

Does Foreign Aid Help or Hinder Somaliland's Development?

The Somaliland Hargeisa Water Extension

High-quality Research Support programme (HQRS)

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Introduction

This research has been commissioned by the University of Bristol and carried out by Abdiladif Mohamed Ismail, who conducted a focus group and semi structured qualitative research on the role of foreign aid, focusing specifically on projects regarding the Water Extension in Hargeisa, Somaliland.

Hargeisa, which is the capital city of Somaliland is one of the largest and most influential cities in Somaliland. It is also the second largest city in the Republic of Somalia.

Despite Hargeisa's destruction during the successive civil wars, it has recovered and people are settling down. New construction projects and developments are taking place and people's lives have reverted back to normal. The city contains five districts, (Dagmo) Ahmed dhagax, Mahamoudhaybe, 26 June, Ibrahim kodbur, gacanlibaax, and only two districts get access to water regularly.

Hargeisa hosts the largest population in the Somaliland. The estimated that the number of people living in Hargeisa is approximately one million – which means that the city has doubled its inhabitants in the past ten years. As a consequence, the city has expanded tremendously in all directions, and there are many new areas joining the city. The increasing population combined with the inefficiency of water management in the city means that the availability of sufficient water resources is critical. The demand for water has increased enormously, and water scarcity has become acute. The main source from where Hargeisa obtains its scarce water is a small village (*tuulo*) called Geed deeble. Geed deeble was built in 1972 and has been rebuilt several times in the 1980s. It is situated 40 km north of Hargeisa. The whole area contains wells and dams. There are 14 wells working at the moment and they are the only source of water.

12"-pipes take water from Geed deeble to Biyoshiinaha reservoir (the main water storage of Geed deeble). The water is then transferred to the next reservoirs in the Sheedaha area (a neighborhood in the North of Hargeisa), which in turn transmits water through small pipes to provide drinking water to the city.

However, water distribution does not reach many parts of Hargeisa. Initially, when the water storage was built they were planned to provide water for approximately 300,000 persons, which at the time was equivalent to the number of people living in the city. Now the number of people exceeds more than

three times the intended. The demand for water is increasing as is the demand for land. People compete for houses that are closer to the areas reached by water resulting in very high land prices.

The Hargeisa Water Agency has struggled to provide water for at least some parts of the city and there have been reports of mismanagement of the agency. Initially it allocated water equally for each neighborhood in Hargeisa (one night for one and the second night for another area and so on). The agency managed this status for a while and conducted it successfully. However, when the number of people living in the city continued to increase, the strategy could not work. The agency tried to use some other ways to distribute water to the city without success.

Today the provision of water is limited to certain areas in the city. The newly built houses in the outskirts of Hargeisa have never seen a running tap. There exist entire neighborhoods in the city which are suffering from the lack of water.

Even though the lack of water has existed for some time now, the expectation of finding new water sources in other areas of Hargeisa is increasing. There are also a number of projects aiming to repair and expand the pumps and pipes from the existing water wells. The Ministry of Water and Minerals is very optimistic that sufficient water will be provided to the entire city. It is anticipated that a EU-supported project for repairing the existing wells as well as for finding new sources of water will soon be initiated.

Background

Water is a scarce resource in Somaliland affecting especially the urban and peri-urban areas, with a population growth rate of 4.1% (urban – 2014). The rainy seasons are *Gu* (April-June) and *Deyr* (September-October). Somaliland can be characterized as arid or semi-arid and is a drought prone country, the average precipitation is 300mm¹, but the evapotranspiration is over 2,000mm. Recently climate variations and El Nino effects have resulted in below average rainfall and the country is now experiencing a drought (Ahmed, 2015:10).

In June 2013 the president of Somaliland, Honourable Ahmed M. Mahmoud (Siilaanyo), acknowledged the need to have a dedicated state entity responsible for water resources and the Ministry of Water Resources was separated from the former Ministry of Mining, Energy and Water Resources (ME&WR). In

terms of regulatory framework, the current government enacted the Somaliland National Water Act in March of 2011.

