

AFRICAN DEVELOPMENT BANK GROUP



SOMALIA

SOCIO-ECONOMIC REINTEGRATION OF EX-COMBATANTS AND YOUTH AT RISK PROJECT

APPRAISAL REPORT

Public Disclosure Authorized

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OSHD/GECL DEPARTMENT

December 2015

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Currency Equivalents

As of May 2015

1 UA =	USD 1.53481
1 UA =	EURO 1.18938

Fiscal Year

Somalia: 1 July – 30 June

Weights and Measures

1 metric tonne	=	2204 pounds (lbs)
1 kilogram (kg)	=	2.200 lbs
1 meter (m)	=	3.28 feet (ft)
1 millimeter (mm)	=	0.03937 inch (“)
1 kilometer (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

AMISOM	African Union Mission in Somalia
CSP	Country Strategy Paper
CT	Country Team
DDR	Demobilisation, Disarmament and Reintegration
DPCs	District Peace Committees
DRSLP	Drought Resilience and Sustainable Livelihoods Programme
ERP	Economic Recovery Plan
ESMP	Environmental and Social Management Plan
FGS	Federal Government of Somalia
GBV	Gender-Based Violence
HCS	Human Capital Strategy
IDPs	Internally Displaced Persons
IOM	International Organisation for Migration
NGO	Non-Governmental Organisation
M&E	Monitoring and Evaluation
NISA	Somali National Intelligence and Security Agency
PCR	Project Completion Report
PMT	Project Management Team
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
PSG	Peace and State Building Goals
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
SDRF	Somalia
ToT	Training of Trainers
TSF	Transition Support Facility.
TYS	Ten Year Strategy
UA	Unit of Account
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Grant Information

RECEIPIENT: **FEDERAL REPUBLIC OF SOMALIA**

EXECUTING AGENCY: **MINISTRY OF LABOUR AND SOCIAL AFFAIRS**

Financing plan

Source	Amount (UA) million	Instrument
ADF (Transitional Support Facility Pillar 1)	3.00	Grant
Federal Republic of Somalia	0.30	Counterpart
TOTAL COST	3.30	

NB: Counterpart funds will be provided 'in kind' through staff time and office space as is required

Timeframe - Main Milestones (expected)

Concept Note approval	June, 2015
Project approval	9 December, 2015
Effectiveness	February, 2016
Last Disbursement Deadline	31 December 2017

Project Summary

1. Project Overview: The overall development objective of the project is to promote sustainable reintegration of youth at risk (including ex-combatants) into mainstream Somali society. The project targets youth with extreme vulnerabilities who are at risk of falling deeper into poverty and disillusionment. These are youth whose vulnerabilities put them at risk of being lured into criminal groups or illegal migration. This will also include youth who have deserted Al Shabaab (ex-combatants). High levels of unemployment amongst Somalia's youth has increased their vulnerability and heightened the risks of falling out of mainstream society and into the hands of militant or criminal groups. Already, large numbers of young Somalis are part of militia groups especially Al Shabaab. The project seeks to support these vulnerable youth with skills and opportunities for decent livelihoods. This would restore their dignity, offer an alternative to violence and position them to contribute to Somalia's reconstruction process. The main project interventions are: provision of psycho-social counselling, technical and vocational skills training, financial literacy training, apprenticeship and mentorship, job placement through apprenticeships and provision of basic tools as start-up kits to trained youth. The project will also support training of staff in selected ministries at the federal and regional levels and the preparation of key policy and strategic documents to help improve technical capacity and sector governance.

2. Project Outcomes: The project will be tackling one of the drivers of fragility and illegal migration in Somalia (youth unemployment). It will also contribute to improved technical capacity and governance at the sector level. In terms of outcomes, the project will focus on (i) the number of vulnerable youth with skills for sustainable livelihoods (50% women), (ii) number of ex-combatants with skills for sustainable livelihoods (5% women) and (iii) increased government capacity for youth empowerment programming.

3. Needs Assessment: Technical and vocational skills when combined with entrepreneurship skills and mentorship offer great opportunities to the youth to transition into the labour market. With an unemployment rate of about 54% and as high as 67% amongst youth aged 14-29 years, the need for skills training for the youth has become both crucial and timely. Somalia needs the youth to have employable skills that will open opportunities for alternative livelihoods. This would facilitate youth inclusion in society and enhance their contribution to the on-going state formation and recovery process. The project draws on various rapid labour market needs and opportunity assessments conducted by the International Labour organization (ILO) and other donors.

4. Bank Added Value: Most technical and vocational skills training for youth in Somalia have limited connection to the aspirations of the youth and the demands of the labour market. Training curricula will be informed by various labour market studies and the aspirations of the youth. In addition to training, the youth will be supported with basic tools and apprenticeships to facilitate their transition into the labour market. The support to relevant ministries at the federal and regional levels will be addressing both technical and governance challenges at the sector level.

5. Knowledge Building: Data on vulnerable youth that received skills training from similar projects in the past is scanty. This project will support the development of a database and tracking system for project beneficiaries. This will also include data on successful youth entrepreneurs in Somalia who could serve as reference points.

VIII. RESULTS-BASED LOGICAL FRAMEWORK

Country and project name: Somalia – Socio-Economic Reintegration of ex-combatants and Youth at Risk

Purpose of the project: The purpose of the project is to support sustainable reintegration of ex-combatants and youth at risk.

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator (including CSI)	Baseline 2015	Target 2018		
IMPACT	Impact: Reduced vulnerability and unemployment amongst the youth.	Reduction in youth unemployment (youth aged 14-29yrs).	67%	60%	Government reports Donor reports	Assumption: Youth employment and reintegration of ex-combatants will remain priority areas for the government.
		Reduction in overall unemployment	54%	49%		
OUTCOMES	Outcome 1: Vulnerable youth sustainably integrated into their communities	1.1. Number of vulnerable youth with skills for a sustainable livelihood.	N/A	500 Ex-combatants (5% women) 1,000 other vulnerable youth (50% women)	Project Reports/UN Agency reports/IGAD reports Sample surveys Project Reports	Risk: Mistrust between ex-combatants and host communities. Mitigation: (i) The project will include reintegration activities that benefit other youth in the communities and (ii) sensitise communities on the reintegration process. Risk: Funds may not be used for the intended purpose.
		1.2. Proportion of project communities taking action to combat Gender-Based Violence	N/A	50%		
	Outcome 2: Enhanced government capacity for youth empowerment programming.	2.1. National Employment Policy developed 2.2. National Gender strategy developed 2.3. Number of staff with competences in youth empowerment and reintegration programming.	0 0 0	1 1 50	Project reports FGS reports/Project reports	Mitigation: Project funds will be channelled through a reputable third party implementing agency. The Bank will also use consultants for independent monitoring and verification of project execution on the ground.

KEY ACTIVITIES	OUTPUTS	Component 1	1.1. Proportion of host communities sensitized on GBV.	0	100%	Project Quarterly reports/Bank Supervision Missions/Project MTR Report.	Risk: Delays in project start-up and implementation due to weak government capacity and high staff turn-over. Mitigation: A third party has been engaged to implement the project on behalf of government. There will also be a Project Steering Committee with membership from all the related ministries. Having such a broad-based committee would help enhance retention of historical information and commitments made on the project.
		1.1. Communities sensitized on gender issues including GBV.					
		1.2. Vulnerable youth equipped with relevant vocational and entrepreneurship skills.	1.2. Number of Vulnerable youth trained.	0	500 Ex-combatants (5% women)		
		1.3 Vulnerable youth provided with business start-up support		0	1,000 other vulnerable youth (50% women)		
		1.4. Vulnerable youth equipped with financial and business management skills	1.3. Number of Vulnerable youth supported with basic entrepreneurial tools.	0	Same as in 1.2.		
			1.4. Number of vulnerable youth trained	0	The same targets as in 1.2		
		Component 2					
		2.1. FGS supported to improve its capacity in youth empowerment and reintegration programming.	2.1. Number of staff trained on youth empowerment programming	0	50 (30% women)		
			2.2. Number of strategic documents prepared	0	2		
			2.3. Number of policy documents prepared	0	1		
	2.4. Number of studies conducted	0	1				
	2.5. Existence of Standard Operating Procedures for reintegration of ex-combatants	0	Project Team of six members in place				
	Component 3						
	Effective project management						
		3.1. Constitution of project team	0	0			
		3.2. Opening and operation of project accounts					
		3.2. Establish a tracking system/M&E framework					
		3.4. Day to day project management					
COMPONENTS							
	Component 1: Social and economic reintegration of the target youth. The key activities include: vocational training of target youth, provision of basic entrepreneurial tools, payment of allowances, training in financial literacy/business management training, business mentorship, community sensitisation on gender issues, provision of business start-up grants.					UA 1.7m	
	Component 2: Capacity building for youth empowerment: Main activities include consultancy services and technical assistance for preparation of strategic and policy documents and training of selected staff of key ministries at the federal level and target regions.					UA 0.2m	
	Component 3: Project Management: This includes day to day management of the project including project management cost, routine project supervision, M&E and logistics and studies.					UA1.1m	

