

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA14058

Date ISDS Prepared/Updated: 28-Nov-2015

Date ISDS Approved/Disclosed: 02-Dec-2015

I. BASIC INFORMATION

1. Basic Project Data

Country:	Somalia	Project ID:	P152241
Project Name:	Somali Core Economic Institutions and Opportunities Program (SCORE) (P152241)		
Task Team Leader(s):	Suhail Kassim,Thilasoni Benjamin Musuku		
Estimated Appraisal Date:	04-Nov-2015	Estimated Board Date:	31-Dec-2015
Managing Unit:	GTC01	Lending Instrument:	Investment Project Financing
Sector(s):	General industry and trade sector (75%), General finance sector (25%)		
Theme(s):	Other Private Sector Development (100%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	28.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Somalia Multi-Partner Fund			28.50
Total			28.50
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The Project Development Objective is to: (i) improve the enabling environment for private and financial sector development; and (ii) catalyze private investment and job creation.

3. Project Description

The Project is a two-phased series of projects (SOPs) with the goal of supporting select core

economic institutions linked to trade, financial sector and private sector development in Somalia. The objective of the first phase (SOP-1, USD \$28.5 million) is to improve the enabling environment for private and financial sector development and catalyze private investment and job creation. SCORE is funded by the Somalia Multi-Partner Fund (MPF) and expands the geographic coverage of a previous project (the USD \$24 million Private Sector Development Re-engagement Phase II Project) that began in 2011 and included project activities in Somaliland. The SCORE SOP-1 Project will continue the process of building stronger governance and institutional foundations at some of Somalia's most important economic institutions (the Central Banks, Port Authorities, Ministry of Commerce and Industry). It will also support economic recovery by facilitating entrepreneurship, improving access to formal sources of finance, strengthening skills formation and business development services providers, and by providing fiscal incentives for inward investment.

The SCORE SOP-1 Project includes three components as follows:

Component 1 (Strengthening Core Economic Institutions) will help strengthen the economic institutions in three critical areas of the economy: (i) central banking, to allow for the emergence of a formal financial sector, which would improve access to finance; (ii) the Ministry of Commerce, to support the introduction of a basic and more modern legal and regulatory framework that would reduce transaction costs for entrepreneurs; and (iii) local port and customs authorities, to leverage private capital, networks and expertise to improve performance of the port sector. Component 1 will finance three sub-components including:

- Sub-component 1A - Strengthening Central Bank Supervision and Regulation;
- Sub-component 1B - Improving the Investment Climate; and
- Sub-component 1C: Developing the Port Sector.

Component 2 (Expanding Economic Opportunities) will expand economic opportunities in Somalia through two support mechanisms: one linked to skills formation and private sector capacity building (SME Service Facility); and another one linked to direct financial incentives aimed at crowding in private investment in innovative and labor-intensive activities (the Somali Business Catalytic Fund). The Catalytic Fund will be open to all commercially-oriented sectors and is designed to support the recovery of the private sector by providing matching grants to support new investments by SMEs.

Component 2 will finance two sub-components including:

- Sub-component 2A: Catalytic Fund; and
- Sub-component 2B: SME Service Facility.

Component 3 (Project Management) will provide support for project implementation.

SCORE will be a Somalia-wide Program and will include activities in Puntland and Somaliland. The project will be implemented by Project Implementation Units established in the Federal Government of Somalia, Government of Puntland and Government of Somaliland, except where the Task Team has requested exceptional bank execution of activities on behalf of the Recipient (including all of Component 2).

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The geographic coverage will include metropolitan areas in Somalia, Puntland and Somaliland in the first phase. Security permitting, the project interventions supporting the private sector would then be rolled out in more areas of the country. The project activities with potentially relevant environmental impacts would be those of Component 2, where funding for a wide scope of economic activities would be provided, some of which could have Environmental and Social (E&S) impacts that would

have to be managed and mitigated.

5. Environmental and Social Safeguards Specialists

Wolfhart Pohl (GCFDR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Sub-component 2(a) would fund a wide scope of economic activities, some of which could have E&S impacts that would have to be managed and mitigated. To ensure that appropriate E&S due diligence mechanisms are designed and implemented an ESMF was prepared, which provides guidance on screening for possible impacts, on their assessment, management and mitigation requirements, and provides boundaries for the scope of financing (e.g. in form of a negative list of undesirable entrepreneurial activities).
Natural Habitats OP/BP 4.04	No	The project will geographically be located in urban areas, where no natural habitats / protected areas are expected to occur.
Forests OP/BP 4.36	No	The project will geographically be located in urban areas, where no forests are expected to occur. If the project finances economic activities related to forests, activity-specific Environmental Management Plans (EMPs) would be prepared.
Pest Management OP 4.09	No	If the project finances economic activities related to pest management, activity-specific pest management plans would be prepared. Any activities involving the trade, storage, handling and application of pesticides will not be financed. These shall be included in the project's 'negative list' of undesirable entrepreneurial activities.
Physical Cultural Resources OP/BP 4.11	No	The project will generally not contribute to activities that could negatively affect physical cultural resources, and any such activities would be included in the negative list, and the project proposals screened for potential impacts. If, after screening, such impacts would be deemed significant or proper management / mitigation cannot be guaranteed, the respective activities or sub-projects causing the impacts would not be financed.
Indigenous Peoples OP/BP 4.10	No	No project stakeholders or affected people will qualify as indigenous peoples.
Involuntary Resettlement OP/BP 4.12	No	All activities would be financed on private land, and no expropriation or other negative impacts on livelihoods are expected. The project will install and operate a grievance mechanism to ensure that no one suffers an economic or personal disadvantage from the project.
Safety of Dams OP/BP	No	No dams will be financed; also it is not foreseen to

