

Formulation plan

D2B19S001

Improving Water Supply in Garowe Puntland



Introduction

The purpose of this formulation plan is to mark the start of the cooperation between RVO (In English: Netherlands Enterprise Agency abbreviated NEA) and Ministry of Finance of Puntland, Ministry of Water, Puntland Water Agency, the Nugal Water Company (NUWACO) and the Garowe Municipality. This document provides a mean to achieve a shared understanding between the relevant signatories on the project components as stated in this document to which both signatories have jointly decided and agreed. This formulation plan has no legal status and merely functions as the starting document for working towards the grant arrangement between RVO and the Ministry of Finance, Puntland, Garowe Municipality will function as the Competent Authority. By signing this document, both signatories express their intention to work together to develop the project, "D2B19SO01 Improving Water Supply in Garowe". In this formulation plan, the institutional setting (project management) of both RVO the Ministry of Finance of Puntland and Garowe Municipality, the key questions and points of attention for the development phase for this project are included. Within four weeks after signing this formulation plan, RVO will send Ministry of Finance of Puntland and Garowe Municipality a draft version of the Terms of Reference for the studies for inputs and comments.

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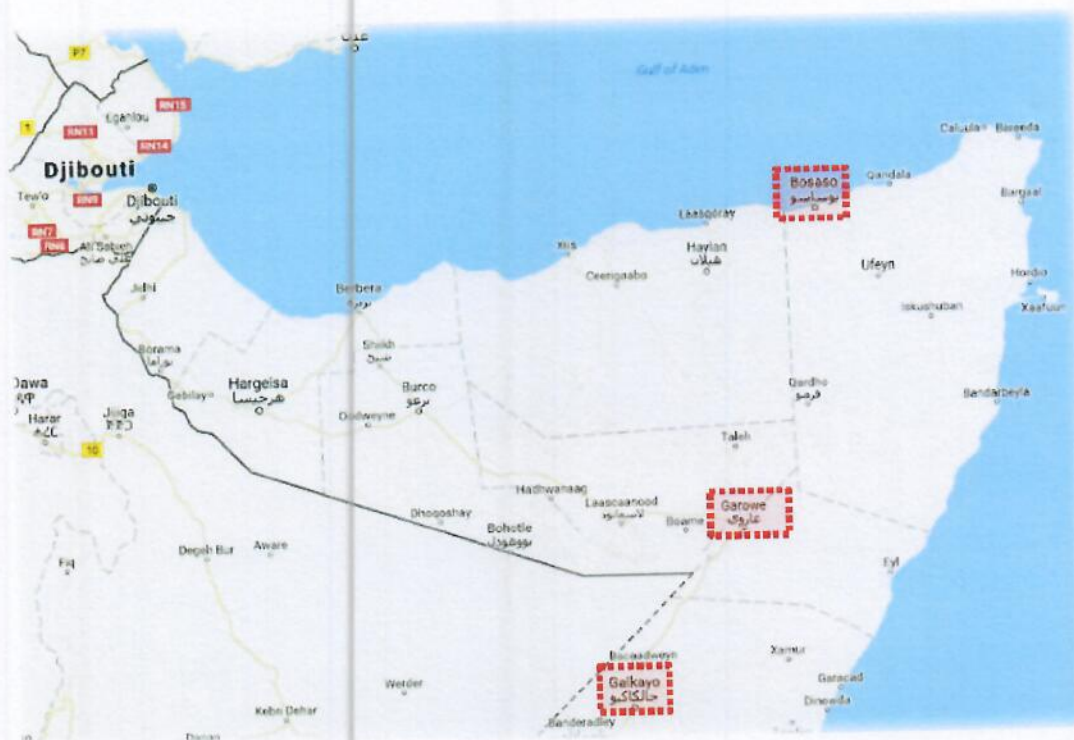
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Project formulation

Three documents were used as input for this Formulation plan:

1. TECHNICAL SUPPORT TO PUNTLAND STATE OF SOMALIA SUMMARY INVESTMENT PLAN FOR THE WATER SECTOR OF THE CITIES OF GAROWE, BOSASO AND GALKAYO, January 2018. World Bank.
2. Garowe Water Supply Concept note. Garowe Municipality.
3. Garowe Water Supply Master Plan Study. Puntland State of Somalia. 2015