PROJECT TIMEFRAME

	TASKS	2015			2016				2017				2018			
		Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄
1	Project Approval															
2	Publication of GPN															
3	Appointment of PMT and PSC															
4	Project effectiveness															
5	Project Launch															
6	Project activity implementation															
7	Submission of Audit Reports															
8	Project Supervisions															
9	Project Mid-term review															
10	Project Completion Report															

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED GRANT TO THE FEDERAL REPUBLIC OF SOMALIA FOR SOCIO-ECONOMIC REINTEGRATION OF EX-COMBATANTS AND YOUTH AT RISK.

Management submits the following Report and Recommendation on a proposed grant for UA 3 million (Three Million Units of Account) from the ADF (Transition Support Facility Pillar 1) to finance the ‘Socio-economic reintegration of ex-combatants and youth at risk project in **Somalia**.

I. STRATEGIC THRUST & RATIONALE

1.1 Project linkages with country strategy and objectives

1.1.1 Somalia’s protracted conflict has adversely impacted on state institutions, human capital and the overall development of the country. This has created some deep rooted development challenges including high levels of poverty, various forms of social exclusion, weak institutions, governance systems, absence of law and order, poor access to basic services, high unemployment especially amongst the youth and insecurity largely driven by militant groups such as Al Shabaab.

1.1.2 However, following the establishment of the Federal Government of Somalia (FGS) and the adoption of a new constitution in 2012, the country has been on a path to recovery. A process for peace and state building is in progress and the political process has regained momentum following initial challenges that almost paralysed the Federal Government. With the support of the international community and in particular the African Union Mission in Somalia (AMISOM), the Government has re-established control of the capital, Mogadishu and some of the surrounding areas. However, the security situation remains volatile with sporadic militia attacks in Mogadishu and the regions.

1.1.3 In addition to the gradually improving security situation, the adoption of a two-year Economic Recovery Plan (2014-2015) and a New Deal for Somalia (2013-2016) are other reasons for optimism. In September 2013, the Federal Government of Somalia (FGS) and the International Community signed a ‘New Deal’ and a compact articulating five clear Peace and State Building Goals (PSGs) and ways of working between Development Partners and the Government. In October 2014, the FGS approved a National Strategy for the Treatment and Handling of Disengaged Fighters and Youth at Risk as part of wider measures to tackle youth vulnerability and reduce their risk of getting recruited into militant groups.

1.1.4 The Federal Government of Somalia (FGS) in its Economic Recovery Programme (ERP) for 2014 - 2015 recognises the need to provide the youth with alternatives to engaging in violence or joining criminal networks or terrorist groups such as Al-Shabaab. The project’s focus on reintegrating ex-combatants and youth at risk through vocational and entrepreneurship skills development and job placements is in line with the commitments in section 14.4 of the ERP. Similarly, component 5 of the Somalia National Programme for the Treatment and Handling of Disengaged Fighters and Youth at Risk emphasises **reintegration of disengaged fighters** and the project directly responds to this.

1.1.5 The project is aligned with three of the five Peace and State-Building Goals (PSGs) of the Somalia Compact. The project contributes to PSG 2 on security and to **priority 3 of PSG 3** which seeks to implement a national programme for the treatment and handling of disengaged combatants. It also contributes to **priority 2 of PSG 4** which aims at expanding opportunities for youth employment through job creation and skills development, promotion of income generation activities, implementation of short-term labour-intensive projects, implementation of skills development programmes and building capacity of institutions that provide skills development and training.

1.1.6 The project is in line with the strategic focus on ‘strengthening governance, human and institutional capacity’ articulated in paragraph 7.3.6 of the Bank’s Somalia Country Brief (2013-2015). The Country Brief for Somalia (2013-2015) identifies youth unemployment as one of the key challenges to economic growth and outlines an Enhanced Programme for Somalia which includes a focus on human capacity strengthening. Reintegrating ex-combatants and youth at risk into mainstream society would promote social inclusion while enhancing their transition into the labour market. This is consistent with the inclusive growth agenda outlined in the Bank’s Ten Year Strategy (2013 -2022) and the Human Capital Development Strategy (2014-2018). Overall, the project will improve the living conditions of Somali youth while availing skills locally to support agriculture, energy and industry thus contributing to the delivery of the new corporate priorities. The project will equip Somali youth with skills and those who want to seek opportunities within or outside the East African Community will do so with skills that make them useful and relevant to their host countries. This movement of skilled labour especially within Africa could further deepen regional integration.

1.1.7 Similarly, the Bank’s strategy for Addressing Fragility and Building Resilience in Africa (2014 – 2019) observes that employment creation is crucial in fragile states and notes that jobs could be useful alternatives to ‘rents’ associated with conflict situations. The project’s focus on vocational skills, entrepreneurship and business ‘start-ups’ for vulnerable youth as well as capacity building of government officials would help mitigate youth radicalization. This is strategically aligned with pillar 2 of the Bank’s Eastern Africa Regional Integration Strategy (2011-2015) as well as the strategy’s overall aim of creating a well-connected, economically prosperous and **peaceful** Eastern Africa.

1.1.8 Of the 1,000 vulnerable youth targeted for vocational skills training and entrepreneurship support, 50% will be female. This would enhance their participation in economic activities thus contributing to the agenda on women’s economic empowerment. The planned sensitization of ex-combatants and host communities on Gender-Based Violence would strengthen women’s legal rights, while the proposed capacity building of government institutions on gender and reintegration programming would enhance knowledge management and RMC capacity on gender equality. These are consistent with the three mutually reinforcing pillars of the Bank’s Gender Strategy (2014-2018).

1.2 Rationale for Bank’s involvement

1.2.1 High levels of youth unemployment in Somalia have created frustration amongst the youth and increased their vulnerability to risky and criminal behaviours. UN estimates suggest that about 70% of Somalia’s population is under 30 years. Somalia, similar to the other East Africa countries, is at the demographic transition stage and it is critical to take measures now to harness the dividends of the demographic transition. Unemployment in Somalia stands at 54% for persons between 15-64 years and as high as 67% for youth aged 14-29 years (UN HDI 2012). Equipping the youth with relevant skills and supporting them to transition into the labour market is a critical step in harnessing the demographic dividend. However majority of Somali youth do not have the skills to be employed or to create their own employment that enables them build sustainable livelihoods for themselves. Equipping the youth with relevant skills would enable them take advantage of the emerging opportunities in the country’s recovery process. This would also promote an inclusive reconstruction process as the youth would contribute to the reconstruction process while benefiting directly from the short and long term dividends. It will also offer hope to vulnerable youth and create a disincentive for their participation in criminal groups thus reducing fragility. Giving hope to the youth at home would also hold them back from illegal migration where they embark on dangerous journeys in search of opportunities abroad.

