

**Somali Core Economic Institutions and Opportunities Program
(SCORE)**

**ENVIRONMENTAL AND
SOCIAL MANAGEMENT
FRAMEWORK (ESMF)**

- FINAL REPORT -

November 13, 2015

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GLOSSARY OF TERMS

Cumulative impacts/effects: The total effects on the same aspect of the environment resulting from a number of activities or projects.

Developer/Proponent/Sponsor: the entity – person/ company/agency – proposing to develop/implement/install a new project/sub- project or expand an existing project under the PSD

Direct impacts: An effect on the environment brought about directly by the PSD II

Disclosure: Information availability to all stakeholders at all stages of the development of projects.

Environment: physical, biological and social components and processes that define our surroundings.

Environmental and Social Impact Assessment (ESIA): A comprehensive analysis of the project and its effects (positive and negative) on the environment and a description of the mitigative actions that will be carried out in order to avoid or minimize these effects.

Environmental Monitoring: The process of examining a project on a regular basis to ensure that it is in compliance with an Environmental Management Plan (EMP)

Impact: A positive or negative effect that a project has on an aspect of the environment.

Indirect impact: A positive or negative effect that a project indirectly has on an aspect of the environment.

Involuntary resettlement: The forceful loss of land resources that requires individuals, families and / or groups to move and resettle elsewhere.

Mitigation measures: The actions identified in an EIA to negate or minimize the negative environmental impact that a project may have on the environment.

Project and sub-project: a set of planned activities designed to achieve specific objectives within a given area and time frame.

Scoping: The initial stage in an environmental assessment that determines the likely major environmental parameters that will be affected and the aspects of the project that will bring upon these effects

Screening: An initial step when a project is being considered for environmental assessment. The screening is the determination of the level of assessment that will be conducted.

Significant effect: An important impact on an aspect of the environment

Positive Impact: A change, which improves the quality of the environment (for example by increasing species diversity; or improving the reproductive capacity of an ecosystem; or removing nuisances; or improving amenities)

Neutral Impact: A change, which does not affect the quality of the environment

Negative Impact: A change, which reduces the quality of the environment (for example, lessening species diversity or diminishing the reproductive capacity of an ecosystem, or damaging health or property or by causing nuisance). The potential adverse impacts of the project fall under two broad categories of bio-physical (natural) and socio-economic environments

Stakeholder: Any person or group that has an interest in the project, and the environmental effects that the project may bring about

ACRONYMS & ABBREVIATIONS

AGO	Attorney General
BOS	Bank of Somaliland
CETP	Central Effluent Treatment Plant
CITES	Convention on International Trade in Endangered Species
COC	Chamber of Commerce
DANIDA	Danish International Development Agency
EA	Environmental Assessment
EAs	Environmental Assessments
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
ESIA	Environmental and Social Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESMF	Environment and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization
FGS	Federal Government of Somalia
GNP	Gross National Product
GoPI	Government of Puntland
GoSI	Government of Somaliland
GRC	Grievance Redress Committee
HACAAP	Hazard Analysis and Critical Control Points Principals for Food Safety
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bid
ICP	Investment Climate Program
ICT	Information and Communication Technologies
IPMP	Integrated Pest Management Plan
IPMP	Integrated Pest Management Plan
ISN	Interim Strategy Note
ITCZ	Inter-Tropical Convergence Zone
MERD	Ministry of Environment & Rural Development
MoA	Ministry of Agriculture
MOC	Ministry of Commerce
MoCI	Ministry of Commerce and Investment
MOF	Ministry of Finance
MSY	Maximum Sustainable Yield
NDP	National Development Plan
NGOs	Non Governmental Organisations
NOx	Nitrogen Oxides
OHS	Occupational, Health and Safety
OP	Operational Policy
OSBSC	One-Stop” Business start-up offices

PIC	Public Information Center
PIU	Project Implementation Unit
PPPs	Public Private Partnerships
PSC	Project Steering Committee
RAP	Resettlement Action Plan
RDP	Reconstruction and Development Program
RPF	Resettlement Policy Framework
RPF	Resettlement Policy Framework
SAP	SME Advisory Panel
SBF 1/2	Somalia Business Fund 1/2
SME	Small and medium sized enterprise
SOMPREP2	Somalia PSD Re-Engagement Program Phase II
SOP	Series of Projects
Sox	Sulphur
SPF	State and Peace-building Fund
STDs	Sexually Transmitted Diseases
TA	Technical assistance
ToRs	Terms of References
US	United States
USSR	Soviet Union
VOC	Volatile Organic Compounds
WB	World Bank
WHO	World Health Organisation

I BACKGROUND AND PROJECT DESCRIPTION

Somalia has demonstrated relatively strong economic growth over the last 20 years, owing to its resilient and resourceful private sector. However, challenges still remain for the growth of the region. Such challenges include a fast growing population, high rates of unemployment, illiteracy, mortality rates, environmental issues, and food security. Consequently, the need for sustained economic growth persists. A well-established private sector that provides investment, sustainable livelihoods, and vital services could alleviate many of the hindrances to economic progress.

Project Description

The Somali Core Economic Institutions and Opportunities (SCORE) Program is a Series of Projects (SOP) initiative that provides technical assistance (TA) to support solutions to specific constraints to investment and job creation such as financial and private sector informality, underdeveloped markets for skills formation and business development services, a disorganized port sector, and a lack of finance for productive investment. The objective of the SCORE program is to: (i) improve the enabling environment for private and financial sector development; and (ii) catalyze private investment and job creation.

SCORE's SOP-1 continues several activities commenced in a previous TA operation (the Somalia Private Sector Development Re-engagement Program Phase II – SOMPREP2) and covers all areas of Somalia that are sufficiently secure to operate in. SOP-1 will cover 39 months of implementation and is expected to be effective in September 2015. SOP-2 (Phase II) is proposed to cover an additional 27 months: the mid-term review of SOP-1 will inform if and when SOP-2 can be appraised.

The SCORE Program consists of the following components:

Component 1: Strengthening Core Economic Institutions

Component 1 will help strengthen economic institutions in three critical areas of the economy: (i) central banking, to advance financial system supervision and regulation, which will improve financial market integrity, payment and market infrastructure resulting in safe and affordable access to a range of financial services; (ii) the MoCIs, to support the introduction of a basic and more modern legal and regulatory framework that would reduce transaction costs for starting and operating businesses; and (iii) port and customs authorities, to leverage private capital, networks and expertise to improve performance of the port sector.

Sub-component 1A: Strengthening Central Bank Supervision and Regulation (US\$4.0mn)

This sub-component is designed to lay the foundations for financial sector development by delivering support at the central bank level to undertake: (i) diagnostics of the legal, regulatory and institutional setting (comprehensive diagnostic of the legal, regulatory and institutional setting for effective regulation and supervision of financial institution supervision, including

technical review of existing financial sector laws and draft bills); (ii) legal drafting and adjunct regulatory reform support (drafting of the legal and regulatory instruments required for correcting identified deficiencies in legal, regulatory and institutional setting); (iii) business process re-engineering and systems development (design and implementation of streamlined processes or routines required to support supervision of financial institutions, including office automation); (iv) capacity building and supervision training (induction training of existing and newly recruited staff/interns for the supervision function including on-the-job training.¹ These interventions are expected to advance regulation and supervision of financial institutions with a view to improving regulatory policy delivery and supervisory practice; update financial institutions and other financial sector laws, central bank procedures and by-laws for supervision and regulation, including capacity support on drafting, implementation and enforcement of updated laws and procedures; develop an effective AML/CFT regulatory framework, including capacity support on implementation; as well as develop a national/regional payment systems strategy, and establish a modern payment systems law.

Sub-component 1B: Improving the Investment Climate (US\$1.5mn)

This sub-component will finance TA, training and equipment to improve the business environment by reducing transaction costs associated with operating a formal business and putting in place a basic legislative framework for contractual arrangements and licensing. It will facilitate formalization, improve service delivery and provide the private sector and the regulators (MoCI, Tax Authority) with reliable registry and licensing tools and information. It will also seek to improve government-to-business services to local MSMEs and introduce basic economy-wide business environment and investment climate frameworks.

This sub-component will be implemented in parallel in Mogadishu and Hargeisa. In Mogadishu this will be a new engagement whereas in Hargeisa the support activities will be a continuation of support provided under SOMPREP2, including the official launch of the three One Stop Business Facilitation Centers (OSBC) completed in Hargeisa, Berbera and Burao, and the outstanding legal framework and bylaws. Based on the experience in SOMPREP2, the support will be strictly sequenced with legal and regulatory support first and training and systems second.

In Mogadishu: SCORE will finance: (i) TA provided to MoCI to update the basic legal and regulatory framework in which private enterprises operate. In particular, it will support a modernization and revision of the Companies Act, the Licensing Act and related bylaws; (ii) training, peer-to-peer learning and activities linked to build capacity will mainly target MoCI staff and aim to increase regulatory and enforcement capacity; and (iii) equipment, ICT systems and associated training to empower MoCI staff to monitor and enforce basic business regulations and improve government-to-business service delivery.

In Hargeisa: SCORE will finance TA and training to support the implementation of the new Companies Act, outstanding bylaws and regulations, which are currently being reviewed by the Cabinet, and the launch of the three fully equipped OSBCs in Hargeisa, Berbera and Burao.

¹ Annex 2 provides more detailed indication of focus and context of the support under this sub-component including identification of an initial 18-month work plan

The OSBCs will link the databases of the GoSI MoCI for business registration and licensing with the tax registration database and be used by other licensing authorities such as line ministries and municipalities.

Sub-component 1C: Developing the Port Sector (US\$2.5mn)

This sub-component will finance TA, training and small equipment to build capacity in the ports in particular in Mogadishu, Kismayo and Bosaso.² The objective is to strengthen the management capacity of public authorities for strategic planning and improve the institutional structure of both port sector management and for the customs authority. The support activities will help improve the regulatory framework and its enforcement; and facilitate private sector participation in the commercial management of port facilities, which by extension would improve operational performance and efficiency. Frequent government requests of port concession proposals in Somalia highlight the urgent need for impartial TA to manage private participation in an orderly, strategic and competitive process.

In particular, the sub-component will: (i) review the sector strategy, objectives and roles of the port sector and sub-sectors; (ii) review the regulatory framework, including customs and port services; (iii) support the introduction of international conventions for safety, security and environmental protection; (iv) assess Mogadishu Port and possibly other ports to evaluate options for private sector participation and prevailing arrangements; and (v) propose optimal institutional arrangements and options for private participation, with the aim of advising on prospective PPP transactions. The first phase of the support will need to address information gaps, present in-depth technical and economic assessments of key ports and trade flows, and start implementing basic strategies for the strengthening of customs and port authorities.

Component 2: Expanding Economic Opportunities

Component two will provide direct support to the private sector—through technical assistance and grants—to expand economic opportunities in the country. The catalytic fund will build upon mostly positive experiences of a similar fund established in Somaliland and the MSME service facility is a direct outcome of the lessons learned and public and private sector requests to complement matching grants with more extensive TA to the private sector.

Sub-component 2A: Catalytic Fund (US\$13mn)

A Catalytic Fund (here referred to as the ‘Somalia Business Fund (SBF2)’ but the name will finally be decided by the Fund Manager and participating governments) will incentivize and crowd in domestic and foreign (especially Diaspora) private investment. This sub-component will finance: (i) grants; (ii) service fees for the fund management company; (iii) service fees for an independent inspection firm; and (iv) a rapid ex-post impact assessment of the Somaliland Business Fund (SBF1). The initial budget for SBF2 is projected as US\$14 million of which provisional estimates for fund management and independent inspection will be in the order of US\$3 million over 30 months.³

² Berbera Port is currently being supported through TA and equipment financed by SOMPREP2.

³ See Landell Mills (2015), *Final Report: Somaliland Business Fund*.

SBF2 is designed to support the recovery of the private sector by providing matching grants to support new investments by MSMEs. Its purpose is to incentivize private investment in productivity increasing activities and services in Somalia. The fund will create additionality by supporting projects which generate both commercial profit and “public good” benefits. SBF2 is designed to complement (crowd-in) rather than replace (crowd-out) market finance. It does this by reducing the cost of investments relative to their expected return, which will increase opportunities for co-financing through commercial debt and equity markets, as well as other market based financial sources such as Diaspora investments and remittances and angel equity investors.

The SBF2 will operate two separate windows: (i) a small grants window (US\$10,000-US\$50,000); and (ii) a large grants window (US\$50,000-150,000). Small grants will be processed on an accelerated basis using streamlined appraisal procedures. Large grants will face a more rigorous due diligence process. There will be no prior allocation between small and large grants.

The SBF2 will be open to all commercially-oriented sectors.⁴ Special calls for proposal may be made for sectors considered to have important “public good” benefits or be of high priority to governments’ economic policy agendas. These may include considerations for priority sectors (*e.g.* gums and resins), gender (*e.g.* women ownerships), and youth ownership (to address youth unemployment). In addition, applications should be focused on improving products or processes, and/or developing new products or markets.

The procedures for selection of projects for grants are clearly differentiated from commercial financing procedures in accordance with World Bank OP 8.30. An appropriate procedure used is a business plan competition type approach for selection of winners. Enterprise eligibility for grants will be considered according to some or all of the following criteria:

- Micro, small or medium scale, majority privately owned with clearly defined ownership;
- Enterprises located in sufficiently secure area to allow on-site due diligence and verification;
- Public ownership allowable as exception if there is private control;
- Applicants should be registered and licensed by applicable municipality or ministry;
- Applicant enterprises should have been in operation for at least one full financial year and provide satisfactory financial statements (preferably audited) and tax compliance evidence.

1. Eligible activities could, inter alia, include operational assistance to enterprises to:
 - diversify firm sales in domestic and/or foreign markets
 - diversify products sold – either new or improved
 - promote new first-time exporters in any foreign market
 - strengthen the capacity of firms to develop new products and new markets

⁴ Barring those excluded under World Bank guidelines (*e.g.* tobacco and explosives); companies engaged in illicit activities; and projects that could damage the environment.

- enhance the capacity of business associations to deliver business development services
2. A (non-exhaustive) illustrative list of specific eligible tasks could, inter alia, include:
- The cost associated with business registration
 - Company expansion diagnostics
 - Business management and technical training, including business-related English courses
 - International market research, market intelligence services, market prospection travel
 - Surveys and focus group assessments of same/substitute products in prospective markets
 - Product design and prototype development
 - Forming strategic alliances and subcontracting
 - Production and efficiency diagnostics
 - Market-critical IT hardware for e-business and lab equipment for analysis & certification
 - Software purchase, installation and related training
 - Product testing (internal lab and external) and certification services
 - Securing trademarks
 - Quality management systems development, inspection, testing and certification
 - Labeling and packaging design
 - Market development-related travel and related expenses
 - Marketing campaigns, sales promotion materials, events and missions
 - Establishment of sales representation and distribution in export markets
 - Services associated with preparing and implementing market development plans

Sub-component 2B: MSME Service Facility (US\$5.5mn)

This sub-component will finance TA, training and some small equipment to private entrepreneurs and their staff to promote the development of MSMEs. The MSMEF will provide TA, training and coaching services to: (i) entrepreneurs and investors, including prospective applicants to the Catalytic Fund and other sources of commercial market finance; and (ii) BDS providers and TVET providers. Services will, inter alia, consist of onsite advisory services, coaching services, classroom based training, ‘townhall’ training and demonstration events, mentoring and coaching, business plan competitions, specialized training programs on demand (*e.g.* for individual subsectors), advanced seminars and workshops (*e.g.* training of trainers and consultants) and promotion of business linkages through ‘matchmaking’ services. The authorities in Puntland and Somaliland have requested MSMEF support for the gums and resins sector that may be addressed in an initial sector support program.

Specialized services under the MSMEF will comprise business services—consisting of startup and business management expertise and strategic operational skills—and technical and vocational services—consisting of specific industry and trade focused skills. To maximize its impact, the Service Facility will adopt a tiered approach to first support targeted populations

of entrepreneurs and investors, with complementary focus on the launch of the SBF2. The second tier of services (developed in parallel to the first tier) will focus on a diversity of generic services available broadly to private entrepreneurs, managers, employees and investors. The second tier strategy will follow a “wholesale” approach to assistance which will avoid crowding out existing retail business services.

The Service Facility will manage a gender sensitive pilot that supports a skills training and entrepreneurship program (STEP), which seeks to develop sustainable self-employment and market access for young women. Following the success of the Adolescent Girls Initiative Pilots (specifically the Empowerment of Adolescent Girls Project in Liberia), this program will be modeled in a similar fashion by targeting women (age 16-24) who meet select criteria, including on literacy and numeracy. The pilot program will initially target a smaller group of women (150-200 students) with the aim of scaling up if successful in the second phase of the program to cover more participants and regions. STEP will include two separate 7-month training tracks—one which will focus on skills training for eventual job placement and another one which will focus on entrepreneurship for young women who already manage or who are interested in running their own businesses. The skills training offered through Track 1 will be based on a market assessment of existing opportunities in the labor market for women’s employment and the specific skillsets that are required. Track 1 will also include generic skills training, including basic skills for operating in a professional environment. Track 2 will focus on entrepreneurial and business skills such as bookkeeping, market analysis, business management, customer service and raising capital. Specific guidance will be provided on accessing funds through the Catalytic Fund (preparing a business plan, submitting a competitive application, etc.).

