Independent Evaluation Group (IEG)
SO: ICT Sector Support - Phase II (P152358)

Implementation Completion Report (ICR) Review

Report Number: ICRR0022611

1. Project Data

Project ID P152358	**Project Name** SO: ICT Sector Support - Phase II	
Country Somalia	**Practice Area(Lead)** Digital Development	

L/C/TF Number(s) TF-A0175,TF-A7699	**Closing Date (Original)** 30-Sep-2019	**Total Project Cost (USD)** 9,500,000.00
Bank Approval Date 08-Jun-2015	**Closing Date (Actual)** 30-Jun-2020	
	IBRD/IDA (USD)	**Grants (USD)**
Original Commitment	9,500,000.00	9,500,000.00
Revised Commitment	9,500,000.00	9,500,000.00
Actual	9,500,000.00	9,500,000.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO), as stated in the Grant Agreement (Schedule 1, page 6) and in the Project Appraisal Document (PDO, page 5), was **"to support the Information and Communication Technology (ICT) sector in Somalia by contributing to establishing an enabling environment and by encouraging efficiency and equity in access to connectivity".**

This review is based on the two objectives: (1) to support the ICT sector by contributing to establishing an enabling environment; (2) to encourage efficiency and equity in access to connectivity.

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

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

Date of Board Approval
19-Oct-2016

c. **Will a split evaluation be undertaken?**
No

d. **Components**

This project used a hybrid modality, by having both fully recipient-executed (RE) activities, and activities that were bank-executed (BE) on behalf of the recipient. This modality was specifically designed for fragile countries with limited capacity.

There were three components (PAD pages 10 -11):

1. Enabling environment (estimated cost at appraisal was US$4.5 million; actual cost was US$4.95 million). This component was BE and RE. This component aimed to support the regulatory and governance framework of the ICT sector, following the passage of the new Communications Law, in particular for mobile money. There were two sub-components.

a. *Ongoing ICT regulatory support*. Activities included support for designing and passing of the Communications law, establishing and operationalizing the new telecommunications regulator (the National Communications Authority (NCA), and regulatory support in areas such as spectrum management, numbering, licensing, and the repatriation of the .so domain name.

b. *Support and facilitate implementation of a framework for mobile money*. Activities in this component included research on using mobile money. This research was to be conducted through a through a household survey covering about 1,800 households. This component was RE. This component would also provide technical assistance for the implementation of a legal framework for mobile money, including preparing draft legal documents.

Revised component. The focus on mobile money was expanded in scope, to include research aimed at extending the use of mobile money in emergencies and other new thematic issues (such as, usage of mobile money by women and vulnerable groups), and to cover a pilot program of humanitarian programs made by the Central Bank of Somalia (CBS) to families affected by the drought.

2. Efficiency and equity in access to connectivity (estimated cost at appraisal was US$7.8 million; actual cost was US$7.34 million). This component aimed at developing the telecommunications infrastructure and to make optimal use of the new fiber connectivity arriving in Somalia. There were three subcomponents.

a. *Establishing a framework for Subscriber Identification Module (SIM) registration.* Activities included developing a framework for SIM card registration and commissioning a study on African best practices on SIM card registration system This component would provide TA to the Somali Communications Commission (SCC) in developing regulatory bylaws to handle security and privacy concerns related to SIM card registration.

Revised component. The focus on SIM card registration was shifted to digital Identification (ID), as SIM card registration was made mandatory for operators in the 2017 Law. The project would support research on the potential for digital ID roll-out and would finance two studies on introducing a foundational Digital ID system.

b. *Supporting connectivity in the higher education sector*. Activities included: (i) technical assistance (TA) and connectivity support to the Somali Research and Education Network (SomaliREN), funding Somalia's membership fees to the European Union's (EU) connect 2 program to provide connectivity to universities, and establishing a network operations center (NOC), and purchasing a router. This component would also cover the cost to enable Somalia to participate in the second phase of the AfricaConnect program.

c. *Extending communications rooms in key ministries across all economic zones*. Activities included, establishment of a government backbone network covering 26 government locations around Mogadishu, and 30 communications rooms across the country equipped with videoconferencing equipment and connectivity to the federal ministries and public institutions in the Federal Member States (FMS).