1.2.2 The Bank’s Fragility Assessment of Somalia noted that youth unemployment and the presence of clan militias and extremists Groups such as Al Shabaab are important drivers of fragility in the country. These militias depend on the large pool of idle and disillusioned youth for in-country recruitment. The name ‘Al-Shabaab’ in Arabic means ‘the youth’ and as the name implies, its

recruitment is largely targeted at the youth, most of whom are joining the group and other militias in search of a livelihood. Equipping such youth with alternative livelihoods could reduce the risk of radicalization. Consultations with ex-combatants revealed that the search for a livelihood was the main driver for their decision to join the group. In addition to joining criminal groups and militias, some of Somalia's frustrated youth are part of the large army of illegal migrants from Africa (mostly youth) who embark on the dangerous journey to Europe through the Mediterranean Sea. The fragility assessment is included as *Appendix V and detailed in Technical Annex C.2.*

1.2.3 Somalia has a proliferation of militias but Al Shabaab has been the most notorious and deadly. Al Shabaab militias have played a substantial role in the security situation in Somalia and neighbouring countries such as Kenya and Uganda. However, due to a variety of reasons including the sustained pressure by the Somali National Forces and international partners, some youth have started disengaging from the group and seeking viable livelihood options. Capitalizing on this momentum and effectively reintegrating the ex-combatants would enhance Somalia's stabilization process.

1.2.4 The FGS and international partners have constructed four Transitional Centres (Mogadishu, Beletwyne, Baidoa and Kismayo) where former Al Shabaab combatants considered to be of low risk are accommodated. Ex-combatants of Al-Shabaab undergo a screening process led by the Somali National Intelligence and Security Agency (NISA) with the support of AMISOM. Those considered high risk are taken through a judicial process while the low risk ex-combatants are taken to transition Centres for social rehabilitation and vocational skills before they are released to their communities. Once they have completed the vocational skills training and social rehabilitation programme, this project will complement that effort by providing basic tools, business start-up support and internships to facilitate their transition to the labour market. As at 31 July 2015, there were 645 registered Al-shabaab ex-combatants (including 9 women) in the four centres.

1.2.5 The FGS is committed to reintegration of ex-combatants and addressing unemployment and vulnerability amongst Somali youth but weak government capacity has been a constraint. Staff capacity across ministries remains weak, the country lacks key policies or strategies on employment including youth employment and lead ministries on youth or labour issues do not have strategic plans to guide the fight against youth unemployment and vulnerability. These have created systemic technical and governance challenges at the sector level. Investments in helping building staff capacity in key youth empowerment related ministries and support for the development of appropriate strategies and policies would enhance Somalia's ability to lead the fight against youth unemployment in the medium to long-term.

1.3 Donor Coordination

1.3.1 Somalia has multiple structures or mechanisms for donor coordination. The New Deal for Somalia and the Compact priorities on Peace and State building provide a framework for donor coordination in the country. Since the signing of the New Deal in 2013, donors and the FGS have formed Working Groups around the various Peace and State Building Goals (PSGs) which have become important coordination mechanisms. This project falls under the PSG 4 Working Group in which the Bank is an active member. The Bank is the chair of the PSG4 Sub Group on Infrastructure and a member of the Sub Group on youth employment in Somalia. There are similar Working Group structures for the other PSGs (1, 2, 3 and 5).

1.3.2 The Somali Development and Reconstruction Facility (SDRF) and the PSG Working Groups for Goals 1-5 are the main mechanisms for coordination of activities amongst donors. There is the World Bank Multi-Donor Trust Fund, the UN Multi-Donor Trust Fund and the Somalia Stabilisation Fund which present useful fora for coordination of donor activities. The High Level Forum for donors and FGS is another platform for coordination of donor activities. The Bank will continue to actively engage in the coordination structures to ensure project is aligned to other DPs interventions and also share with them lessons learnt.

1.3.3 Three bilateral donors are currently active in the area of reintegration of ex-combatants.

Two of the bilateral donors are supporting the social rehabilitation and vocational skills training to ex-combatants in the four Transitional Centres for ex-combatants in the country (Baidoa, Kismayo, Mogadishu and Beletweyne). The Centres in Mogadishu and Beletweyne had received support from other bilateral donors in the past. This project would complement the two initiatives by providing reintegration support (entrepreneurship training/mentoring, basic entrepreneurial tools and apprenticeships) to youth graduating from the transition centres. A bilateral donor is supporting human rights monitors to ensure compliance with human rights standards in the Transition Centres. UNDP and FGS have prepared a joint programme on youth employment (\$8.6m) for 18 months. Appendix 3 gives a summary of financing of key donor activities in the areas of youth employment and reintegration of ex-combatants.

1.3.4 In terms of the Bank's added value, this project will directly complement existing initiatives and skills training will be linked to local labour market needs. In the case of the current rehabilitation of ex-combatants in the transition centres, the project will provide reintegration support currently not provided through the existing initiatives. The Bank will draw on its extensive experience in ex-combatant reintegration having implemented DDR and reintegration projects in various countries including Cote d'Ivoire, Burundi, Democratic Republic of Congo and Central Africa Republic amongst others.

II. PROJECT DESCRIPTION

2.1. Project components

2.1.1 Development Objectives: The overall development objective of the project is to promote sustainable reintegration of youth at risk including ex-combatants. The specific objective is to equip these youth with the needed social and livelihoods skills for sustainable reintegration into society and help enhance government's capacity for tackling youth unemployment. The expected outcomes are sustainable reintegration of youth at risk including ex-combatants and enhanced government capacity for youth empowerment and reintegration programming. The proposed project will have the following three components:

2.1.2 Component 1: Support for social and economic reintegration of the target youth.

Sub-component 1.1: Support for social reintegration: The target youth will be provided with adult literacy training, counselling (including religious ideological counselling) and peace education. The target youth will participate in a 3 month public works programme to contribute to the construction of community projects financed by the various local authorities. Working through existing structures such as the District Peace Councils (which consists of representatives of clan elders, local authorities, civil society including youth and women's groups), the project will support sensitisation of local communities and the target youth on gender issues including Gender-Based Violence (GBV) which is prevalent in Somalia.

Sub-component 1.2: Support for economic reintegration: The project will equip vulnerable youth with technical and vocational skills to take advantage of emerging opportunities in the Somali labour market. The sectors in high demand for skills include construction, agriculture (agro-processing and fishing) and automobile/electronic repairs. Youth will also be trained on emerging sectors such as mobile phone repairs. This sub-component will involve relevant skills development in collaboration with the private sector and networking successful Somali youth entrepreneurs. The Enterprise-Based Approach to Technical and Vocational Training will be adopted with selected youth undertaking up to 8 months apprenticeship with established enterprises in selected trade fields. The willingness to support this was high amongst the local entrepreneurs consulted. Mentorship by the private sector for 'start-ups' will be an integral part of this component. 'Softer' business skills such as financial literacy and business management skills will be provided. Trainees/apprentices will receive monthly allowances for and basic tools for business start-ups upon graduation. The target youth will be encouraged to form associations for networking and access to finance.

2.1.3 Component 2: Capacity building for youth empowerment: This component will provide targeted support to address some of the technical and institutional weaknesses in selected ministries that affect their ability to effectively address youth employment issues. It aims to improve the capacity of the relevant government institutions at the federal and regional levels to adopt strategic responses to the broader issues of exclusion, unemployment and vulnerability amongst Somali youth. The project will support staff training at both federal and regional levels on identified themes such as design and management of Disarmament, Demobilisation and Reintegration (DDR) interventions, labour market assessments, youth empowerment programming and gender mainstreaming. Key Ministries in the sector such as the Ministry of Labour and Social Affairs, Ministry of Gender and Human Rights Development, Ministry of Youth and Sports, Ministry of Education and Ministry of Internal Security will also be supported to formulate national policies or strategies relevant to the fight against youth unemployment. The TVET training programs developed will be institutionalised in at least two public training institutions for continuity. Faculty from the selected institutions will be given in-service training to build their capacity to independently deliver these training programs after the project completion. Two studies will be supported to enhance knowledge building in the sector to facilitate learning or inform the design of future responses to the issues of youth unemployment and reintegration. There will be a deliberate effort to target female government officials for these training activities with the aim of reaching the 30% quota enshrined in the Somalia Constitution for women’s participation.

2.1.4 Component 3: Project Management: This relates to the day to day implementation of the project. It will entail the administrative fees of the Third Party Implementing Agency (The International Organisation for Migration) as well as its project staff cost, logistics and routine project operating expenses. The cost of project supervision and M&E will be part of this component. Technical Annex B.3 contains the Terms of Reference of the Third Party Implementing Agency. A summary of project components and activities is presented in Table 2.1 on page 6.