Component 3: Project Management

This component will provide support for project implementation. Component 1 will be implemented by the FGS, GoPI and GoSI with small Project Implementation Units (PIUs) established and embedded within the administrations in Mogadishu, Garowe and Hargeisa. A Subsidiary Agreement will be signed between FGS and GoPI to share PIU staff and resources. The PIU will be anchored in the Ministry of Finance in Mogadishu (FGS), the Ministry of Planning in Garowe (GoPI), and the Ministry of Planning and Development in Hargeisa (GoSI). Two Project Steering Committees (PSC)—one for FGS and GoPI; the other for GoSI—will be set up to oversee the implementation of the SCORE program. There will also be an MSME Advisory Panel (MAP) covering the catalytic fund and the MSME Service Facility which will advise on operating policy and strategy. There will be separate MAPs in Mogadishu, Garowe and Hargeisa. Financing to be provided for the PIU may, inter alia, include: equipment, consultant compensation, operating costs, organizational and systems development, training, capacity building and technical assistance.

Environmental and Social Requirements

In order to reduce, minimise and mitigate adverse impacts and undue harm of its development projects to the environment, all bank-financed projects are guided by environmental and social

policies and procedures commonly referred to as safeguards instruments. OP 4.01 (Environmental Assessment) has been triggered as a result of this project.

The safeguards policies of the World Bank require that, before a project is appraised an Environmental and Social Management Framework (ESMF), be made available for public review at a place accessible to local people in a form, manner, and language they can understand. The public display of the documents should be advertised in a common local newspaper and possibly other media (local radio and TV).

All necessary safeguard documents that will be locally disclosed will be forwarded to the Bank for disclosure at its Public Information Center (PIC) of the country, if there is one, and at the Bank's Infoshop.

2 PURPOSE AND PROCSSING OF ESMF

2.1 Purpose of the ESMF

This ESMF (i) identifies all relevant potential environmental risks and social concerns that may arise as a result of the proposed Project and its sub-projects; (ii) specifies appropriate roles and responsibilities of involved actors and parties; (iii) outlines the necessary procedures for screening and identifying impacts, assigning appropriate environmental or social instruments, as well as managing and monitoring environmental risks and social concerns related to the subprojects; (iv) determines the training, capacity building and technical assistance needed to successfully and effectively implement the provisions of the ESMF; (v) estimates the Project funding required to implement the ESMF requirements; and (vi) provides practical information resources for implementing the ESMF.

2.2 Rationale for the ESMF

Specific project investments, especially the sub-projects to be financed by the Catalytic Fund, have not been clearly identified at this stage, bt will be identified via a rolling application, screening, review, approval and financing process during the project implementation period. Hence, an ESMF is the appropriate tool for general impact identification, screening sub-projects, and defining the required processes, measures and instruments to address adverse environmental and social impacts. The ESMF also provides a generic overview of physical and biological, as well as socio-economic baseline conditions in the Somali territories where the project will be implemented.

2.3 Institutional and Implementation Arrangements

2.3.1 Implementation Arrangements

The project will operate under the Somalia Multi Partner Fund administered by the World Bank.

Component 1

Component 1 will be implemented by the FGS, the GoPl and the GoSl with small Project Implementation Units (PIUs) established and embedded within the administrations in Mogadishu, Garowe and Hargeisa. A Subsidiary Agreement will be signed between FGS and GoPl to share PIU procurement and financial management staff. The PIUs will be anchored: (i) in the Ministry of Finance in Mogadishu (FGS), (ii) the Office of the President / Ministry of Planning in Garowe (GoPl), and (iii) the Ministry of Planning and Development in Hargeisa (GoSl). The PIUs will be supported by the WBG task team, which will include project coordinators in Hargeisa and Mogadishu/Garowe plus technical consultants based in Somalia, Nairobi and Washington, D.C.

The PIUs will consist of a local PIU Coordinator and include capacity and expertise for procurement, financial management, safeguards, M&E, technical expertise and assistants, as needed. The option will be explored for the PIU Coordinator to be a regular full-time staff

member of the government and/or public administration in order to enhance government ownership and build sustainable in-house client capacity. The other full-time and part-time staff may be from the government or procured externally on fixed-term contracts depending on skills needs and availability. Advantage will be taken of the subsidiary agreement between FGS and GoPl to keep the PIUs lean and nimble. In addition, the PIUs will have representation from other designated participating ministries in the form of ‘focal points’ situated in those ministries. These focal points will be existing full-time staff members of the government and/or civil service in order to enhance government ownership and build sustainable capacity beyond the life of the project. The staffing of the PIUs will depend on the content of the procurement and work plans.

Three Project Steering Committees (PSC) – one each for FGS, GoPl and GoSl – will be set up to oversee the implementation of Component 1 of the SCORE program. Each PSC will meet at least twice annually, as well as on an *ad hoc* basis as needed, and the meeting minutes will be shared with the Bank. The PIUs and the task team will submit an implementation status report to each PSC following regular implementation support missions. The proposed composition of the PSCs is as follows – this is indicative at this stage and could change over the life of the project if necessary.

Component 2

Component 2 will be Bank-executed on behalf of the recipient due to capacity constraints, governance and fairness challenges inherent to the large financial subsidies involved. Bank-execution will cover the recruitment of consulting firm(s) (on ICB) who will report to the FGS, GoSl and GoPl as well as the task team. Bank-execution is expected to reduce governance challenges, including regional and clan dynamics, which need to be navigated for the successful operation of the Catalytic Fund and the Service Facility. The Catalytic Fund and the Service Facility may be managed by separate firms, each with expertise in grant fund management and in delivering technical assistance to the private sector. The activities will be implemented partly through local firms, non-governmental organizations and/or academic institutions.

3 METHODOLOGY

3.1 Detailed & In-depth Literature Review

Review on the existing baseline information and literature material was undertaken and helped in gaining a further and deeper understanding of the proposed project. A desk review of the Somali legal framework and policies was also conducted in order to get information on the relevant legislations and policy documents that should be considered during project implementation. Among the documents that were reviewed in order to familiarise and further understand the project included:

World Bank Related Documents

- *Aide Memoires*
- *World Bank Safeguards Policies and Procedures*

Somalia Legislative Documents

- *Environmental Policy*
- *Fisheries Laws*
- *National Policy on Environment, Health and Sanitation policy*
- *International laws and conventions on environment*

3.2 Interactive Discussions

Stakeholder consultation formed part of the methodology in preparing this ESMF where stakeholders who could be identified at this early stage were consulted. Stakeholders mainly included representatives from relevant government ministries including; Ministry of Environment and Rural Development; Ministry of Agriculture; Ministry of Livestock; Ministry of Health; Ministry of Water; Ministry of Planning and Development; Municipal Council of Hargeisa; Staff from Somaliland Business Fund and SOFRECO; representatives of Somaliland Waste Management Association; representatives of Berbera Port; recipients of SBF1 awards including a soap making factory; plastic waste recycling plant; a biomedical laboratory among others.

3.3 Field Visits

Field visits were conducted in 2013 as part of the ESMF preparation with the consulting team visiting project sites in Hargesia and Berbera to assess the impacts of the SBF1. The field visits were important and played a fundamental role in helping the consultants appreciate the environmental challenges in Somalia. Due to security restrictions, field visits were not undertaken in Puntland and Mogadishu.

3.4 Preparation of ESMF

Preparation of the ESMF included the following stages:

- *Collation of baseline data on the environmental conditions of the country in general;*
- *Identification of positive and negative environmental and social impacts of sub projects investments;*
- *Identification of environmental and social mitigation measures;*
- *Preparation of screening procedures to be for sub project proposals;*
- *Formulation of environmental and social monitoring plans.*

4 BASELINE DATA

This section describes the overall baseline condition of Somalia in terms of biophysical environment, as well as the socio-economic background. Existing sources are mostly limited and most data is fragmented and aligned to specific collecting agency requirements. As a result, it is extremely challenging to conduct even basic desktop analysis.

4.1 Location and Size

Somalia situated in the Horn of Africa. Its boundaries are defined by the Gulf of Aden in the north, the Federal Republic of Ethiopia in the west, Kenya in the south and the Republic of Djibouti in the north-west.

The absolute location of the Somalia is between 2.0333° North, 45.3500° East; it has mountain ranges rising up to six and seven thousand feet in the North. It has a land area of 637,540 km, and a coastline of 3,300 km, the longest of any African country.

The former British colony in the North united with the Italian colony of Somalia to form the independent Republic of Somalia in 1960. When the Republic of Somalia disintegrated into fiefdoms in 1991, Somaliland set up its own government. Unlike Southern Somalia, Somaliland has been peaceful, and has moved toward political and economic development.

4.2 Topography and Drainage

Physical features

4.2.1 Soils and Geology

Relatively high rainfall in the highlands around Hargeisa has raised the organic content in the sandy calcareous soils characteristic of the northern plains, allowing some dry farming to be practised. South of Hargeisa begins the Haud, whose red calcareous soils continue into the Ethiopian Ogaden. This soil supports vegetation ideal for camel grazing. To the east of the Haud is the Mudug plain, leading to the Indian Ocean coast; this region, too, supports a pastoral economy. The area between the Jubba and Shabeelle rivers has soils varying from reddish to dark clays, with some alluvial deposits and fine black soil. This is the area of plantation agriculture and subsistence agro-pastoralism.

Figure 1: Drainage and Hydrology Systems in Somalia.



Source: UNHCR Somalia Atlas 2005
 THE MAP DOES NOT IMPLY THE EXPRESSION OF ANY OPINION ON THE PART OF UNEP CONCERNING THE LEGAL STATUS OF ANY

4.3 Biological Environment

Somalia's natural resources fall into three broad categories: marine resources such as fish and salt; surface resources which include forests and forest products such as the aromatic extracts of frankincense (from *Boswellia spp.*) and myrrh (from *Commiphora spp.*, both *Burseraceae*), as well as surface water; and sub-surface resources such as rocks and minerals, fossil fuels, and groundwater. Many of them have been directly or indirectly impacted by the extended civil conflict, but competition for access to some resources has also been, and continues to be, a source of conflict in itself.

In the absence of a government, many traditional forms of natural resource management and control systems have been abandoned or are now ignored. In several instances, this has resulted in clearly unsustainable exploitation, a trend which may prove difficult to reverse.

4.3.1 Biodiversity and Conservation:

Only 0.8% of the Somalis area is under some form of protection (2000). A National Conservation Strategy used to exist, but is now extremely low on the territories' agenda. Somalia is part of Conservation International's Horn of Africa Hotspot which has over 60 endemic genera and over 2,750 endemic species. Somalia is a part of Somalia-Masai steppe geographic region of plant endemism (savannas and shrub lands) and has 24 important bird areas. Generally fauna has been depleted due to hunting and culling to protect livestock. Invasive species (e.g. *Prosopis spp.* and the Indian House crow, *Corvus splendens*) have widespread effects on local fauna and flora and important to address, although *Prosopis* could be used to substitute endemic trees for charcoal production.

4.3.2 Forests and Woodlands

The vegetation in Somalia is predominantly dry deciduous bushland and thicket dominated by species of *Acacia* and *Commiphora*, with semi-desert grasslands and deciduous shrub land in the north and along much of the coast.

Forest growth in general is limited due to poor soils and low rainfall. Closed forest cover occupies only about 2.4 per cent of the country (IUCN, 1992) but, if the *Juniperus* forests and evergreen tracts in the mountains in the north are included, the total forest coverage would probably amount to around 14 per cent (90,000 km²) of the land.

4.3.3 Freshwaters and wetlands

Somalia is to a large degree an arid or semi-arid country where rainfall is periodic and irregular. Water scarcity has been one of the main traditional sources of social conflict in Somalia. Traditionally such conflicts arise when local supplies are diminishing, particularly during dry periods of the year or during a drought. Nomads are commonly embroiled in water access negotiations at such times. Another source of tension, however, occurs when a new group of consumers moves into a new area – perhaps following displacement of agriculturalists by pastoralists who may lack the experience of former management systems and practices.

Temporary watercourses, known as lachs or laks, drain the south-east sloping plateau of north-eastern Kenya into southern Somaliland, the main ones being Lach Awaro, Lach Bogal and Lach Dheere (Hughes and Hughes, 1992). Cisterns (Berkads) are another source of surface

water for at least a few months of the year, these being pans or dams whose bottoms and sides are cemented and covered to ensure that water is not lost to evaporation and seepage (Amuyunzu, 1997). Underground aquifers are also widely exploited, either through boreholes, shallow wells or at natural springs.

4.3.4 Marine and coastal areas

The Somali maritime zone is one of the largest in the western Indian Ocean and has one of the most important large marine ecosystems – the Somali Current Marine Ecosystem – in the Indian Ocean (Fielding and Mann, 1999).

A prominent feature of this ecosystem is a seasonal upwelling which gives rise to high levels of biological productivity which in turn sustains rich fishing grounds, most notably in the northern area between Ras Asir and Ras Mabber (TRAFFIC, 1997).

Somalia has both fringing reefs and patches of coral reefs along the Gulf of Aden coast as well as in the south near the Kenyan border. Few studies have been conducted on these reefs but one off the northern coast east of Berbera highlighted extensive coral bleaching, with some reefs suffering almost total mortality (Schleyer and Baldwin, 1999). The Red Sea coral reefs off the coasts of Djibouti, Eritrea and Somalia, however, are reportedly in good, often pristine condition with 30-50 per cent live coral cover and the richest diversity of coral and other reef species in the entire Indian Ocean (Pilcher and Alsuhaibany, 2000).

Fisheries

The warm water of the Gulf of Aden borders the country of along a coastline spanning 850kms on its southern fringes. This coastline extends from Lowya-Addo in the west to Elayo in the east and is characterized by sandy beaches broken at intervals by rocky cliffs that often penetrate into the shallow waters.

The continental shelf is relatively narrow, rarely exceeding 15kms, except in the west near the Djibouti border, where it averages 100kms. Artisan fishermen harvest various tropical fish. They include tuna, snappers, groupers, grunts, trevally, emperors, barracudas, goatfish, parrotfish, Spanish mackerels, sea breams, horse mackerels, and mulleys.

Other marine organisms caught occasionally by local fishermen include sea cucumbers, shrimp, lobsters, and edible crabs. Production of fish in Somalia is still very low (it's less than 10% of the pre-war level and constitutes less than 2% of the Gross National Product [GNP]).

According to various reports published by international organisations, fisheries in Somalia remain untapped. FAO estimates this abundance of fish in the national waters at 200,000 tons and maintains that a maximum sustainable yield of 40,000 tons could be harvested without endangering the stocks. At the present time, estimated fish production is quite low compared to the potential. The shark fishing industry is the mainstay of the artisan fishing community in Somaliland, and more than 90% of the fishing fleet hunts for sharks for their valuable fins.

In addition to these, a sizeable yield of sea cucumbers reaching several tons per year is harvested in the waters of Zeila and nearby islands. Furthermore, edible crabs and shrimp are caught in the Zeila and Togoshi areas. Local fishermen market around 30-50Kgs of live, edible crabs daily to Djibouti on foot.

4.4 Socio-Economic Background

4.4.1 Agriculture

Somalia has a total area of about 137,600sqkms. Land under cultivation is currently estimated at 3% of the total geographical area. Another 7% has potential for agricultural development. The rainfall, soil (fertility and depth), and topography are the main determinants of these estimates.

The agricultural system in Somalia is predominantly subsistence in nature. The principal crops are sorghum and maize grown mostly for household consumption. Fruit and horticultural farming, which is relatively small, is mainly commercial. Here, farmers grow most of the time tomatoes, lettuce, onions, peppers, cabbages, oranges, lemons, and papaya. Rain-fed farming accounts for 90% of the total area cultivated, while the area under irrigation constitutes only 10%.

The sector is dominated by smallholder farmers who tend small farms ranging from 2 to 30 hectares in area. The size of the average farm is approximately 4 hectares. Somaliland's agriculture was practically destroyed during the civil war from 1982 to 1991 - agricultural equipment and farmers' property were looted, and infrastructure was devastated. The majority of the farmers fled as refugees to neighbouring countries and returned home only when the conflict ended. Although some recovery has been made in the past 20 years, a lot more remains to be done.

During the war, the institutional capacity of the Ministry of Agriculture (MoA) was eroded severely because of the brain drain resulting from the migration of professionals to other countries, looting of assets, and the destruction of ministry's facilities. The reduced capacity of the agricultural sector to produce food for the nation is clearly demonstrated by the total cultivated area under Sorghum and maize, the two main crops, which in 2009 was less than 23,000 hectares, and average yields were only 0.5 tons per hectare.

4.4.2 Rain-Fed Farming and Irrigation

Rain-fed farming is the main agricultural production system. The main crops grown are cereals. Sorghum is the principal crop, utilizing approximately 70% of the rain-fed agricultural land. Another 25% of the land is used for maize. Other crops such as cowpeas, millet, groundnuts, beans, and barley are also grown in scattered marginal lands.

Irrigation farms are mainly situated along the banks of streams (togs) and other water sources close to the riverbanks. Channelling from the source to the farm is mainly done by diversion of perennial water (springs) to the farm through rudimentary earth canals or floods. The cultivable area of these farms is subject to floods and is, therefore, in danger of being washed away. Most of the irrigated farms have in them areas set aside for the cultivation of vegetables and fruits for commercial purposes.