3. Support the Project Implementation Unit (estimated cost at appraisal was US$1.7 million; actual cost was US$2.16 million). This component aimed to support capacity building of the Project Implementation Unit (PIU), established in the Ministry of Posts, Telecommunications and Technology (MPTT).

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

Project cost. The estimated cost at appraisal was US$14.0 million. The actual cost was US$14.4 million.

Project financing. The project was financed by a Somalia Multi-Partner Fund Trust Fund (TF) of US$14.0 million. AF of US$2.0 million was approved from the State and Peace - Building TF on October 19, 2016. With this, the total TF for the project was S$16.0 million. Of this, US$14.4 was disbursed. The undisbursed amount of about US$1.5 million were returned to the TFs. There was parallel financing of US$1.5 million from the European Union (EU), via AfricaConnect TF.

Recipient contribution. No contribution was planned at appraisal. There was no recipient contribution during implementation.

Dates. The project was approved on June 8, 2015, became effective on June 15, 2015, and was scheduled to close on March 30, 2018. AF was approved on October 19, 2016. The project closed on June 30, 2020.

Restructurings. The project was restructured four times.

The ICR (paragraph 20) notes that although the project was appraised for US$14.0 million, it did not receive this amount of financing from the outset, under the hybrid modality. Instead the funds were allocated in tranches. The main reason for the first project restructuring on October 19, 2016, second restructuring on June 6, 2017, and the third restructuring on April 24, 2019, was to increase the grant amount allocated for BE/RE activities. The second restructuring extended the closing date by18 months to September 30, 2019, due to delays in receiving donor contributions.

The main changes made through the fourth restructuring on September 17, 2019 are as follows:

- The closing date was extended by nine months from September 30, 2019 to June 30, 2020, for completing activities that were delayed due to administrative reasons.
- One indicator, on SIM card registration, was deleted due to the shift in focus of the project.
- Funds were reallocated from component two to component three activities, as additional funds were needed by the PIU due to the extension of the closing date.

Split Rating. This review is not based on a split rating of objectives, as the PDOs did not change and targets were modified with the increased scope of Additional Financing (AF) for the project.

3. Relevance of Objectives

Rationale

Country context. Somalia, classified as a fragile, conflict and violence (FCV) affected country, has witnessed severe conflict and violence over the past decade, that destroyed legitimate institutions. Somalia's human development indicators are among the lowest in the world, with an estimated 73% of the population classified as poor (61% in urban and 80% in rural areas respectively) and 43% classified as extremely poor. This project was prepared, when the Federal Government of Somalia came to power with a four year term under a provisional constitution approved by the new parliament, thus ending Somalia's long period of revolving transitional government at the federal level.

Sector context. The ICT sector was strategically important to the economy. A survey of Telecom Finance in Somalia estimated that about 11% of gross domestic product in 2013 came from this sector. Mobile penetration rates were higher, and prices lower in Somalia than in neighboring Djibouti and Ethiopia, which had retained state-owned monopolies. In contrast, the sector was entirely with private companies in Somalia.

That said, the sector was not formally regulated. The market structure was evolving towards consolidation around larger companies resulting from mergers and alliances, undermining effective competition in the sector. There were no interconnection agreements among operators, and no opportunities for mobile roaming either domestically or internationally. The sector did not formally contribute to the Treasury by way of taxes, and license and spectrum fees. Building up regulatory oversight and helping the sector transition from an unregulated market to a well-regulated market practices, was important to the government strategy.

Alignment with the Government strategy. The PDOs were relevant to the Federal Government of Somalia's (FGS) Economic Recovery Plan for 2014 - 2015 at appraisal. This plan sought funding for the information, telecommunications and transport sector and providing a framework for the proposed ICT Sector Support Project. The project was aligned with the Somali Compact Peace and State-building Goals for Economic Foundations (PSG5) and Revenue and Services (PSG4). This project was to support PSG4, as ICT is a productive sector that will support the enabling environment and enhance productivity through infrastructure investment, as well as contribute to the generation of employment. This project was to support PSG5 by contributing to the effective management of revenues and building capacity for accountability and service delivery, while enhancing transparent and accountable revenue generation.