1 Description of the infrastructural project



SOURCE: World Bank, 2018

1.1 Description of the context

Access to water and sanitation in Somalia overall remains low and the existing institutional and legal framework is weak. A large part of the water supply is done by private water operators and at the moment this is not well regulated. As per the recently completed National Development Plan (2020-24), basic water supply coverage in Somalia is at 53%. The water shortage is exacerbated by the recent droughts which also increases the risks of water contamination. Changes in demography, climate and economic activity have contributed to the current low level of access to water in Puntland towns specifically. Demand has doubled in recent years leaving many of the existing wells and springs dry. Water agencies in urban areas such as Garowe are unable to meet even the most basic demands for drinking water. As a result, water trucking has become a common method to supply the growing need. Water trucking, often from wells and wadis outside these towns, is expensive and often of questionable quality. It can also lead to conflicts with, or

within, the local communities from which water is trucked. The current water supply service coverage in Garowe is 30%. The exploitation of groundwater resources is limited as knowledge of hydrogeological conditions – including quality and quantity of groundwater resources – is limited. In many cases, groundwater drilling projects are unguided taking place without geophysical investigation and leading to low success rates and wastage of critical financial resources. The water service provider faces a systemic challenge of delivering reliable, high quality services. In addition, there are parts of the town officially connected to the network that are not able to receive water due to inadequate water and system pressure, the latter of which is caused by an underdeveloped distribution system featuring intermittent water supply and an apparent lack of coordination.

The project was first introduced to D2B by the World Bank and will be done in collaboration with the Government of Puntland and with facilitation and support from the World Bank. Institutional Strengthening is considered an essential element due to the complex context and large number of stakeholders. This project is part of the WB rural resilience programme. Under D2B an institutional analysis will be done to ensure that all the stakeholders are captured. The project will be aligned with and building on the ongoing Somalia Urban Resilience Project (SURP) (US\$ 9 million) as well as SURP phase II (US\$112 million)_which was approved by the World Bank Board of Directors on December 9, 2019 and is expected to be effective by February 2020. Both projects aim to enhance the resilience of select cities by supporting prioritized infrastructure investments and strengthening local government capacities.

1.2 Baseline situation

Geographic coverage: The proposed project targets urban and peri-urban people living in Garowe city, including IDPs. While the focus would be on Garowe, Puntland State as a whole will benefit from the project through strengthening the water related institutions such as the Puntland Water Agency and building their capacity for the provision of sustainable water and sanitation services.

Direct Beneficiaries. The primary beneficiaries will be water consumers (both residential and commercial users) in Garowe totalling up to 250,00¹⁰ who would benefit from service in terms of reliability and quality of water supply services. The expansion of the water supply project as defined now will specifically target 190,000 people. Other beneficiaries of the project would comprise of IDP settlements and public institutions, such as the Ministry of Water and Puntland Water Development Agency. In addition to direct benefits, such as increased convenience and consumer satisfaction with improved water supply, improvements in water quality are generally deemed to contribute to public health benefits by reducing the risk of waterborne diseases in the project areas. The project will also provide technical assistance, including increased laboratory capacity and monitoring, to the Puntland Water Agency to meet its broad-based policy and reform agenda.

¹ Garowe Water Supply Concept note. Garowe Municipality.

1.3 Problem analysis

In Garowe, increasing urbanization, population growth and the lack of sustainable water services pose critical challenges to the development of the city. Due to little quantity of water and the poor quality of existing water supply, residents use 3 types of water, normal piped water if available, rain water for cooking and washing and purified water for drinking. The available piped water has a high salinity rate which makes them unsuitable for human consumption forcing residents to excavate underground water tanks for the storage of seasonal rainwater.

Due of lack of sewage system in the city, underground septic tanks get in contact with water tanks which causes contamination and waterborne diseases affecting all community in general and children and aged community in particular.

The key issues being faced by the water supply system are as follows: -

Poor Capacity Across Water Institutions: the water supply system in Garowe is managed through a Public Private Partnership. Addressing the overall water shortage in the city will require drilling of deep boreholes and further exploration. This in turn requires basic infrastructure, tools and know-how to exploit ground water in a sustainable manner. The absence of such technical expertise is the most *pressing* deficit realized in the operations of the water supply in Garowe. Developing a set of skills in relation to surveys, installations, testing and analysis are core challenges experienced by the Puntland Water Agency.

Exploration of Additional Ground Water Sources: rigs equipped with powerful compressors that can comfortably drill down-hole up to a maximum depth of 700 metres are missing. These will ensure locally-driven expansion with high quality work and reliability put in place.

Improving Financial Sustainability: the development objective of water sector investment in Garowe is to improve the quality of water as well as improving the financial performance by expanding the current metering system in the city and working with the Garowe Municipality and the Puntland Water Agency to improve collection of tariffs and tariff setting. Currently, water tariffs are low and collection suboptimal.