4.4.3 Livestock

The economy of Somalia mainly depends on livestock production, which has historically and culturally been the mainstay of livelihood for the majority of the people. The livestock production system in Somaliland is predominantly pastoral and agro-pastoral, with the industry

providing 29.5% of GDP in Somaliland and employing 27% and 20% of the female and male workforce, respectively in Somaliland.

Livestock is the source of livelihood for pastoralists, contributes to the Government revenues, and provides employment to a wide range of professionals and other service providers. Somaliland has a long history of live animal export to the Arabian Gulf states through Berbera port on the Red Sea.

There are several types of livestock production and management systems in Somalia, depending on a number of factors such as the area, availability of labour, and the sizes and types of livestock raised. However, in general, there are two main production systems: one based on nomadic pastoralism and the other on agro-pastoralism.

Nomadic pastoralism is the system practiced by most of the rural population and revolves around the seasonal migration of herders in continual search of pasture and water. The movement of these pastoralists is often organized and follows a regular pattern in which clan-based groupings have their traditional grazing areas and/or common watering points and temporary camps. In some parts of the country, pastoralists co-habit with farmers to access crop residues for their animals. In other places, the pastoralists take advantage of heavy rains and floods for agricultural purposes, planting crops in areas cleared for the production of forage or grain.

4.4.4 Fisheries

Somalia has a coastal line that stretches 3,300 km along the Red Sea on the Gulf of Aden. But the fisheries sector has been historically small compared to the pastoral and agro-pastoral systems, which have traditionally constituted the economic backbone of the country.

A very small number of Somalia's population is engaged in fishing for livelihood and the majority of these are limited to small-scale artisan fishing. They operate from 10 coastal settlements on a permanent basis and use about 450- 500 small vessels of which roughly two-third are motorized and the remaining one-third are canoes. The sizes of the boats range from 6.4 to 8.5 meters in length. The size of the available vessels is one of the limiting factors to reach offshore resources and prevents fishermen from fishing during certain seasons of the year when the seas are rough. Traditionally, this sector uses gillnets, hooks for large fish and shark, hand-lines, and to a lesser extent, traps and seine nets.

The main commercial fish normally landed by artisan fishermen comprise many demersal and pelagic species. The most important groups include the following families:

1. Serranidae: Groupers, Sea basses, Rock cod, Hinds, Combers, Coral trout, Iyretails and Soap fish.
2. Carangidae: Jacks, Trevallies, Scads, Queen Fish, Runners and Pompos.
3. Lutjanidae: Snappers, Job fish.
4. Haemullidae: Grunts, Sweet lips, Rubber lips and Hot lips.
5. Lethrinidae: Emperors, Breams, Pig face, and Large eye breams.
6. Mullidae: Goat fish.

7. Scombridae: Albacores, Bonitos, Kawa kawa, Mackerels, Tuna and Waho.

The coral reef on the coast of Somaliland is also a habitat for other non-traditional marine resources, such as Mollusca's and Crustaceans. Though, the commercial viability of these resources is not known, giant clams, abalones and mussels are known to be found. Artisan fishermen around Berbera and Karin supply local urban markets in Burao, Hargeisa, and Berbera through several small fishing companies, which sell up to 90 MT per month in these markets.

4.4.5 Energy

Energy plays a vital role in the livelihood of people. In most developing countries, 30% of household income is spent on energy services. Energy dramatically increases human capabilities and opportunities. At home it is indispensable, and it fuels transport, agricultural and industrial production. Energy utilization in Somaliland is extremely low by world standards. It is currently estimated at 200 to 280 kilo joules per capita per year and is mainly dominated by biomass-based fuels. Charcoal, kerosene, and electricity constitute an important source of energy for households in urban areas, while firewood is the primary source for rural communities.

Charcoal is used by 97% of urban households; kerosene is consumed by about 80%, followed by electricity at 68%. The average monthly expenditure on energy (i.e. electricity, kerosene and charcoal) in urban areas is about US\$60. This is equivalent to about 30% of the average family monthly income. Purchased mainly from vendors, charcoal is widely used for cooking in the urban and semi-urban areas.

All households use traditional firewood cook stoves. There is, however, a strong willingness amongst households to switch to other forms of energy, with the following reasons being cited for the dislike of firewood: collection problems, scarcity, dirt, smoke, and drudgery. Charcoal constitutes an important fuel for cooking purposes for institutions and commercial enterprises as well. Institutions such as education and health establishments that provide food and enterprises like hotels and restaurants consume an average of 37 sacks per month at a current cost of approximately US\$ 260 per month.

Firewood is also used in urban areas, mainly for cooking and baking, especially in restaurants, bakeries, and government institutions such as the military, the police, and prisons. 70% of the institutions that use wood purchase it while the rest collect it freely from forests. There are a number of challenges including increasing scarcity, health implications due to indoor air pollution and rising costs mainly due to increasing distance covered in obtaining firewood. In Somaliland, biomass energy sources account for more than 90% of the total energy consumed. It is sourced from various land cover formations such as open trees and shrubs and woody vegetation, accounting for 37% of land cover in Sanaag region, 47% in Togdheer, and 52% in the rest of North West regions. Grasslands occupy 52% in Sanaag and Togdheer, and 37% in North West regions.

These biomass resources are declining at an alarming rate. In the Sanaag region, the area covered by Galool forest has declined by 52%, from 162,467.5 ha in 1988 to 78,211.89 ha in

2003. Open shrubs that comprised 45% in 1988 declined by 30% during the same period. An estimated 85,713 metric tons of charcoal are consumed annually by households in the country, out of which 22% is attributed to consumption in Hargeisa city. The demand by commercial enterprises and institutions is also significant. Each institution or enterprise consumes an average of 8 tons of charcoal annually.

5 POLICY AND REGULATORY FRAMEWORK

In all Somali territories policy and legislation with respect to the environment is nascent or outdated, in terms of assessing the potential impact of such policies on the environment, or how they could contribute to environmental conservation and sustainable livelihood improvement. A process of Strategic Environment Assessment (SEA) could be used as an important internationally recognized tool to identify, in all sectors, policies and laws where environmental issues are, or could be important. However, this will not be possible in the context of SCORE, for which this ESMF has been prepared.

A number of international agreements and Multilateral Environment Agreements (MEAs) exist, and although binding on Somalia there has been little progress in implementation due to the chronic conflict, the lack of recognition for Somaliland and the applicability in Puntland. Such international environment agreements relate to:

- Biodiversity,
- Desertification,
- Endangered Species,
- Law of the Sea,
- Ozone Layer Protection and
- Marine Dumping.

In recent years Somalia and Somali territories have effected constitutional changes that define natural resources, common environmental goods and ecosystem services as protectable public assets, and ascertain the right to a clean and healthy environment. There are no specific environmental or regulations in place, and many projects and activities still rely on an Environmental and Social Screening Assessment Framework (ESSAF), which has been produced through the SDF program. Protection and use of Somali water resources is the responsibility of the Ministry of Water Resources that has put a policy, act and regulatory framework in place. In Puntland an Environmental Policy was produced in 2014 and framework documents for EIA guidelines and regulations put in place.

For all Somali territories the institutions at National, Regional and District Levels are responsible for the implementation and monitoring compliance of both national and international agreements as shown below and include:

1. The Minister, in consultation with the Parliamentary Environment committee and civil society organizations working in the environment shall establish Environmental Watch Councils at National level (NEWC)
2. The MNR (Min. for Natural Resources), the MoERD (Min. for Environment and Rural Development) in Somaliland and the MoEWT (Min. for Environment, Wildlife and Tourism) in Puntland with consultation with Regional Authorities, in consultation with civil society, at the Regional level, and communities shall establish the Regional Watch Councils (REWC).
3. The MNR, MoERD and MOEWT in consultation with the Local Government Councils/ District Governor, local CSO/CBOs and the community shall establish the District Environment and Environment Watch Council (DEWC).

4. The members of the Council shall come from both genders and should be Somaliland citizens in good standing in the community and are environmentally conscientious. The council shall serve five-year terms at a time and can be re-appointed.

The environmental licensing process in Somalia, Somaliland and Puntland are quite straightforward and controlled mainly by the Ministries. The key principles are:

1. The MNR (SOM), MOERD (SL) and the MOEWT (PL) or any person authorized may grant any of the licenses enumerated. Every license shall be subject to such conditions as may be specified therein
2. The Minister or any person authorized by him/her may at any time cancel or suspend any license granted by or on behalf of the Minister, the holder of which has been on reasonable grounds suspected by the Minister or such other authorized person, to have infringed any of the conditions upon or subject to which said license has been granted, and may at any time vary the conditions of any such license.
3. Any person aggrieved by any order under this Article may appeal to the Minister of MNR, MOERD or MOEWT whose decision shall be final.

The scope of activities requiring licenses include charcoal production, mining and quarrying, collection of plants and grasses, collection of gums and resins, and investment projects including sectors such as waste, wastewater, roads, and energy infrastructure.

In practice, although recent developments in policy and civil law are encouraging there is a long way to go in terms of regulation and the adaption of institutionalized practices. As such the licensing procedures are not yet robust, as the technical criteria supporting the issue or revoking of any given license are poorly defined, and the licensing process thus wide open for interpretation and manipulation. Conversely, again due to the lack of clear technical standards, the supervision process is somewhat subjective and not governed by transparent, measurable and reproducible technical criteria.

For the project implementation this means that E&S management will have to fully rely on the WBG's environmental and social standards, as laid out in the World Bank's safeguards policies and environment, health and safety guidelines (EHSG), and the IFC's performance standards. Where there are no clear standards and criteria in any of these, norms from other accepted international sources would be used, such as WHO, EU and US-EPA.

6 WORLD BANK SAFEGUARDS POLICIES

Table 1 below shows the Banks safeguards policies in general and highlights the specific safeguards that are triggered as a result of the proposed SCORE sub projects.

Table 1: Summary of World Bank's Safeguards Policies objectives including when they are triggered

Policy	Objective	Trigger for the Policy
OP/BP 4.01 Environmental Assessment	The objective of this policy is to ensure that Bank-financed projects are environmentally sound and sustainable, and that decision-making is improved through appropriate analysis of actions and of their likely environmental impacts. This policy is triggered if a project is likely to have potential (adverse) environmental risks and impacts on its area of influence. OP 4.01 covers impacts on the natural environment (air, water and land); human health and safety; physical cultural resources; and transboundary and global environment concerns.	Depending on the project, and nature of impacts a range of instruments can be used: EIA, environmental audit, hazard or risk assessment and environmental management plan (EMP) when a project is likely to have sectoral or regional impacts, sectoral or regional EA is required. The Borrower is responsible for carrying out the ESIA.
OP/BP 4.04 Natural Habitats	<p>This policy recognizes that the conservation of natural habitats is essential to safeguard their unique biodiversity and to maintain environmental services and products for human society and for long-term sustainable development. The Bank therefore supports the protection, management, and restoration of natural habitats in its project financing, as well as policy dialogue and economic and sector work. The Bank supports, and expects borrowers to apply, a precautionary approach to natural resource management to ensure opportunities for environmentally sustainable development. Natural habitats are land and water areas where most of the original native plant and animal species are still present. Natural habitats comprise many types of terrestrial, freshwater, coastal, and marine ecosystems. They include areas lightly modified by human activities, but retaining their ecological functions and most native species.</p> <p>This bank policy prohibits financing for developments that would significantly convert or degrade critical natural habitats, and preference is on siting projects on already converted land.</p>	This policy is triggered by any project (including any sub-project under a sector investment or financial intermediary) with the potential to cause significant conversion (loss) or degradation of natural habitats, whether directly (through construction) or indirectly (through human activities induced by the project).
OP/BP 4.36 Forests	The objective of this policy is to assist borrowers to harness the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development and protect the vital local and global environmental services and values of forests. Where forest restoration and plantation development are necessary to meet these objectives, the Bank assists borrowers with forest restoration activities that maintain or enhance biodiversity and ecosystem functionality. The Bank assists borrowers with the establishment of environmentally appropriate, socially beneficial and economically viable forest plantations to help meet growing demands for forest goods and services.	This policy is triggered whenever any Bank-financed investment project (i) has the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests; or (ii) aims to bring about changes in the management, protection or utilization of natural forests or plantations.
OP 4.09 Pest Management	The objective of this policy is to (i) promote the use of biological or environmental control and reduce reliance on synthetic chemical pesticides; and (ii) strengthen the capacity of the country's regulatory framework and institutions to promote and support safe, effective and environmentally sound pest management. More specifically, the policy aims to (a) Ascertain that pest	The policy is triggered if : (i) procurement of pesticides or pesticide application equipment is envisaged (either directly through the project, or indirectly through on-lending, co-financing, or government counterpart funding); (ii) the project may affect

Policy	Objective	Trigger for the Policy
	<p>management activities in Bank-financed operations are based on integrated approaches and seek to reduce reliance on synthetic chemical pesticides (Integrated Pest Management (IPM) in agricultural projects and Integrated Vector Management (IVM) in public health projects. (b) Ensure that health and environmental hazards associated with pest management, especially the use of pesticides are minimized and can be properly managed by the user. (c) As necessary, support policy reform and institutional capacity development to (i) enhance implementation of IPM-based pest management and (ii) regulate and monitor the distribution and use of pesticides.</p> <p>Pesticides in WHO Classes IA and IB may not be procured for Bank supported projects.</p>	<p>pest management in a way that harm could be done, even though the project is not envisaged to procure pesticides. This includes projects that may (i) lead to substantially increased pesticide use and subsequent increase in health and environmental risk; (ii) maintain or expand present pest management practices that are unsustainable, not based on an IPM approach, and/or pose significant health or environmental risks.</p>
<p>OP/BP 4.11 Physical Cultural Resources</p>	<p>The objective of this policy is to assist countries to avoid or mitigate adverse impacts of development projects on physical cultural resources. For purposes of this policy, “physical cultural resources” are defined as movable or immovable objects, sites, structures, groups of structures, natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above ground, underground, or underwater. The cultural interest may be at the local, provincial or national level, or within the international community.</p>	<p>This policy applies to all projects requiring a Category A or B Environmental Assessment under OP 4.01, project located in, or in the vicinity of, recognized cultural heritage sites, and projects designed to support the management or conservation of physical cultural resources.</p>
<p>OP/BP 4.10 Indigenous Peoples</p>	<p>The objective of this policy is to (i) ensure that the development process fosters full respect for the dignity, human rights, and cultural uniqueness of indigenous peoples; (ii) ensure that adverse effects during the development process are avoided, or if not feasible, ensure that these are minimized, mitigated or compensated; and (iii) ensure that indigenous peoples receive culturally appropriate and gender and inter-generationally inclusive social and economic benefits.</p> <p>The policy requires free, prior and informed consultation with indigenous peoples.</p>	<p>The policy is triggered when the project affects the indigenous peoples (with characteristics described in OP 4.10 para 4) in the project area.</p>
<p>OP/BP 4.12 Involuntary Resettlement</p>	<p>The objective of this policy is to (i) avoid or minimize involuntary resettlement where feasible, exploring all viable alternative project designs; (ii) assist displaced persons in improving their former living standards, income earning capacity, and production levels, or at least in restoring them; (iii) encourage community participation in planning and implementing resettlement; and (iv) provide assistance to affected people regardless of the legality of land tenure.</p>	<p>This policy covers not only physical relocation, but any loss of land or other assets resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihood, whether or not the affected people must move to another location.</p> <p>This policy also applies to the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.</p>
<p>OP/BP 4.37 Safety of Dams</p>	<p>The objectives of this policy are as follows: For new dams, to ensure that experienced and competent professionals design and supervise construction; the borrower adopts and implements dam safety measures for the dam and associated works. For existing dams, to ensure that any dam that can influence the performance of</p>	<p>This policy is triggered when the Bank finances: (i) a project involving construction of a large dam (15 m or higher) or a high hazard dam; and (ii) a project which is dependent on an existing dam. For small dams, generic</p>

Policy	Objective	Trigger for the Policy
	<p>the project is identified, a dam safety assessment is carried out, and necessary additional dam safety measures and remedial work are implemented.</p>	<p>dam safety measures designed by qualified engineers are usually adequate.</p> <p>Dams with ≥ 15m in height review by an independent dam safety panel is required.</p>
<p>OP 7.50 Projects in International Waters</p>	<p>The objective of this policy is to ensure that Bank-financed projects affecting international waterways would not affect: (i) relations between the Bank and its borrowers and between states (whether members of the Bank or not); and (ii) the efficient utilization and protection of international waterways.</p> <p>The policy applies to the following types of projects: (a) Hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial and similar projects that involve the use or potential pollution of international waterways; and (b) Detailed design and engineering studies of projects under (a) above, include those carried out by the Bank as executing agency or in any other capacity.</p>	<p>This policy is triggered if (a) any river, canal, lake or similar body of water that forms a boundary between, or any river or body of surface water that flows through two or more states, whether Bank members or not; (b) any tributary or other body of surface water that is a component of any waterway described under (a); and (c) any bay, gulf strait, or channel bounded by two or more states, or if within one state recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.</p>
<p>OP 7.60 Projects in Disputed Areas</p>	<p>The objective of this policy is to ensure that projects in disputed areas are dealt with at the earliest possible stage: (a) so as not to affect relations between the Bank and its member countries; (b) so as not to affect relations between the borrower and neighboring countries; and (c) so as not to prejudice the position of either the Bank or the countries concerned.</p>	<p>This policy is triggered if the proposed project will be in a “disputed area”. Questions to be answered include: Is the borrower involved in any disputes over an area with any of its neighbors. Is the project situated in a disputed area? Could any component financed or likely to be financed as part of the project be situated in a disputed area?</p>
<p>The WB Group Environment, Health and Safety Guidelines.</p>	<p>The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. The guidelines include;-</p> <p><u>Environment</u></p> <ul style="list-style-type: none"> • Air Emissions and Ambient Air Quality • Energy Conservation • Wastewater and Ambient Water Quality • Water Conservation • Hazardous Materials Management • Waste Management • Noise • Contaminated Land • Occupational Health and Safety Guidelines • Community Health and Safety • Construction and Decommissioning 	<p>These guidelines will be followed during the preparation of mitigation measures. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, a full and detailed justification for any proposed alternatives is needed as part of the site-specific environmental assessment. This justification should demonstrate that the choice for any alternate performance levels is protective of human health and the environment.</p>

6.1.1 Environmental Assessment (OP4.01)

This policy requires Environmental Assessment (EA) of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision-making.