Alignment with the World Bank strategy. The PDOs continue to be well-aligned with the Bank strategy. At appraisal, the project was aligned with two priority areas of the Bank's Interim Strategy Note (ISN) for 2014 - 2016: (i) strengthening core institutions; and (ii) expanding economic opportunities. The PDOs are aligned with the Bank's Country Partner Framework (CPF) for 2019 - 2022. The CPF prioritized two focus areas: (i) building institutions for service delivery; and (ii) restoring economic resilience and opportunities. Under Focus Area one of the CPF, the Bank planned technical assistance for tax policy for the telecommunications sector. Under Focus Area two, the Bank proposed leveraging Public-Private Dialogue (PPD) to spur policy and regulatory reforms, and develop enabling frameworks in catalytic sectors like the ICT sector.

Prior World Bank Experience. This project was the second phase of the ICT sector support program. The first phase of the program focused on regulatory support for the passage of the telecommunications act, setting a Project Implementation Unit (PIU), and pilot communication rooms in three ministries. The recommendations from the analytical studies financed under phase 1 were used for designing the second phase. The second phase built on the progress achieved thus far, and besides including activities aimed at strengthening regulatory oversight, added technical assistance activities of strategic value for Somalia, such as mobile money (which had helped in expanding financial inclusion in the absence of a strong, formal banking system), and SIM card registration (for verifying ownership of phones and mobile money accounts to reduce the risks of money laundering and financing of terrorism). Other key challenges the project sought to address were related to the limited, unreliable, and expensive communication facilities to government and universities. The level of ambition was appropriately increased with the AF for the project (discussed in the section 4). The relevance of PDO is rated as High.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective
To support the ICT sector by contributing to establishing an enabling environment.

Rationale

Theory of change. The causal links between project activities, outputs and outcomes were logical. The intended outcomes were monitorable. Capacity building activities aimed at improving the regulatory framework, capacity of the regulator and technical assistance (TA) for establishing ICT data collection unit were aimed at improving regulation and governance of the sector. TA aimed at implementing a taxation framework for the contribution of telecom sector to public finance were aimed at improving the governance framework for taxation. TA activities aimed at implementing a mobile money framework were aimed at improving the regulatory framework for mobile money. Assuming that the Government was committed to the legal and regulatory changes and that it was able to get sufficient technical expertise to implement the activities, these activities were likely to aid in creating an enabling environment for the sector, and thereby to the long-term development outcomes of improving sector performance and expanding economic opportunities.

Outputs (ICR, pages 13 - 15).

- The Parliament approved the Communications Law in 2017, thereby providing a regulatory framework for the sector. The technical assistance activities provided under this project played a key role in the development and passage of the law. This law was the first to be approved by the new parliament, and one of the few sector laws approved in Somalia.
- The independent federal regulatory agency - the National Communications Authority (NCA) - was established.
- The ICR (paragraph 27) notes that through the course of the project, Somalia leaped from the absolute bottom of the International Telecommunication Union (ITU) Regulatory Tracker 16 of 100 points to 63 points, which positioned Somalia in the vicinity of regional peers with more mature markets.
- Six mobile licenses were issued by the regulator on June 1, 2020. However, the operators had not accepted the licenses and had asked for further consultation. The licenses issued were later invalidated. However, four new licenses were approved by the National Communications Authority (NCA) in November 2020 as targeted.
- Four Internet Service Providers (ISP) were authorized when the project closed, short of the target of 10.
- TA was provided to the NCA on implementing the Communications Law, including support for stakeholder consultations on the taxation and licensing framework, and to the Financial Governance Committee for developing a framework for taxation.
- A set of regulations and guidelines on numbering, spectrum allocation and interconnection were adopted.
- The project supported the Ministry of Posts, Telecommunications and Technology (MPTT) in preparing the five-year ICT policy and strategy for guiding ICT investments. This policy was adopted by the Cabinet in 2019.
- The country code top level domain names for Somalia (.so) was repatriated, and an Internet Exchange Point (IXP) was established. TA was provided to the Somali Research and Education Network (SomaliREN) on developing procedures and a business model and to the Somali Network Information Center (SONIC) on managing the .so domain name and installing IXP.
- TA was provided to the MPTT and NCA to improve sector monitoring in the short term. The ICR (paragraph 28) notes that a risk assessment was carried out to identify threats to the Critical Information Infrastructure (CII) in Somalia, assess vulnerabilities, and evaluate the impact of potential