Table 2.1: Summary presentation of project components and activities

Component	Activity description
Component I: Support for social rehabilitation and livelihoods activities: UA 1.7m	<ul style="list-style-type: none"> ▪ Vocational skills training for 1500 youth ▪ In-service for teachers in TVET Centres in training programmes ▪ Business management skills training for 1500 youth ▪ Provision of mentorship and basic equipment as start-up kits to 1500 youth ▪ Study tours to successful youth-led enterprises ▪ Provision of micro-grants for small-business start-ups ▪ Basic literacy (English Language and Numeracy) and financial literacy training for 1500 youth ▪ Placement of youth in existing enterprises for apprenticeships ▪ Payment of monthly stipends to trainees ▪ Formation of youth cooperatives ▪ Psycho-social counselling for ex-combatants
Component II: Capacity building for youth empowerment: UA 0.2m.	<ul style="list-style-type: none"> ▪ Training of 50 staff of relevant ministries ▪ Preparation of Standard Operating Procedures (including gender guidelines) for reintegration of ex-combatants ▪ Development of a National Employment Policy and Strategic Plan for Ministry of Labour and Social Affairs ▪ Development of a National Gender Equality Strategy ▪ Study on socio-economic backgrounds of ex-combatants ▪ Mapping of successful youth entrepreneurs in Somalia

Component	Activity description
Component III: Project Management. UA 1.1m	<ul style="list-style-type: none"> ▪ Project operating expenses ▪ Development of a Project M&E system ▪ Project Audit and completion reporting ▪ Sensitisation of project beneficiaries ▪ Payment of project staff cost and administrative fees. ▪ Preparation of Annual Work plans and Budgets

2.2. *Technical solution retained and other alternatives explored*

2.2.1. This project will give opportunities for employment to 1,500 vulnerable youth (including 500 ex-combatants) by equipping them with technical and vocational skills. They will also be equipped with financial literacy and entrepreneurship development skills and support to set –up small businesses as a means of creating employment for themselves and others. Relevant government institutions will also be supported to enhance their capacity to address youth unemployment on a sustainable basis. This two-pronged approach to the issues of youth unemployment was assessed against the alternative of solely providing support to the relevant government institutions to enhance their capacity to address youth unemployment issues on their own. Table 2.2 provides the rationale and justification for the rejection of this alternative. The merit of this approach is that it addresses the immediate issues while building government’s capacity for a more holistic and long-term approach.

Table 2.2.: Project alternatives considered and reasons for rejection

Alternative	Brief description	Reasons for rejection
Support the Federal Government of Somalia to build its capacity in youth empowerment and reintegration planning and programming.	This will entail targeted support to selected ministries and agencies to improve staff capacity. It is also to help develop appropriate policies and strategies to combat unemployment and vulnerability amongst Somali Youth while ensuring sustainable reintegration of ex-combatants.	This alternative, focusing only on capacity building was rejected. Though it could make an impact on long term sustainability, it does not address the immediate short term needs which if left unaddressed could further worsen the plight of Somali youth or exacerbate the security situation. A two-pronged approach was therefore considered more feasible than this.

2.3 *Project type*

The proposed project is a stand-alone Investment Project to be financed by a grant under the Transition Support Facility (TSF), Pillar 1. This project directly contributes to Somalia’s on-going recovery efforts and the measures to promote stability and inclusion. It adopts a two-pronged approach by directly equipping vulnerable youth with technical and vocational skills relevant for the labour market while supporting capacity building of relevant state institutions to enable them address youth unemployment and vulnerability issues on a more sustainable basis in the near future.

2.4 *Project cost and financing arrangements*

2.4.1 The total project cost is estimated at UA 3.30 million excluding taxes and duties of which UA 1.819 million will be in foreign currency and UA 1.481 million in local currency. The total project cost includes an ADF (Transitional Support Facility – Pillar 1) Grant of UA 3.0 million and Federal Government of Somalia counterpart contribution of UA 0.30 million in kind. This contribution relates to staff time, office rent and utilities amongst others.

2.4.2. Tables 2.3 – 2.6 present the project cost by component, financing source, category of expenditure and expenditure schedule by component. Cost have been estimated on the basis of information obtained from the Ministry of Labour and similar projects as well as the IOM. The cost estimates have incorporated 5 % for physical contingencies and 7 % for price escalation on local and foreign currency. The detailed project cost by activity is contained in Technical Annex B.2.

Table 2.3: Project Costs Estimates by Component [amounts in millions UA]

Components	Foreign currency cost	Local currency cost	Total Costs	% foreign
Component 1: Social and economic reintegration of the target youth.	1.131	0.654	1.786	63
Component 2: Capacity building for youth empowerment	0.194	0.085	0.279	70
Component 3: Operating Costs(Project Management)	0.299	0.583	0.882	34
Total Base Costs	1.624	1.322	2.946	30
Physical Contingency – 5%	0.081	0.066	0.147	
Price Contingency – 7%	0.114	0.093	0.207	
TOTAL COSTS	1.819	1.481	3.300	

Table 2.4: Sources of financing (amount in million UA equivalents)

Sources of financing	Foreign currency cost	Local currency cost	Total Costs	% total
Government	0	0.300	0.300	9.1%
ADF (TSF- Pillar 1) Grant	1.819	1.181	3.0	90.9%
Total project costs	1.819	1.481	3.300	100%

Table 2.5: Project cost by category of expenditure [amounts in millions UA]

Category of expenditure	Foreign currency cost	Local currency cost	Total Costs	% Foreign
Goods	0.546	0	0.546	100
Services	0.779	0.739	1.518	51
Operating Costs(Project Management)	0.299	0.583	0.822	55
Total base costs	1.624	1.322	2.946	
Physical Contingency – 5%	0.081	0.066	0.147	
Price Contingency – 7%	0.114	0.093	0.207	
TOTAL COSTS	1.819	1.481	3.300	

Table 2.6: Expenditure schedule by component [million UA]

Components	Year 1	Year 2	Total cost
Component 1: Social and economic reintegration of the target youth.	1.0	1.0	2.00
Component 2: Capacity building for youth empowerment	0.22	0.200	0.42
Component 3: Project Management	0.480	0.400	0.88
Total project costs	1.7	1.6	3.30

2.4.3 The project will be financed by counterpart funds and the ADF (TSF – Pillar 1) Grant. Bank financing amounts to UA 3.00 million, or 90% of the project cost. The counterpart funds account for 10% of the project cost.

2.5 Project's target area and beneficiaries

2.5.1 *Geographic coverage:* The project will initially cover the Interim Jubaland Administrative and the Interim South-West Administrative Regions whose regional capitals are Kismayo and Baidoa

respectively. The choice of these regions for the first phase of the project stems from the high levels of youth unemployment and vulnerability. The regions are also hosts to large numbers of IDPs and returnees from the Dadaab Refugee Camp in Kenya, Yemen and Saudi Arabia. Many Al Shabaab recruits are also believed to be coming from these regions.

2.5.2 Direct Beneficiaries. The project directly targets two categories of youth i.e highly vulnerable youth and youth disengaging from Al Shabaab (ex-combatants). A total of 1,500 youth at risk of becoming disillusioned or joining criminal gangs and militias including 500 youth ex-combatants will benefit from vocational and entrepreneurship training and assistance to integrate into the local economy. Of the 500 ex-combatants that will be targeted for reintegration under the project, 5% will be female (based on current numbers) and of the remaining non-militant but at risk youth, 50% will be female. Overall, 525 out of the 1,500 target youth beneficiaries will be female.

2.5.3 Given the clan dynamics and the severity of vulnerability amongst Somali youth, the following criteria will be adopted in a transparent manner to select project beneficiaries. To be eligible, the youth must be out of school, unemployed and aged between 14-29 years (the age cohort with the highest unemployment rate - 67%). Priority will be given to youth who are (i) Orphaned or from a Female Headed Household, (ii) Disabled, or (iii) Internally displaced. There will be a quota requiring 50% of youth selected through this process to be female. The criteria is based on IOM's experience with similar projects in those two regions of Somalia but will be refined during implementation to accommodate clan dynamics.

2.5.4 Participation will be demand-driven and beneficiary youth should first have an interest in acquiring skills for employment. Community based structures such as the District Peace Committees (DPCs) will be used for the screening and selection of beneficiary youth. The DPCs consist of representatives of clans, local authorities, youth groups, women's groups and business associations in a given locality.

