learning using Digital Technologies (P169992), completed in FY20 Engagement in Somalia's Health Sector ASA (P167976), closed in FY22 Somalia's Investment Case to Strengthen Health Service Delivery (P173177), active</p>
Somalia Customs Support (P172650)	Active
PFM Advisory Support to the Security Sector (P163791)	Completed in FY21
Urbanization Review (P167763)	Completed in FY20
Social Protection Analytical and Advisory Work	Somalia Social Protection Support: Building Blocks Towards a National Social Protection System (P168945), active Somali Socio-Economic Monitoring (P170762), active
Somalia Petroleum Technical Assistance Project (P164175)	Completed in FY21
Somalia Country Environmental Analysis (P161994)	Completed in FY20
Roadmap for Resilience and Growth of Somalia's Livestock Sector	Completed in FY19
Somalia Economics of Water (P174994)	Completed in FY22
CHOICES evaluation - interventions for young adolescents and their parents to transform gender norms in Somalia – Impact Evaluation (P165258)	Completed in FY23
ASA Unplanned in Original CPF	
Somalia: Enhancing Governance Dialogue (P171974)	Active
Somalia Livestock Insurance (P169836)	Completed in FY20
Support to Somalia Recovery and Resilience (P174724)	Active

Somalia Women's Empowerment Platform (P175129)	Active
Somalia: National Trade Strategy and Diagnostic Support for WTO Accession (P175939)	Active
Somalia Climate Risk Assessment (P176246)	Active
Implementation Support: Regulatory Framework for Mobile Money in Somalia (P171387)	Completed in FY21
Somalia Country Economic Memorandum (P175062)	Completed in FY21
Somalia ESF and Security Management Capacity Building (P176672)	Active
Somalia Risk and Resilience Assessment (P178901)	Completed in FY23
Somalia Financial System Initiative (P177665)	Active
Somalia PHRD - Mobilizing the Private Sector for an Equitable and Rapid COVID-19 Response in Somalia (P178447)	Dropped
Somali Clean Cooking Diagnostic Study (P178716)	Dropped
Supporting financial inclusion and private sector-led recovery in Somalia (P179247)	Active
Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions (P179287)	Active
Support to a Transboundary Water Resources Management (P167749)	Completed in FY22
Input to Somalia National Trade Strategy (P168088)	Completed in FY22
Somalia Economic Update Edition 6 and 7 (P175024)	Completed in FY22
Somalia Digital Economy for Africa (DE4A) Country Diagnostic (P178300)	Completed in FY22
Somalia Policy Notes for the New Government (P177504)	Completed in FY22
ASA Planned in PLR	
Country Private Sector Diagnostic (607500)	Active
Country Climate and Development Report (PO TBD)	Planned for FY24
Local Inclusive Governance Diagnostic (P179287)	Active
Capacity Building for Financial Management (P179174)	Active
Petroleum Sector Diagnostic	Dropped
New ASA in FY23 Unplanned in PLR	
Somalia: Macroeconomics and Fiscal Programmatic Approach (P179702)	Active
Building an Education System in Somalia (P180176)	Active

Somalia - Capacity Building for Environmental, Social, and Security Risk Management in Development Interventions (P176672)	Active
Somalia Enhanced Procurement Risk Management (P180586)	Active

CLR Annex 6: TAR and TAA Milestones

- 1. In March 2020, Somalia gained eligibility to the IDA18 TAR, and later the TAA under IDA19.** Financing under IDA—including through the TAR and TAA, which provides a top-up of 125 percent of a country's performance-based allocation under IDA – was pivotal in scaling-up the World Bank's assistance to Somalia, supporting its long-term transition out of fragility, and helping to build the foundations for greater stability and more inclusive development.
- 2. The TAR and TAA included milestones on key political, security, and economic issues intended to incentivize and support the government on reforms needed to transition out of fragility over the long-term.** The original eligibility note for the TAR/TAA structured milestones along four key areas: (1) achieving a more inclusive and stable state and peacebuilding process; (2) improving stability and security sector reform; (3) improved inter-governmental relations and resource sharing; and (4) progressing towards a more resilient, inclusive and stable socio-economic environment. Several milestones were tied to HIPC and recognized that many issues—such as promoting a dialogue between Somaliland and Somalia or strengthening fiscal federalism—are long-term endeavors that require sustained commitment by the Government in partnership with the WBG and other humanitarian, security, development, and peacebuilding actors. Several milestones have been achieved and important progress has been made since IDA reengagement on key reforms. However, progress has been more limited and has stalled on certain milestones, such as those related to direct elections or the constitution, particularly in light of the recent electoral and political crisis.
- 3. The IDA20 TAA has potential to promote policy dialogue and incentivize reform, which is particularly important as the HIPC Completion Point nears.** Leveraging the significant volume of additional financing provided by the TAA can help sustain progress on economic reforms and inter-governmental relations, while a pushing the envelope on key areas of critical importance to Somalia's stability, such as the sustainability of the security sector. To fulfill its potential, the TAA requires strategic milestones tied to the CPF priorities and the drivers of FCV, as well as a structured dialogue and monitoring process with government and partners to ensure ownership of the milestones, candid assessments of progress, and iterative adjustments as needed.