threats to the ICT systems. This study was to inform a Cybersecurity Maturity Model (CMM) assessment that is currently being conducted with Bank funding.
- The AF ensured that the project supported timely project response to the drought in Somalia.

Following activities were not completed.

- The ICT Data Collection Unit for monitoring and tracking progress on PDO indicators was not established as targeted.
- Interconnection agreements among the operators based on the interconnection regulations published in 2017 were not completed, due to the lack of adequate dispute resolution mechanism.

Outcomes

The project activities were expected to increase the ICT sector's contribution to the Treasury and improve communications through lower prices.

- Before this project, the telecommunication sector did not contribute to the treasury. In 2014, following the start of phase 1 of the program, mobile operators started contributing to the Ministry of Finance (MoF), and the total payments by operators in 2014, was US$3.9 million. But at that time, this contribution was based on a negotiated deal between the leading operator and the government for a fixed monthly amount. For phase 2, a target of a cumulative contribution of US$12 million was set, to be achieved by the end of the project. By the end of 2020, the telecommunication sector contributed more than US$42.8 million to the MoF by way of license fees. Financial contributions from the telecom sector aided the government to reach its revenue raising targets under the International Monetary Funds (IMF) Staff Management Program and aided in the eventual partial cancellation of Somalia's historical public debts (pre-1990) and the process of achieving Heavily Indebted Poor County (HIPC) status. This enabled Somalia to start borrowing again initially under the pre-arrears clearance financing (PACF) and latterly through full IDA lending. The ICR (paragraph 31) notes that sector contributions to the public treasury are still partly through a "negotiated" process, and that while the license operators now pay license fees, these are voluntary contributions and not by way of taxes. The ICR reports (paragraph 29) that the establishment of the NCA as an independent regulator is expected to lead to more significant contributions to the national treasury in future.
- The project activities were expected to improve communications through lower prices. The ICR (paragraph 30) notes that a reputed international price comparison database (cable.co.uk) ranked Somalia as the cheapest country in Africa to purchase a Gigabyte (GB) of mobile data, and the seventh cheapest country in the world at US$0.50. International Telecommunication Union (ITU) data indicated that the price of a low-user basket of mobile services (70 minutes of calls, 20 SMS and 500 MB of data) for Somalia fell by 76% (from US$15.40 in 2015 to US$3.70 in 2020).

The project significantly contributed to creating an enabling environment for the sector, given that the sector is now contributing to the Treasury. While the fall in prices of mobile services is not fully attributable to the project, given that the fall in prices is part of an industry-wide trend, it is reasonable to conclude that the project activities aided in moving towards a more stable and predictable environment for the sector.

Rating

Substantial

OBJECTIVE 2
Objective

To encourage efficiency and equity in access to connectivity.

Rationale

Theory of change. The causal links between project activities, outputs and outcomes were logical and the intended outcomes were measurable in principle. Activities such as best practice survey of mandatory SIM card registrations and recommendations on adapting them to the local context were likely to increase the number of registered SIMs. Advance purchase of international internet capacity for universities and ministries, departments and agencies, were likely to increase the number of universities and government agencies connected to the internet. The combination of these activities were likely to increase efficiency and to the long term development outcome of equity in access to connectivity.

