

**PROJECT INFORMATION DOCUMENT (PID)**  
**APPRAISAL STAGE**

Report No.: 93061

<b>Project Name</b>	Urban Investment Planning Project (P150374)
<b>Region</b>	AFRICA
<b>Country</b>	Somalia
<b>Sector(s)</b>	Urban Transport (40%), Water supply (20%), Solid waste management (20%), Sub-national government administration (20%)
<b>Theme(s)</b>	Other urban development (50%), Municipal governance and institution building (20%), Urban services and housing for the poor (20%), Decentralization (8%), Conflict prevention and post-conflict reconstruction (2%)
<b>Lending Instrument</b>	Small RETF Grant
<b>Project ID</b>	P150374
<b>Borrower(s)</b>	Federal Government of Somalia
<b>Implementing Agency</b>	Ministry of Finance
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	01-Nov-2014
<b>Estimated Date of First Grant Approval</b>	15-Jan-2015
<b>Decision</b>	4-Dec-2014
<b>Other Decision</b>	

## I. Project Context

### Country Context

The Urban Investment Planning Project (UIPP) will support feasibility, assessment and preliminary design studies for urban investment activities, which could be funded from a Multi Partner Fund (MPF), across the geographic territory of South and Central Somalia, Puntland and Somaliland. The total population of this territory is estimated to be over 12 million, growing at a rate of roughly 3 percent annually.<sup>1</sup> The current urbanization level is estimated at around 42 percent, with an urban population growth rate of around 4 per cent per annum.<sup>2</sup> Somalia's human development indicators are among the lowest in the world. Poverty incidence is 73 percent – 61 percent in urban areas and 80 percent in rural areas, with extreme poverty estimated at 43 percent.

This territory has witnessed severe conflict and violence over the past two decades.

<sup>1</sup> Interim Strategy Note FY14-16, World Bank, December 2013, UNFPA Population Estimates 2014

<sup>2</sup> A Rapid Assessment of Three Somali Urban Areas, World Bank, November 2013, UNFPA Population Estimates 2014

Since the collapse of the Siad Barre government in 1991, southern Somalia has experienced cycles of conflict that fragmented the country, destroyed legitimate institutions and created widespread vulnerability. In contrast to the war-torn south, northern areas are relatively stable and have put in place functioning institutions, although considerable development challenges remain.

The August 2012 peaceful transfer of power from a transitional to a full federal government in Mogadishu generated domestic political momentum and triggered international recognition. For the first time since 1991, Somalia has a federal (rather than transitional) government and a widely supported provisional constitution. The September 2013 Brussels Conference galvanized further domestic and international support for the government, and endorsed a Compact whose Peace-building and State-building Goals provide an important roadmap for the coming three year period. While positive momentum has been generated, sustaining domestic confidence through the translation of international support into improved security, governance, and economic benefits on the ground is an increasingly pressing challenge.<sup>3</sup>

Somalia's macro-economic framework reflects the country's underlying fragility. Reliable macro-economic data for Somalia is not available – however regional fiscal and economic data does exist and broader estimates can be aggregated. Public expenditure is estimated to account for 7.7 percent of GDP<sup>4</sup> compared with private sector consumption of 73 percent of GDP. Agriculture and services are the key contributors to GDP. Based on regional fiscal data, Somaliland controls the largest budgetary resource envelope, generating US\$127 million in revenue during 2012, compared to US\$35 million at the federal level and US\$38 million in Puntland.

### **Sectoral and institutional Context**

There has been no systematic analysis of the economic and demographic structure of the Somali urban system. Broadly, however, the pattern of urban development within the country appears to have been determined largely by locational dynamics related to regional and international trade and transit (with associated development of infrastructure, particularly ports and airports),<sup>5</sup> the servicing of agricultural activities in adjacent hinterlands, the location of government administration, and more recently, the emergence of services sectors, such as IT. Normal urbanization patterns have been complicated by significant refugee migrations from neighbouring countries and within the territory (IDPs).

In this context, a three level urban hierarchy has emerged comprising one primary city, Mogadishu, six secondary cities, including the capitals Hargeisa and Garowe, and a range of tertiary cities. Unsurprisingly, urban services and infrastructure in sectors such as roads and

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<sup>3</sup> The departure of successive governors of the Central Bank of Somalia, tied to allegations of corruption in public institutions, is one recent example of such governance challenges.