2.5.5 The 500 ex-combatants targeted for this phase of the project are those in the transition centres in Baidoa and Kismayo with a projected increment based on current trends. As at 31 July, 2015, the Baidoa Centre had 97 ex-combatants (4 women) and Kismayo had 165 ex-combatants including 5 women. This gives a total of 262 existing ex-combatants in the two centres. This is expected to increase to about 500 ex-combatants in a year's time based on current trends. There are about 350 ex-combatants including one woman and 33 ex-combatants in Mogadishu and Beletwyne, respectively.

2.5.6 Indirect Beneficiaries. Under the project, communities will be supported to develop action plans to combat Gender-Based Violence and this will significantly improve the lives and wellbeing of Somali women. Skills shortages is one of the major challenges affecting the private sector in Somalia. Industry players will benefit from the existence of a pool of skilled youth. The various institutions of the Federal Government of Somalia targeted for capacity building under the project will benefit from enhanced capacity which would in the long run translate into better service delivery for all citizens. Reducing vulnerability of the youth who have been the recruitment pool for criminal gangs and militias would help reduce insecurity in Somalia and neighbouring countries such as Kenya, Uganda and East Africa in general.

2.6 Participatory Process for project identification, Design and implementation

2.6.1 The design of the project benefitted from the views of a wide range of stakeholder groups. The consultation process involved meetings with Development Partners including the PSG 4 Donor Working Group, focused group meetings with government officials, interviews with other stakeholder groups such as ex-combatants, private sector, NGOs, local communities and implementing agencies of related projects.

2.6.2 These consultations provided very useful insights that informed the design of the project. Specifically, stakeholders wanted the following issues to be taken into account (i) ensuring that the project includes benefits for host communities; (ii) include financial literacy training and facilitate linkages with Islamic Microfinance Institutions; (iii) the need to manage expectations of project beneficiaries; (iv) develop a database to facilitate tracking of project beneficiaries and (v) invest strategically to build capacity of relevant government institutions. These issues have been taken into account in the project design and are reflected in **paragraph 2.2** on project components. The project will also invest in developing a robust M&E system that will facilitate tracking of project beneficiaries and the changes happening in their lives.

2.7 Bank group experience and lessons reflected in project design

2.7.1 The project is the Bank’s first social sector intervention in Somalia since the outbreak of the conflict in 1991. Nonetheless, the project design has taken into account the Bank Group’s experience and lessons learnt from other Bank projects in the country and similar projects in other post-conflict settings such as Liberia and the Great Lakes Region. It also drew on lessons from other interventions including the Multi-donor funded Transitional Demobilisation and Reintegration Programme (TDRP) and Government of Japan funded Somalia Youth at Risk Project which was completed in 2011. The Somalia Portfolio consists of eight on-going projects, four of which are slow disbursing. The average disbursement rate is 7.59%. Initial start-up delays due to weak government capacity has affected the quality of the portfolio but the decision to implement this project through a Third Party Implementing Agency would significantly reduce such delays. Table 2.7 summarises the lessons learned.

Table 2.7: Lessons learned

Lesson	Action taken
Weak capacity can be a major source of delay in project start-up and implementation	This is noted and reflected in paragraph 4.1 under implementation arrangements. A third Party Implementing agency with strong capacity and presence on the ground will be used to implement the project.
Need to ensure reliance of skills training to ensure youth are not trained on areas that are not in demand.	Information from various rapid market surveys will guide the choice of training activities. Key skills in demand will inform decisions on the areas of emphasis for the technical and vocational training component of the project.
The country context requires relatively higher resources for project management.	The budget for the project management component has taken this into account with budgetary provision for security and the relatively high cost of project staff.
Need to manage expectations of project beneficiaries	Component 3 of the project has incorporated an activity to sensitise project beneficiaries on what the project can offer.

2.8 Key performance indicators

2.8.1 The Project’s key performance indicators are as articulated in the Results-Based Logical Framework. The key outcome indicators include (i) Number of ex-combatants with a sustainable livelihood, (ii) number of targeted vulnerable youth who have sustainable livelihoods, (iii) Number of communities taking action to combat Gender-Based Violence and (iv) increased technical capacity of relevant government ministries for youth empowerment programming. The main output indicators include (i) 500 ex-combatants (5% female) equipped with technical and vocational skills and business start-up kits, (ii) 1,000 vulnerable youth (50% female) equipped with technical and vocational skills and business start-up kits and (iii) Training and other capacity building support provided to relevant government institutions. The PMT’s performance will be measured using key indicators such as adherence to project execution timelines and approved workplans/budgets, prudence in the use of project resources, quality of fiduciary risk management and compliance with Bank rules and procedures.

III. PROJECT FEASIBILITY

3.1 *Economic and financial performance*

3.1.1 The Somalia Country Brief 2013 – 2015 approved by the Bank group Board of Directors in April 2013 notes that Somalia has a very low infrastructure and human capital base. Over the years, the Country's infrastructure and human capital development has been severely constrained by war, violence, and wide spread poverty levels. The significant differences in the levels of economic development among the regions is partly driven by disparities in their infrastructure and human capital investments coupled with asymmetric distribution of resources, productive assets and access to economic activity. The Country's dependence on agriculture and livestock in particular (which is a vital export commodity to Saudi Arabia), reflects its narrow economic base and consequent vulnerability to adverse external and environmental shocks.

3.1.2 Furthermore, about 70% of Somalia's population is under 30 years of age with unemployment at 54% for persons between 15-64 years and as high as 67% for youth aged 14-29 years. This situation presents serious challenges with regard to productive engagement of the young population. Fortunately, Somalia's reconstruction process has created opportunities for youth employment especially in the construction and service sectors. Equipping the youth with relevant skills would enable them take advantage of these opportunities. This would also promote an inclusive reconstruction process as the youth would contribute to the process while benefiting directly from the short and long term dividends. It will also offer hope to vulnerable youth and a disincentive to participation in criminal groups.

3.1.3 The project will contribute to increasing stock and quality of manpower as youth are re-trained and re-integrated within the economy. Evidence including from the World Economic Surveys published by the IMF in April 2015, shows that qualified human capital will serve to attract investment in physical capital, notably through foreign direct investment. In the Somalia context, this will also enhance innovation and ensure establishment of new Small and Medium Enterprises in the areas where the youth will be trained and re-integrated. Tax revenue from small businesses would enhance government's revenue base. Similarly, the expected reduction in insecurity would foster investment thus promoting economic growth and additional tax revenue to government for investment in other sectors. The expected increase in employment and incomes could boost consumption thereby providing the needed market for investors especially Small and Medium Enterprises.

3.2 *Environmental and Social impacts*

3.2.1 The project has been classified as a category 3 operation. It is a primarily capacity building project in skills development. Its negative impact on the physical and socio-economic environment is minimal. The project does not, therefore, require any further environmental assessments or mitigation plans in line with the Bank's Integrated Safeguards System (ISS).

3.2.2 Resettlement. The project activities will take place within existing institutions and no resettlement or displacement is envisaged.

3.2.3 Climate change: The project will have negligible carbon foot prints, however, as part of the vocational training, the youth will be sensitised on climate variability and how that could impact on their livelihoods especially in fishing and agriculture related enterprises. The infrastructure related skills training would enhance skills availability for road maintenance and development of water harvesting infrastructure thus promoting climate change adaptation.

3.2.4. Gender: Cultural and religious practices and beliefs in Somalia have fostered unequal social relations between men and women. These have adversely impacted on women's access to productive resources and voice in society which are critical for improvements in women's poverty reduction, women's empowerment and their participation in the country's development process. The long period of war and other vulnerabilities such as prolonged droughts have exacerbated the conditions of women. Somali's Gender Inequality Index is as high as 0.776 and Gender Based Violence is widespread.

Unemployment is significantly high at 54% of which 74% are women compared to 61% for men. There are similar disparities in labour force participation with estimates for 2013 suggesting a rate of 37.2% for women and 75.6% for men. Similarly, food insecurity, poverty and vulnerability are rife with the worst affected being those internally displaced by clan conflicts and droughts. Drought or conflict induced internal displacement have affected family structures and transformed traditional gender roles in Somali society with women in many cases now being the bread winners. While this role reversal could be progressive, women's lack of access to productive assets and other socio-cultural barriers put a heavy burden on them.