CLR Annex 7: IFC and MIGA Portfolio

IFC Portfolio (as of February 2023)

Project Name	Type (AS, IS or Upstream)	Sector	Gross Exposure (US\$)
Somalia Investment Climate Reform Program 2	AS	Economy-wide	3,995,000
Somalia Unlocking Sector Investment Program	AS	ICT & Energy Sector	3,959,993
Financial Sector Scoping and Diagnostic	AS	Financial Sector	866,637
KIMS	AS	Financial Sector	200,000
SOMINA	AS	Legal	947,300
Somalia PPP	AS	Economy-wide	1,861,027
Total			7,834,957

MIGA's Portfolio (as of January 31, 2023)

Project Name	Investor	Investor Country	Sector	Gross Exposure (US\$ millions)
Baidoa Hybrid Solar Power Plant	Kube Energy	Mauritius	Infrastructure	5.67
Total				5.67

Annex 7. Active Lending and ASA

National Lending Portfolio (as of December 2023)

No.	Project ID		Latest Project Ratings		Overall risk	Bank Approval	Net Commitments				Cumulative Disbursements	Undisbursed Balance
			DO	IP			Total	IDA	MPF	Others		
1	P168115	Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP)	MS	MS	S	7-Mar-19	US\$101.00M	US\$68.00M	US\$33.00M	US\$0.00M	US\$36.29M	US\$60.68M
2	P170922	Somalia Urban Resilience Project II	S	MS	H	9-Dec-19	US\$203.50M	US\$120.00M	US\$83.50M	US\$0.00M	US\$58.41M	US\$145.45M
3	P171160	Somali Integrated Statistics and Economic Planning Capacity Building	S	S	S	30-Jun-20	US\$25.00M	US\$25.00M	US\$0.00M	US\$0.00M	US\$13.04M	US\$11.44M
4	P171346	Shock Responsive Safety Net for Human Capital Project	S	S	S	8-Aug-19	US\$318.00M	US\$318.00M	US\$0.00M	US\$0.00M	US\$239.31M	US\$69.22M
5	P172031	Improving Healthcare Services in Somalia Project ("Damal Caafimaad")	MS	MS	S	28-Jun-21	US\$100.00M	US\$75.00M	US\$0.00M	US\$25.00M	US\$9.23M	US\$85.12M
6	P172434	Somalia Education for Human Capital Development Project	MS	MS	S	16-Jun-21	US\$40.00M	US\$40.00M	US\$0.00M	US\$0.00M	US\$5.54M	US\$31.52M
7	P173088	Somali Electricity Sector Recovery Project	MS	MS	S	8-Dec-21	US\$150.00M	US\$150.00M	US\$0.00M	US\$0.00M	US\$4.33M	US\$137.06M
8	P173315	Somalia Crisis Recovery Project	S	S	H	15-May-20	US\$187.50M	US\$187.50M	US\$0.00M	US\$0.00M	US\$125.35M	US\$56.98M
9	P173731	Somalia Recurrent Cost & Reform Financing Project - Phase 3	MS	S	H	11-Jun-20	US\$135.00M	US\$130.00M	US\$5.00M	US\$0.00M	US\$87.62M	US\$46.60M
10	P174065	Shock Responsive Safety Net for Locust Response Project	S	S	M	29-Jun-20	US\$115.00M	US\$115.00M	US\$0.00M	US\$0.00M	US\$102.83M	US\$9.02M
11	P174875	Somaliland Civil Service Strengthening Project II	MU	MS	S	26-Jan-22	US\$4.85M	US\$0.00M	US\$4.85M	US\$0.00M	US\$2.00M	US\$2.85M
12	P176898	Somalia Empowering Women through Education and Skills Project - "Rajo Kaaba"	MS	MS	S	27-Jun-22	US\$52.00M	US\$25.00M	US\$25.00M	US\$2.00M	US\$1.00M	US\$50.70M
13	P176956	Somalia COVID-19 Emergency Vaccination Project	MS	MS	S	28-Sep-21	US\$68.00M	US\$65.00M	US\$0.00M	US\$3.00M	US\$21.15M	US\$43.29M
14	P177298	Somalia Enhancing Public Resource Management Project	MS	MS	H	14-Dec-22	US\$65.00M	US\$60.00M	US\$5.00M	US\$0.00M	US\$1.00M	US\$61.39M
15	P177627	Barwaaqo - Somalia Water for Rural Resilience Project	S	S	S	9-Dec-22	US\$70.00M	US\$70.00M	US\$0.00M	US\$0.00M	US\$11.82M	US\$60.83M
16	P179307	Somalia Second Inclusive Growth DPO			H	28-Jul-23	US\$75.00M	US\$75.00M	US\$0.00M	US\$0.00M	US\$71.75M	US\$2.99M
17	P174889	Somalia Inclusive Growth DPO Series			H	27-Jul-2022	US\$100.00M	US\$100.00M		US\$0.00M	US\$97.66M	US\$0.00M
	TOTAL						US\$1809.85M	US\$1623.50M	US\$156.35M	US\$30.00M	US\$883.82M	US\$879.02M