<sup>4</sup> In the UNDP Human Development Report, Somalia's GDP is estimated to be US\$2.6 billion and per capita GDP is estimated to be US\$288 based on the World Development Indicators and Economist Intelligence Unit.

<sup>5</sup> There is no reliable data relating to city GDP in Somalia. As a very rough illustration of level of economic activity, it may be noted that import duties and taxes, most of which are collected in a few of the larger cities account for large shares of total government revenue (Somaliland 79 percent, Puntland 74 percent – WB CEM, 2006.)

transport, drainage, water supply, sanitation, and solid waste removal are extremely poorly provided throughout the territory. Investment in urban infrastructure and service delivery to improve the economic productivity of Somali cities and living conditions for urban dwellers is an urgent priority.

The institutional environment pertaining to urban development and management comprises two key levels. At the national/regional level, there are three national/regional government entities, the Federal Government of Somalia (FGS), the Government of Puntland (GoPL), and the Government of Somaliland (GoSL), each of which has its own constitution and institutional and legal structure, although only one of these, the FGS, is formally recognized internationally. Within each of these governmental structures, one or more agencies (the respective Ministries of Planning and Works) has a potentially key role in respect of urban investment. At the local/sectoral level, city governments have key (in fact, the key) functional powers and responsibilities in respect of urban infrastructure and services provision and management together with public utilities, such as the Hargeisa Water Agency (HWA). Again with some variation, these institutions are weak and require strengthening. Outside of these cities, local infrastructure and services are delivered by District Councils of different grades, or sizes, and widely varying capacities. In general, these entities are weak and have very limited financial resources with which to carry out their mandates, one of the most significant one being the Local Development Fund grant flow which provides an average of US\$200,000/annum to 14 of the largest (Grade A) District governments in these two areas (and, from 2014, one area within South and Central Somalia).

Both the Somali Compact and the Somaliland Special Arrangement's Peace and State Building Goal 4 on Economic Foundations prioritize the enhancement of productivity through rehabilitation of critical infrastructure including roads and water. The Puntland Five Year Development Plan (2014-19) Pillar 1 on Governance prioritizes the strengthening of local authorities and delivering decentralized services while Pillar 4 on Economic Foundations prioritizes investment in roads infrastructure. The Somaliland National Development Plan (2012-16) pillar on Infrastructure prioritizes support to the Hargeisa Water Agency to increase water production, pumping and transmission lines, and expansion of the distribution network. The NDP's pillar on Good Governance recognizes the challenges to decentralization caused by structural constraints and identifies projects that promote decentralization, transparency and accountability as a priority.

## **II. Project Development Objective(s)**

To provide (i) an assessment of the feasibility of, and preliminary plans for, selected urban investment and institutional strengthening activities in South and Central Somalia, Puntland and Somaliland, and (ii) enhanced project preparation and implementation capacity of the municipalities of participating agencies.”

## **III. Project Description**

### **Component Name**

The key components of the UIPP operation will be as follows:

Component 1: Mogadishu – Feasibility and preliminary design studies for the primary roads will be undertaken to assess whether the selection of the three roads by the BRA is the most efficient use of roads funds in relation to the roads already being upgraded with Turkish assistance, survey these roads, take soil core samples along the roadway to determine the existing sub-base and base materials of the roads, determine the standards for roads construction, locate the options for road material quarries, locate options for the asphalt and concrete batching plants, assess the labor pool available in Mogadishu vis-à-vis roads construction, provide cost estimates and identify potential environment and social impacts that will be assessed in UDP. For the secondary/community roads, the activities will focus on a dialogue with communities to determine the priority works to be undertaken in each of the 16 Districts in Mogadishu, to determine optimum implementation modalities, and provide cost estimates. As regards the BRA administrative building renovation, the work will comprise a review of the structural integrity of the building, the BRA design work done thus far, and the cost estimates and phasing plans developed by BRA engineering and architectural staff and consultants.