Since its inception, the Ministry of Water Resources (MoWR) roles and responsibilities have grown significantly. MoWR has increased the capacity of the water sector, become more focused, better structured and has built the capacity of the employees at the headquarters, regional and district levels. The mandate of the relatively infant ministry is setting water policy, planning, budgeting, regulatory framework, enforcement and providing oversight for PPP arrangements and public sector service delivery (GeopolicityApril, 2012: 109).

The MoWR, through the decentralization policy, has strengthened the regional and district offices throughout the country in view of the Joint Programme on Local Governance & Decentralization Service Delivery (JPLG). The Somaliland National Water Policy clearly acknowledges the need for planning, implementation and management at local level, taking into account the local context, demand and capacities. Related decisions can be taken at local level, with information, guidelines and authorization provided by central government; the Water Policy is a blue print for decentralization. (Ibid, P. 131).

UNICEF, as the water sector lead in Somaliland, advocates for the well-being of children and vulnerable groups through increasing access to sustainable water supply and removing the barriers to improved sanitation and hygiene practices that impact health in collaboration with the government of Somaliland and sector partners. The 2015 knowledge, Attitude and Practice (KAP) study commissioned by UNICEF, indicates that Somalia did not meet the Millennium Development Goals (MDGs) for water or sanitation. The biggest donor in the water sector in Somaliland is the European Union (EU), who have invested over US\$28 million in urban water projects over the past 5 years through UNICEF and UN-Habitat. Two towns within this investment plan have evolved different operation and management models and this paper will compare these models to highlight their advantages and challenges.

The two models are public private partnership (PPP) in the city of Borama, Awdal region, and the semi-state water utility of Burao Water Agency (BWA) in Tog-dheer region. Both towns are European Union (EU) water project recipients, which is currently being managed by UNICEF and implemented by MoWR and other technical partners. At the end of the project duration in early 2017, nearly 2,200,000 people will benefit from sustained water supply, according to UNICEF.

Service Delivery and Management Performance in Borama

Borama is situated about 120 KM west of Hargeisa, the capital of the self-declared Republic of Somaliland. There are approximately 120,000 inhabitants, and the city hosts a number of visitors during the summer months. The vast majority of visitors are from the diaspora community and residents of neighboring Djibouti who spend the summer months in Borama. Prior to 2003, residents of Borama experienced their fair share of public water utility company failure. After long public discussions, the residents agreed to have an alternative system which can manage the supply of the city's water needs. Since then, the town became a pioneer for PPP in Somaliland. The water supply system has been under a PPP lease contract since 2003. This current tripartite agreement signed between by the Mayor of Borama town, the Minister of Water Resources and the Chairman of the Awdal Utility Company (SHABA), paved the way for the transfer of service delivery responsibilities from the public to private sector. (Print, C. Petrucci, B. A. Mahmoud, A. Cige & O. Ahmed, 2011). Having assessed the performance of SHABA after ten years of service, the lease agreement was extended in 2013 for a further period of ten years, ending in 2023. The SHABA Company had an initial share capital of 21 shares at US\$ 5,000 per share. The shares have been re-valued at US\$ 14,000 per share. It is not clear whether this revaluation was as a result of a subsequent share capital increase by the shareholders.

Most of the performance indicators obtained for the company suggests that SHABA is performing at an acceptable level of efficiency. This efficiency makes the company profitable and it is therefore translated into payment of generous dividends to the shareholders (a total dividend of US\$ 42,000 was paid out during the first half of 2014). This begs the question whether the distribution of the profits of the company between the stakeholders is fair and equitable. Perhaps a larger portion of the profits could have been contributed towards reinvestments into expansion of the network and other capital investments. At present the water level in the boreholes is dropping at an alarming rate, indicating that