Regional Lending Portfolio (as of December 2023)

No.	Project ID		Latest Project Ratings		Overall risk	Bank Approval	Net Commitments				Cumulative Disbursements	Undisbursed Balance
			DO	IP			Total	IDA	MPF	Others		
1	P173119	Somalia - Horn of Africa Infrastructure Integration Project	S	MS	S	30-Sep-22	US\$63.00M	US\$58.00M	US\$0.00M	US\$5.00M	US\$2.70M	US\$56.26M
2	P174867	Horn of Africa - Groundwater for Resilience Project	MS	MU	H	1-Jun-22	US\$30.00M	US\$30.00M	US\$0.00M	US\$0.00M	US\$2.57M	US\$26.22M
3	P176181	Eastern Africa Regional Digital Integration Project	S	S	H	18-May-23	US\$80.00M	US\$80.00M	US\$0.00M	US\$0.00M	US\$0.00M	US\$79.51M
4	P176517	De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa	S	S	H	21-Jun-22	US\$70.00M	US\$70.00M	US\$0.00M	US\$0.00M	US\$19.60M	US\$47.47M
5	P177816	Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP	S	S	S	31-May-23	US\$150.00M	US\$150.00M	US\$0.00M	US\$0.00M	US\$15.00M	US\$133.43M
6	P181341	Accelerating Sustainable and Clean Energy Access Transformation in Somalia				28-Nov-2023	US\$100.00M	US\$100.00M	US\$0.00M	US\$0.00M	US\$0.00M	US\$101.71M
	TOTAL						US\$493.00M	US\$488.00M	US\$0.00M	US\$5.00M	US\$39.41M	US\$444.60M

Active ASA (as of December 2023)

CPF Framework	Task ID	Task Name	ADM Team Leader	Task Type	CN Approval	FY	Age	BB	BETF	Total
Foundational	P179702	SOMALIA: MACROECONOMICS AND FISCAL PROGRAMMATIC APPROACH	Stella Ilieva	Analytical	05-Jun-2023	2024	15.4	US\$160.44K	US\$339.20K	US\$499.64K
	P171974	Somalia: Enhancing Governance Dialogue	Jana Kunicova	Analytical	22-Oct-2019	2024	51.2	US\$175.14K	US\$2,646.07K	US\$2,821.20K
	P175711	Somalia Financial Governance Policy Support	Jana Kunicova	Advisory	16-Feb-2021	2024	36.0	US\$84.96K	US\$1,693.28K	US\$1,778.24K
	P172650	Somalia Customs Support	Alma Nurshaikhova	Advisory	25-Nov-2019	2024	49.6	US\$3.22K	US\$1,660.07K	US\$1,663.29K
	P180513	Somalia Socio-Economic Monitoring II	Aphichoke Kotikula	Analytical	31-Jan-2023	2025	12.1	US\$36.48K	US\$411.32K	US\$447.80K
	P500465	Somalia Poverty and Equity Assessment	Aphichoke Kotikula	Analytical	27-Sep-2023	2024	4.8	US\$33.17K	US\$31.31K	US\$64.48K
HLO1	P177665	Somalia Financial System Initiative	Sameer Goyal	Advisory	01-Nov-2022	2025	25.3	US\$0.00K	US\$647.86K	US\$647.86K
	P179247	Supporting financial inclusion and private sector-led recovery in Somalia (PASA)	Asta Bareisaite	Advisory	31-Oct-2022	2026	17.7	US\$0.00K	US\$442.58K	US\$442.58K
	P180838	Somalia Energy Sector Programmatic Advisory Services and Analytics	Patrick Balla	Analytical	03-Aug-2023	2026	6.9	US\$54.77K	US\$0.00K	US\$54.77K
	P500800	Somalia Trade Policy and Facilitation	Stella Ilieva	Analytical	30-Jan-2024	2026	1.4	US\$57.67K	US\$0.00K	US\$57.67K
HLO2	P180176	BUILDING AN EDUCATION SYSTEM IN SOMALIA	Pedro Cerdan-Infantes	Analytical	21-Dec-2022	2025	14.0	US\$134.24K	US\$246.83K	US\$381.07K
	P500503	Somalia Social Protection PASA: Building an Adaptive National Social Protection System	Ali Qureshi	Advisory	31-Jan-2024	2027	1.3	US\$0.00K	US\$71.31K	US\$71.31K
	P173177	Somalia's Investment Case to strengthen health service delivery	Bernard Olayo	Advisory	21-Feb-2020	2025	47.0	US\$0.00K	US\$1,080.75K	US\$1,080.75K
	P180991	Somalia Health Systems Strengthening for Recovery and Resilience	Bernard Olayo	Analytical	31-May-2023	2026	6.2			US\$0.00K
HLO3	P175129	Somalia Women's Empowerment Platform	Verena Phipps-Ebeler	Analytical	03-Feb-2021	2024	35.8	US\$114.54K	US\$1,314.54K	US\$1,429.08K
	P179287	Strengthening Social Cohesion, Inclusion and Resilience through Community Institutions	Samuel Clark	Analytical	30-Jun-2022	2024	17.7	US\$92.81K	US\$300.49K	US\$393.31K
	P176246	Somalia Climate Change Program	Stephen Ling	Analytical	01-Jun-2022	2025	34.6	US\$92.71K	US\$97.19K	US\$189.89K
	P181303	Understanding Urban Water Supply and Sanitation in Somalia	Chantal Richey	Analytical	05-Oct-2023	2026	6.2	US\$25.17K	US\$0.00K	US\$25.17K
	P174724	Support to Somalia Recovery and Resilience	Haris Khan	Advisory	13-Nov-2020	2024	39.3	US\$0.00K	US\$1,959.41K	US\$1,959.41K
	P501734	Somalia Country Climate and Development Report	Stephen Ling	Analytical	19-Feb-2024	2025	1.1	US\$11.61K	US\$0.00K	US\$11.61K
Risk Management	P176672	Somalia - Capacity Building for Environmental, Social, and Security Risk Management in Development Interventions	Simon Sottas	Advisory	15-Feb-2022	2024	28.5	US\$50.92K	US\$366.50K	US\$417.42K
	P179174	Somalia Financial Management Capacity Building and Risk Management	Stephen Amayo	Advisory	12-Sep-2022	2025	17.9	US\$0.00K	US\$777.07K	US\$777.07K
	P180586	Somalia Enhanced Procurement Risk Management	Francis Muthuiya	Advisory	07-Feb-2023	2025	11.0	US\$0.00K	\$141.34K	\$141.34K
	P501638	Somalia FCV Risk Platform	Miguel De Corral Martin	Analytical	23-Oct-2023	2025	2.7	\$0.00K	\$30.96K	\$30.96K
	Total							\$1127.85k	\$14,258.08K	\$15,385.92K