Outputs

- A first market analysis and household survey undertaken in 2016- 2017 looked into the use of mobile money and the wider state of mobile money in Somalia. The survey covered all economic zones and Federal Member States, with field teams deployed in both urban and rural areas. The survey used innovative digital tools for collecting primary data. A second round of research in 2018- 2019 addressed key issues, such as financial behaviors (that is, savings and borrowing using mobile money), gender issues (such as the barriers women face when accessing or using mobile money, the extent to which mobile money supported women's financial independence and economic empowerment, and whether mobile money usage has translated into a greater role for women in decision-making or increased their bargaining power within the household), identification access, risks of fraud, usage patterns associated with the drought, and explored how mobile money might be leveraged to boost resilience. Findings of the two surveys are discussed in the outcome section below.
- 30 communication rooms were established key ministries across all economic zones (in Mogadishu, Galmududg, Somaliland, South West, Jubbaland, Puntland, and Hirshabelle) under the project with broadband equipment, for stakeholder consultations with partners, exceeding the target of 15.
- 50 universities (campuses) were provided with improved bandwidth, exceeding the target of 15.
- The project supported competitive tendering of the pre-purchase of "high speed" international bandwidth for 25 ministries and the Central Bank of Somalia (CBS) - allowing for a more affordable rate, compared to what would have been achieved if each negotiated their own deals with suppliers.
- The CBS staff were trained on the use of the mobile money bulk dispatch system.
- 550 people were trained under the project, as targeted, on areas such as membership of the AfricaConnect 2 program, spectrum management, numbering, cybersecurity, ICT data collection and analysis, on the use of mobile money bulk dispatch system, Digital ID, managing the .so domain name and installing the Internet Exchange Point.
- 2,500 secure mobile payments were made using government systems, exceeding the target of 1,000.
- A pilot aimed at assisting the Central Bank of Somalia (CBS) in using mobile money was completed. This was used by the CBS in paying monthly salary benefits to public servants and making monthly

humanitarian payments to households in drought-affected areas through Non-Governmental Organizations.

Outcomes

The project activities were expected to increase efficiency and equity in access to connectivity.

- According to TeleGeography records, total international bandwidth available to the country was only 5 Gigabits per second (Gbit/s) in 2015, when phase 1 of the project started. By 2020, this had grown to 204 Gbit/s. At the time of phase 1, there were no international submarine cables serving the country. By 2020, there were three (EASSy, DARE - 1, Somcable). The Results Framework target of international bandwidth per subscriber was significantly exceeded, at 7,083 Mbit/s versus an expected 850 Mbit/s. It is not clear if this outcome could be fully attributed to the project, given the global changes in the sector.
- The ICR (paragraph 35) notes that the two rounds of household surveys on mobile money usage commissioned by the project showed a reduction in terms of digital divides - regarding mobile phone ownership and mobile money - for certain vulnerable groups (especially women). The overall improvement in affordability of mobile communications improved digital inclusion.
- The communications rooms were critical in responding to the COVID - 19 pandemic, in ensuring business continuity and exchange both within Somalia and with external partners.
- There were no indicators aimed at measuring the equity aspect of the PDO. In terms of equity to access to connectivity for the entire population, the two rounds of household surveys on mobile money usage commissioned by the project showed a reduction in terms of digital divides - regarding mobile phone ownership and mobile money for certain vulnerable groups (such as women). Given this, the project activities contributed to improving affordability, and this is likely to contribute to equity in connectivity.

The outcome and output targets were significantly overachieved under this objective, however there is a lack of more direct evidence on equity. The efficacy of this objective is rated s**ubstantial.**

Rating
Substantial

OVERALL EFFICACY
Rationale
Efficacy of the two objectives is substantial. There is credible evidence that the capacity building project activities aimed at improving the regulatory oversight of the ICT sector significantly contributed to creating an enabling environment of the ICT sector. There is adequate evidence that the project activities made a significant contribution to encouraging efficiency, and affordability of ICT services which are likely to contribute to equity in access to connectivity. Overall, the efficacy is rated **substantial.**

Overall Efficacy Rating

Substantial

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5. Efficiency

Economic analysis. There was no formal economic analysis of the project, given that the project mainly financed capacity building activities, aimed at creating an enabling environment for the sector. The main project benefits were expected from the sector's contribution to the treasury, and increased internet connectivity to the universities and government agencies.