These barriers to business growth were further contributed by a range of other factors with direct impact on water demand. These factors include:

- i. **Urbanization:** the demand for urban water in Garowe has considerably increased over the last ten years as a result of a relative stable political situation and growing wealth of people. Garowe has been receiving an influx of returnees from the South, displaced communities from the surrounding regions and victims affected by droughts and other natural shocks. The annual population growth (3%)² in Somalia is generally high compared to neighbouring countries. The UN estimates indicate that urban areas are expected to absorb more than half of the population growth over the next four decades. UN Habitat statistics also state that Garowe remains one of the fastest growing cities in the continent. Unless promising initiatives are developed to address the need for improved and comprehensive urban water planning and investment the urbanization will add more burden to the existing weak water supply system and infrastructure.
- ii. **Increase in water demand and change in consumption patterns:** with the urbanization, the consumption pattern has also changed as households' activities

² Garowe Water Supply Concept note. Garowe Municipality.

started to change. Household farms and plants, adoption of water appliances, gardening and increased quantities of water for cleaning and washing are the resultant emergent issues.

- iii. **Over-exploitation of existing resources:** with these population and demand pressures, the existing boreholes are pumped over their normal capacities. This necessitates the expansion of the network and introduction of sustainable approaches of exploiting water.

The combination of sector specific challenges and a changing demands and needs is perpetuating the situation. The following problems are identified as core issues to be addressed

- **Water service coverage:** as noted earlier, the water supply service coverage in Garowe is 30%. The Water Service Provider (NUWACO) also faces a systemic challenge of delivering reliable, high quality services. In addition, there are parts of the town officially connected to the network that are not able to receive water due to inadequate water and system pressure, the latter of which is caused by an underdeveloped distribution system featuring intermittent water supply and an apparent lack of coordination.
- **Continuity of service:** during the dry season, some parts of the town receive water supply only during the nights. The national average urban water supply is far behind than the regional standards. Consequently, water quality cannot be guaranteed given the increased risk of contamination when water supply pipes are unpressurized.
- **Inadequate demand management:** though household connections are metered, there are considerable households which are not metered or metered with old water meter which hardly measures the volume of water delivered. This undermines billing and collection efficiency as many household refuses to pay when billed against the norm rather than for actual water consumed.
- **High operating costs:** though the water company currently covers its operating costs, the investment required is considerably high and the WSP is unable to meet high operating costs and higher investment needs. This is being further compounded by low bill collection rates. The commercialization of water from its early stages proved to be difficult unless operational subsidies are provided. The chronic lack of resources has forced the company to maintain its base with small increments. Experience also confirms that if this level of operation is maintained, it will further accelerate deterioration and premature breakdown of assets.

1.4 Project objectives

The objective of the D2B project is to carry out all the studies that need to be done before the infrastructure project can be tendered. As the DRIVE program is considered as one of the sources of funding for the implementation phase (in collaboration with other donor funding) it is essential that all the studies done are in line with the DRIVE requirements. The studies that will be done include: feasibility study, ESIA, institutional assessments, detailed design, baseline study, tariff study and a study for safeguard instruments for the expansion of water access in Garowe city. Ultimately the tender documents will be made which will mark the end of the D2B project.

The ultimate objective of the infrastructure project is the expansion of water access and targeting full water service coverage in Garowe.

Apart from this, the project will also contribute to the development of technical skills and datasets necessary for water sector development in Garowe whilst also advancing the policy and institutional reform agenda adopted by Puntland governments as part of the broader efforts to restructure the government and enhance its efficiency.

Points of attention:

- At this point in time many individual water vendors are active in the area. Part of the D2B study would be to research the possible effects for these companies.

1.5 Project definition

The water sources are deep boreholes of depth ranging from 100m to 300m. The city water Master Plan (2015) identified several potential groundwater sources and recommended the development of two: one located near the village of Salaxley and one in the Jubagale area (see Figure below). The two proposed sites will provide a water quality that is still far from potable standards yet is possibly the only available solution since brackish water is predominant all around Garowe.

Other elements of the infrastructure project are expected to be most of the following parts as formulated in the Master Plan. This will be confirmed and finalized as part of the D2B studies:

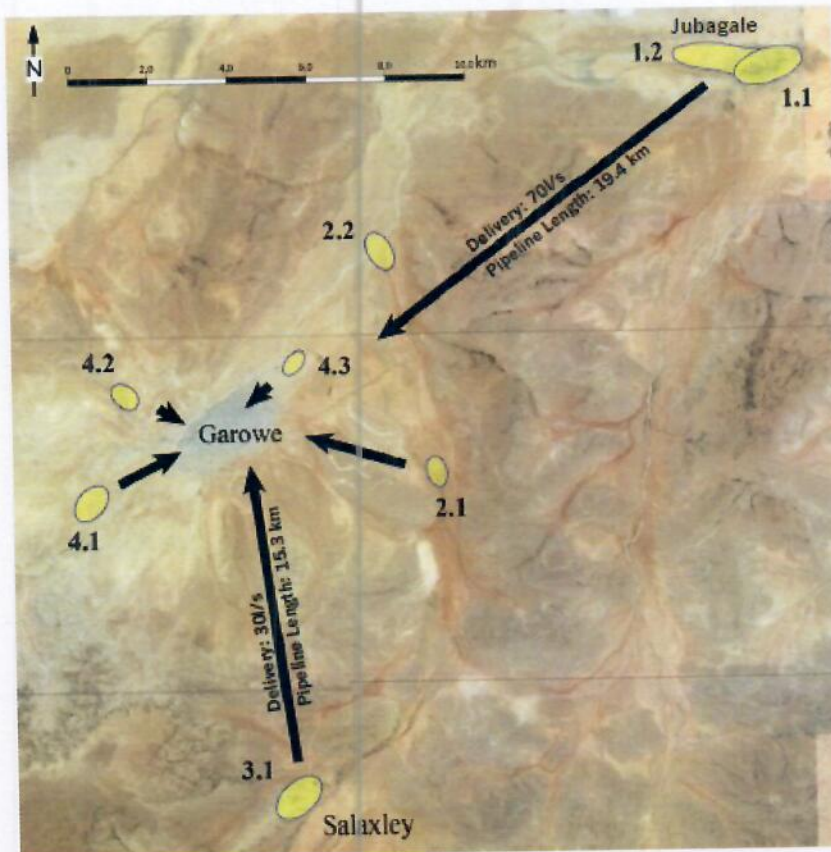
LOT N	IMPLEMENTATION OF THE MASTER PLAN RECOMMENDATIONS	FINANCIAL NEEDS (US\$)	TERM	POTENTIAL FINANCING SOURCES
0	Institutional Capacity Development	TBD	Medium	Development Banks
1	Implementation of two exploratory/productive boreholes in urban area (sites 4.1 + 4.2 + 4.3 in the above map)	\$178,463	Short	Relief Organizations
6	Construction of pipelines connecting the old boreholes to the proposed 1,000 m ³ ReseRVO ir	\$507,156	Short	Relief Organizations
7	Construction of pipelines connecting the new boreholes to the proposed 1,000 m ³ ReseRVO ir	\$599,526	Short	Relief Organizations
8	Construction of pump stations on new boreholes	\$201,020	Short	Relief Organizations
10	Construction of the distribution system of drinkable water	\$378,824	Medium	Development Banks
11	Drilling and completion to productive of n° 3 boreholes in Salaxley Village Area (site 3.1 in the above map)	\$326,403	Medium	Development Banks
13	Construction and equipment of n°3 pump stations in Salaxley Village Well Field	\$218,888	Medium	Development Banks
15	Trunk line connecting Salaxley Village Well Field to the proposed 500 m ³ ReseRVO ir	\$1,955,550	Medium	Development Banks
17	Primary and Secondary Distribution Network, extension to secure the service	\$946,083	Medium	Development Banks
2	Construction of new 1,000 m ³ Ground ReseRVO ir	\$754,190	Medium	Development Banks
3	Construction of new 500 m ³ Ground ReseRVO ir	\$485,934	Medium	Development Banks
4	Pipeline connecting 1,000 to 500 m ³ ReseRVO irs	\$526,079	Medium	Development Banks
5	Pipeline connecting ReseRVO irs to distribution system	\$1,182,890	Medium	Development Banks
9	Construction of the desalinization plant	\$586,008	Medium	Development Banks
12	Drilling and completion to productive of n° 4 boreholes in Jabagale Area (sites 1.1 + 1.2 in the above map)	\$468,389	Long	Commercial Banks
14	Construction and equipment of n°4 pump stations in Jabagale Area Well Field	\$270,154	Long	Commercial Banks
16	Trunk line connecting Jabagale Well Field to proposed 1.000 m ³ ReseRVO ir	\$4,182,775	Long	Commercial Banks

LOT N	IMPLEMENTATION OF THE MASTER PLAN RECOMMENDATIONS	FINANCIAL NEEDS (US\$)	TERM	POTENTIAL FINANCING SOURCES
18	Hydrogeological and geophysical studies with boring tests in Nugal valley	\$306,565	Long	Commercial Banks
TOTALS		\$14,074,895		