Annex 8. Pipeline Lending FY24/FY25

No.	Project ID	Project Name	Bank Expected Approval	Total (US\$M)	IBRD (US\$M)	IDA (US\$M)	Trust Fund (US\$M)
1.	P178032	Somali Sustainable Fisheries Development Project	1/30/2024	65	0	50	15
2.	P181512	Somalia Urban Resilience Project II Third Additional Financing		50	0	40	10
3.	P181407	Second AF for Somalia Recurrent Cost and Reform Financing Phase III	4/30/2024	65	0	65	0
4.	P178876	AF for Improving Healthcare Services in Somalia Project ("Damal Caafimaad")	11/30/2023	4.25	0	0	4.25
5.	P176434	Somalia Enabling Financial Inclusion for the Poor ("Kalkaal") Project	2/28/2024	42	0	40	2
6.	P179936	Somalia Informal Settlement Upgrading Project	7/30/2024	100	0	100	0
7.	P501988	First Somalia Economic Resilience DPF	5/31/2024	75	0	75	0
8.	P179036	RI Horn of Africa Regional Power System Transformation Project	5/31/2024	182	0	182	0
9.	P501728	Bulsho: Strengthening Community Institutions for Social Cohesion, Inclusion and Resilience	9/30/2024	80	0		

Annex 9. TAA FY23 Review

1. **The FGS and FMS have made progress on the IDA20 TAA milestones that reflect important dimensions of their transition from fragility and towards state- and institution-building.** Since March 2020, Somalia has been eligible for financing under the Turn Around Regime (IDA18) and Turn Around Allocation (IDA19) and has made significant progress against identified milestones and other results. In FY23, Somalia stayed on track with HIPC Completion Point Triggers (milestone 8) and achieved the HIPC Completion Point by passing pending legislation, while continuing to prioritize social expenditures (milestone 9). Somalia has continuously advanced on state building, including the process and outputs supporting regular fiscal transfers from the FGS to the FMS and related reporting (milestones 5, 6 and 7). During FY23, the federal government commenced a successful military operation against Al Shabaab, which led to some retaliatory action, specifically impacting the security situation in Mogadishu, which prevented further progress against security related milestones (milestone 4). Overall, the commitment to improving stability by the new Government has made important progress across Somalia.