3.2.5 This project will help address the gender gaps and the identified gender equality challenges in Somalia. 50% of vulnerable youth targeted in the project will be female. They will receive technical and vocation skills training, financial literacy training and business development support which would help them overcome some of the challenges mentioned above. Somalia is in the process of rebuilding its state institutions which could be a useful opportunity to promote gender mainstreaming. A National Gender Policy exist but there is no funding for a Gender Strategy. The project will therefore support the Ministry of Women and Human Rights Development to prepare a National Gender Equality Strategy to provide a framework for the execution of the gender equality agenda. To enhance women's participation in the provision of goods and services for the project, the PMT will advertise procurement notices in various local and international media as appropriate but also through women's networks and other media that accessible to women in Somali. The project will support the cost of a dedicated Gender Specialist to be included in the project team to provide technical guidance and ensure that the gender equality commitments in the project are delivered. *A full gender and social analysis is presented in Technical Annex B.8.*

3.2.6 Social: An estimated 70% of Somalia's population is under 30 years. However, the country's current situation has affected its ability to take advantage of the demographic dividends. Illiteracy, lack of skills and limited job opportunities have left young Somalis unemployed (67% of youth aged 14-29), frustrated and excluded. This is a threat to security and the on-going effort at stabilisation, state building and poverty reduction as some of the youth are already active players in militant groups with many more at risk of being recruited. The project will position vulnerable youth to be able to create their own jobs or take advantage of job opportunities emerging from the reconstructions efforts. A total of 1,000 vulnerable youth (50% women) and 500 ex-combatants (5% women) will be equipped with technical and vocational skills, business management skills and supported through apprenticeships and basic tools to facilitate their transition into the labour market.

IV. IMPLEMENTATION

4.1.1 Implementation arrangements: The project will be implemented by a third party. The Ministry of Labour and Social Affairs will have oversight for the project and will nominate a Focal Person for the project. Direct project implementation will be done by the International Organisation for Migration (IOM)¹ under a Tripartite Agreement signed by the Bank, the Federal Republic of Somalia and the IOM. The IOM will set up a Project Management Team (PMT) based in Mogadishu and comprising a Project Manager (with expertise in DDR and youth issues), Project Accountant, Procurement Specialist, 2 Project Assistants (Baidoa and Kismayo), Administrative Assistant, Monitoring and Evaluation Specialist and a Gender Specialist (with expertise in peace/conflict resolution and youth issues). IOM will involve the Ministry of Labour and Social Affairs and Ministry of Finance in the selection of any local partner institutions. The PMT will receive support for Financial Management and Procurement from the IOM Liaison office for Somalia based in Nairobi. There will be a Project Steering Committee (PSC) whose composition is articulated in Annex B.3. The Committee will meet once every quarter. Annex B3 also articulates the specific roles of the PMT, FGS and the PSC.

¹ The Somalia National Programme for treatment and handling of disengaged fighters and youth at risk identifies IOM as a key partner for implementation of Reintegration activities.

4.1.2. Disbursement and Financial Arrangements. Project funds will be disbursed and audited according to the Bank’s applicable rules and IOM will be responsible for all project funds. IOM’s existing financial management systems are **moderately satisfactory** and the overall fiduciary risk is moderate. The following measures will also be implemented to strengthen the financial management of the project by IOM: (i) prepare an annual budget linked to the project activities; (ii) prepare a specific manual for administrative, financial and accounts management of the project before project launch; (iii.) Develop a register capturing information on fuel purchases with a column showing suppliers, (iv.) submit an audited report and financial statement on the project at the end of every year. The financial statements must include funds received disaggregated by source of funds and expenditure by component; (v.) open an account in US\$ in a commercial bank in Nairobi and (vi.) Recruit an external auditor for project audit. The project will use direct payment method and special account method. In the case of the special account, an account in United States Dollars and another in local currency will be opened in a commercial bank in Nairobi acceptable to the Fund. There will be an annual external audit and quarterly and half-yearly activity reports which include financial information.

4.1.3 Procurement Arrangements: The Bank assessed the procurement capacity of IOM and deemed it satisfactory. The organisation has the capacity to carry out procurement activities required under the project. IOM’s Procurement Procedures are generally consistent with the Bank’s requirements. Therefore, procurement of all goods and services will be based on the Rules, Procedures and Standard Bidding Documents of IOM. The IOM procurement is centralised in the Liaison office for Somalia which is based in Nairobi, Kenya but the day to day management of activities will be done by staff based in the IOM office in Mogadishu, Somalia. Advertisement of procurement notices will be done locally and internationally (where applicable) but also through channels such as women’s networks to enhance the chances of attracting bids from qualified women. A detailed procurement assessment and procurement modes is contained in Annex B.5.

4.2 Monitoring

4.2.1. The project will be implemented over a period of two years from January 2016 to December 2017. However, operating in Somalia has a high degree of uncertainty and flexibility in the implementation schedule should be considered. In terms of routine monitoring, the PSC will review performance of the project against the annual work plan and related budget on a quarterly basis. The Project Management Team will produce quarterly narrative and financial reports on activity implementation and fund utilisation for submission to the PSC and the Bank. The project will also have a robust M&E system to facilitate tracking of performance against output and outcome targets in the Results-Based Logical Framework. In line with Bank procedures, The Bank will conduct at least two supervision missions a year and provide technical implementation support and guidance to the Project Management Team. The security situation will not allow Bank staff to access project locations so a local consultant will be recruited as part of supervision missions to independently verify project delivery on the ground. The key monitoring and evaluation related milestones are summarized in Table 4.1.

Table 4.1: Project Implementation Schedule

Timeframe	Milestone	Monitoring process
December 2015	Grant Approval	Processing schedule
January 2016	Grant Effectiveness	Submission/review of evidence
February 2016	Project Launching	Launching mission/BToR
February 2016- Dec 2017	Procurement of goods and services	Supervision missions/Review of procurement plan
February 2016 - Dec 2017	Delivery of planned activities	Supervision, PSC meetings, quarterly reporting, IPRs, MTR, PCR.
Due 31 December	Annual Audit Report submission	Audit preparation process/Review of Audit Report

4.3 Governance

4.3.1 Somalia has made modest gains on governance but challenges both at the national and sector levels. Key institutions lack requisite staff, policies, strategies and systems that promote effective service delivery and accountability at the sector level. Staff capacity and system weaknesses especially in financial management at the federal and regional levels pose fiduciary risks to project implementation using existing government systems. This project will adopt a two-pronged approach to the governance challenges. Direct implementation of project activities will be done through a third party implementing agency and the relationship will be governed by a tripartite agreement with the Bank, the third party (IOM) and the Federal Republic of Somalia as signatories. The overarching governance body for the project will be the Project Steering Committee constituted by the Ministry of Finance. Participatory processes will be adopted in the implementation of the project which would give local communities a voice and enhance demand for greater accountability.

4.3.2 The project has a dedicated component to help address sector governance issues. At the sector level, weak systems and other capacity constraints make it difficult to effectively deliver and account for project resources. Youth employment and skills development are cross-cutting but the capacity to mainstream these in sector programming is limited and some of the lead ministries lack the necessary policies and strategies to guide this. To help improve sector governance, this project will support training of key staff in the relevant ministries and finance the preparation of a National Employment Policy, Strategic Plan for the Ministry of Labour and Social Affairs and Standard Operating Procedures for reintegration of ex-combatants.

4.4 Sustainability

4.4.1 The project tackles two interrelated issues (youth unemployment and reintegration of ex-combatants) which are both key priorities of the Federal Government of Somalia. These issues have been clearly articulated as priorities in the relevant national strategy documents of the Federal Government of Somalia and in the ‘‘New Deal’’ and ‘‘Compact’’ on Somalia (2013). They will continue to attract attention from government and Development Partners given their critical relevance to the country’s stabilization and recovery agenda.