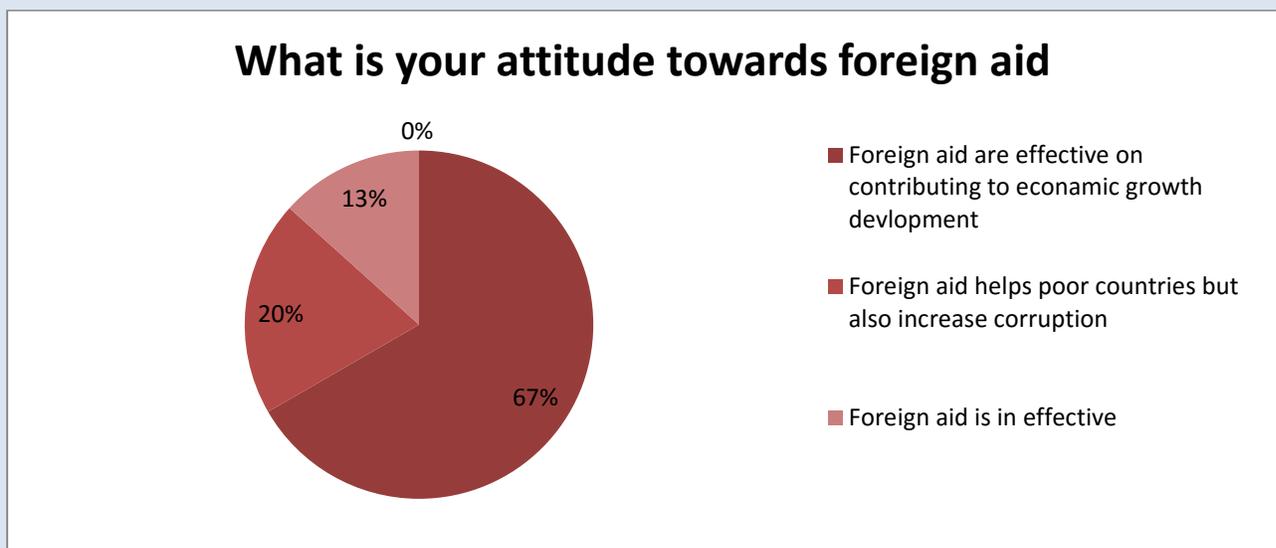
the well-field is being over exploited. In due course major capital costs will be required to ensure sustainability of the system. It is not clear whether the company is making savings for this eventuality.

The number of household connections increased from 130 in 2002 to 5,435 by the end of 2009; by 2013 the number increased to 8,800 connections. The average production is reported to be 2,250 m³/day.

“ The private water management company will operate, maintain, repair, manage, and expand the water system with its own investments/ resources on sound commercial basis”

Findings

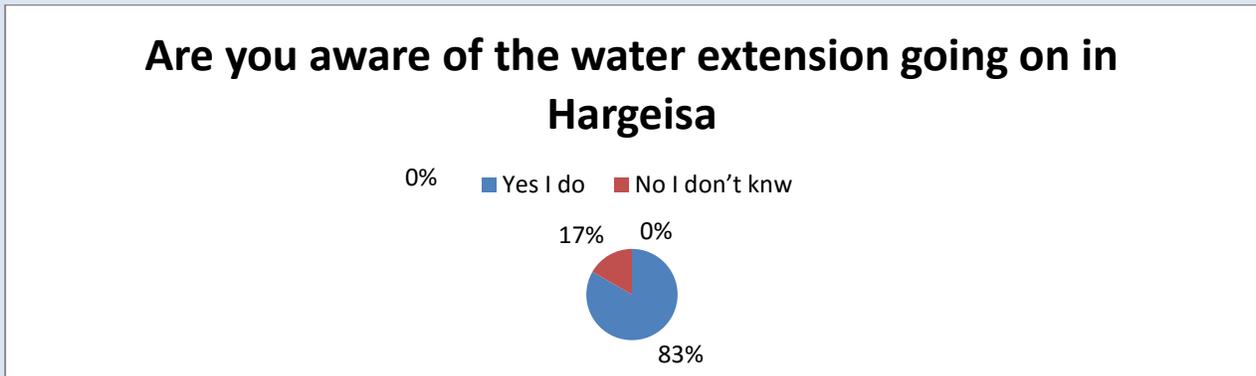
Figure 1



This chart shows that many locals believe that foreign aid promotes economic growth and reduces poverty, even though Somaliland has no direct contact with the international community.