Environmental and social due diligence work will contribute to the sub-component via two main types of activities: (i) a baseline survey of environmental and social information, data and issues that would help to identify E&S constraints, but also areas of potential enhancement of project outcomes, and provide E&S information, criteria and constraining factors for the subsequent design process; (ii) the development of an environmental and social management framework, which would constitute a generic tool for managing social and environmental risks related to urban investments, regardless of funding source, in the Somali territories for use by entities such as local governments and water utilities.

At the institutional level, an assessment will be undertaken of the BRA and the Ministry of Public Works (MoPW) of the FGS in order to provide an informational and analytic foundation for the detailed preparation and execution of institutional strengthening activities that will be undertaken under the UDP. The assessment will focus on basic conditions of performance, strategic planning capacity, technical and operational capacity, fiduciary systems, transparency and accountability mechanisms and environmental and social management.

In order to establish sufficient capacity to prepare and then implement the UDP, technical assistance for the BRA will need to be recruited under UIPP comprising a full-time project coordinator, full-time procurement specialist, full-time financial management specialist, a part-time social and environmental specialist, and a part-time monitoring and evaluation specialist.

Component 2: Garowe. Feasibility and preliminary design studies for the identified roads and potential bridges will be undertaken to estimate costs and identify the trade-offs to inform the selection of potential roads and bridge construction activities to be undertaken under UDP within the available budget envelope, survey the roads, determine the standards of

roads/bridge construction, identify options for sourcing of materials and equipment, and assess the labour pool.

Environmental and social due diligence work will contribute to the sub-component via two main types of activities: (i) a baseline survey of environmental and social information, data and issues that would help to identify E&S constraints, but also areas of potential enhancement of project outcomes, and provide E&S information, criteria and constraining factors for the subsequent design process; (ii) the development of an environmental and social management framework, which would constitute a generic tool for managing social and environmental risks related to urban investments, regardless of funding source, in Puntland for use by entities such as local governments and water utilities.

At the institutional level, an assessment will be undertaken of the Garowe Municipality (GM) in order to provide an informational and analytic foundation for the detailed preparation and execution of institutional strengthening activities that will be undertaken under the UDP. The assessment will focus on basic conditions of performance, strategic planning capacity, technical and operational capacity, fiduciary systems, transparency and accountability mechanisms and environmental and social management.

In order to establish sufficient capacity to prepare and then implement the UDP, technical assistance for the GM will need to be recruited under UIPP comprising a full-time project coordinator, full-time procurement specialist, full-time financial management specialist, a part-time social and environmental specialist, and a part-time monitoring and evaluation specialist. It is possible that some of these roles could be combined, thus generating efficiencies. The potential for this will be explored as the UIPP is executed.

*Component 3: Hargeisa.* Feasibility and preliminary design studies for the solid and liquid waste investments will be undertaken to determine the costs and siting of bulk solid and liquid waste disposal/treatment sites and improvements in transfer points/stations, determine necessary construction standards and the basic technologies that are most appropriate and cost-effective, identify options for sourcing of materials and equipment, and assess the labour pool, and determine requirements (financial, technical and institutional) for sustaining and expanding the system of solid waste collection that has been introduced under donor-funded technical assistance efforts in recent years, and identify potential environmental and social impacts that will be assessed in UDP. This work has already been completed for the water supply sub-component (under the UN-Habitat supported project) and so is not required under UIPP.

Environmental and social due diligence work will contribute to the sub-component via two main types of activities: (i) a baseline survey of environmental and social information, data and issues that would help to identify E&S constraints, but also areas of potential enhancement of project outcomes, and provide E&S information, criteria and constraining factors for the processes for design and environmental / social assessments planned for UDP or other downstream planning activities; (ii) the development of an environmental and social management framework, which would constitute a generic tool for

managing social and environmental risks related to urban investments, and planning follow-up investigations, assessments and analyses (for e.g. water supply and waste management activities) regardless of funding source, in Somaliland for use by entities such as local governments and water utilities.

At the institutional level, assessments will be undertaken of the Hargeisa Municipality and the Hargeisa Water Authority in order to provide an informational and analytic foundation for the detailed preparation and execution of institutional strengthening activities that will be undertaken under the UDP. The assessments will focus on basic conditions of performance, strategic planning capacity, technical and operational capacity, fiduciary systems, transparency and accountability mechanisms and environmental and social management. In the case of the HWA, the assessment will build on the review being carried out by the Water and Sanitation Program (WSP) as part of their Corporate Governance Advisory support to the agency. The UIPP institutional assessment will identify potential residual activities from WSP's work; and recommend areas for future support in UDP to enable HWA to take on these residual activities.