4.4.2 The project will empower the youth economically, helping them to acquire skills for self-employment or as employees. They would contribute in various ways to the Somali economy including the payment of taxes to enhance government’s revenue base and its fiscal capacity to spend on key priorities such as youth unemployment and reintegration of ex-combatants fighters. The expected reduction in insecurity and conflict could improve investor confidence and further economic growth and the government’s revenue base. The project also includes a dedicated component for capacity building of government institutions that are critical to the youth employment and reintegration agendas. This is intended to help strengthen the relevant sector ministries to provide effective leadership on those issues. The Ministry of Education will be supported to institutionalise the TVET training programs developed during the project in at least two public training institutions for continuity.

4.5 Risk Management

4.5.1. The risks relating to the effective execution of the project and the Bank’s reputation were assessed and their probability of occurrence considered largely moderate. Table 4.5 outlines the possible risks and the associated mitigation measures. This project, deemed largely as a pilot, will also be evaluated in-depth to provide lessons learned and design options for fragile states operations.

Table 4.5: Risks and Mitigation measures

Risk	Rating	Risk mitigation measures
Delays in project start-up and implementation due to weak Government capacity.	H	The Bank/FGS will engage IOM as a third party implementing agent. Its track record in this area, the strong field presence and mobility of its field staff would ensure effective implementation.
Funds may not be used for the intended purpose	M	Financial management will be reviewed twice a year by Banks staff as part of the supervision mission. The project will also be subjected to annual independent audits and verifications.
Host communities may discriminate or mistrust disengaged fighters	M	The project will include reintegration activities that benefit the whole community, (ii) disengaged fighters will work with community members on communal projects. Host communities will also be sensitised on the reintegration process.
Impact of 2016 presidential elections on activity implementation.	M	The campaigns and electioneering dynamics might affect community sensitisation and other related activities but the implementation schedule is flexible enough to accommodate any slippage.
High turnover of FGS officials would affect historical memory and commitment to prior agreements.	M	A broad-based Project Steering Committee will be established with high level representation from relevant ministries. This would enhance memory retention and adherence to commitments made on the project. The Lead Ministry will also appoint a Focal Person and an Alternate for the project.
Insecurity will hamper Bank staff access to project communities for supervision.	H	Every Bank supervision mission will include a qualified local consultant who can access all project locations and conduct independent reviews on the status of activity execution.

4.6 Knowledge Building

4.6.1 Data on vulnerable youth who received skills training from similar projects in the past is scanty. This project will support the development of a database and tracking system for project beneficiaries. This will also include data on successful youth entrepreneurs in Somalia who could serve as reference points and role models for the youth. The Project MTR and PCR will distil important lessons for similar Bank projects in Fragile States.

V LEGAL FRAMEWORK

5.1 Legal Instrument

5.1.1 A Tripartite Protocol of Agreement between the Federal Republic of Somalia, the International Organisation for Migration (IOM) and the African Development Fund (ADF) for an amount of UA 3.00 million from Pillar 1 of the Transition Support Facility (ADF-13).

5.2 Conditions Associated with the Bank's Intervention

5.2.1 Entry into Force: The Tripartite Protocol of Agreement shall enter into force on the date of signature by the Parties.

5.2.2 Conditions Precedent to First Disbursement of the Grant: The obligations of the Fund to make the first Disbursement of the Grant shall be conditional upon the fulfillment by IOM of the following conditions:

- (i) Provide evidence of having constituted a Project Management Team composed of at least a Project Manager, a Procurement Specialist, an Accountant, a Gender Specialist and a Monitoring and Evaluation Specialist. The Procurement Specialist and Accountant will be designated from IOM's staff; and
- (ii) Submit to the Fund, a project annual work plan and a procurement plan covering the first eighteen months of the Project.

5.2.3. Other Condition(s)

- (i) Provide evidence to the Fund of having set up the Project Steering Committee comprising of representatives from the Ministry of Labour and Social Affairs (Chair), Ministry of Education, Ministry of Women and Human Rights Development, Ministry of Planning and International Cooperation, Ministry of Interior and Ministry of Internal Security.

5.3 Compliance with Bank Policies

The project is in compliance with all applicable Bank policies

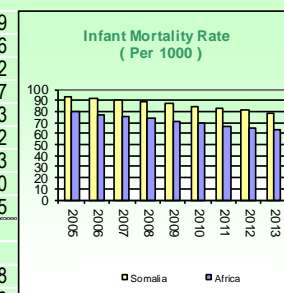
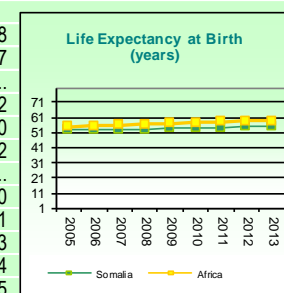
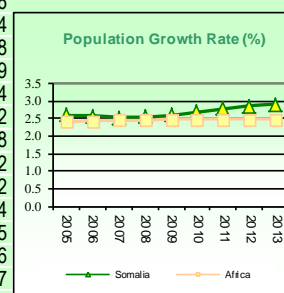
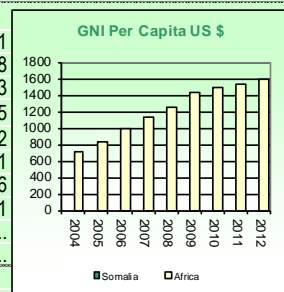
VI. RECOMMENDATION

Management recommends that the Board of Directors approve a Grant of **UA 3 million** from the ADF Transitional Support Facility Pillar 1 to the Federal Republic of Somalia for the Socio-Economic Reintegration of ex-combatants and youth at risk project and subject to the conditions stipulated in this report.

Somalia

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Somalia	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2011	638	30,323	98,458	35,811
Total Population (millions)	2013	10.5	1,109.0	5,909.3	1,252.8
Urban Population (% of Total)	2013	38.7	40.2	47.7	78.3
Population Density (per Km ²)	2013	16.2	46.9	70.7	23.5
GNI per Capita (US \$)	1990	150	1 719	3 815	38 412
Labor Force Participation - Total (%)	2012-2013	29.4	37.4	67.9	72.1
Labor Force Participation - Female (%)	2012-2013	34.0	42.5	38.6	44.6
Gender -Related Development Index Value	2007-2011	...	0.502	0.694	0.911
Human Develop. Index (Rank among 187 countries)
Popul. Living Below \$ 1.25 a Day (% of Population)	2008-2011	...	40.0	20.6	...
Demographic Indicators					
Population Growth Rate - Total (%)	2013	2.9	2.5	1.3	0.3
Population Growth Rate - Urban (%)	2013	4.1	3.4	2.5	0.6
Population < 15 years (%)	2013	47.2	40.9	28.3	16.4
Population >= 65 years (%)	2013	2.8	3.5	6.1	16.8
Dependency Ratio (%)	2013	90.8	77.9	52.4	49.9
Sex Ratio (per 100 female)	2013	99.0	100.0	103.3	94.4
Female Population 15-49 years (% of total populatio	2013	22.0	24.0	53.1	45.2
Life Expectancy at Birth - Total (years)	2013	55.1	59.2	68.4	77.8
Life Expectancy at Birth - Female (years)	2013	56.7	60.3	70.3	81.2
Crude Birth Rate (per 1,000)	2013	43.8	34.8	21.2	11.2
Crude Death Rate (per 1,000)	2013	12.3	10.4	7.6	10.4
Infant Mortality Rate (per 1,000)	2013	78.6	61.9	39.8	5.5
Child Mortality Rate (per 1,000)	2013	129.7	97.4	56.3	6.6
Total Fertility Rate (per woman)	2013	6.6	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2010	1000.0	415.3	240.0	16.0
Women Using Contraception (%)	2013	22.8	34.9	62.6	71.3
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2011	3.5	47.1	117.8	297.8
Nurses (per 100,000 people)*	2004-2011	11.4	132.6	202.7	842.7
Births attended by Trained Health Personnel (%)	2006-2011	33.0	52.6	66.3	...
Access to Safe Water (% of Population)	2011	29.5	68.8	87.2	99.2
Access to Health Services (% of Population)	1985	20.0	65.2	80.0	100.0
Access to Sanitation (% of Population)	2011	23.6	39.4	56.9	96.2
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2012	0.5	3.9	1.2	...
Incidence of Tuberculosis (per 100,000)	2012	286.0	223.6	144.0	23.0
Child Immunization Against Tuberculosis (%)	2012	37.0	83.0	81.5	96.1
Child Immunization Against Measles (%)	2012	46.0	74.0	83.0	94.3
Underweight Children (% of children under 5 years)	2005-2012	32.8	19.7	17.0	1.4
Daily Calorie Supply per Capita	2009	...	2 481	2 675	3 285
Public Expenditure on Health (as % of GDP)	2001-2012	1.0	2.9	3.0	7.5
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2007-2012	29.2	101.9	109.4	100.9
Primary School - Female	2007-2012	20.8	97.9	107.6	100.6
Secondary School - Total	2007-2012	7.4	47.4	69.1	100.2
Secondary School - Female	2007-2012	4.6	44.0	67.8	99.7
Primary School Female Teaching Staff (% of Total)	2007-2012	16.6	46.6	58.0	84.3
Adult literacy Rate - Total (%)	2010-2012	...	62.0	80.3	99.2
Adult literacy Rate - Male (%)	2010-2012	...	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2010-2012	...	53.7	74.9	99.0
Percentage of GDP Spent on Education	2011-2012	...	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2011	1.8	7.6	10.7	10.8
Annual Rate of Deforestation (%)	2000-2009	1.0	0.6	0.4	-0.2
Forest (As % of Land Area)	2011	10.6	23.0	28.2	35.0
Per Capita CO2 Emissions (metric tons)	2010	0.1	1.2	3.0	11.6