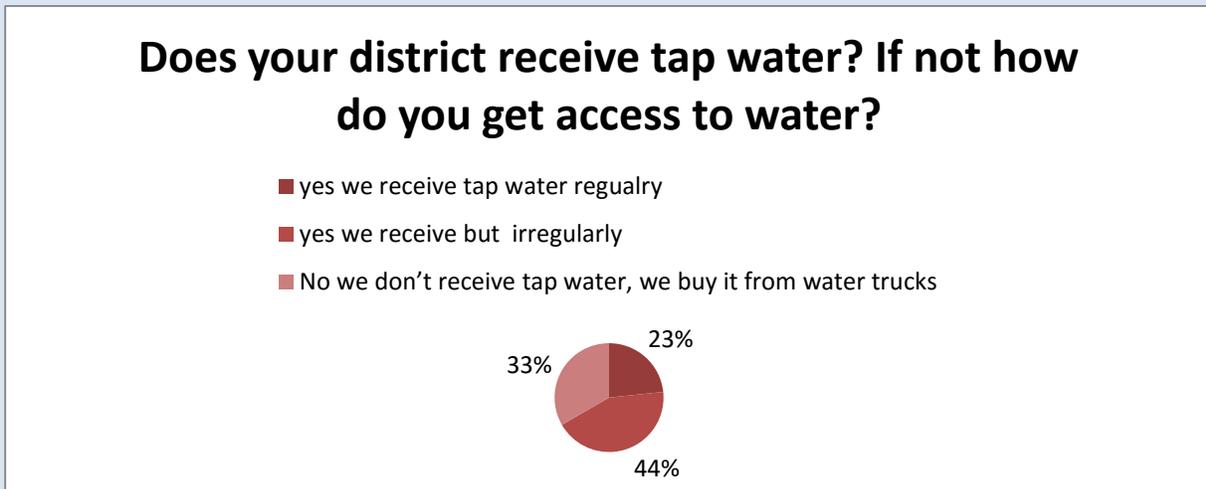
The chart also suggests that 20% of the people interviewed in Hargeisa believe that foreign aid helps poor countries but also increases corruption.

Figure 2



The chart above shows that 83% of the people in Hargeisa city are aware of the water extension project, which is one of the most important projects implemented in Somaliland in two decades; the project is implemented by UN-Habitat in partnership with the water agency in Hargeisa.