The EA is a process whose breadth, depth, and type of analysis will depend on the nature, scale, and potential environmental impact of the proposed sub projects under SCORE. The EA process takes into account the natural environment (air, water, and land); human health and safety; social aspects (involuntary resettlement,) and transboundary environmental aspects.

The adverse environmental and social impacts under SCORE will come from the proposed investments and associated activities under **component 2**. However, since the exact location of most of these investments have not be identified, the Banks' EA policy calls for the government to prepare an Environmental and Social Management Framework (ESMF) in accordance with its' procedures.

In regard to disclosure of the ESMF report, World Bank requires that the report be disclosed as a separate document as a condition for Bank appraisal. This report will be disclosed to the general public to meet this requirement as well as the Infoshop of the World Bank and the date of disclosure will precede the date for appraisal of the program.

The extent and type of environmental and social assessment required by the World Bank is a function of the project's environmental impact and hence, its environmental screening category. The World Bank undertakes environmental and social screening of each proposed subproject to determine the appropriate extent and type of environmental and social assessment. The World Bank classifies projects into one of three categories (A, B and C), depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

Table 2. World Bank EA Screening Categories

Category "A"	An EIA is always required for projects that are in this category. Impacts are expected to be 'adverse, sensitive, irreversible and diverse with attributes such as pollutant discharges large enough to cause degradation of air, water, or soil; large-scale physical disturbance of the site or surroundings; extraction, consumption or conversion of substantial amounts of forests and other natural resources; measurable modification of hydrological cycles; use of hazardous materials in more than incidental quantities; and involuntary displacement of people and other significant social disturbances.
Category B	When the subproject's adverse environmental impacts on human populations or environmentally important areas (including wetlands, forests, grasslands, and other natural habitats) are less adverse than those of Category A subprojects. Impacts are site – specific; few, if any, of the impacts are irreversible; and in most cases, mitigation measures can be designed more readily than for Category A subprojects. The scope of environmental assessment for a Category B subproject may vary from sub-project to sub-project, but it is narrower than that of a Category A sub-project. It examines the subproject's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.
Category C	If the subproject is likely to have minimal or no adverse environmental impacts. Beyond screening, no further environmental assessment action is required for a Category C sub-project.

6.2 Alignment of WB and GOS Polices relevant to this ESMF

Somalia lacks adequate laws that can be compared and regarded as being aligned to the Bank safeguards policies in principle and objective:

- *Whereas the Bank require screening of sub project investments in order to determine if further environmental analysis (ESIAs) is needed this is not a requirement by GOS since GOS has no specific ESIA requirements.*
- *GOS has no requirement for ESIA before project design which is a fundamental Bank requirement*
- *The GOS has no legislation that requires public disclosure of ESIA reports, which is a standard Bank procedure.*
- *The Bank requires that stakeholder consultations be undertaken during planning, implementation and operation phases of the project, which is not a GOS requirement*

In summary Somalia has no mandatory requirement for any proposed development projects to be preceded by an ESIA study and thus because of this inconsistency with World Bank safeguard policies on EA, Bank procedures for EA which includes mandatory screening as well to determine the rating category will be followed.

6.3 Requirements for Public Disclosure

This ESMF will be disclosed in-country through posting on the websites of Ministry of Environment and Rural Development and Ministry of Planning and Development (project focal point) as well as in the Bank's Infoshop.

7 POTENTIAL IMPACTS

This chapter analyses the potential positive (beneficial) and negative (adverse) environmental consequences of the sub project investments envisioned under SCORE.

7.1 Positive Impacts

- This project will provide substantive employment opportunities to local populations. It is anticipated that the project will provide direct employment during the construction phase and another operational stage. Indirect employment through aspects such as transportation, infrastructure maintenance, markets, research and marketing will be far much greater and over a longer period of time.
- Water supply systems under this program will ensure that the general public in the targeted areas have access to clean water supply, a pre-requisite for health and sanitation.
- Port modernization will increase trade between Somalia and other countries and thereby increase economic and employment growth in Somaliland.
- Increased trade and export of fish, meat, hides and skins and gums and resins products will create local employment and increase economic growth in Somaliland
- Increased and rapid expansion of private sector industries under the Somaliland Business Fund will accelerate economic growth, offer employment opportunities in Somaliland and expand market for products
- Access to energy (solar and power) to the local populace is a direct driver for economic growth including employment creation
- An increase of quantity and quality of medical clinics and laboratories will mitigate the current dire shortage of diagnostic and therapeutic services in Somalia.

7.2 Potential Adverse Environmental Impacts

This ESMF analyses the potential adverse impacts of the sub projects on the environment by looking at the probability, scale, significance and scope, magnitude, duration, reversibility and availability of effective mitigation measures. It employs a rating scale of **1-5** with a scale of **5** denoting high impact and **1** denoting insignificant impact.

7.2.1 *Loss of Flora/Vegetation*

There may be soil and vegetation loss during the construction phase (for project investments) to create access to projects, or for their actual footprint. Such activities could expose the land to erosion by wind and water and contribute to land degradation.

Some potential sub projects, e.g. harvesting of gums and resins, or establishment of animal fattening grounds could entail clearing of vegetation and cause adverse impacts on flora. Harvesting **of gums and resins** is particularly likely to affect the growth of trees if there is overharvesting, unsustainable or poor harvesting that could lead to the loss of trees.

Impact Weighting-Loss of Flora

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	2 (Temporal)
Reversibility	Reversible
Availability/effectiveness of mitigation	Mitigation and avoidance can be achieved with simple, standard measures; effectiveness of mitigation is easily monitored.

7.2.2 Loss of Avi-fauna

Potential wind power projects could adversely affect birdlife especially if sited on migratory routes or flight paths of the birds.

Impact Weighting-Loss of Avifauna

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporary
Reversibility	Reversible
Availability/effectiveness of mitigation	Siting is key to avoidance of important bird areas r migratory routes. Adequate measures for mitigation are present that should be supported by consistent monitoring

7.2.3 Loss of Fauna

Potential investments may generally fragment ecosystems, isolating species population and cutting off migrations and other movement. Sub projects implemented under SCORE might adversely affect fauna especially in areas where habitats of wildlife are present, for instance in sub-projects for harvesting of **gums and resins** in forests. Potential issues could include habitat reduction, as well as illegal hunting / killing of wild fauna including avifauna.

Impact Weighting-Loss of Fauna

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	3 (Moderate)
Magnitude	2 (Minor)
Duration	2 (Temporal)
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present that should be supported by consistent monitoring

7.2.4 Impacts on aquatic/marine life

Uncontrolled **harvesting of marine fisheries** for export as well as unplanned management of wastes in the Port of Berbera, or of effluents potentially generated by sub-projects, could have adverse impacts on marine life.

Impact Weighting-Loss of Aquatic /marine life

Probability of occurring	1 (Unlikely)
Scale	3 (Moderate)
Significance and Scope	2 (minor)
Magnitude	3 (Moderate)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present that should be supported by consistent monitoring

7.2.5 Soil Erosion

Soil erosion could occur during the construction phase of sub projects involving **civil and engineering works** and during the operational phase. It could result from loss of vegetation, loosening of the soil, but also compaction and decreasing of absorptive capacity. Adverse effects include erosion of the productive soil layer, rutting, washout of water courses and destruction of bank protection, as well as siltation and clogging of drainage systems. .

Soil erosion could occur during the construction and operation of livestock markets, the construction of skin and hides factories, establishment of animal fattening centres, or generally the creation of site access to remote project locations. .

Impact Weighting-Soil Erosion

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present (e.g. compaction, grading, re-vegetation, selection of construction season) that should be supported by consistent monitoring

7.2.6 Decreased Water Quality

Some industrial / manufacturing sectors are prone to the production of harmful effluents, which, if untreated, could impact surface drainage, or via seepage into the ground, adversely affect aquifers. Examples include the processing of hides and skins (tanneries) as well as soap plants, plastic recycling, or medical facilities.

Fish processing is also associated with liquid wastes (organic) which if poorly disposed could lead to marine water quality deterioration.

Impact Weighting-Decreased Water Quality

Probability of occurring	3 (Likely and Moderate)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporary or permanent
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present (effluent treatment before release, e.g. through filtering, sedimentation, aeration / oxidation, phytoremediation) that should be supported by consistent monitoring

7.2.7 Borrow Pits and Quarry Sites

Borrow pits and quarries are sites where stone, sand, gravel, till, clay, or other aggregates and building materials are extracted for construction of the various sub projects. Environmental impacts can include the loss, reduction or disturbance to wildlife and habitat, erosion, dust, soil/groundwater contamination, damage to historic resources, waste disposal, noise, and aesthetics. While it is unlikely that any of the subprojects would require their own quarry sites, their cumulative, incremental impacts nevertheless could be relevant.

Impact Weighting-Borrow Pits and Quarry sites

Probability of occurring	1 (Unlikely)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present (incl. access control, dust control, fencing, and re-cultivation of mined out sections) that should be supported by consistent monitoring

7.2.8 Decreased Air Quality

Airborne dust may be caused by excavation, uncovered stockpiles, vehicle movement and materials handling, particularly downwind from the construction sites during the construction phase, if any of the identified investments involve significant earthworks, e.g. for foundations or basements. Air pollution may be further caused by emissions from vehicles and construction machinery. Overall, construction activities could cause decreased air quality due to dust, suspended particles, hydrocarbon vapours, oxides of nitrogen and sulphur (NO_x and SO_x) and Volatile Organic Compounds (VOC) among other emissions. During their operation, some sub-projects, such as tanneries (hides and skins factories) may negatively impact air quality through odours.

Impact Weighting-Decreased Air Quality

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation are present (such as watering, particle filters, proper service for engines, prohibition of idling) that should be supported by consistent monitoring

7.3 Social Impacts

7.3.1 Traffic and pedestrian safety

Increased traffic, and changed traffic patterns during construction and operation phases of sub projects could potentially cause health and safety impacts, as well as economic impacts. The use of heavy moving construction vehicles and machineries in project sites is generally known to cause additional traffic, and the presence of large, slow moving machines may pose additional hazards..

Impact Weighting-Traffic Accidents

Probability of occurring	3 (Moderate)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation (such as signposting, traffic management, cooperation with local police, barriers) are present that should be supported by consistent monitoring

7.3.2 Noise and Vibration Impacts

Construction and operation could result in increased noise and vibrations in the vicinity of subprojects, which could pose a nuisance to the general well-being and health of neighbours. Civil works and construction may involve the use of heavy equipment (graders, trucks, tractors, and excavators) which may represent new sources of noise, which may especially be an issue in areas where ambient noise levels were previously low. Some industries including soap factories, plastic recycling plants etc. could also have equipment that generate noise during operations.

Impact Weighting-Noise and Vibration

Probability of occurring	2 (Minor)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation (mufflers, sound barriers, choice of equipment, noise-free periods) are present that should be supported by consistent monitoring

7.3.3 Health and Safety of Workers

Some sub projects under SCORE could involve occupational health and safety concerns. This includes the construction phase, when equipment and machinery will be operated, as well as the operation phases of the sub projects. The latter may relate to with the risk of accidents during equipment operations, exposure to noise, dust, noxious substances and heat, fire outbreaks, electrical faults, or machinery malfunction / accidents.

Impact Weighting-Health and Safety

Probability of occurring	3 (Moderate)
Scale	2 (Minor)
Significance and Scope	2 (Minor)
Magnitude	2 (Minor)
Duration	Temporal
Reversibility	Reversible
Availability/effectiveness of mitigation	Adequate measures for mitigation (sound technical design, regular technical supervision and inspections, company policies, procedures and training for accident avoidance) are present that should be supported by consistent monitoring

7.4 Environmental & Social Management Process

This ESMF contains potential mitigation measures and monitoring indicators (*see tables 6 and 7*) through which the adverse impacts for specific sub project investments may be managed. However, each sub project investment will have to undergo a screening process, which will determine the safeguards instrument to be prepared. For the majority of expected subprojects that require any safeguards instrument, this will be an ESMP. In many cases this will be an abbreviated, checklist type ESMP. The ESMP for each sub project should at a very minimum contain among others:

- *Description of the possible adverse effects that the ESMP is intended to address;*
- *Description of planned mitigation measures, and how and when they will be implemented*
- *Program for monitoring the environmental and social impacts of the project, both positive and negative;*

- *Description of who will be responsible for implementing the ESMP; and*
- *Cost estimate and source of funds.*

7.4.1 Mitigation considerations and options

All moderate to major adverse impacts are considered for mitigation. Specific measures have been suggested in this regard where practicable. With regard to negligible and minor impacts where the project activity is not expected to cause any significant impact in such cases, best practice measures and mitigation have also been recommended where appropriate to improve the environmental and social performance of the Project. The mitigation options considered may include project modification, provision of alternatives, project timing, pollution control, compensations and relocation assistance. In cases where the effectiveness of the mitigation is uncertain, monitoring programs are introduced.

7.4.2 Recommended mitigation measures

The below listed range of mitigation measures is provided as comprehensive guidance for all possible impacts that could theoretically occur under the project. For projects where a screening process has yielded the possibility of adverse impacts, the application of the provisions would be guided by specific ESMPs to effectively avoid, minimize and reduce negative environmental and social impacts. The mitigation measures are presented in the following tables in a descriptive format.

Table 3: Summary of Potential Sub Project Adverse Impacts and Mitigation Measures

Impacts	Description of mitigation measures
Physical Environment	
Waste Disposal Impacts	<p>Adequate waste receptacles and facilities should be provided at project sites/camp sites</p> <p>Training and awareness on Safe Waste Disposal for all workers</p> <p>Spent or waste oil from vehicles and equipment should be collected and temporarily stored in drums or containers at site</p> <p>Waste recycling including waste minimisation for all sub projects</p> <p>RadioActive wastes from medical facilities to be disposed through specialised/qualified and licensed operators with speciality in this area</p>
Air pollution/Dust Emission	<p>Proposed projects should require that construction contractors operate only well maintained engines, vehicles, trucks and equipment. A routine maintenance program for all equipment, vehicles, trucks and power generating engines should be in place.</p> <p>The project should ensure the use of good quality fuel and lubricants only</p> <p>If dust generation at the project/construction site becomes a problem, limited wetting of sites and or unloading and reloading points should be done to reduce dust raising</p> <p>Construction traffic speed control measures should be enforced on unpaved roads (speed limits through communities should be ≤50km/hr on unpaved roads and near or at project site should be ≤30 km/hr).</p> <p>Engines of vehicles/trucks and earth-moving equipment should be switched off when not in use.</p>

	<p>Landfills should be sited away from human settlements as possible</p> <p>Skins and hides (tanneries) should be sited away from settled areas as possible and mitigation measures for reducing foul smell engrained in the project</p> <p>Air Quality Standards by IFC and World Bank should be observed for skins and hides as well as landfills and thus need for Ambient Air Quality (AAQ) measurements necessary prior to project implementation.</p> <p>The cottage industries like plastic recycling plants; soap making factories; etc. should ensure workers health and safety by providing dust masks and other appropriate PPE to mitigate against dust emission impacts to workers.</p>
Noise and vibration	<p>Proposed investments should require contractors to use equipment and vehicles that are in good working order, well maintained, and that have some noise suppression equipment (e.g. mufflers, noise baffles) intact and in working order. This will be achieved by making it a component of contractual agreements with the construction contractors.</p> <p>Contractors will be required to implement best driving practices when approaching and leaving the site (speed limit of ≤ 30 km/hr) to minimize noise generation created through activities such as unnecessary acceleration and breaking squeal.</p> <p>Engines of vehicles/trucks and earth-moving equipment should be switched off when not in use.</p> <p>Noise generated from factories including plastic recycling plants; soap making factories; cold storage plants; should be mitigated by ensuring workers protection through provision of Personal Protective Equipment (PPEs) to reduce impact of noise.</p> <p>Site sub projects with potential for noise impacts away from residential areas including schools and health facilities</p>
Impacts on Landscape and Visual Receptors	<p>Landscaping of facilities after construction and restoration of disturbed areas e.g. borrow pits</p> <p>Minimise removal of vegetation as much as possible</p>
Impact on traffic and Public safety	<p>Road worthy vehicles and trucks should be used to avoid frequent breakdowns on the roads</p> <p>Experienced and qualified drivers should be employed in order to minimise road accidents</p> <p>Contractors must provide training for drivers; Establish speed limits; Enforce safe driving and take disciplinary action against repeat offenders</p> <p>Training of drivers on road safety regulations</p>
Sub Surface Water use/Abstraction	<p>Obtain water abstraction (sub surface) should be guided by adequate hydrological studies to determine aquifer potential and recharge rates to avoid depletion</p>
Water pollution	<p>For hides and skins, fish processing, animal fattening as well as other industries generating effluent, Central Effluent Treatment Plant (CETP) should be established for treating the wastewater.</p> <p>Agricultural , or sub projects involving use of chemicals in livestock fattening, should practise integrated pest management (IPM) to reduce use of chemicals, which would trigger pollution and eutrophication in water bodies.</p> <p>Effluent from “cottage industries” (soap making, oil processing, fish processing etc.) should be channelled into appropriate waste treatment facilities</p>