Figure 1: Implementation Status of FY23 TAA Milestones¹⁰⁵

Milestones	Timing	Status
Area 1: Achieving a more inclusive and stable state and peacebuilding process		
1) Public consultations held, including with FMS, on the draft text of a revised constitution	March 2020 <i>Revised: end-FY23</i>	Limited Progress
2) Re-start of the Somaliland-Somalia talks	Ongoing	Limited Progress
Area 2: Improving stability and Security Sector Reform		
3) All rations contracts for the security forces will be procured through competitive bidding, based on the February 2019 decree	Ongoing	Achieved
4) Decrease in security incidents in Mogadishu	Ongoing	Not Achieved
Area 3: Improved inter-governmental relations and resource sharing		
5) Sustained fiscal reporting on a quarterly basis from FGS and all FMS	Ongoing	Achieved
6) Sustained flow of fiscal transfers to FMS	Ongoing	Achieved
7) Finance Minister’s Fiscal Forum meetings continue to be held regularly	Ongoing / quarterly	Achieved
Area 4: Towards a more resilient, inclusive and stable socio-economic environment		
8) HIPC Decision Point reached and Somalia remains on track with HIPC Completion Point Triggers and Development Policy Operations	Completed	Achieved
9) Pro-poor (social sectors) budget allocations increase in absolute terms and maintained at no less than 7% of the FGS budget through 2022	Ongoing	Achieved

Area 1: Achieving a more inclusive and stable state and peacebuilding process

2. **Somalia continued to make important headway on state-building objectives.** Following a peaceful transition of power after elections in late FY22, the new President has set an ambitious state-building agenda focusing on ‘Somalia at peace with the world and itself’. He continued the regular use of National Consultative Council meetings to advance FGS-FMS relations and commenced a military operation to liberate the country from

¹⁰⁵ Note that the milestones were revised in the FY21 Annual Review to focus on ongoing milestones that need continued monitoring and support as well as earlier timebound milestones—mainly related to electoral and political processes—that had yet to be fully achieved. This set of milestones does not include original timebound milestones that were achieved (such as the completion of biometric registration of all national armed forces and all payments made ‘direct to bank’ through the Somalia Financial Management Information System in 2020, and the enactment of the Revenue, PFM and Companies Bills into law in 2019) or dropped to the developments in the electoral process (e.g., a milestone related to political party registration and voter registration was dropped given the decision by political elites to conduct indirect, rather than direct, elections).

Al Shabaab in pursuit of long-term peace. The President experienced significant support from Somalis and international partners for state- and peacebuilding in newly recovered areas. Amid the focus on HIPC completion, improvement of inter-governmental relations, and the military campaign, there has been limited attention and progress on the Constitutional process. The Government and Parliament have commenced consultations on the constitutional process, but there has been limited progress in passing of relevant legislation. Following the election, the President recommenced engagement with Somaliland, which was subsequently impacted by conflict and violence in disputed areas between Puntland and Somaliland. During the reporting period, there has been a political fallout between Puntland and the Federal Government, impacting an inclusive federal process.

Area 2: Improving stability and security sector reform

3. **The ongoing military campaign against Al Shabaab has generated some results in a complex security environment, including the envisioned transition to Somali security forces.** Following the commencement of a military campaign against Al Shabaab in Galmudug and Hirshabelle, the Government has been able to secure territorial gains. The security situation in Somalia remains fragile, with AS pursuing retaliatory action against the Government, resulting in a fluid situation in some newly recovered areas and continued complex attacks in Mogadishu. This has resulted in limited progress against the security related milestone. The Government convenes and leads efforts of international partners to support stabilization in newly recovered areas to increase state-visibility and service provision. Ahead of a complex security transition process leading up to the planned withdrawal of African Union troops by the end of 2024, Somalia has continued progress in the security sectors, particularly regarding the implementation of PFM reforms. In the context of this security transition and potential additional force generation, the Government continues to commit to security sector PFM reforms with international support.

Area 3: Improved inter-governmental relations and resource sharing

4. **Somalia continues to advance its federal agenda albeit amid political contestation with Puntland.** There has been continued commitment to inter-governmental processes, agreements, and fiscal transfers. During the National Consultative Council in March 2023, all but one FMS reached an agreement on resource sharing based on continued technical and political engagement through the intergovernmental fiscal forum among all stakeholders. Following a political fall-out between the Federal Government and Puntland, Puntland has gradually withdrawn from intergovernmental engagements. The Federal Government and the international community have tried to facilitate a reconciliation without concrete results to date. Resource sharing agreements are effective as evidenced by the recent sharing of the DPO resources, including budget allocations for Somaliland.

Area 4: Towards a more resilient, inclusive and stable socio-economic environment

5. **Somalia advanced structural reforms that prepared the country for full and irrevocable debt relief in December 2023 under HIPC.** In FY23, Somalia successfully reached the HIPC Completion Point by completing reforms, passing critical legislation, and successfully completing the IMF program. The combination of HIPC, the IMF program, the WB DPO, and EU budget support have continued to support the Government in keeping a strong focus on structural reforms.

6. **In the face of famine, Somalia for the first time delivered a large-scale ‘on systems’ shock response to support four million drought-affected Somalis and increase pro-poor spending.** During the reporting period, Somalia faced the worst drought and humanitarian crisis in the past 40 years, leading the country to the brink of famine. In response to the drought, the Government has provided almost US\$400 million, with WBG financing becoming the second biggest financial contributor to the wider humanitarian appeal. This is testament to both

the Government's commitment to increase pro-poor and pro-vulnerable expenditures as well as the robustness of government systems to deliver large scale shock-response. The 2023 supplemental budget includes 26.5 percent for social expenditures.