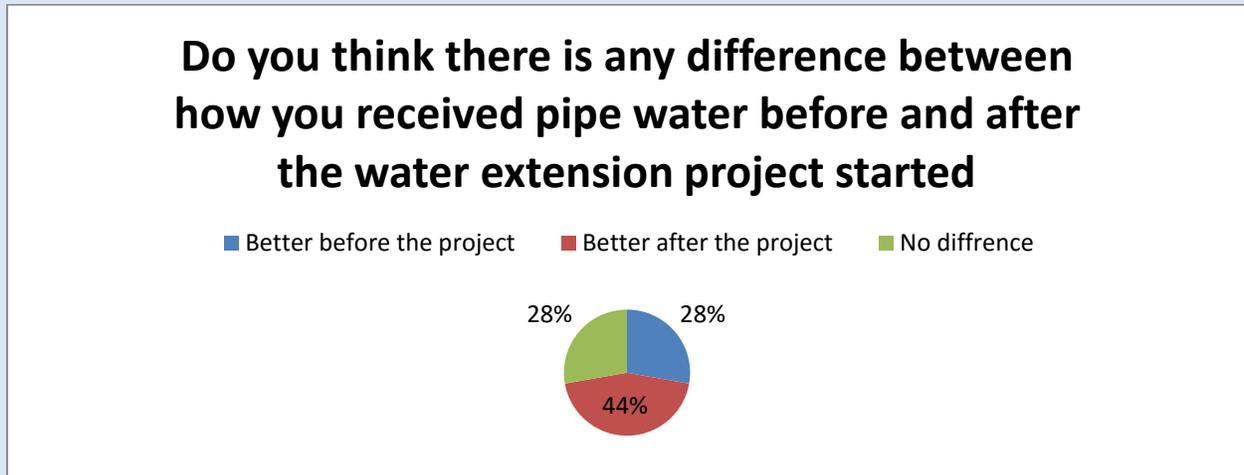
Figure 3



As you can see from the chart above only 23% of the population has access to clean drinking water from the existing system and 44% of the population in Hargeisa gets access to clean water twice a week.

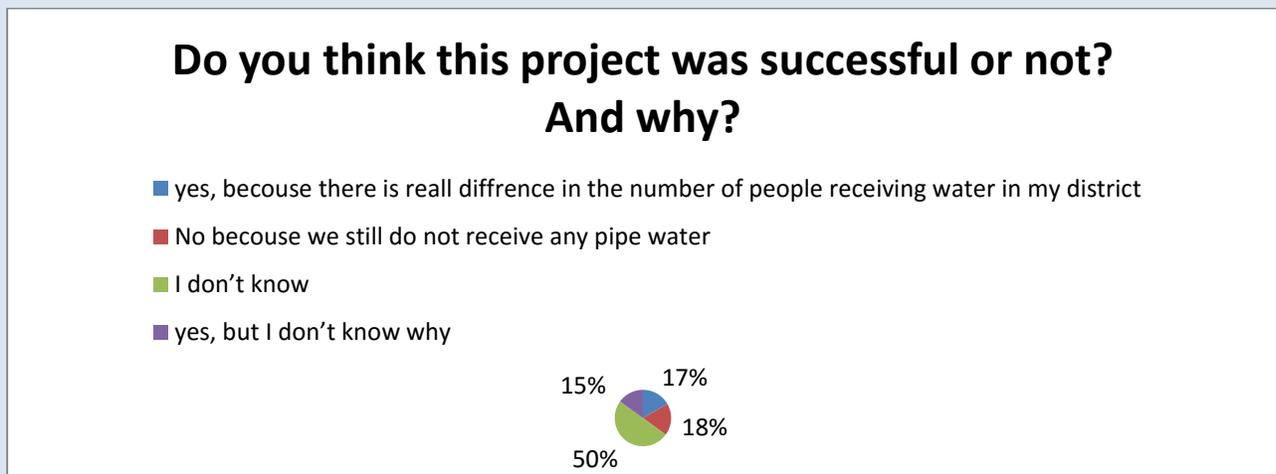
The other 33% of the population has never received water from the city main water supply and they buy water from the water trucks.

Figure 4



This chart suggests that the water shortage in Hargeisa city has decreased in some parts of the city and that people have started to get access to piped water a little more than they used to before, but also there are many parts in the city where nothing has changed yet. However people are hoping one day they will get access to pipe water.

Figure 5



Conclusion

Given the right level of support coupled with competent management the public water utility model can compete and deliver basic essential services to the public. In addition, the public water utility can be successful in Hargeisa. According to Fichtner, Borama is the best urban private water utility in Somaliland demonstrated through its competent management. Its indicators are comparable to well managed water utilities in the region; SHABA has sustainably managing ground water resources and delivered service beyond the call of the duty. In short, both models can serve the public if management is competent and willing to improve the water supply of their respective towns.

The new water pipeline replaces the 40-year-old existing pipeline system with a new high-capacity single-transmission main, thus bringing more water into the municipal system. The new water supply pipeline, together with the new Geed Deeble pumping station that will be constructed over the coming 12 months, is designed for a capacity of 20 million liters of water per day. As a first step to increase water production, four new boreholes at Hora Haadley are currently nearing completion, with very promising yields.

The project is expected to be completed by January 2017. These important infrastructure works will lay the foundation for other ongoing and future water expansion works that will contribute to achieving the full potential of the new Hargeisa water system.