	<p>No garbage/refuse, oily wastes, fuels/waste oils should be discharged into drains or onto site grounds</p> <p>Fuel storage tanks/sites should be properly secured to contain any spillage</p> <p>Maintenance and cleaning of vehicles, trucks and equipment should take place offsite especially where project sites are close to water bodies.</p> <p>Toilet facilities should be provided for construction workers to avoid open defecation in nearby bush or local water bodies</p>
Soil and Land degradation	<p>Minimize land clearing areas as much as possible to avoid unnecessary exposure of bare ground to the elements of the weather</p> <p>Re-vegetate cleared areas as early as possible using native plant species</p> <p>Practise soil control measures and conservation measures like gabions, land husbandry techniques etc</p>
Impact on fauna and habitat	<p>Avoid unnecessary exposure and access to sensitive habitat areas</p> <p>For identified or suspected sensitive habitats (swamps/ forest/wetlands/marine), regular inspection or monitoring should be carried out in the area prior to start and during work.</p> <p>If the project site is discovered as a sensitive habitat area, the Project should engage the Ministry of Environment and Rural Development to develop a suitable plan.</p> <p>Prohibition on hunting and consumption of bush meat by workforces</p>
Impacts on Aquatic habitat	<p>Over harvesting and unsustainable harvesting of fisheries (e.g. juvenile fish), endangered fish species e.g. sharks could lead to depletion of fisheries</p> <p>The TA to proposed Port Modernisation investments should include environmental and social assessments and sections in the TOR, that ensure that modern E&S management practice are included, e.g. relating to waste, storage and handling of fuels, oil, wastes, and other potentially hazardous materials as well as a plan for containment and clean-up of accidental spills into the aquatic environment.</p> <p>During pre-installation and installation of project facilities (Port Modernisation), spotting of sensitive aquatic mammals should form part of the project activities. Should these species be observed in the vicinity of the work area, the project should execute measures to avoid destruction or disturbance.</p> <p>Project staff and communities should be obliged to report sightings of any injured or dead aquatic life (fishes)/ mammals immediately, regardless of whether the injury or death is caused by a Project activity. The report should include the date and location of the animal/strike, and the species identification or a description of the animal. The report should be made to the Ministry of Environment and Rural Development.</p> <p>The Project workforce and local communities should be educated to ensure that the importance of marine environmental protection and nature conservation are effectively communicated and that wider appreciation of environmental issues and construction best practice are fostered.</p>
Impact on Avifauna	<p>Projects such as wind turbine construction should avoid migratory paths of avifauna. Where no clear information exists on bird routes, detailed ecological assessments may be required</p>
Impacts on Flora	<p>Sensitive environments (flora) should be avoided and those close to national parks, forests etc. should have a detailed management plan. Projects involving extraction</p>

	<p>of products from natural resources like gums and resins should ensure sustainable harvesting of the products to avoid decimation of the trees that are significant habitats for birdlife and other fauna.</p> <p>Communities extracting products from natural resources e.g. trees should be trained and made aware of sustainable harvesting techniques and the need to conserve the resources.</p> <p>Forest department should undertake continuous monitoring and evaluation of the extraction of resources in order to ensure that sustainable threshold limits are maintained for extraction</p> <p>Clearing of vegetation for construction activities should be as minimal as possible and re-vegetation should be undertaken once construction is completed</p>
Social Environment	
Impacts on Human Health/ Traffic Safety	<p>Trucks carrying construction materials such as sand, quarry dust, laterite etc. will have the buckets covered with tarpaulin or appropriate polythene material from or to project site</p> <p>Only road worthy vehicles/trucks should be used</p> <p>Only experienced drivers/operators should be employed</p> <p>Except for areas secured by fencing, all active construction areas will be marked with high-visibility tape to reduce the risk accidents involving pedestrians and vehicles.</p> <p>All open trenches and excavated areas will be backfilled as soon as possible after construction has been completed. Access to open trenches and excavated areas will be secured to prevent pedestrians or vehicles from falling in.</p> <p>Adequate sanitary facilities will be available for workers (in construction sites) and open range defecation will not be countenanced.</p> <p>Construction workers will be provided with and educated to wear suitable Personal Protective Equipment (PPE) including hard hats, overalls, high-visibility vests, safety boots, earplugs, gloves etc.</p> <p>Enforce use of PPEs at all times for all staff and labourers and ensure supervision of the same to minimise accidents</p> <p>Construction workers should be educated to adhere to basic rules with regard to protection of public health, including most importantly hygiene and disease (HIV/AIDS) prevention.</p>
Impacts on cultural heritage / archaeological interest / existing ecologically sensitive areas	<p>The pre-construction surveys should identify cultural heritage resources and existing ecologically sensitive areas that the project should avoid and by-pass these resources.</p> <p>The Project should implement a chance find procedure and reporting system to be used by contractors in the event that a cultural heritage feature or ecologically sensitive item/issue is encountered.</p>
Impacts on Human Health and Public Safety	<p>All sub projects should ensure that during construction and operation phases EHS procedures are followed including provision of PPEs for all workers on site.</p> <p>The Project will require all contractors to implement an Environmental, Health and Safety (EHS) plan which will outline procedures for avoiding health and safety incidents and for emergency medical treatment. This will be achieved by making it a component of contractual agreement.</p>

	<p>Contractors will be required to wear suitable Personal Protective Equipment (PPE) including hard hats, high-visibility vests, safety boots and gloves and life vests as appropriate in accordance with the EHS plan.</p> <p>Enforce use of PPEs at all times for all staff and labourers and ensure supervision of the same to minimise accidents</p> <p>All construction and other workers will be sufficiently trained in the safe methods pertaining to their area of work to avoid injuries.</p>
Waste pollution	<p>Prepare Waste Disposal Plan for every construction site</p> <p>Install waste disposal receptacles and signs in strategic places within the construction camps</p> <p>Provide training and awareness on need to avoid littering</p> <p>Ensure the construction camps have toilets and connected to an adequate sewer system</p>
HIV/AIDS Spread and other related Public Health Diseases – Water borne diseases etc.	<p>Design HIV/AIDS awareness, sensitisation and prevention program for each project that extends to the communities as a whole;</p> <p>Design programs for reducing the spread of water borne diseases like Malaria, Bilharzia etc. in collaboration with the Ministry of Health</p>
Labour and Employment Related Impacts	<p>Ensure that the local communities are given priority in relation to employment and provided with training (skilled) to provide future labour in the project e.g. operation and maintenance</p>
Odour	<p>Fouls smell from tanneries and landfills should be minimised through employment of modern technology in production of skins and hides and construction of landfills</p> <p>Operating hours of skins and hides should consider</p> <p>Tanneries and landfills should be sited away from settlements to reduce impacts related to ambient air quality</p>

7.5 Project E&S Screening

E&S screening will be routinely embedded in the review and approval process of the grant applications received by the Project. The Fund Manager (SBF/2 Somaliland Business Fund/ Somali Business Fund 2) will have roughly 10-12 full time staff (of which around 25% will be international experts). Short –term international experts (with specific skills and specializations, e.g. on E&S management) will also circulate in and out of Somalia and help review proposals on a regular basis. The Fund has a Fund Manager, a Deputy Fund Manager, and a Financial Manager who will be international experts. Furthermore there is a team of business analysts who support the process of outreach, assistance with the preparation of proposals, support in reviewing proposals, and documentation as well as review and monitoring during implementation.

The application process has the following key steps:

- 1.) Investors are invited to submit two page investment proposals to the fund before a fixed deadline. (e.g. 800 proposals submitted per window and year)
- 2.) The Fund team evaluates these proposals based on fixed and transparent criteria and produces a shortlist of proposals whose owners are invited to submit a full business case for the investment proposal. (e.g. 150 proposals are shortlisted and invited)
- 3.) The investor develops the business case and submits it before a new deadline.
- 4.) The Fund team evaluates the full proposals and produces a new shortlist of proposals that the Fund presents to a Grant Advisory Panel for review. (e.g. 80 proposals are regarded as attractive enough to finance) This list is first screened by the national intelligence/security unit in the Government to ensure that no applicants have a heavy criminal record or is suspected of supporting terrorist activities. The Grant Advisory Panel made up of ministers and civil society organizations reviews the proposals and advises on each proposal and whether it fulfils the criteria and social benefits sought by the fund and the country.
- 5.) Environmental and social factors are considered in all stages of the screening process. E.g. if a project relates to activities included in the negative list, it may be rejected on E&S ground quite upstream in the process. The detailed E&S review, and the assignment of a specific E&S instrument, would take place in step 4 described above.

The Grant Manual, which guides the Fund Management Company's actions, will include a section that clearly outlines how safeguards-related matters will be dealt with. The following approach is envisaged:

- a) The Grant Manual (in stage '2' above) includes a set of "red flag" activities / negative list of activities that will not be supported. This would be communicated to applicants when applicants are invited to submit proposals. Red flag activities could include activities that would involve any form of involuntary private land acquisition or resettlement, activities in (prospective) protected areas, manufacturing or trade in arms/drugs/wild animals, depleting or polluting aquifers, etc. Applicants that submitted negative list proposals would be turned down and the Fund would report on a regular basis on the nature and statistics of these proposals.
- b) The Grant Manual (in stage '4' above) includes a checklist of activities that would require further inspection ("orange flag" activities) by a trained safeguards specialist first within the Fund team, and later by a WB safeguards specialist. Thus, let's say there are 6 proposals out of the 80 that are shortlisted that have triggers in the checklist. These 6 proposals would be scrutinized by an external safeguards specialist, hired by the Fund Manager, as an STC, and this expert would put together a brief report with motivations whether the concerns are deemed safe or risky, as outlined in the framework of appropriate activities in the Grant Manual. Also the appropriate safeguards instrument would be proposed, which in almost all cases would be an abbreviated, checklist-type ESMF.

- c) For the screening process a Positive / Negative List (see **Annex C**) has been developed, which will be used for the first classification of projects (and elimination of ineligible ones) and the subsequent assignment of safeguards instruments.
- d) The reports would be reviewed by the World Bank Safeguards Specialist and consultations would be held by email or the phone as necessary, before the final shortlist is submitted to the Grant Advisory Panel for final review and decision.

7.6 Environmental and Social Instruments

Annex C outlines the envisaged list of activities, identified ineligible ones, and classifies the eligible activities into environmental risk categories (A = hazard, B = potential hazard; C1 potential hazard in specific cases; C2 not hazardous). For the purpose of this ESMF the following approach is envisaged:

Two potential environmental and social (E&S) instruments are foreseen in the project, which would be assigned depending on the screening process. Thus, four different scenarios could result from the screening process in terms of E&S risks and impacts, and further processing:

1. The sub-project has no or negligible E&S impacts; no E&S management instruments, or further monitoring of the project is required (rating C2 in Annex C);
2. The project has minor to moderate E&S impacts, that are localized, standard in nature, and easily identifiable, and mitigable with “off the shelf” good housekeeping and simple mitigation measures. For such projects a checklist an ESMP will be prepared as E&S due diligence instrument, and define the project owner’s obligations and accountability in terms of E&S compliance (ratings C1 and B in Annex C).
3. The project has substantial environmental impacts (still within Category B), that require a thorough investigation and analysis prior to the definition and design of effective E&S management measures. For such projects an ESIA will (TOR see Annex y) be produced to assess impacts, identify appropriate, targeted mitigation measures, and provide the information basis for the ESMP (rating A in Annex C).
4. The project falls under the scope of the negative list of ineligible activities. It is excluded from further consideration for financing.

Regarding the above item 4, ineligible activities, this ESMF specifies some additional criteria which would render a project ineligible:

- any form of involuntary private land acquisition or resettlement,
- activities in (prospective) protected areas,
- manufacturing or trade in arms/drugs/wild animals,
- depleting or polluting aquifers,
- processes entailing the production of toxic emissions, effluents, by-products or waste.

7.7 Monitoring Plans and Indicators

7.7.1 *Monitoring of Environmental and Social Indicators*

The goal of monitoring is to measure the success rate of the project, determine whether interventions have resulted in effective mitigation of negative impacts, or whether further interventions are needed or monitoring is to be extended in some areas. Monitoring indicators will be very much dependent on specific project contexts. In most subprojects they are expected to be simple, mostly visual confirmation of environmental mitigation and good housekeeping measures.

Monitoring

The Environment Ministries in Somalia, Puntland and Somalia and the other relevant government ministries implementing SCORE will be responsible for overall monitoring and evaluation including reporting on compliance. However, the lack of adequate capacity as well as staffing for the this function means that this function cannot be provided by these institutions until capacity within these institutions will have been built and strengthened.

This ESMF therefore proposes that the SBF2 fund manager undertake monitoring and evaluation of the sub projects that it awards funding towards. Under SOMPREP2, the SBF1 engaged with sub project recipients up to the level where they had completely disbursed all the funds and played no further role after that. Similarly, the SBF1 did not provide any role in terms of environmental monitoring during the construction phase of the projects to ensure compliance with the ESMPs.

The SBF2 fund manager will be responsible for monitoring and reporting on compliance with the ESMF for sub projects that it awards funding towards. The SBF2 will ensure that sub projects are screened, their safeguard instruments prepared, cleared and disclosed prior to sub project approval.

The results of the monitoring reports will be submitted to the Bank. In appreciation of the fact that it would be impossible to visit or monitor all sub project investments to be financed under the project, “spot checks” may be undertaken by external consultants but no investment will be ignored in this high level monitoring.

Bank’s Monitoring Support

The Bank will provide the second line of monitoring compliance and commitments made in the ESMP through supervision albeit in a less frequent manner and detail as compared to the first line of monitoring that will be undertaken by the SBF2 fund manager or external consultants. The bank will further undertake monitoring during its scheduled project supervision missions.

Specifically, for each year that the agreement is in effect, sub project executing agencies will be required to submit all the monitoring reports to the Bank as part of its reporting and the Bank supervision missions will review these reports and provide feedback.

Table 4: Monitoring indicator

Monitoring Level	Monitoring Issue	Verifiable Indicators	Responsibility
ESMF Level	Adequate dissemination of ESMF and RPF to stakeholders	Record of consultations and meetings;	Ministries of Environment, Consultants, World Bank
	Capacity building and training programs	Workshop reports.	MERD Consultants, World Bank
Project Investment Level	Preparation of environmental and social impact assessment report	Independent consultants hired to prepare ESIA and/ RAP documents	Line Ministries, Consultants
	Environmental permitting	Environmental Permits for sub projects	Investor, Line Ministries, World Bank
	Monitoring and evaluation	Environmental Management Plans,	Investor, Line Ministries, World Bank
		Monitoring Reports,	Annual Environmental Reports

7.8 Monitoring Roles and Responsibilities

7.8.1 Ministries

SCORE’s key counterparts will include the Ministry of Finance in Mogadishu (FGS), the Puntland President Office in Garowe (GoPl), and the Ministry of Planning and Development in Hargeisa (GoSl). These entities will provide overall responsibility for the government cooperation on this program and remain the World Bank’s principal client for the delivery of the program.

7.8.2 Project Steering Committee

Three Project Steering Committees (PSC) – one each for FGS, GoPl and GoSl – will be set up to oversee the implementation of the SCORE program. The mandate, membership and roles and responsibilities of the PSC will be agreed with the GOS. In addition inter-ministerial mechanisms will be put in place to ensure effective government coordination on the different program components.

7.8.3 Ministries of Environment

The Ministries of Environment in FGS, Puntland and Somaliland have the responsibility of environmental protection and thus will undertake periodic monitoring of the sub projects by making regular site inspection visits to determine compliance with the projects ESIA approved and will further rely on the submitted annual audit reports submitted for each sub project annually. However, in appreciating the lack of adequate staffing and capacity for monitoring and evaluation, external consultants may be called upon to provide these functions until such time when capacity at the ministry will have been strengthened.

The Ministries should nominate a focal point, who will coordinate with other involved ministries on any environmental issues related to the implementation of the TA and capacity building efforts for improving Environmental Assessment and Management practise.