Cost effectiveness. In the absence of a formal analysis, the efficiency was assessed through comparing the costs of various activities financed under the projects with comparable projects. The cost of component activities associated with creating an enabling environment (US$2.97 million) was comparable to the costs associated with similar work in other countries (the cost for the Djibouti Digital project which included activities associated with operationalization of a newly established regulator was US$2.0 million). Activities related to connecting universities and the government agencies were completed below budget but still exceeded the targets considerably. Technical assistance activities on SIM and digital ID were completed below half the price of the original budget. Expenses associated with government connectivity (backbone network) were higher than expected, given the challenges associated with attracting supplier and international vendors in the FCV context.

Administrative and operational issues. The project experienced delays in the initial years until 2016, due to a combination of factors, including the weak capacity of the implementing agency, lack of trust by stakeholders on regulatory issues, inadequate coordination between the Federal Government of Somalia (FGS) and the Federal Member States (FMS), exacerbated by changes in leadership (with the Minister of the Ministry of Post, Telecommunications and Technology (MPTT changing thrice during the project lifetime), changes in leadership in the Central Bank of Somalia (CBS), frequent staff turnovers at the PIU, the security situation, and the administrative complexity of the hybrid modality. Things were more stable since 2017, and this aided in acceleration of activities since then. The project also experienced delays in grant disbursements, the need for multiple trust funds, and the requirement to process many grant amendments and to deal with changes in trust fund rules (ICR, paragraph 43). The ICR (paragraph 41) notes that a recent Somalia Country Management Unit (CMU) benchmark showed that overall staff costs were just below the median, based a sample of 14 projects.

In sum, efficiency is rated **substantial.**

Efficiency Rating

Substantial

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)

Appraisal	0	0 ☐ Not Applicable
ICR Estimate	0	0 ☐ Not Applicable

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

6. Outcome

The relevance of the PDO to the Government and Bank strategies is rated as High. Efficacy of the two objectives "to support the ICT sector by contributing to establishing an enabling environment" and "to encourage efficiency and equity in access to connectivity" are rated substantial, as the outcomes were largely realized. Efficiency is rated substantial. Taking these ratings into account, overall outcome is rated **satisfactory**.

a. Outcome Rating
   Satisfactory

7. Risk to Development Outcome

The key risk is financial risk. While the telecommunication law was adopted by the Parliament, there are challenges associated with enforcement of the legislation. The ICR (paragraph 94) notes that while the NCA has licensed some operators, there are still systemic issues that could undermine its independence. The contributions made by license operators to the treasury is still voluntary and on a "negotiated" basis (license operators at project closure were paying license fees; taxes were still being paid on voluntary "negotiated" basis). It is not clear if the government may be able to raise the resources needed for maintaining the Communication Room and government network. This risk is rated as substantial.

The ICR (paragraph 93) notes that the program was initially planned as a series of three projects. However, the Country Management Unit (CMU) decided not to move ahead with the third phase and decided to merge the Digital Development (DD) and Finance, Competitiveness and Innovation activities under the Somalia Capacity Advancement Livelihood and Entrepreneurship through Digital Uplift project (SCALED-UP), to maximize synergies and cross-Global Practice (GP) collaboration. This had an impact on project sustainability as only some activities were carried forward by the other projects. There is a substantial risk that some development outcomes might not be sustained, or may even be reversed, without support efforts through existing or planned World Bank or donor partner projects.

The ICR (paragraph 95) notes that SomaliREN's financial sustainability is in jeopardy and the institution cannot extend further connectivity, especially as many universities are now struggling to pay their bandwidth subscription fees.

8. Assessment of Bank Performance

a. Quality-at-Entry

The approach of supporting technical assistance activities aimed at strengthening ICT sector's regulatory oversight was appropriate, given the strategic importance of the sector to the Somali economy. The analytical underpinnings of the project were appropriate and based on the recommendations of the Bank's World Development Report (WDR) on 2011 on *Conflict, Security and Development* and for the ICT sector in particular on the recommendations of the WDR 2016 on *Internet for Development*.