i. Water Supply Investment

- **Borehole Drilling Programme:** the project proposes: -
 - a. Investment Plan lot 1: Drilling and equipping three (3) new boreholes within the City as an immediate measure to improve water production. These boreholes will improve water production by approximately 720m³/day to relieve water shortage in the City.
 - b. Lots 11 and 12: Drilling and equipping seven production wells in Salaxley and Jibagale to improve the water supply by 3,600m³/day to the existing capacity of 1,800m³/day (Water Masterplan, 2015). At a daily water consumption rate of 15l/c/d, the total production of 7,600m³/day will meet the year 2030 demand for Garowe. However, NUWACO has reported a production capacity of 4,000m³/day from 12 operational boreholes. This will be verified by the study.
- **Distribution Network Upgrading:** The existing water transmission and distribution system of about 58km within a city area of 618 hectares is inadequate and covers 60% of the City. The Water Masterplan, 2015 proposes that the transmission and distribution system be expanded by:
 - a. Lots 15 & 16 Transmission pipelines approximately 35km to deliver water from Salaxley (15.3Km pipeline) and Jibagale (19.4km pipeline) wellfields to the proposed 1000m³ raw water main reseRVO irs in the City.
 - b. Transmission pipelines approximately 5km connecting old boreholes and 8km connecting new city boreholes to proposed 1000m³ raw reseRVO ir.
 - c. Distribution pipelines approximately 4.5Km from the proposed 1000m³ tank to the proposed 500m³ satellite tank in the City, and approximately 12km raw water distribution within the City.
 - d. Treated water distribution pipelines approximately 9 km and about 14 water kiosks in the City and IDP camps.
 - e. Rehabilitation and improvement of the existing distribution system including zoning the city's distribution system into 15 zones. It is proposed that the infrastructure for tertiary networks approximately 17km will be financed by the consumers when property water connections are installed.
- **Lot 2 or 3 Construction of Water ReseRVO ir:** Currently, the city is served from one existing prefabricated steel reseRVO ir with the capacity of about 650 cum. This reseRVO ir is subject to leakages and construction of new reseRVO irs with increased capacity is recommended whilst maintaining the current reseRVO ir. Due to the high salinity of raw water in the distribution system, the new reseRVO irs are planned to be ground type made with reinforced concrete or other suitable material not prone to corrosion. This project proposes to construct 3 elevated reseRVO irs (one 1000m³ and two 500m³ tanks) under the project to increase the supply of pressurized water. The reseRVO irs will be placed in built-up areas and will be able to feed all quarters of the town with future demand trends noted.
- **Desalination Plant:** the strategic objective of upgrading water supply in Garowe does not only focus on increasing the quantity of water but also improving the quality of water. The target is to supply drinkable water at costs affordable to poor people and eliminate the side effects of chemical compounds present in the raw

water and diseases caused by contamination of ground water. Various options are available for demineralization of water. These include water softening with sodium chloride, vacuum boiling, reverse osmosis and Nano-filtration. The project proposes to a desalination plant with three ultrafiltration modules each of capacity 10m³/hr and an elevated 80m³ treated water storage tank. It is proposed that the treated water be distributed through a dedicated network with water kiosks. The sustainability of the desalination process and water kiosk distribution system will need to be studied.



Source: Garowe Water Masterplan, 2015

Other parts of the project

A few core challenges are identified that the water system faces; these are capacity deficit and drilling of deep boreholes requires basic infrastructure, tools and know-how enabling the company to exploit ground water in a sustainable manner. The absence of technical expertise is the most pressing deficit realized in the operations of the water supply in Garowe and basic equipment is lacking. The project complements the on-going Somalia Urban Resilience Project (SURP) which have the objective to strengthen public service delivery capacity at the sub-national level and support the reconstruction of key urban infrastructure in targeted areas.

Technical Assistance: this component focuses on providing technical support and transfer of knowledge to local water institutions involved in the project. This will include undertaking necessary engineering, socio-economic and environmental surveys and development of necessary tools for the works. The project proposes to engage consultancy firms to support development and transfer of technical knowledge to local structures.

Institutional Strengthening Programme: this component will support the government's broad-based policy and reform agenda. This will include developing and delivering competency-based skills curriculum with focus on technical, financial and management issues, support to the performance monitoring and benchmarking, preparation and implementation of a performance improvement plan and other support for institutional strengthening of the water institutions to improve efficiency of operations, including design of a customer service survey and public awareness campaign. This component will be implemented by a unit in PSAWEN and certain services will be outsourced to competent firms operating in the country and the region.

D2B project

The Garowe water masterplan was prepared in 2015 together with conceptual designs and preliminary cost estimates for proposed activities. However, feasibility studies with additional geophysical investigations, exploratory boreholes, and detailed designs with cost estimates are yet to be prepared and would be needed before procurements and construction can start. The involvement of the communities located in the vicinity of the water sources will also need to be taken into consideration. The water masterplan proposed measures that aimed at improving water production and quality as well as reducing the production cost of the water in order to make it affordable to poor and vulnerable communities especially the IDPs in Garowe.

A number of studies have already been done by different donors such as the World Bank and the EU. The studies done under D2B will build on these studies.