4.37		finance activities directly dependent on the safe operation of an existing dam; if such a situation arose, it would be dealt with in an activity-specific manner, and the WBG's dam safety specialists consulted.
Projects on International Waterways OP/BP 7.50	No	No project related activities will affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	Although the Somali territories have territorial disputes among themselves, the project will not finance activities directly located in disputed areas.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>Component 1 is expected to have no or negligible negative E&S impacts, and thus does not warrant planning resources and measures for risk mitigation. Component 2(a) - The Catalytic Fund - will directly fund a wide scope of economic activities, some of which could have relevant E&S impacts that would have to be managed and mitigated. To ensure appropriate E&S due diligence in the design and implementation of the subprojects, an environmental and social management framework (ESMF) was produced, consulted with local stakeholders and disclosed. This ESMF will screen for possible impacts, offer guidance on assessment, management and mitigation requirements, and provide boundaries for the scope of financing (e.g. in form of a negative list of undesirable entrepreneurial activities). The focus of the catalytic financial support on existing SMEs rather than startups and business ideas will make the screening, assessment and management process easier: the E&S track record of an SME applicant will be captured and evaluated / categorized, and used for: (i) decision on eligibility, (ii) formulation of specific E&S conditions for financial support, and (iii) integration of E&S compliance assistance into technical assistance, training and advisory activities delivered to SMEs.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>There are specific E&S risks resulting from the project's objective of catalyzing economic development via mobilization of individual entrepreneurship: (i) the absence of national environmental and social regulations (and largely legislation), and (ii) the absence of, or only rudimentary functioning of the environmental service sector (e.g. water and electricity supply, sewage disposal, waste disposal). Thus the project needs to be conscientious of environmental issues that could arise from the lack of water supply (e.g. private wells / boreholes outside anyone's knowledge or control), electricity supply (private generators producing noise and diesel fumes) and the treatment and disposal of gaseous emissions, effluents and solid waste (unregulated emissions, pollution of air and surface water / groundwater, unregulated / unmanaged waste disposal). To underscore this issue, none of the Somali territorial capitals has a waste management facility designed to modern standards and operated to acceptable practice, neither a functioning wastewater treatment plant, thus a rapid expansion of e.g. manufacturing, processing or small industry could result in serious bottlenecks for environmental services. These above constraints and risks have been considered in the ESMF and will impact the scope of projects as well as the design and deployment of simple, and robust oversight arrangements.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse</p>

impacts.
Alternative schemes to provide direct financing to entrepreneurs would have similar E&S risks.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
<p>Somalia is a fragile and conflict affected country emerging from a 20 year long conflict and the recipient's institutional capacity for safeguard policies is low. Also national legislation for environmental assessment and management is currently not existing, necessitating the reliance on external policies and standards, such as the WBG's safeguards policies and performance standards.</p> <p>Another aspect of the regulatory and institutional environment is the absence of, or only rudimentary functioning of the environmental service sector (e.g. water supply, sewage disposal, waste disposal). Thus the project will need to be conscientious of environmental issues that could arise from the lack of water supply (e.g. private wells / boreholes outside anyone's knowledge or control), and the treatment and disposal of gaseous emissions, effluents and solid waste (unregulated emissions, pollution of air and surface water / groundwater, unregulated / unmanaged waste disposal). To underscore this issue, none of the territorial capitals has a waste management facility designed to modern standards and operated to acceptable practice, neither a functioning wastewater treatment plant, thus a rapid expansion of e.g. manufacturing, processing or small industry could result in serious bottlenecks for environmental services. A close dialogue with utilities and municipal authorities will help to identify concrete risks and design measures to avoid, minimize and mitigate. Also, other Bank-financed projects are addressing some of these issues, e.g. waste and wastewater management in Hargeisa by an urban development project.</p>
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Key stakeholders include the Catalytic Fund management team, beneficiaries of the fund as well as public authorities. The Catalytic Fund will include E&S screening mechanisms to ensure that projects that are funded are in line with World Bank E&S guidelines, including a review of all sub projects approved for funding at the concept stage.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	07-Jul-2015
Date of submission to InfoShop	13-Nov-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Somalia	28-Nov-2015
<i>Comments:</i> The ESMF was disclosed in Hargeisa and Mogadishu	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Suhail Kassim,Thilasoni Benjamin Musuku	
<i>Approved By</i>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 30-Nov-2015
Practice Manager/ Manager:	Name: Catherine Kadennyeka Masinde (PMGR)	Date: 02-Dec-2015