The implementation arrangements were appropriate. The project was structured as a recipient-executed grant, with component one activities executed by the Bank on behalf of the recipient, given the weak implementation capacity. The Project Implementation Unit in the Ministry of Posts, Telecoms and Technology (MPTT) was responsible for components two and three activities. Some aspects of implementation of these components were delegated locally to a local project coordination unit (PCU) within the Ministry of Information, Communication and Cultural Heritage (MICCH) of the Puntland State of Somalia, to foster collaboration between the Federal Government of Somalia (FGS) and the Federal Member States (FMS), and Puntland was at the time one of the most developed states to pilot such an arrangement.

Several risks were identified at appraisal, including high risks with governance, macroeconomic risk, weak implementation capacity, stakeholder risk and security risk (PAD, paragraph 45). Mitigation measures incorporated at design, included transparent dialogue with stakeholders, seeking to increase revenue from the telecommunication sector for the treasury and minimizing security risk through locating project activities in ministries within secure compounds. Even with the mitigation measures, the overall project risk was rated as High at appraisal (PAD, 47). The arrangements made at appraisal for fiduciary compliance were appropriate (discussed in section 10).

There were minor shortcomings in preparation: (i) although the hybrid modality did help in expediting work on regulatory support for the sector, issues relating to the availability of funding were not sufficiently considered at design. Donor funds were pledged but not delivered, and the disbursement was aligned with expected donor cycles; (ii) the team initially had no Somalis on the team to decipher and navigate the political dynamics; and (iii) there were shortcomings in M&E design (discussed in section 9).

On balance, the quality at entry was **satisfactory**.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision

Nineteen supervision missions (on average four times a year) were conducted during the project lifetime. The continuity of leadership was maintained with the phase 1 Task Team Leaders (TTL) , managing phase 2.. The co-TTLs was located in Nairobi during the main part of implementation and this helped in saving costs. One of the TTLs had thirty years of ICT experience, as well as specific expertise in handling FCV experience having coauthored a book on ICT in FCV countries (*The Role of Information and Communication Technologies in Post-Conflict Reconstruction*). The supervision team appropriately shifted focus on activities associated with digital Identification, once SIM registration was made mandatory

following the passage of the telecommunications law in 2017. Although there were initial delays in procurement, the support provided by the team aided in fiduciary compliance. Security issues added to the complexity of supervision. Collaboration between different Bank units was strengthened and generated important synergies, e.g. with the FCI-led SCALED-UP program and the Recurrent costs and Reform Financing operation, as well as active engagement with the Financial Governance Committee.

There were minor shortcomings. One, given the difficulties associated with M&E, the team could have provided more training to the PIU on M&E implementation. The ICR (paragraph 89) notes that the Bank team could have interacted more with the local PCU established in Puntland.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Given the paucity of data in Somalia and the low implementation capacity, the M&E design was simple, with the chosen indicators having baselines and appropriate targets. The indicator associated with the PDO of enabling environment was appropriate, with the indicator monitoring the contributions from the sector to the treasury. However, there were shortcomings in M&E design.

One, there were no indicators associated with the PDO of achieving *equity in access to connectivity*. Two, the indicator associated with *international bandwidth per inhabitant* was not fully attributable to the project. Three, there were some disconnects between the PDO expected outcomes/results and the selected PDO indicators (as noted by the ICR para 68, the expected outcome *Improved communications*, *with lower prices* was not matched to a PDO indicator). An indicator on gender could have been useful (e.g., in respect to persons trained – as the telecommunications sector is male dominated in Somalia).

b. M&E Implementation

The ICR (paragraph 70) notes that the data collection methods were basic, mostly relying on the PIU and task team to compile data from external sources (such as, using data from third party sources such as TeleGeography and the International Telecommunication Union). Given the limited data on the ground, the project appropriately relied on household surveys. This helped in overcoming many of the shortcomings in M&E design. For instance, given that it was too difficult to get data on access to connectivity for the entire population, the household surveys showed a reduction in terms of digital divides - regarding mobile phone ownership and mobile money - for certain vulnerable groups (women).

The ICT Data Collection Unit that was envisioned at design for monitoring and tracking progress was not established. Despite the M&E framework being simple, the task team overestimated the capacity of the

PIU to collect the requested data. The project coordinator had to keep track of indicators as the PIU did not have a M&E specialist. The ICR (paragraph 71) notes that the PIU staff felt that they could have benefitted from more training on monitoring.

c. M&E Utilization

The project's implementation and results were reported on a regular basis, and the collected data was utilized for monitoring project progress (ICR, paragraph 72).