The studies that have already been finalised will be made available and a full list will be included in the ToR.

The studies to be financed by D2B are as follows. The order of these studies still need to be determined. In the ToR a Go/No Go will be included after the first studies to determine if the project is feasible.

1. Feasibility study to confirm the potential and quality of water of the two groundwater sources - Salaxley and Jubagale. These sites were identified by a hydrogeological survey but need to be further explored. Exploratory boreholes and additional geophysical studies will also be required.
2. Feasibility study for the upgrading of the existing water distribution network including the possibility of expanding rainwater harvesting. This will include elements like O&M cost coverage, tariff setting, other commercial aspects such as billing and revenue collection.
3. Baseline study
4. Institutional assessment of all water agencies including the assessment of the current tariff setting and collection system.
5. Social and environment safeguard assessment with a special focus on sewage management and contamination of water sources.
6. Environmental Social Impact Analysis
7. Financial plan and procurement plan
8. Tender documents.

Points of attention:

- Pay attention to the way the project aims to reach the whole spectrum of end-users in the project area, particularly the vulnerable groups.
- Pay attention to the population growth in the Baseline studies

1.7 Priority fields of recipient government

Given Somalia's current situation, Puntland government identified water sector development as one of the key sectors of development focus. Expanding urban water supply is emphasized in Puntland Development Plan (2014-2018) and Water Sector Development Strategy (2014-2019) for Puntland. Urban water development is also prioritized in Somali Economic Recovery Plan (ERP). The Peace and State building Goal (PSG) 4 on 'Economic Foundations' Priority 1 emphasizes on the rehabilitation and expansion of critical infrastructure for transport, water and market access. The ERP also prioritizes rehabilitation of infrastructure for business and job opportunities, as well as better access for vulnerable and poor communities.

Puntland water policy recognizes the centrality of water in development, thus pursues a policy agenda for meeting the region's water needs and supporting its socio-economic development, appropriate exploitation, use and management of water resources and sustainable management of water. The water strategy also seeks to strengthen the water sector policy by focusing on far more ambitious objectives for sustainably meeting the water needs and offsetting the effects of global warming, fostering radical change in behaviour and set up genuine long-term management of water (political commitment, public and private financing).

The project is consistent with the key objectives of the NDP 2019-21, which focuses on sustained economic development, poverty reduction and increased availability and accessibility of quality of basic education, health, water and sanitation services. Access to water and sanitation in Somalia remains low and the existing institutional and legal framework is weak with the private water operators not well regulated. Lack of access to clean and safe water has exacerbated incidences of water-borne diseases especially cholera which is endemic in Somalia. This has contributed to a high under-five child mortality rate of 133 per 1,000 live births.³ The project is also aligned with Puntland national development plan, District development framework and city urban strategic development plan.

1.8 Social and Environmental aspects

Potential environmental risks and impacts: Anticipated environmental risks and impacts associated with the project's civil works (borehole drilling, distribution network upgrading, construction of water and desalination plant) may include contamination of water, dust generation, noise pollution, soil erosion, surface water sedimentation, traffic interruptions, pollution from construction wastes, as well as waste from worker campsites (where established). These short-term impacts will be prevented or mitigated with standard operating procedures and good construction management practices.

Potential social risks and impacts: Anticipated social risks and impacts include: (i) land acquisition and physical and economic displacement; (ii) potential risks associated with labor and working conditions such as Occupational Health and Safety (OHS) risks, child labor, labor influx, and risks of sexual exploitation and abuse (SEA), sexual harassment (SH) and other forms of gender-based violence (GBV); (iii) potential exclusion of disadvantaged and vulnerable groups from project

³ African Development Bank Statistics Department Database (February 2018)

benefits; and (iv) potential risks of increased social tension in the community (such as conflict with other water users); and (v) security risks. These social risks will be mitigated through preparation and implementation of environmental and social instruments; adoption of mitigation measures proposed in WB Good Practice Notes on labor influx and GBV (such as tapping of local workforce, use of code of conduct, collaboration with local communities and GBV-related service providers); inclusion of disadvantaged and vulnerable groups in project activities/benefits including provision of water access and project-related job opportunities; effective stakeholder engagement including an inclusive and transparent consultation process and functional Grievance Redress Mechanism (GRM); and measures to minimize security risks (such as protection of project workers by security authorities).

Environmental and social instruments: If the project is implemented as part of the Somalia Urban Resilience Project (SURP) Phase II, the World Bank Environment and Social Framework will be applied. As such, the Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF), the Stakeholder Engagement Framework (SEF) and the Labor Management Procedures (LMP) prepared for SURP II will need to be updated to reflect the outcome of the environmental and social assessment which will be conducted under the feasibility stage for this project. Consistent with the updated frameworks, subproject-specific environmental and social plans will be prepared, reviewed and disclosed before the start of civil works of each subproject. Relevant provisions of subproject-specific instruments will be incorporated into procurement documents.