7.8.4 SBF2 Fund Manager and External Environmental Consultants

The SBF2⁵ may retain environmental and social safeguard specialists who will provide screening of sub projects within the SBF2 sub projects especially the large grants. The experts retained under SBF1 undertook screening and desktop review only of sub projects and used this information to prepare ESMPs for the sub projects once targeted for funding without conducting site visits. It is important that for certain projects especially category B, ESMPs should be prepared through field site visits. SBF2 should recruit external consultants to undertake monitoring and evaluation of its activities until the government develops capacity within its ministries to undertake this function.

⁵ This is the Fund Management Company. While there is no full time safeguards specialist, awareness raising for E&S issues will be conducted for the business analysts who will deal with applicants on a daily basis. They will receive training session to properly follow and implement the Grant Manual and understands the issues involved. In case any E&S management instrument is required, they will refer the project to a Consultant who would assist the applicant with the due diligence requirements.

8 COORDINATION & IMPLEMENTATION ARRANGEMENTS

8.1 Sub Project Investment Review

Somalia lacks an Environmental Management and Coordination Act requiring that all projects be subjected to a review and screening process in order to determine whether a full scale ESIA is necessary or otherwise. There is no legal framework that provides for Environmental Impact Assessment for projects in Somalia and this presents a challenge in consolidating Environmental Assessment and Management (EA and M) as a best practise in environmental sustainability.

SCORE may have some sub projects that have potential for adversely affecting the environment during different stages of their development including the construction, operation and de-commissioning phases and as such is rated as category B.

In the absence of adequate environmental regulations by the host country, and recognizing that Bank policy still requires that environmental compliance is attained for all its projects, the environmental and social due diligence requirements of the Bank will take precedence.

In cases where a full scale ESIA is required, it will be required that any feasibility and design studies occur concurrent with the ESIA study in order to ensure that the findings of the ESIA are incorporated in the feasibility study at the design stage. This will ensure that environmentally sound design including proposed mitigation measures as well as alternatives are incorporated in the feasibility reports at the design stage hence avoiding design change at an advanced stage.

No financial support will be provided to a sub-project until the SBF2 Fund Manager has reviewed and cleared the environmental documentation, and - using a representative sample for its review - the World Bank has issued its formal no objection.

Consultation and Disclosure Requirements: In addition to the environmental documentation requirements described above, World Bank Operational Policy 4.01 and the WB Policy on disclosure stipulates that consultation and disclosure requirements be utilized for all sub projects that have significant environmental or social impacts. In the World Bank's policies these would be category A and B projects, in the classification system used for sub-projects in the Project consultations for specific sub-projects would be required for the "A" Category (see Annex C) only. This ESMF also has been disclosed to, and consulted with the public before finalization.

Consultation should take place when a draft final E&S instrument has been prepared and disclosed. During the EA process, the applicant shall consult groups affected by the subproject and local NGOs about the subproject's environmental aspects and take their views into account. In addition, the applicant shall consult with such groups throughout project implementation as necessary to address EA-related issues that affect them.

For meaningful consultations, the applicant shall apply the following disclosure requirements:

- The applicant shall provide relevant material in English and / or the local language (as appropriate) in a timely manner prior to consultation (usually 2-3 weeks in advance);
- The applicant shall make the draft ESIA report including a detailed summary of the ESIA's conclusions available at a public place accessible to groups affected by the subproject and local NGOs.

8.1.1 Screening of sub project and preparation

Somaliland Business Fund Sub Projects

The SBF1 had a screening and review form that it used to ensure that adequate safeguards are incorporated in all the projects targeted for funding. This screening form is adequate for the purposes of screening and the Bank should adopt it for all projects funded under SBF2.

SBF1 undertook screening of all the sub projects approved for funding and the screening was conducted right at the stage when a sub project met the eligibility criteria for funding and qualified for the same. Screening occurred at this stage of concept proposal reviews by SBF1 because at this point the details were known including nature and scope, proposed location and area among other parameters. SBF1 required that all concept proposals for potential funding indicate the location, the scope, size, and extent among others, which made it possible to conduct screening.

Under the SBF1 when sub projects were screened and determined as likely to lead to adverse environmental and social impacts, an ESMP was prepared by retained consultants (social and environment) based in the United Kingdom. This is a best practice that should continue for all sub projects under the SBF2.

However, this ESMF further proposes that after the screening of all sub projects under SBF2, ESMPs should be prepared using a methodology that allows for site field visits in order to appreciate the environment, collect baseline information and undertake stakeholder consultation. The present approach of preparing ESMPs at desktop level should only be reserved for sub projects classified under category C. Furthermore, this ESMF recommends that environmental consultants conduct supervisory missions as part of the Bank mission for projects under implementation specifically if they are Category B projects.

8.1.2 Who prepares a screening checklist?

SBF2 external consultants will be required to continue to prepare the screening checklist forms for SBF2 projects targeted for fund award in order to make a determination as to whether a full scale ESIA, a standalone ESMP or no further environmental studies are needed for investments.

The same approach will be adopted for non-SBF supported sub projects until such time when the capacity of the staff at the Ministry for Natural Resources (MNR) strengthened enough to take up this role.

Completion of the screening form will facilitate the identification of potential environmental and social impacts, the determination of their significance, the assignment of the appropriate environmental category, proposal of appropriate environmental mitigation measures, or the recommendation to execute a full Environmental and Social Impact Assessment (ESIA), if necessary.

All ESIA's and ESMPs will be prepared by qualified consultants and efforts will have to be made to use local consultants in Somalia. Bearing in mind the limited capacity in this sector in Somalia, ESMP templates will be prepared in a user-friendly and practical format, for the expected sub-project typologies. These would become part of the financing agreements and any subsequent works contracts, set the E&S standards and compliance mechanisms, and serve as contractual basis for supervision and enforcement of good E&S practice during operation. For some larger projects a limited ESIA may be required, which would be integrated into an expanded ESMP, as the expected impacts could be more substantial in scale, or the environmental baseline more sensitive and vulnerable to environmental impacts.

8.1.3 Annual Environmental Audit

An independently commissioned environmental and social audit will be carried out on an annual basis. The audit team will report to the Ministries of Environment the PIU and World Bank, who will lead the implementation of any corrective measures that are required. An audit is necessary to ensure (i) that the ESMF process is being implemented appropriately, and (ii) that mitigation measures are being identified and implemented. The audit will be able to identify any amendments in the ESMF approach that are required to improve its effectiveness.

8.2 E&S Screening, Compliance and Reporting

The Ministry of Natural Resources and other agencies implementing the different component of SCORE will implement the ESMF. **Table 6** provides a summary of the stages and institutional responsibilities for the screening, preparation, assessment, approval and implementation of the SCORE sub project activities. However, owing to the fact that the capacity for the ministries to conduct screening is limited, in the meantime, the screening functions will be undertaken by external consultants and progressively handed over to the Ministries and PIU when capacity for the same has been strengthened.

Table 5: Screening Process Management Responsibilities

No.	Stage	Responsibility
1.	Stage I. Screening of Environmental and Social Infrastructure Project to assist in project formulation using the checklist in Annex B. This will be undertaken for all sub projects under the SBF2 including those that will be implemented in future by the government.	Implementing agency (SBF2 Fund Manager), external consultant, Ministries of Environment,
2.	Stage II. Determination of appropriate environmental assessment level/ category, i.e. either a checklist format ESMP, a freestanding, more elaborate ESMP, or an ESIA with limited scope. In the event that the sub project has no further impacts i.e. no further actions needed, then the sub project will proceed to the implementation/execution phase.	Implementing agency (SBF2 Fund Manager), external consultant, Ministries of Environment,
3.	Stage III. During screening, if the sub project is determined to have limited small-scale impacts that are connected with fully foreseeable activities (e.g. construction within built-up areas, rehabilitation or upgrading of buildings, installation of new equipment within existing structures). Action Very simple, “off the shelf” checklist type ESMP (scenario (ii)), or a limited ESIA and ESMP, as described by OP4.01 for Cat B projects	Implementing agency (SBF2 Fund Manager) as primary decision maker, external consultant in advisory function, Ministries of Environment for formal approval, A representative sample of cases will be ex-ante reviewed by the Bank before approval of the Fund Manager can be issued.
4.	Stage IV. During screening if sub projects are determined to have limited impacts that are not fully foreseeable during project planning and need to be assessed specifically. Action Very simple, “off the shelf” ESMP (scenario (ii)), or a limited ESIA and ESMP, as described by OP4.01 for Cat B projects	Implementing agency (SBF2 Fund Manager) as primary decision maker, external consultant in advisory function, Ministries of Environment for formal approval, A representative sample of cases will be ex-ante reviewed by the Bank before approval of the Fund Manager can be issued.
4.1	Selection validation (ex-ante review of a representative sample of subprojects, e.g. 10-20%)	World Bank
5.	Stage V. Implementation of environmental assessment If ESIA is necessary. This applies to large projects that will not be implemented under SCORE and include larger projects for instance port modernization. However, TA will be provided by this project excluding ESIA preparation among others.	Implementing agency (SBF2 Fund Manager)
5.1	Preparation of Terms of Reference if ESIA is necessary; in most cases ESMPs will be a predetermined format to be modifies for the specific sub-project context	TOR preparation and tendering by Implementing agency (SBF2 Fund Manager) no objection to TOR and selected Consultant provided by World Bank
5.2	Validation of ESIA/ESMP TOR (if required)	World Bank
5.3	Selection of Consultant (if required)	Implementing agency (SBF2 Fund Manager), World Bank
5.4	Realization of the EIA, Public Consultation Integration of environmental and social management plan issues in the tender documents and project implementation	Implementing agency (SBF2 Fund Manager), external consultant,
6.	Stage 6. Review and Approval of the final ESIA / ESMP	World Bank/MERD/external consultant
6.1	ESIA Approval (Category A, high-risk B);	World Bank/MERD
7.	Stage 7. Public Consultation and disclosure (only if ESIA was prepared)	Implementing agency (SBF2 Fund Manager)
8.	Stage 8. Development of monitoring indicators	Implementing agency (SBF2 Fund Manager)
9.	Stage 9. Surveillance and monitoring	Implementing agency (SBF2 Fund Manager)/MERD / ex-post review by World Bank/ External consultants

There is a regulatory framework in place in Somalia, including an environmental policy, a law on the protection of the environment, and by-laws and regulations to implement the legislation in projects and activities.

The Environmental Ministries should be consulted for all major activities that other line Ministries prepare and implement. However, in practice there is neither the enforcement and inter-ministerial coordination and cooperation, nor enough capacity in the Ministries to regulate, monitor and enforce the existing legislation.

This ESMF proposes that all sub projects that which are subjected to ESIA be reviewed by the Environmental Ministries jointly with relevant line ministries prior to approval. Similarly, in each line ministry which is relevant to this project, a focal point person should be identified and charged with ensuring that sub project review is undertaken.

This ESMF proposes the creation of an inter-ministerial coordination unit (this can be the current PIU) to increase and enhance the interface between Ministries and/or their agencies. The aim of the interfaces will be to contribute to project quality and sustainability and not necessarily a compliance exercise.

9 CAPACITY BUILDING & TECHNICAL ASSISTANCE

9.1 Implementation/Management Capacity for Developing ESIA/ESMPs

Somalia's current experience, knowledge and professional understanding, and capacity in environmental and social assessment, due diligence standards, compliance regulation and enforcement is limited. This chapter proposes targeted measures for building capacity and assisting the SBF2 applicants with the preparation of their sub-project specific safeguards instruments, i.e. ESIA and ESMPs (or only ESMPs); since this will be their responsibility. The ESMF also proposes capacity building measures to assist the FGS, GoSI and GoPI in further advancing the ESIA process for the larger projects which may be implemented under SOP-2.

9.1.1 *Management Capacity for Safeguards under SBF Portfolio*

The SBF2 portfolio will likely consist of several sub projects, including Category B projects that require developing of ESMPs. The SBF2 Management Team will subject all potential sub projects likely to be funded to a screening process and preliminary determination of potential adverse impacts of proposed projects on the environment. The screening process will be fairly detailed and conducted by a set of environmental and social consultants who have been retained by SB2F solely for this purpose.

This ESMF proposes that local consultants from the academia for example be identified and given training or orientation to conduct screening for SBF as a strategy for building capacity of local consultants which is vital for the future and sustainability of the project.

The other issue is that in spite of the fact that certain projects were screened by SBF1 consultants and determined as likely to contribute to adverse impacts, none of these projects had ESMPs prepared. This is critical and reinforces the need to use local consultants to prepare ESMPs for sub projects that have been determined to need further environmental analysis via ESMP preparation under SBF2.

Responsibility for safeguards management under the SBF2 remains the responsibility of the applicant and therefore this ESMF proposes that all recipients of the SBF, undergo a one week training on mitigation and monitoring including reporting to SBF and the government.

Safeguards Responsibility for Authorities

This ESMF acknowledges that under SCORE, there may be certain larger projects where authorities will have increased responsibility in terms of ensuring safeguards including supervising the preparation of ESIA's.

9.1.2 *Ministries of Environment*

The Ministries of Environment in FGS, GoPI and GoSI will be the principal implementing institutions for the environmental safeguards component of SCORE and will be responsible for

monitoring, including environmental and social aspects of the project etc. for all components. This ministry remains responsible for providing review and approval of sub projects including coordination and ensuring that other ministries implementing sub projects submit necessary reports for its review and approval.

9.1.3 Other Relevant Government line ministries and agencies

The other ministries in Somalia implementing SCORE also require capacity building in Environmental Assessment and Management in order to ensure effective implementation of the Environmental and Social Management Framework (ESMF). The key ministries implementing or playing a role in this project have limited capacity for ensuring environmental compliance and lack in-house capacity and specialists in environment and social safeguards.

10 CONSULTATION AND DISCLOSURE

10.1.1 ESMF Disclosure

Bank procedures require the disclosure of this ESMF as well as related ESIA reports for sub projects to project affected groups, local NGOs, and the public at large. Somalia does not have a specific law or requirement for public disclosure of safeguard documents but this does not imply that these documents will not be disclosed because the Bank procedures in this case will be followed.

Therefore, the SBF2 and other agencies including government ministries implementing components of this project will make available copies of the ESMF and ESIA on their respective websites and offices of the ministries. Public notice in the media should be used to serve as information source to the public.

10.1.2 Public Consultation

During the preparation of the ESIA/ESMPs, public consultation will be a requirement so that the public concerns, issues, perception, fears and suggestions on proposed investment are gathered. The consultations will be conducted through among others;-

- *Key Informant Interviews*
- *Direct Interviews with Project Affected Persons*
- *Workshops and Meetings*
- *Focus Group Discussions*

The project impacts anticipated from the screening will determine if, and in which scope public consultations will be undertaken. Small scale activities without environmental impacts (Cat C) will generally not require consultations. Small scale activities with limited environmental impacts, that normally would not, or take only minor effect beyond the plot where a project is executed, will be consulted with the project affected persons, such as neighbors and adjacent businesses.

Larger scale activities with impacts that, while still within category B, would affect an area wider than the immediate project area (e.g. by emissions, noise, increased traffic, increased waste generation and use of resources), would need consultations of all potentially affected stakeholders before the environmental instruments, normally an ESIA, is finalized.

10.1.3 Grievance Mechanism

Grievance mechanisms provide a formal avenue for affected groups or stakeholders to engage with the project implementers or owners on issues of concern or unaddressed impacts. Grievances are any complaints or suggestions about the way a project is being implemented. They may take the form of specific complaints for damages/injury, concerns about routine project activities, or perceived incidents or impacts. Identifying and responding to grievances supports the development of positive relationships between projects and affected groups/communities, and other stakeholders.

The World Bank standards outline requirements for grievance mechanisms for some projects. Grievance mechanisms should receive and facilitate resolution of the affected institutional or communities' concerns and grievances. The World Bank states the concerns should be addressed promptly using an understandable and transparent process that is culturally appropriate and readily acceptable to all segments of affected communities, at no cost and without retribution. Mechanisms should be appropriate to the scale of impacts and risks presented by a project.

Grievances can be an indication of growing stakeholder concerns (real and perceived) and can escalate if not identified and resolved. The management of grievances is therefore a vital component of stakeholder management and an important aspect of risk management for a project. Projects may have a range of potential adverse impacts to people and the environment in general, identifying grievances and ensuring timely resolution is therefore very necessary.