In order to establish sufficient capacity to prepare and then implement the UDP, technical assistance which can be shared by the HM and HWA will need to be recruited under UIPP comprising a full-time project coordinator, full-time procurement specialist, a full-time social and environmental specialist, and a full-time monitoring and evaluation specialist.

*Component 4: Local Development Fund.* The preliminary preparation activities for the LDF component to be conducted under the UIPP will constitute an assessment of the LDF focusing on quantum and allocation of the funding it provides, the usage of the funds, the efficiency of the funding and allocation process, the performance criteria, fiduciary issues, environmental and social management approaches used by beneficiary local governments, reporting and monitoring, budgeting and planning, and related issues. Detailed design of the support to be provided will be undertaken under the UDP.

*Additional Cross-cutting studies.* There will be two of these. One will focus on the issue of conflict. The UDP will be implemented in three urban areas, namely, Mogadishu, Hargeisa and Garowe. These contexts – and particularly those most affected by conflict - require that enhanced attention be paid to understanding potentially harmful conflict and fragility factors which could affect the project, that the potential conflict-increasing impacts of each of the main project activities be assessed, and that mitigating strategies be identified. To this end, conflict assessment/mitigation work is necessary at two levels. First, an assessment will be undertaken to identify differentiated sources of conflict and fragility and their potential impacts on the specific activities which are likely to constitute the UDP, to sensitize the design of the operation to such factors, and to develop a screening tool which can be utilized in the detailed preparation of the project components to identify potentially conflict-aggravating impacts of project activities and develop strategies to mitigate these impacts. This will include an initial, quick “do no harm” screening of the proposed UDP investment activities which will feed into the feasibility studies under the UIPP. Second, the conflict screening tool will need to be applied in greater detail during the detailed preparation of UDP to gain a better understanding of the conflict factors surrounding

the project activities and to identify opportunities for the activities to help, where possible, mitigate conflict.

Second, evidence indicates that infrastructure development projects can have social, human and economic impacts and outcomes for targeted communities. Infrastructure development furthermore can have different impacts and outcomes on men and women, influencing access to services and economic opportunities, resource allocations, and participation in community decision-making. Given that the UDP will be one of the first major infrastructure investment projects that will take place across the Somali territories in many years, it is important to begin to develop an understanding of these impacts, particularly to inform the character and design of infrastructure investment interventions that will take place in the future.

To this end, an evaluation of the socio-economic impact of select urban infrastructure components will be conducted, including a disaggregation of some of the results by gender, to improve the understanding and knowledge of the impact of project activities of the kind anticipated under UDP. This evaluation will be conducted in two phases. Overarching survey design, including evaluation tools and protocols, will be developed during the UIPP to assess and evaluate the social and economic impacts of the UDP, including the differentiated impact of select components on men and women, both during and at the end of the project (i.e. the impact of project implementation and project outputs). Thereafter, impact evaluation activities, including survey administration, data collection and analysis of results, will be undertaken during the implementation of UDP. The evaluation activities will focus tentatively on road construction activities in Garowe, assuming the feasibility of security and other conditions.

**Comments (optional)**

**IV. Financing (in USD Million)**

Total Project Cost:	4.90	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Somalia Multi-Partner Fund			4.90
Total			4.90

**V. Implementation**

Project activities related to the feasibility, preliminary design and assessment studies will be executed by the Bank on behalf of the client; and project activities which relate to the recruitment of technical assistance to enhance project preparation and execution activities will be undertaken by client executing agencies as detailed in the Project Cost table above. In undertaking the activities it will execute, the Bank team will work and consult closely with its

counterparts, particularly the city governments of Mogadishu, Hargeisa and Garowe, the Hargeisa Water Authority, the Planning Ministries of Puntland and Somaliland, and the Public Works Ministry of the FGS. The detailed modalities and procedures for these working relationships will be established during the early stages of the implementation of the UIPP.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

Comments (optional)

## VII. Contact point

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