A complete ESIA will be part of the D2B studies. This will be done conform te Worldbank Standards.

Specific attention will be paid to Fossil water. If fossil water is found the following standards may apply:

ESS3 ("Resource Efficiency and Pollution Prevention and Management") because of possible groundwater contamination during abstraction, over-abstraction, method of abstraction used, conveyance losses, among other issues.

ESS1 ("Assessment and Management of Environmental and Social Risks and Impacts"), which is applied across-board

ESS6 ("Biodiversity Conservation and Sustainable Management of Living Natural Resources") will also because of likely connections between groundwater (or fossil water) and below- and above-ground biodiversity: some desert-adapted flora have deep taproot systems, and is likely they get their water needs from the reseRVO ir of fossil water.

If these apply the government would need to prepare safeguard documents that assess the likely risks associated with fossil water and propose adequate risk mitigation measures. The env/social studies carried out during the feasibility stage would hopefully inform these. These safeguard documents would need to be reviewed by the WB and RVO to ensure they meet the necessary requirements, be consulted on by all relevant stakeholders and then publicly disclosed before any infrastructure investments could commence.

Points of attention

Ensure that in the ESIA checks if the suggested pipeline routes and other elements require resettlement.

Ensure that the ESIA checks whether the project fossil water is being used for this project. If so, ensure all right safeguards are in place and mitigation measures taken.

1.9 Financing

Development Phase

The D2B project is a 100 % grant. The Competent Authority in this project is Garowe Municipality in collaboration with the Puntland Water Agency. The grantee is the Ministry of Finance of Puntland. The Government will be responsible for, if relevant, any additional costs (beyond the D2B grant) during the development phase.

Implementation phase

Somalia is included in the eligible country list for the DRIVE-program, a financing instrument for the implementation of infrastructure projects executed by RVO . Once the studies are nearing completion the possibility of eligibility for DRIVE-support can be discussed. If eligible 50% of the project could be financed by DRIVE and for 50% by the Government of Puntland possibly via World Bank funding or KFW. For this reason, it is important that all DRIVE requirements, World Bank requirements and if necessary KFW requirements are included in the D2B project.

1.10 Procurement

RVO will tender this project. The Garowe municipality and PIU will provide support on the ground for the consortium that will be hired. This has been agreed with the Government of Garowe

The World Bank supported Garowe Municipality set up and developed the capacity of a project implementation unit (PIU) to implement Bank funded projects. The PIU has been involved in two Bank financed project, Somalia Urban Investment Planning Project and Somalia Urban Resilience Project which is an infrastructure project. The PIU has the necessary expertise including procurement, finance, environment and engineering specialists with experience in procurement under Bank regulations. In order to expedite the project and ensure that consultants highly experienced in ground water studies are recruited, the D2B studies can be tendered in Netherlands. Garowe Municipality/PIU, in consultation with the Puntland Water Agency, will facilitate and support the consultants. The Puntland Water Agency has technical experts who could contribute to the review of the TOR for the studies and any technical reports generated by the study. The Bank will also provide engineering support in review of TORs, and review of study reports.

Puntland Water Agency have engineers, hydrogeologists, and geophysical experts, environmental expert who can review the TOR.

1.11 Risks

Risks	Level of risks (high, medium, low)	Mitigating measures
No funds available from for the	High	Close collaboration with the World Bank and

implementation phase from the World Bank, other donors or the Government of Puntland		other donor to discuss the implementation phase.
Environmental risks identified during the study phase prevents from moving on to the infrastructure implementation phase	Substantial	Start the environmental assessments in parallel with the feasibility studies
Political risks arising from the multiple institutions involved delay completion of the studies	Substantial	Set up a steering committee prior to commencing the studies and ensure all stakeholders are aware of their respective roles and responsibilities in the study phase

2

Project Organisation and Structure

2.1 Project Organisation

Garowe Municipality in collaboration with the Puntland Water Agency is responsible for the Formulation and Development Phase of the D2B project. Garowe Municipality will facilitate the set up a Project Steering Committee and a Project Management Committee.

The key focal point in Garowe Municipality is the Mayor – Ahmed Said Muse and the PIU Project Coordinator – Mohamed Gure.

The **Project Steering Committee** will be responsible for taking important project-related decisions, supervising the overall implementation of the project and ensuring timely delivery of the project.