Transition to CPF-based TAA FY24-FY28

7. **The new TAA framework builds on progress to date and continues 'unfinished business' across all areas to advance state- and institution-building and the transition from fragility.** Since Somalia first accessed TAR and TAA resources, the country has continuously shown a commitment to reforms, including TAA milestones to advance state- and institution-building to transition out of fragility. As the RRA and the progress against the latest milestones highlighted, these advancements are not linear, requiring a longer-term focus on foundational investments in formal state processes and institutions. Therefore, the FY24-FY28 TAA commitments under this CPF will *strengthen state institutions, sustain reforms, and help build a stable political settlement* (Area 1), carrying over former TAA commitments to intergovernmental relations and the state building agenda, and *strengthen inclusion and the transparency, accountability and effectiveness of the provision of government services* (Area 2), which will carry over commitments to PFM reforms related to civil and military employees and the wider formal institution building agenda.

Annex 10: IDA Turnaround Allocation FY24-28

1. **The CPF will leverage the IDA TAA to advance policy dialogue on Somalia’s transition out of fragility.** The RRA has outlined drivers of fragility, including complex ‘State-State,’ ‘State-Society’ and ‘Society-Society’ relations. The suggested TAA milestones (see below) were selected to address these drivers, informed by consultations with the Government and partners. The milestones focus on two main objectives: 1) Strengthening institutions, sustaining economic reforms, and helping to build a stable political settlement; and 2) Strengthening inclusion and the transparency, accountability, and effectiveness of the provision of government services. The milestones are firmly anchored in the NDP9 and build on the reform momentum and policy- and partner dialogue created through the HIPC process, the previous TAA, and the agreements made around the security sector reform conference in New York in December 2023.¹⁰⁶ and the previous TAA. The CPF foresees a robust process for monitoring and accountability, including bi-annual technical reviews, annual inter-ministerial dialogue, and regular discussions with partners to review progress on the TAA milestones.

2. **The TAA is an important financing source for Somalia.** The TAA in IDA20 has been providing a 125 percent top-up on the Performance-Based Allocation (PBA), resulting in a yearly allocation of SDR 196.2. The financing has been essential to scaling-up crisis response and human capital interventions, particularly during the O.P. 7.30 period in 2021-22 (please see the CLR).

Figure 1: IDA20 PBA and TAA

National IDA Allocations (SDR)		Final FY23 Allocations			Final FY24 Allocations			Indicative FY25 Allocations			Indicative IDA20 Allocations		
Country	FCV Envelope	Total	o/w PBA	o/w FCV top-up	Total	o/w PBA	o/w FCV top-up	Total	o/w PBA	o/w FCV top-up	Total	o/w PBA	o/w FCV top-up
Somalia	TAA	196.2	57.6	138.5	205.8	60.1	145.6	205.8	60.1	145.6	607.7	177.9	429.8

At end FY23 (June 30, 2023), Somalia had used up US\$337.7m of its PBA, that is, Somalia had front loaded 35 percent of FY24 allocation.

Focus areas and indicators for the TAA Reviews in FY24 and FY25:

3. **The TAA framework and indicators were agreed through broad consultations with the Government and partners.** Several rounds of consultations were held with the Office of the President, Office of the Prime Minister, Ministry of Finance, and Ministry of Planning. There is a general agreement to continue the HIPC reform agenda after the HIPC CP and to target the main drivers of FCV identified in the RRA. The World Bank can assist the Government in addressing such drivers by continuing to support state- and institution building and economic reforms; helping to build a stable political settlement; and strengthening inclusion and the transparency, accountability, and effectiveness of government services. As part of the second objective (see below), the Government has committed to making progress towards ensuring that the salaries of all military employees at the federal and federal member state level are paid through SFMIS/BISAN. This is an important step towards building a professional Somali National Army as part of the broader state-and institution building agenda and the commitments made at the Somalia Security Sector Conference (see above).

¹⁰⁶ The Somalia Security Sector conference took place on December 12th 2023, and was co-hosted by the African Union, the United Nations, the Federal Government of Somalia, the European Union and a number of bilateral partners. The Security Sector Development Plan is a 6-year strategy, divided in three phases, which provides for the gradual transition of security provision from international peace-keeping forces to “capable, affordable, transparent, and accountable Somali Security Forces,” and guided by Somalia’s commitments to international human rights law. (Conference Communique)

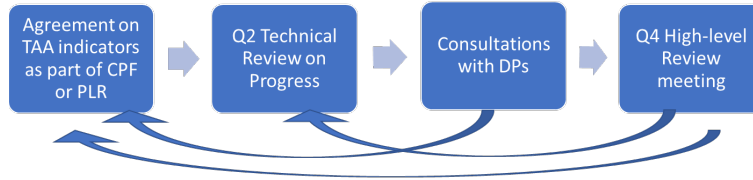
Figure 2: TAA commitments and indicators:

FCV Drivers mitigation	Focus Area	Indicator	Links
Strengthening institutions, sustaining economic reforms, and helping to build a stable political settlement	Domestic Revenue Mobilization	Enhance domestic resource mobilization, including broadening the tax base (measured by percent annual increases in DRM). Increase non-tax revenue collection, including through better management of contracts and concessions.	HIPC CP IMF Program/ DPO/SERP/MPF/EU BS
	Intergovernmental relations	Implement a rules-based formula to guide inter-governmental fiscal transfers from the FGS to the FMS and maintain transparent and accountable reporting. Continued intergovernmental forums, and discussions with Somaliland.	DPO/RCRF/MPF/EU BS
	Financial Governance	Continue the use of the Financial Governance Committee (at least three meetings a year).	HIPC CP IMF/FGC/MPF
	Debt Management	Stay on track with the IMF program.	HIPC CP IMF/DPO
Strengthening inclusion and the transparency, accountability, and effectiveness of the provision of government services	Security Sector Reform	Stay on track with commitments in the Security Sector Development Plan 2023.	Possible ASA on Security Sector Expenditure
	Public Expenditure Management	Execute all salary costs of civil and military employees in FGS and FMS through SFMIS/BISAN.	HIPC CP IMF/RCRF/MPF/EU BS
	Digital ID	Implement the foundational digital identification system to enhance access to finance and services (measured by the number of digital IDs issued).	DPO/SCALED- UP/MPF
	Unified Social Registry	Transition to a government-led social registry and government implementation of the Baxnaano program, fostering greater inclusion and enhance support for communities affected by climatic shocks (measured by increase in the number of HHs registered in USR).	HIPC CP DPO/Baxnaano/MPF

TAA Monitoring and Accountability Structure:

The TAA plays an important role in supporting structured and strategic dialogue between the Government and the World Bank on shared priorities and reforms needed to accelerate the transition out of fragility. Government ownership and commitment are keys to progress on TAA milestones and other areas supporting the transition out of fragility. A Technical Working Group comprised of Government and World Bank representatives will meet bi-annually to conduct an interim review of headway on the milestones, with a follow-up principal-level meeting annually to evaluate progress. In addition, consultations throughout the year with DPs will be important to inform the reviews. The TAA milestones represent an opportunity to ensure alignment among international partners on their policy dialogue with the Government, including the monitoring of the political and security situation as part of this dialogue.

TAA monitoring cycle:



TAA monitoring and verification:

Indicator	Baseline (end CY 2023)	Target		Means of verification
		FY24	FY25	
Enhance domestic resource mobilization, including broadening the tax base (increase in percent).	US\$ 198m	US\$ 234m (+18%)	US\$ 284m (+23%)	FGS Fiscal Reports
Increase non-tax revenue collection, including through better management of contracts and concessions (increase in percent).	US\$ 93m	US\$ 107m (+15%)	US\$ 125m (+16%)	FGS Fiscal Reports
Implement a rules-based formula to guide inter-governmental fiscal transfers from the FGS to the FMS and maintain transparent and accountable reporting.	Partial implementation for 2023	Yes	Yes	FGS and FMS budgets; budget allocations to FMS based on agreed formula
Continued intergovernmental forums, and discussions with Somaliland.	NCC meetings conducted, and agreements reached; limited dialogue between FGS and SL	NCC meetings conducted and agreements on intergovernmental policy issues; moderate progress in dialogue with SL	NCC meetings and agreements on intergovernmental policy issues; substantial progress in dialogue with SL	Published reports or Communiqués from the NCC meetings; independent assessment of the quality of dialogue with SL
Continue the use of the Financial Governance Committee (at least three meetings a year).	4 meetings	4 meetings per year	4 meetings per year	FGC Annual Report
Stay on track with the IMF program.	Yes	Yes	Yes	IMF Reviews successfully approved
Stay on track with commitments in the Security Sector Development Plan 2023.	Commitments for reform articulated and agreed	FY24 benchmarks and targets achieved	FY25 benchmarks and targets achieved	Annual progress review report
Execute all salary costs of civil and military employees in FGS and FMS through SFMIS/BISAN (reduce ratio of nonpayroll payments to total compensation of employees).	10%	5%	1%	FGS Fiscal Reports/ IMF Reports
Implement the foundational digital identification system to enhance access to finance and services (measured by the number of digital IDs issued).	0	500,000	3,000,000	SCALED-UP ISR/NIRA records
Transition to a government-led social registry and government implementation of the Baxnaano program, fostering greater inclusion and enhance support for communities affected by climatic shocks (measured by increase in the number of HHS registered in USR).	250,000	1,000,000	2,000,000	SNHCP ISR/Ministry of Labor and Social Affairs records