10.1.4 Establishment of Grievance Redress Committee

Each sub project will have a Grievance Redress Committee (GRC) established for the purpose of handling grievances related to environmental and social concerns. The GRCs will be ad hoc institutions established primarily for the sub project level and will have no legal mandate. The GRC could comprise of:

1. Project Affected Persons representative
2. County/ Sub County/Ward representative
3. Representatives from relevant line ministries
4. Contractor/Engineers
5. Women and Youth Representatives
6. Representation of active NGOs or CBOs in project area

ANNEX A. MINUTES OF PUBLIC HEARING ON SCORE IN HARGEISA AND MOGADISHU

HARGEISA CONSULTATIONS

Manner in which notification of the consultation was announced:

Through outreach; emails and phone calls

Date and location of consultation

The public hearing for the SCORE Project was held in Hargeisa, Somaliland, on 27 October 2015. The duration of the hearing was approximately 3 hours (9 am - 12 pm)

SCORE Environmental Impact Consultation Invitees List

S/No.:	Name	Organization	Tel/ email
1.	Ms. Shukri Haji Bandare	Ministry of Environment	shukriband@yahoo.com
2.	Dr. Saad Ali Shire	Ministry of Planning	saadshire123@gmail.com >
3.	Dr. Musa Qasim	Ministry of Commerce and Investment	drmusakasim@gmail.com
4.	Engr. Mohamed Hussein	Ministry of Environment	Mehussein69@gmail.com
5.	Mr. Ibrahim Ismail	Chamber of Commerce	063 448 5506
6.	Dr. Saeed Ahmed Hassan	Golis University	gollisuniversity@yahoo.ca
7.	Mr. Khalid Jama	Bitz	063 441 5913
8.	Ms. Sahra Omar	Sure Consultancy	063 482 5262
9.	Ms. Asma Mohamoud	HAYA Organization	Hayaorg2010@gmail.com
10.	Ms. Suad Odawa	Entrepreneur	sucaaday@hotmail.com
11.	Mr. Saeed M. Hassan	Sonyo – Youth Umbrella	063 442 7327
12.	Mr. Idiris Hamud Jibril	Aloog Power Company	idiris49@hotmail.com
13.	Ms. Maryan Bile	Agriculture Organization	Alimadar69@hotmail.com
14.	Mr. Abdikarim Gole	Shurako- One Earth Foundation	agole@oneearthfuture.org
15.	Mr. Ali Mohamed Nur	Pesticide SA	063 407 6892
16.	Ms. Ayan Abdi	Agriculture Organization	Ayanabdik74@gmail.com
17.	Mr. Ahmed Fagase	Danish Refugee Council	a.fagaase@gmail.com
18.	Ms. Hibo Ibrahim Hashi	Ministry of Environment	Hibohashi7@gmail.com
19.	Mr. Ahmed Jama Ali	Ministry of Environment	Jjali63@gmail.com
20.	Mr. Adan Ibrahim Jama	Ministry of Environment	063 428202
21.	Mr. Jama Isa Hayir	Ministry of Environment	kxayirl@hotmail.com
22.	Mr. Mohamed Sacad	Consultant	msacad@gmail.com
23.	Ms. Najaad	Consultant	najaada90@gmail.com
24.	Ms. Sagal Idle	Restaurant owner	sagalidle26@hotmail.com
25.	Mr. Omar Musa Kahin	European Hospitality College	Sagalidle26@hotmail.com
26.	Mr. Saeed Farah Mouse	SPS	Saedfarah008@gmail.com
27.	Musa Noor	Elite Yukay Accountants	nooraccountants@gmail.com

The list of attendees is attached below. Overall, the audience comprised a mix of NGOs / CSOs, media representatives, academia and attendees in private capacity (business owners, consultants, entrepreneurs). The Ministry of Environment and Rural Development was represented with 4 staff. Of the total of 17 attendees, 8 were female and 9 male. All attendees

were fluent in English, and about half of the meeting was conducted in English language with consent from the participants.

Meeting Program/Schedule (What is to be presented and by whom, how much time for input by the public)

The meeting was opened by the MoERD, welcoming all participants and explaining the background, reason and planned agenda. The second agenda item was a short overview of the project objectives, approach, and contents, as well as of the environmental and social safeguards policies applying to the project, the potential risks and impacts, and the processes and instruments designed for their avoidance, management and mitigation. These two items were presented by WBG staff. The third agenda item was a Q&A session / open discussion, to which the MOERD invited after the presentation of the project.

Overall the meeting was conducted in an open, informal manner. The participants behaved in an engaged, proactive manner, asking for clarifications and additional information during the entire meeting, and speaking up without inhibitions. Women were particularly outgoing, and dominated the discussion despite their slightly lower number.

Summary Meeting Minutes (comments, questions and response by presenters)

The following questions and comments were received, and responses given during the public hearing:

1. Comment by entrepreneur (restaurant owner): She had applied to the previous SBF (Somali business fund) project and advocated to facilitate access to the matching grants scheme to women. She felt that women, youth and persons with limited literacy had disproportionate difficulties to receive funding, despite often very good business ideas. The team responded that this issue has been recognized and that SCORE would include a “sub-subcomponent” focusing especially on women and youth.
2. MOERD: will there be designated funds in the project for the Ministry to monitor and supervise project implementation? The team responded that while MOERD will not have a formal role in implementation supervision, there is both a budget for capacity building in the project, and a capacity building plan in the ESMF. The interest of MOERD to contribute hands on work is highly welcome, and the team suggests a combination of theoretical training content with on the job training of environmental regulators in the supervision of sub-projects financed by the project.
3. An entrepreneur asked if (i) the project’s objective was to help the MOERD to create and implement new regulations, and (ii) if the financing scheme was specifically directed at environmental projects. The team clarified that neither was the case. The project certainly will respect domestic regulations as far as in place, and involve the MOERD on a capacity-building basis. But neither regulatory support nor capacity building for the Ministry are core objectives of the project. Also, E&S criteria are one subset of a much larger scope of factors considered when evaluating grant applications.
4. A private person asked if the project will focus on, or prioritize certain sectors. The team and MOERD responded that no, the scope of activities is entirely open, except those on the negative list for E&S or ethical reasons.

5. MOERD asked how the screening and classification mechanism will be operated, and how it would translate into mitigation measures. The team highlighted and explained the relevant sections of the ESMF, and added that the majority of mitigation measures are expected to be managed with a simplified, checklist type ESMP. The team emphasized, that E&S compliance should not become an unsurmountable obstacle to applicants, and that the project is designed to keep processes as simple and effective as possible, and transaction cost and time under control. The team also mentioned that what the Bank considers “normally acceptable practice” may have to be modified for some subprojects, due to the underdeveloped environmental services sector in Somaliland, which e.g. will not allow waste and wastewater management complying with good international practice.
6. A representative from academia asked at which point applicants would be notified about the eligibility of their proposal under E&S criteria, and know which safeguards obligations their proposal would face? The team explained that the negative list is one of the first filters, applied at the concept stage, before the applicant has invested major efforts. Also, project screening and classification is done at this early stage, at least on a tentative basis.
7. MOERD asked if the Ministry had a formal role in the screening and classification process. The team responded that there was no formal role for MOERD, but that the Ministry would have a seat on the Grant Advisory Panel (GAP), which would allow to influence and steer the sub-project portfolio.
8. One NGO representative inquired about the maximum grant amount per subproject. The team responded that it would be around 150,000 USD, and commented that with this financial volume any E&S impacts would automatically be quite limited.

At this point a general discussion ensued regarding details of the project design, implementation arrangements, jobs to be created under the project, etc.

The meeting was closed by MOERD, after contacts of Ministry and task team had been shared with the attendees, along with an invitation to follow up per e-mail with any additional questions.

List of decisions reached, and any actions agreed upon with schedules, deadlines and responsibilities.

There were no objections from any of the attendees to the planned safeguards approach for the SCORE project, nor to the contents and substance of the ESMF. MOERD strongly supported to ensure a seat on the GAP for the Minister, and to involve the Ministry in the project’s regulatory oversight and supervision as learning by doing exercise.

Agenda

Agenda

For Environmental and Social Safeguards Consultations
At the Maansoor Hotel, Hargeisa, Somaliland
Tuesday, 27 October 26, 2015
9:00 AM

Topic	Chair	Time
Welcoming and opening Remarks	Ms. Shukri Haji Bandare; Minister of Environment and Rural Development (MoERD)	9:15
Round the table: introduction of organizers and attendees	All attending	9:25
Introduction of the Technical aspects of the project	Najeeb Hashi (World Bank)	9:40
Quick overview of the Environmental aspect of the project	Wolf Pohl (World Bank)	10:00
Q&A and Open Discussions	MoERD, World Bank	10:20
Closing Remarks	MoERD	11:45

List of Attendees

SCORE Environmental Impact Consultation Meeting 27 Oct 2015 Participants List

	Name	Organization	Contact
1	Mr. Abdikarim Gole	Shuraako –OEF	agole@shuraako.org
2	Ms. Sahra Omar	Sure Consultancy	Sureconsultancy1@gmail.com
3	Ms. Asma Mohamoud	HAYA Organisation	Hayaorg2010@gmail.com
4	Ms. Maryan Bile	Agriculture Org	madahirbe@yahoo.com
5	Ms. Ayan Abdi	Agriculture Org	Ayanabdk74@gmail.com
6	Ms. Suad Odowa	Agriculture Org	sucaaday@hotmail.com
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8	Mr. Jama Issa Hayir	MOERD	kxayirl@hotmail.com
9	Ms. Hibo Ibrahim Hashi	MOERD	Hibohashi7@gmail.com
10	Mr. Adan Ibrahim Jama	MOERD	063 428202
11	Eng. Mohamed Elmi Hussein (DG)	MOERD	Mehussein69@gmail.com
12	Mr. Ahmed Jama Ali	MOERD	Jjcali63@gmail.com
13	Mr. Ahmed Fagaase	DRC	a.fagaase@drcsomaliland.org

14	Mr. Mohamed Sacad	Local Consultant PPP	msacad@gmail.com
15	Ms. Najaad Ar	SWM	Najaada90@gmail.com
16	Ms. Sagal Idle	Royal Lounge – Restaurant	Sagalidle26@hotmail.com
17	Mr. Omar Musse Kahin	European Collage	Som.can3@gmail.com
18	Mr. Saeed Farah Mouse	SPS	Saedfarah008@gmail.com
19	Mr. Musa Noor	Elite Yukay Accountants	nooraccountants@gmail.com

Photo-documentation





MOGADISHU CONSULTATIONS

Manner in which notification of the consultation was announced:

Outreach by e-mail and phone

The following individuals and entities were approached either by phone or by email.

List of invitees

S/No ∴	Name	Organization	Email/ tel
1.	Hon. Farah Nur	Ports and Marine Transport	amb.nur@icloud.com
2.	Hon. Abdullahi Adam	Ministry of Commerce and Industry	061 525 1879
3.	Mr. Ahmed Dayib Nor	Ministry of Finance	dayibpmo@gmail.com
4.	Mr. Abdullahi Mohamed Weheliye	Ministry of Ports and Marine Transport	mastermariner58@hotmail.com
5.	Mr. Liban Abdirahman Osman	Ministry of Commerce and Industry	liban44@hotmail.com
6.	Mr. Burhan Iman Ahmed	Office of the Prime Minister	Burhan.imaan@gmail.com
7.	Mr. Sayid Omar Abdullahi	Office of the Prime Minister	061 772 7777
8.	Ms. Deeqa Hagi Yussuf	Entrepreneur	Deeqa.yasin@gmail.com
9.	Ms. Halima Caruush	LNGO	caruushay@yahoo.it

Date and location of consultation

The Consultation was held in **Mogadishu** International Airport (AMISOM meeting Room), on the **3rd of November, 2015**.

The public hearing on SCORE Project was held in Mogadishu, Somalia, on November 3rd, 2015. The duration of the hearing was approximately 2 hours (9.30 am – 11.30 pm).

Due to the security restrictions to the Mogadishu airport (AMISOM), only three people managed to attend the meeting from the Ministries of Finance and Ports and Marine Transport as well as a representative from the Office of the Prime Minister.

Meeting Program/Schedule (What is to be presented and by whom, how much time for input by the public)

The meeting was opened by the WB staff member, welcoming the participants who explained the background, purpose and planned agenda for the meeting. The second agenda item was a short overview of the project objectives, approach, and contents, as well as of the environmental and social safeguards policies applying to the project, the potential risks and impacts, and the processes and instruments designed for their avoidance, management and mitigation. These two items were presented by WBG staff. The third agenda item was a Q&A session / open discussion.

Overall the meeting was conducted in an open, informal manner. The participants behaved in an engaged, proactive manner, asking for clarifications and additional information during the entire meeting, and speaking up without inhibitions.

Summary Meeting Minutes (comments, questions and response by presenters)

The following questions and comments were received, and responses given during the public hearing:

- ✓ The participants raised the issue of pollution impact of the small industry scale projects on the environment, particularly in the urban areas;
- ✓ The meeting chair commented that SCORE ESMF is to be used as a guide for assessing applications and considering the proposed businesses that will directly or indirectly effect the environment;
- ✓ Participants commented that certain activities need to be mitigated (i.e.: Solid, liquid, hazardous and medical waste) that will hinder the short and long-term success and viability of the projects;
- ✓ Participants asked for clarification on whether the fund management firm would be a local or international firm;
- ✓ Participants commented on the procedures to be put in place regarding grievances for the unsuccessful Catalytic Fund applicants to be carried out by an independent panel outside of the fund management firm;
- ✓ The meeting chair explained the role and responsibility of the Grant Advisory Panel, which will comprise government, civil society and chamber of commerce representatives. The panel will be chaired by the Minister of Finance;
- ✓ Participants inquired about the size of grants under the Catalytic fund (\$10,000 to \$ 50,000 for small grants and \$50,000 to \$150,000 for large grants).
- ✓ Participants commented on the need of wide-ranging outreach by the fund management firm throughout Mogadishu.

General discussions ensued in relation to the overall SCORE Program, particularly the component that the government is managing.

List of decisions reached, and any actions agreed upon with schedules, deadlines and responsibilities.

There were no objections from any of the attendees on the planned safeguards approach for the SCORE program or the contents and substance of the ESMF.

Agenda

For Environmental and Social Safeguards Consultations
At the AMISOM meeting room
Mogadishu, Somalia
Tuesday, November 3rd, 2015
9:00 AM

Topic	Chair	Time
Welcoming and opening Remarks	Mr. Farah Nur; Minister of ports and Marine Transport	9:15
Round the table: introduction of organizers and attendees	All attending	9:25
Introduction of the Technical aspects of the project	World Bank	9:40
Quick overview of the Environmental aspect of the project	World Bank	10:00
Q&A and Open Discussions	FGS, World Bank	10:20
Closing Remarks	FGS	11:15

List of Attendees

1.	Mr. Ahmed Dayib Nor	Ministry of Finance	dayibpmo@gmail.com
2.	Mr. Abdullahi Mohamed Weheliye	Ministry of Ports and Marine Transport	mastermariner58@hotmail.com
3.	Mr. Burhan Iman Ahmed	Office of the Prime Minister	Burhan.iiman@gmail.com



Affect the quantity or quality of surface waters (e.g. rivers, streams, wetlands), or groundwater (e.g. wells, reservoirs)?	<input type="checkbox"/>	<input type="checkbox"/>
Be located within or nearby environmentally sensitive areas (e.g. intact natural forests, mangroves, wetlands) or threatened species?	<input type="checkbox"/>	<input type="checkbox"/>
Lead to soil degradation, soil erosion in the area?	<input type="checkbox"/>	<input type="checkbox"/>
Create waste that could adversely affect local soils, vegetation, rivers and streams or groundwater	<input type="checkbox"/>	<input type="checkbox"/>
Create pools of water that provide breeding grounds for disease vectors (for example malaria or bilharzia)?	<input type="checkbox"/>	<input type="checkbox"/>
Involve significant excavations, demolition, and movement of earth, flooding, or other environmental changes?	<input type="checkbox"/>	<input type="checkbox"/>
Affect historically important or culturally important site nearby?	<input type="checkbox"/>	<input type="checkbox"/>
Require land for its development, and therefore displace individuals, families or businesses from land that is currently occupied, or restrict people's access to crops, pasture, fisheries, forests or cultural resources, whether on a permanent or temporary basis?	<input type="checkbox"/>	<input type="checkbox"/>
Result in human health or safety risks during construction or later?	<input type="checkbox"/>	<input type="checkbox"/>
Involve inward migration of people from outside the area for employment or other purposes?	<input type="checkbox"/>	<input type="checkbox"/>
Will the Project:	Yes	No
Result in conflict or disputes among communities?	<input type="checkbox"/>	<input type="checkbox"/>
Be located in or near an area where there is an important historical, archaeological or cultural heritage site?	<input type="checkbox"/>	<input type="checkbox"/>
Result in a significant change/loss in livelihood of individuals?	<input type="checkbox"/>	<input type="checkbox"/>
Adversely affect the livelihoods and /or the rights of women?	<input type="checkbox"/>	<input type="checkbox"/>

If you have answered Yes to any of the above, please describe the measures that the project will take to avoid or mitigate environmental and social impacts

[type here]

What measures will the project take to ensure that it is technically and financially sustainable?

[type here]

If the answer to any of questions "Yes", please use the indicated sections(s) of the ESMF for guidance on how to avoid or minimize typical impacts and risks.

Impact Magnitude Rating

Insignificant	1
Minor	2
Moderate	3
High	4
Severe	5

CONCLUSION

Which course of action do you recommend?

FULL ESIA **ESMP**

OTHER ENVIRONMENTAL/SOCIAL PLANS

There are no environmental or social risks

[Type here]

Format 2.0: SCREENING CHECKLIST REVIEW FORM (Prepared by external consultants until requisite capacity within MERD and PCU is attained)

	Yes	No
Based on the location and the type of investment, please explain whether the Proponent's responses are satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>
Their description of the compliance of the investment with relevant planning Documents	<input type="checkbox"/>	<input type="checkbox"/>
If 'No', please explain: [type here]		
Their responses to the questions on environmental and social impacts	<input type="checkbox"/>	<input type="checkbox"/>
If 'No', please explain: [type here]		
Their proposed mitigation measures	<input type="checkbox"/>	<input type="checkbox"/>
If 'No', please explain: [type here]		
Their proposed measures to ensure sustainability	<input type="checkbox"/>	<input type="checkbox"/>
If 'No', please explain: [type here]		

REVIEWER'S CONCLUSION

Which course of action do you recommend?