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

This project was classified as a Category C project under the World Bank safeguard policies. No safeguards were triggered at appraisal (PAD, page ix and x). The ICR (paragraph 73) notes that there were no negative impacts on livelihoods, land use or physical relocation of people.

b. Fiduciary Compliance

Financial management. A financial assessment conducted at appraisal, concluded that the financial management risk was high, in view of the low implementation capacity and security considerations (PAD, paragraph 50). The mitigation measures incorporated at design, included setting an accounting system and training the relevant staff.(PAD, paragraph 50). The overall financial management was rated as 'moderately satisfactory' in the first Implementation Status Results (ISR) Report, and 'satisfactory' in the remaining six ISRs. The ICR notes that there were limited ineligible expenses. Most of these were rectified. The ICR (paragraph 74) notes that to ensure sustainability it was decided to apply a pragmatic "Use of Country Systems (UCS) approach. The audits were unqualified.

Procurement management. A procurement assessment conducted at appraisal concluded that the procurement risk was high, due to the weak capacity of the PIU (PAD, paragraph 28). The mitigation measures incorporated at design, included hiring a locally-recruited procurement specialist and updating the procurement manual and training respective staff on procurement. The ICR (paragraph 76) reports that there was compliance with the Bank's procurement procedures. Since the national procurement law was not fully operational, customized World Bank standard procurement documents were used. Although there were some procurement delays, these were eventually resolved. The ICR does not report any instance of mis-procurement.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	High	

12. Lessons

The ICR draws the following main lessons from the experience of implementing this project, which are presented here with some adaptation of language.

1. The project design needs to be simple and adaptable, especially in a Fragile, Conflict and Violence (FCA) context. This project had a limited number of components and interdependent activities. Many of the project activities were dependent on the passing of the Communications Law, but were designed in a way that allowed for flexibility and adaptability, given that it was still uncertain whether the Act would be approved by the parliament.

2. "Standard" interventions need significant adaptation. The choice to support a Communications Act and the National Communications Authority in this project was informed by telecom development across many countries (including FCV countries), and by the first phase of this project. While these interventions are fundamental building blocks for the evolution of the sector, looking forward, when developing this type of core sector interventions, it would be useful to incorporate features such as private sector incentives, understanding fragility drivers and developing adequate risk mitigation strategies and engaging stakeholders who can provide insight on what is needed to ensure sustainability.

3. Reform drivers can help in expediting implementation. This project helped in the passage of the communication law and establishing the ICT regulator. A success factor was the ability to link the expected reforms under this project to the government goals of achieving High Indebted Poor Country (HIPC) status, enabling critical debt release. This was critical in a FCV context where policy reforms are needed to counteract power dynamics.

4. Even if the hybrid modality is necessary in a FCV context, they are not always efficient, and hence steps to mitigate the effect of these inefficiencies are required. The lesson from this project is that, while this modality can be successful in kick-starting implementation, it adds to

administrative complexities, and the uncertainty over the availability of donor funding adds to the complication of project management.

5. Local anchoring is particularly important in a low security environment. This project demonstrated the importance of employing local language speaking staff, and with an understanding of the local context, sensitivities and relationships. This project eventually did this through a Somali speaking consultant, and this proved to be essential in supporting the supervision team.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clear. The quality of analysis provided in the ICR is clear and summarizes the salient points and clearly links evidence to findings. The ICR clearly discusses the positive and negative aspects of the hybrid modality of financing used for this project. The ICR is internally consistent and there is logical linking and integration of the various parts of the report. The ICR candidly discusses the issues with the design of M&E. The theory of change listing the causal links between the project activities, outputs and outcomes is well-articulated and the ICR draws good lessons from the experience of implementing this project. The ICR made good attempts to report on cost effectiveness of the project. Given the data limitations in a fragile country with weak implementation capacity, the ICR provides good narrative of how the shortcomings in M&E design were overcome during implementation.

   a. Quality of ICR Rating
   High