Annex 11. IFC/MIGA Active and Pipeline Portfolios

IFC Portfolio

1. IFC projects focus on the development of the financial sector; job creation; especially for youth; fisheries and livestock sector development; affordable energy; human capital; and regional infrastructure to support the country's overall development objectives with particular focus on job creation and human capital development.
2. Along with the World Bank, IFC is focused on creating an enabling business environment and reducing barriers to private sector-led growth while facilitating investments by addressing critical gaps in capacity and regulatory frameworks inhibiting private investment in prioritized sectors. IFC's engagement in the country has centered around advisory operations as it is a necessary precursor to investment. However, IFC is building a robust pipeline of early-led investment projects to execute in FY24. The pipeline includes projects in energy, finance, livestock, and property and retail, which are in various stages of business development, from undergoing IFC's due diligence to screening commercial viability of business propositions.
3. IFC's investment portfolio in Somalia consist of a regional project with West Indian Ocean Cable Company (WIOCC). The project involves IFC equity investment of up to \$30 million. The investment will support the Company's investments in new high-capacity subsea cables (Google/Equiano and Facebook/2Africa), terrestrial fiber-optic networks and open-access Tier III data centers (DCs) in Africa (the Project). Part of this financing will be used to build data centers in Somalia. WIOCC's second largest African market is Somalia which contributed towards 10% of revenue in 2019 and 8% of revenue in 2021.

IFC Somalia Advisory Portfolio by Project (as of Jan 15, 2024)

Project	Primary Sector Name	Primary Business Area	Total Funds Managed by IFC
CAE			12.0
Somalia Renewable Energy SUSIP2	Electric Power	CAE	0.5
Somalia Unlocking Sectoral Investment	Electric Power	CAE	0.2
Somalia Unlocking Sectoral Investment	Information	CAE	0.2
Somalia Unlocking Sectoral Investment	Non-Sector Specific Advisory Services	CAE	0.2
Somalia Unlocking Sectoral Investment	Public Administration	CAE	0.3
Establishing PPP legal and institutional framework for Private Sector Participation in Somalia	Non-Sector Specific Advisory Services	CAE	0.7
Somalia Unlocking Sectoral Investment	Electric Power	CAE	0.2
Somalia Unlocking Sectoral Investment	Information	CAE	0.2
Somalia Unlocking Sectoral Investment	Non-Sector Specific Advisory Services	CAE	0.2
Somalia Unlocking Sectoral Investment	Public Administration	CAE	0.3
Establishing PPP legal and institutional framework for Private Sector Participation in Somalia	Non-Sector Specific Advisory Services	CAE	1.1
Somalia Investment Climate Reform Project Phase 2	Non-Sector Specific Advisory Services	CAE	4.0
Somalia Investment Readiness Program	Electric Power	CAE	0.3
Somalia Investment Readiness Program	Information	CAE	0.3
Somalia Investment Readiness Program	Non-Sector Specific Advisory Services	CAE	0.2
Somalia Renewable Energy SUSIP2	Electric Power	CAE	0.8
Somalia Unlocking Sectoral Investment	Electric Power	CAE	0.5
Somalia Unlocking Sectoral Investment	Information	CAE	0.5
Somalia Unlocking Sectoral Investment	Non-Sector Specific Advisory Services	CAE	0.4
Somalia Unlocking Sectoral Investment	Public Administration	CAE	0.7
FIG			0.2
KIMS Microfinance II	Finance & Insurance	FIG	0.2

LAS			0.7
Somalia Investment Academy	Non-Sector Specific Advisory Services	LAS	0.7
Total Somalia Advisory Portfolio			12.9

IFC Somalia Advisory Services Portfolio by Industry (as of Jan 15, 2024)

Industry	Total Funds Managed by IFC
CAE	12.0
FIG	0.2
LAS	0.7
Total AS Portfolio in Somalia	12.9

IFC Somalia Investment Portfolio (as of Jan 15, 2024)

Investor Name	Project Name	Business Sector	Host Country	Gross Exposure (US\$ m)
WIOCC	WIOCC	Infrastructure	Somalia	30

MIGA Portfolio

4. MIGA's portfolio in Somalia consists of a guarantee issued for a hybrid solar plant in Baidoa developed by Kube Energy in collaboration with the Government of the Southwest State of Somalia (and financed and developed in partnership with CrossBoundary Energy). This project enables off-takers to transition away from diesel power and has potential to catalyze further investment in renewable energy solutions. MIGA is considering other projects in Somalia with the same client, including in Beledweyne, Kismayo, and Dhobley. MIGA's pipeline also includes select opportunities supporting SMEs in the food and agriculture sectors in Somaliland.

Investor Name	Project Name	Business Sector	Host Country	Investor Country	Gross Exposure (US\$ m)
Kube Energy	Baidoa Hybrid Solar Power Plant	Infrastructure	Somalia	Mauritius	5.6
Total					5.6

Annex 12. Map of Somalia

IBRD 33483R



JANUARY 2016