Sources: AfDB Statistics Department Databases;

last update : May 2014

United Nations Population Division, World Population Prospects: The 2012 Revision;

World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

For any given interval, the value refers to the most recent year available during the period

Note : n.a. : Not Applicable ; ... : Data Not Available.

Appendix II. Bank Group's portfolio in Somalia

Long name	Status	Appro.Date	Closing Date	Net loan	Disb.Rate
Somaliland statistical capacity building	OnGo	09/13/2013	11/30/2015	355,136	69.10%
Economic and financial gov. ISP	OnGo	12/18/2013	12/31/2016	2,500,000	20.47%
Institutional support to financial governance program in somalia		7/7/2015	12/31/2016	1.,225,275	0%
TA-debt management and arrears clearance phase ii	OnGo	2/1/2015		154,286	32%
Building resilience to water stress in Somaliland –boosting	APVD	10/01/2014	3/31/2018	2,399,520	0%
Drought resilience and sustainable livelihood program -ii	APVD	11/26/2014	12/31/2020	10,000,000	0%
				5,000,000	0%
Infrastructure needs assessment /action plan	OnGo	12/20/2013		371,429	55%
Emergency assistance to victims of drought 2014	OnGo	02/09/2015	12/31/2015	712,616	100%
TOTAL				22,718,262	7.59%

**Appendix III. Key related projects financed by the Bank
and other development partners in Somalia**

Project	Amount	Closing date
Drought Resilience and Sustainable Livelihoods	UA 15.0m	2019
Support to Transitional Centre in Mogadishu for social rehabilitation of ex-combatants	£5.0m	2017
Support to Trantional Centre in Baidoa for social rehabilitation of ex-combatants	€1.0m	2016
Support for Human Rights Monitoring	\$0.5m	2016
Joint UN Youth Employment Programme	\$8.9m	2016

** UNDP, UN-Habitat, ILO and FAO.*

Annex IV: Map of Somalia



Map No. 3690 Rev. 7 UNITED NATIONS
January 2007

Department of Peacekeeping Operations
Cartographic Section

Appendix V: PROJECT FRAGILITY ANALYSIS

5.1 Fragility Context in Somalia: Somalia's political, economic and social stability are intrinsically intertwined. Conflicts and instability are at the very core of state fragility in Somalia. The country has gone through enormous multi-dimensional political, economic, social and cultural changes over the last three decades. A few of these identified drivers of fragility in Somalia are quite relevant for this project, and they include:

5.2. Insecurity and clan-based tensions: Somalia is a highly militarised society as a result of which all Somalis have experienced significant armed conflict. In addition, there are regions in Somalia where active armed conflict is still on-going. Many clans also keep weapons for their personal and livestock protection. Furthermore, while the long period of inter-clan warfare is largely over, grievances and tensions continue to exist among certain clans and sub-clans. To a large extent, the insecurity in Somalia is owing to i) a high level weapons held or accessible by the civilian population; ii) lack of effective law enforcement mechanisms iii) communal/inter-clan conflict iv) high levels of unemployment for young men particularly those previously engaged in piracy and to some extent, iv) recently incursions by Al-Shabaab.

5.3. Terrorism and Islamic Radicalization: Somalia has had difficulty the challenges of terrorism in the country. Despite recent AMISOM and *Somali National Army* counter terrorism efforts, Al-Shabaab continues to control significant rural areas of Somalia. The militia group uses propaganda in these territories to show that it is more capable of supporting communities than the FGS. In areas that it does not control, Al Shabaab conducts acts of terror such as wreaking havoc and blocking supply routes for the delivery of food aid and social services to needy communities.

5.4 Weak State Institutions and Capacity: Somalia suffers from a long history of conflict, and a protracted period without a central government and state institutions. Over the last two decades, many clans and sub-clans exploited the power vacuum to consolidate their political, economic, and military power. This has resulted in a diffusion of authority and governance. Currently, institutions charged with political and economic governance in Somalia, lack or have inadequate i) processes, ii) structures and iii) human resources required to make institutions effective and functional. In particular, human resource, skills and capacity gaps are a major concern. Institutions often lack critical capacity to perform their functions.

5.5 Lack of Basic/Adequate Infrastructure and Access to Basic Services: Somalia has inadequate, and in some instances, none of the critical infrastructure needed to provide basic services such as security, transport, health, education, and energy. Lack of roads limits access to basic services and affects trade. Lack of basic infrastructure also hinders the development by inhibiting the growth of the private sector, which has been one of the most resilient forces in the country. The significant differences in the levels of economic development among the regions is partly driven by disparities in their infrastructure and human capital investments.

5.6 Poverty and Youth unemployment: Somalia's economic and social conditions remain Grim. Vast areas remain highly insecure, making agriculture, trade and livelihood activities extremely difficult. Access to basic services such as water and sanitation, health services and education remain elusive. Combined with high level of internal displacement, these factors lead to widespread poverty and deprivation. High levels of youth unemployment coupled with the limited possibilities for constructive engagement in the economy drive youth into illegal activities that promise better rewards including recruitment into groups such as Al- Shabaab.

5.7 Fragility-responsive project design and approach

The broad objective of the project is to promote sustainable reintegration of youth at risk (including ex-combatants) into mainstream Somali society. The table below presents how the downside risks emanating from the identified fragility drivers related to this project, and how the proposed project activities address these risks.

Table 5: Fragility sensitive design

Drivers of Fragility	Downside risks stemming from the drivers of fragility	Proposed Project interventions
Insecurity and clan-based tensions	<ul style="list-style-type: none"> Increased weapons held by communities High-level of crime among youth and social disturbances within communities 	<ul style="list-style-type: none"> Provision of adult literacy and counselling (including religious ideological counselling) and peace education Establishment of community-led/managed peace councils Entrepreneur-based approach to vocational and technical trainings
Terrorism and religious extremism	<ul style="list-style-type: none"> Youth engaging in radical activities Increased number of armed militias Limited private sector development 	<ul style="list-style-type: none"> Psycho-social counselling for ex-combatants Formation of youth formation and cooperatives for social cohesion Management of DDR interventions Support private sector development especially among youth.
Poverty and youth unemployment	<ul style="list-style-type: none"> Lack of access to basic services Economic marginalization of rural communities Growing number of unskilled youth populations 	<ul style="list-style-type: none"> Provision of vocational skills and basic equipment for business start-up for 1500 youths Provision of micro-grants for business start-up and stipends to trainees Placement of youth in existing enterprises for apprenticeships
Weak State institutions and capacities	<ul style="list-style-type: none"> Limited institutional capacity of the government and other actors Limited human resource Lower capacity to manage policies and programs Weak governance structures 	<ul style="list-style-type: none"> Strengthening capacity of relevant government institutions on youth-related issues Training and skills development for about 50 staff of relevant ministries on policies and programs Development of national employment policy, governance frameworks and standard operating procedures for youth empowerment.