- Garowe Municipality,
- Puntland Water Agency
- Ministry of Water

The Project Implementation Unit within the Garowe Municipality will be responsible for the day to day project management and coordination of the project, including monitoring the progress, liaising with stakeholders, assessing the project deliverables, receiving invoices from the consultant, submitting payment requests to D2B and preparing progress reports. The PIU reports to the Project Steering Committee. This PIU has already been set up under the World Bank financed SURP and is staffed with a Project Coordinator, Project Engineer, Environment/Social Safeguard Specialist, M&E Specialist, Financial Management Specialist and Procurement Specialist.

The cooperation agreements between Garowe Municipality and RVO can be summarized as follows:

- Garowe Municipality and RVO will provide all relevant information concerning the progress and implementation of the project in a timely manner;
- Garowe Municipality will organize regular meetings to discuss the progress of the project and inform RVO on the progress by sharing the highlights of these meetings;
- The D2B Grant Arrangement provides for 100% of the project costs of the development phase. Any cost overrun during the Development phase shall be covered by Garowe Municipality in consultation with the World Bank.
- The consultant will submit the deliverables to Garowe Municipality. Garowe Municipality and RVO will jointly assess the deliverables and Garowe Municipality will send the joint feedback to the consultant. When both Garowe Municipality and RVO agree on the quality of the submitted

deliverables, Garowe Municipality will send a Statement of Acceptance to the consultant, including the words "accepted by RVO".

- Garowe Municipality will submit the final deliverable, the Statement of Acceptance, the invoice and a request for payment to RVO. RVO will disburse from the D2B grant to pay the consultant directly on behalf of Garowe Municipality.

Organization	Roles and responsibilities
Netherlands Enterprise Agency (RVO), Develop2Build (D2B)	- Develop and sign the Formulation Plan - Develop and sign the Terms of Reference for the studies - Develop and sign the D2B Grant Arrangement - Develop the tender documents - Procure the consultant for the studies - Issue a Statement of No Objection on the tender documents and procedures (on the Expression of Interest and/or the Request for Proposal, the Tender Evaluation Report and the Draft Contract) - Review and approve the studies - Pay the consultant on behalf of the government of Puntland.
Garowe Municipality	- Provide feedback, approve and sign the Formulation Plan - Provide feedback, approve and sign the Terms of Reference - Provide feedback, approve and sign the D2B Grant Arrangement - Constitute a Project Steering Committee, Project Management Unit - Supervise the consultant and review the studies - Approve the studies by submitting a Statement of Acceptance to the consultant, when Garowe Municipality in collaboration with the Puntland Water Agency and RVO approve of the quality - Submit the approved deliverables, Statement of Acceptance, invoices and payment requests to RVO - Organize regular stakeholder meetings and report on the highlights to RVO
Project Steering Committee	- Decide on important project-related issues - Supervise overall project implementation - Ensure timely delivery of the project - Approve deliverables through Statements of Acceptance
Project Implementation Unit	- Day to day project management and coordination - Give feedback on the ToR - Responsible for the coordinating lead amongst all stakeholders involved - Monitor progress, supervise the consultant and review the draft deliverables - Submit draft deliverables to RVO for approval - Submit the Statement of Acceptance, final deliverables, consultant's invoices and payment requests to RVO
Technical Assistance (Procurement of studies and/or implementation phase)	

2.2 Staffing

Please list the members of the project team and indicate their roles and responsibilities.

Position

Develop2Build Program Coordinator	Ms. Tamar Schrofer
D2B project advisor	Ms. Sylvie Sprangers

Overview Staffing in the Formulation phase and Development Phase Garowe Municipality in collaboration with the Puntland Water Agency

Position	Name
Mayor of Garowe.	Mr Amed Said Muse
PIU Project Coordinator	Mr. Mohamed Gure
Coordinator World Bank	Ms. Zishan Karim

2.3 Power of attorney

The Grant Arrangement will be signed by the Minister of Finance, Puntland.

3 Budget

Please indicate in the table above the budget category and elaborate.

Budget Category	D2B project
≤ €400.000	
€400.000-€600.000	
€600.000-€1000.000	x

Cost total project is estimated at € 14.000.000

Activity	Tentative Finalization date
Sign formulation plan	May 2020
Finish tender documents	June 2020
Sign grant arrangement	June 2020
Open tender	July 2020
Finish tender process	October 2020
Start Development phase	October 2020
Finish Development Phase	30 July 2021
Open Tender	
Finish Tender process	

For Recipient government:

Name: AHMED SAID MUSSE

Designation: MAYOR

Date: 27 May 2020


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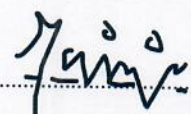


For Netherlands Enterprise Agency in representation of the facility for Develop2Build (D2B):

Name: Mr Joris Janse

Designation: Teammanager International Programs

Date: 27 May 2020


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This letter was digitally approved in accordance with the mandate published by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland) and therefore is not signed.