- FULL ESIA** **ESMP**;
- There are no environmental or social risks

[Type here]

- Preparation of a project Report, based on field appraisal, is required to investigate further, specifically to investigate:

[Type here]

- Reject**

Review form completed by: [type here]
Name: [type here]
Position / Community: [type here]

ANNEX C. OPERATIONAL POSITIVE / NEGATIVE LIST

In interpreting the following table it should be born in mind that actual conditions are very important in determining a rating. Somalia is a relatively sparsely populated semi-desert country in which some issues loom relatively large (e.g. water use) and other relatively small (e.g. effluent or noise). The environmental impact also varies considerably depending nearness to population centers. It also must be born in mind that the enterprises being funded are mainly small scale and their environmental impacts are correspondingly generally small scale.

The importance of local conditions- both country wide and in micro locations make a case by case approach highly advisable, rather than a blanket score. There are also general conditions like health and safety at work that apply to all categories and are only scored in the table for especially at-risk cases. In addition poor housekeeping or maintenance can create hazards in all activities. These possibilities and others relating to poor management (e.g. illnesses contracted through poor food handling) are not included in the table. In general service activities are less likely to be hazardous than production.

Environment Assessment – Project Scoring

Subsector	Within population center	Peri-Urban/ rural	Outside populated area	Source/type of potential hazard
<i>Rating: A = hazard, B = potential hazard; C1 potential hazard in specific cases; C2 not hazardous</i>				
A -Agriculture, forestry and fishing				
•01 – Crop/animal production	N/A	B	B or C1	Within population centers ongoing animal production (not temporary markets) has potential for disease, odor etc. Commercial crop production potential for water overuse/ fertilizer/ pesticide runoff.
•02 - Forestry and logging	N/A	B	B	Existing forest area small; preservation of residual forest is an issue
•03 - Fishing / aquaculture	N/A	N/A	C1	Potential overfishing not yet problematic at small scale in coastal waters
•B - Mining and quarrying				
•04 - coal and lignite	N/A	N/A		No reserves
•05 - oil/ natural gas	N/A	N/A	??	No reserves ??
•06 - metal ores	A	B	C1	Chemical runoff; air pollution; noise.
•07 - Other mining and quarrying	A	B	C1	Air and noise pollution from Mining/ quarrying affects population centers. Possible chemical runoff from refining etc
•08 - Mining support service	C2	C2	C2	
•C – Manufacturing				
•09 - food products	B	C1	C2	Possible contamination from effluent, chemicals
•10 – beverages	C1	C1	C1	Potential water use problem

•11 - tobacco products	A			Excluded?
•12 – textiles	C1	C1	C1	Possible water overuse. Possible chemical effluent (in printing etc)
•13 - wearing apparel	C2	C2	C2	
•14 - leather and related products	B	C1	C2	Possible tanning chemical effluent; odor
•15 – wood products	B	C1	C1	Possible noise; deforestation effects
•16 - Manufacture of paper and paper products	B	B	C1	Possible noise; possible chemical runoff; possible water overuse
•17 - Printing and reproduction of recorded media	C2	C2	C2	
•18 – Coke. refined petroleum products	N/A			N/A
•19 - Chemicals and chemical products	B	B	C1	Effluent; possible dangerous reactions
•20 - Pharmaceutical products	B	B	C1	Possible dangerous effluent
•21 - Rubber and plastics products	C1	C1	C1	Possible plastics waste effects
•22 – Non-metallic mineral products (cement, clay, glass, etc)	B	C1	C1	Possible noise, air pollution, safety at work hazards
•23 - Basic metals				N/A
•24 - Fabricated metal products	B	C1	C1	Possible noise; safety at work hazards
•25 - Manufacture of computer, electronic and optical products	C1	C1	C2	Possible chemical effluent
•26 - Manufacture of electrical equipment	C1	C1	C2	Possible safety at work issues
•27 - Manufacture of machinery and equipment	B	C1	C2	Possible noise; safety at work issues
•28 - Manufacture of motor vehicles, trailers and semi-trailers	B	C1	C2	
•29 - Manufacture of other transport equipment	B	C1	C2	
•30 - Manufacture of furniture	C1	C2	C2	Possible chemical product spillage (e.g, paint)
•31 - Other manufacturing				
•32 - Repair and installation of machinery and equipment	C1	C1	C2	Possible chemical spillage
•33 - Electricity, gas	C1	C2	C2	Possible Noise
•D - Water supply; sewerage, waste management	B	B	C1	Possible effluent; contamination; air pollution
•34 - Water collection, treatment and supply	C1	C1	C1	Possible contamination
•35 - Sewerage	C1	C1	N/A	Possible spillage, contamination
•E – Construction				
•36 - Construction of buildings	B	C1	C1	Possible noise, air pollution, safety at work issues
•37 - Civil engineering services	C2	C2	C2	
•38 – Trade and repair of motor vehicles and motorcycles	C1	C1	C1	Possible noise; chemical spills
•F - Transportation and storage				
•39 - Land / pipeline transport	C1	C1	C1	Possible leakage/ spills

•40 - Warehousing and support activities for transportation	C2	C2	C2	
•41 - Postal and courier activities	C2	C2	C2	
•G – Hotels, food service				
•42 – Accommodation, hotels	C2	C2	C2	
•43 - Food and beverage service	C2	C2	C2	
•H – Information, communication, business services				
•44 - Publishing activities	C2	C2	C2	
•45 - Movie, video, TV, recording	C2	C2	C2	
•46 - Telecommunications	C2	C2	C2	
•47 - Computer programming, consultancy and related activities	C2	C2	C2	
•48 - Information service activities	C2	C2	C2	
49. Finance, insurance, real estate	C2	C2	C2	
•50 - Scientific research and development	C2	C2	C2	
•51 - Repair of computers and personal and household goods	C2	C2	C2	
•52 - Administrative, security services	C2	C2	C2	
•53 - Office administrative, office support and other business support activities	C2	C2	C2	
•54 – Educational establishments, libraries, museums	C2	C2	C2	
•55 - Human health care activities	C1	C1	C1	Possible contamination (e.g. medical testing labs)
•56 - Creative, arts, entertainment	C2	C2	C2	
•57 Sports, recreation activities	C2	C2	C2	

ANNEX D. TEMPLATE FOR CHECKLIST ESMP

Project, Country:

Client:

Environmental and Social Management Plan (ESMP) Checklist for Civil Works

General Guidelines for use of ESMP checklist:

For construction projects that have low and clearly defined environmental and social risks, such as the cleanup and demolition of the remains of the Marche Central, a streamlined approach is applied to mainstream the World Bank's environmental safeguards requirements, as well as general good international practice into projects.

The ESMP checklist-type format covers typical key mitigation measures to civil works contracts with small, localized impacts or of a simple, low risk nature. This format provides the key elements of an Environmental Management Plan (EMP) to meet the minimum World Bank Environmental Assessment requirements for Category B projects under OP 4.01. The intention of this checklist is that it offers practical, concrete and implementable guidance to Contractors and supervising Engineers for simple civil works contracts. It should be completed during the final design phase and, either freestanding or in combination with any environmental documentation produced under national law (e.g. EIA reports), constitute an integral part of the bidding documents and eventually the works contracts.

The checklist ESMP has the following sections:

Part A includes a descriptive part that characterizes the project, specifies institutional and regulatory aspects, describes technical project content, outlines any potential need for capacity building and briefly characterizes the public consultation process. This section should indicatively be up to two pages long. Attachments for additional information may be supplemented as needed.

Part B includes a screening checklist of potential environmental and social impacts, where activities and potential environmental issues can be checked in a simple Yes/No format. If any given activity/issue is triggered by checking "yes", a reference to the appropriate section in the table in the subsequent Part C can be followed, which contains clearly formulated environmental and social management and mitigation measures.

Part C represents the environmental monitoring plan to follow up proper implementation of the measures triggered under Part B. It has the same format as required for MPs produced under standard safeguards requirements for Category B projects.

Part D contains a simple monitoring plan to enable both the Contractor as well as authorities and the World Bank specialists to monitoring due implementation of environmental management and protection measures and detect deviations and shortcomings in a timely manner.

Part B and C have been structured in a way to provide concrete and enforceable environmental and social measures, which are understandable to non-specialists (such as Contractor's site managers) and are easy to check and enforce. The ESMP should be included in the BoQ (bill of quantities) and the implementation priced by the bidders. Part D has also been designed intentionally simple to enable monitoring of key parameters with simple means and non-specialist staff.

CONTENTS

- A) General Project and Site Information**
- B) Safeguards Information**
- C) Mitigation Measures**
- D) Monitoring Plan**

PART A: GENERAL PROJECT AND SITE INFORMATION

INSTITUTIONAL & ADMINISTRATIVE				
Country	Country			
Project title	Project Name			
Scope of project and activity	Very brief description (max 1 paragraph)			
Institutional arrangements (Name and contacts)	WB (Project Team Leader)	Project Management	Local Counterpart and/or Recipient	
Implementation arrangements (Name and contacts)	Safeguard Supervision	Local Counterpart Supervision	Local Inspectorate Supervision	Contactor
SITE DESCRIPTION				
Name of site				
Describe site location	Attachment 1: Site Map []Y [] N			
Who owns the land?				
Description of geographic, physical, biological, geological, hydrographic and socio-economic context				
Locations and distance for material sourcing, especially aggregates, water, stones?				
LEGISLATION				
Identify national & local legislation & permits that apply to project activity				
PUBLIC CONSULTATION				
Identify when / where the public consultation process took place				
INSTITUTIONAL CAPACITY BUILDING				
Will there be any capacity building?	[] N or []Y if Yes, Attachment 2 includes the capacity building program			

PART B: SAFEGUARDS SCREENING AND TRIGGERS

ENVIRONMENTAL /SOCIAL SCREENING FOR SAFEGUARDS TRIGGERS			
	Activity/Issue	Status	Triggered Actions
Will the site activity include/involve any of the following??	A. Roads rehabilitation	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section A below
	B. New construction of small traffic infrastructure	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section A below
	C. Impacts on surface drainage system	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section B below
	D. Historic building(s) and districts	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section C below
	E. Acquisition of land ⁶	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section D below
	F. Hazardous or toxic materials ⁷	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section E below
	G. Impacts on forests and/or protected areas	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section F below
	H. Risk of unexploded ordinance (UXO)	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section G below
	I. Traffic and Pedestrian Safety	<input type="checkbox"/> Yes <input type="checkbox"/> No	If “Yes”, see Section H below

⁶ Land acquisitions includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

⁷ Toxic / hazardous material includes but is not limited to asbestos, toxic paints, noxious solvents, removal of lead paint, etc.

PART C: MITIGATION MEASURES

ACTIVITY	PARAMETER	MITIGATION MEASURES CHECKLIST
General Conditions	Notification and Worker Safety	<ul style="list-style-type: none"> (a) The local construction and environment inspectorates and communities have been notified of upcoming activities (b) The public has been notified of the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works) (c) All legally required permits have been acquired for construction and/or rehabilitation (d) The Contractor formally agrees that all work will be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment. (e) Workers' PPE will comply with international good practice (always hardhats, as needed masks and safety glasses, harnesses and safety boots) (f) Appropriate signposting of the sites will inform workers of key rules and regulations to follow.
A. General Rehabilitation and /or Construction Activities	Air Quality	<ul style="list-style-type: none"> (a) During excavation works dust control measures shall be employed, e.g. by spraying and moistening the ground (b) Demolition debris, excavated soil and aggregates shall be kept in controlled area and sprayed with water mist to reduce debris dust (c) During pneumatic drilling or breaking of pavement and foundations dust shall be suppressed by ongoing water spraying and/or installing dust screen enclosures at site (d) The surrounding environment (side walks, roads) shall be kept free of soil and debris to minimize dust (e) There will be no open burning of construction / waste material at the site (f) All machinery will comply with Polish emission regulations, shall well maintained and serviced and there will be no excessive idling of construction vehicles at sites
	Noise	<ul style="list-style-type: none"> (a) Construction noise will be limited to restricted times agreed to in the permit (b) During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible
	Water Quality	<ul style="list-style-type: none"> (a) The site will establish appropriate erosion and sediment control measures such as e.g. hay bales and / or silt fences to prevent sediment from moving off site and causing excessive turbidity in canalization and nearby streams and rivers
	Waste management	<ul style="list-style-type: none"> (a) Waste collection and disposal pathways and sites will be identified for all major waste types expected from excavation, demolition and construction activities. (b) Mineral construction and demolition wastes will be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and stored in appropriate containers. (c) Construction waste will be collected and disposed properly by licensed collectors (d) The records of waste disposal will be maintained as proof for proper management as designed. (e) Whenever feasible Contractor will reuse and recycle appropriate and viable materials (except when containing asbestos)
B. Impacts on surface drainage system	Water Quality	<ul style="list-style-type: none"> (a) There will be no unregulated extraction of groundwater, nor uncontrolled discharge of process waters, cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers; the Contractor will obtain all necessary licenses and permits for water extraction and regulated discharge into the public wastewater system. (b) There will be proper storm water drainage systems installed and care taken not to silt, pollute, block or otherwise negatively impact natural streams, rivers, ponds and lakes by construction activities (c) Procedures in place for prevention of / response to accidental spills of fuels, lubricants, other toxic or noxious substances (d) Construction vehicles / machinery washed only in designated areas where runoff will not pollute natural water bodies

ACTIVITY	PARAMETER	MITIGATION MEASURES CHECKLIST
C. Historic building(s)	Cultural Heritage	(a) If construction works take place close to a designated historic structure, or are located in a designated historic district, notification shall be made and approvals/permits be obtained from local authorities and all construction activities planned and carried out in line with local and national legislation. (b) It shall be ensured that provisions are put in place so that artifacts or other possible “chance finds” encountered in excavation or construction are noted and registered, responsible officials contacted, and works activities delayed or modified to account for such finds.
D. Acquisition of land	Land Acquisition Plan/Framework	(c) If expropriation of land was not expected but is required, or if loss of access to income of legal or illegal users of land was not expected but may occur, that the Bank’s Task Team Leader shall be immediately consulted. (d) The approved Land Acquisition Plan/Framework (if required by the project) will be implemented
E. Toxic materials	Asbestos management	(a) If asbestos is located on the project site, it shall be marked clearly as hazardous material (b) When possible the asbestos will be appropriately contained and sealed to minimize exposure (c) The asbestos prior to removal (if removal is necessary) will be treated with a wetting agent to minimize asbestos dust (d) Asbestos will be handled and disposed by skilled & experienced professionals (e) If asbestos material is be stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately. Security measures will be taken against unauthorized removal from the site. (f) The removed asbestos will not be reused
	Toxic / hazardous waste management	(a) Temporarily storage on site of all hazardous or toxic substances will be in safe containers labeled with details of composition, properties and handling information (b) The containers of hazardous substances shall be placed in an leak-proof container to prevent spillage (c) The wastes shall be transported by specially licensed carriers and disposed in a licensed facility. (d) Paints with toxic ingredients or solvents or lead-based paints will not be used
F. Affected forests, wetlands and/or protected areas	Ecosystem protection	(a) All recognized natural habitats, wetlands and protected areas in the immediate vicinity of the activity will not be damaged or exploited, all staff will be strictly prohibited from hunting, foraging, logging or other damaging activities. (b) A survey and an inventory shall be made of large trees in the vicinity of the construction activity, large trees shall be marked and cordoned off with fencing, their root system protected, and any damage to the trees avoided (c) Adjacent wetlands and streams shall be protected from construction site run-off with appropriate erosion and sediment control feature to include by not limited to hay bales and silt fences (d) There will be no unlicensed borrow pits, quarries or waste dumps in adjacent areas, especially not in protected areas.
G. Risk of unexploded ordinance (UXO)	Hazard to human health and safety	(a) Before start of any excavation works the Contractor will verify that the construction area has been checked and cleared regarding UXO by the appropriate authorities
H Traffic and pedestrian safety	Direct or indirect hazards to public traffic and pedestrians by construction activities	(b) In compliance with national regulations the Contractor will insure that the construction site is properly secured and construction related traffic regulated. This includes but is not limited to <ul style="list-style-type: none"> ▪ Signposting, warning signs, barriers and traffic diversions: site will be clearly visible and the public warned of all potential hazards ▪ Traffic management system and staff training, especially for site access and near-site heavy traffic. Provision of safe passages and crossings for pedestrians where construction traffic interferes. ▪ Adjustment of working hours to local traffic patterns, e.g. avoiding major transport activities during rush hours or times of livestock movement ▪ If required, active traffic management by trained and visible staff at the site for safe passage for the public ▪ Ensuring safe and continuous access to all adjacent office facilities, shops and residences during construction

PART D: MONITORING PLAN (EXEMPLARY, TO BE EXPANDED AS NEEDED)

Phase	What (Is the parameter to be monitored?)	Where (Is the parameter to be monitored?)	How (Is the parameter to be monitored?)	When (Define the frequency / or continuous?)	Why (Is the parameter being monitored?)	Cost (if not included in project budget)	Who (Is responsible for monitoring?)
During activity preparation	site access traffic management	at the site	check if design and project planning foresee diligent procedures	before launch of construction	safety of general public,	marginal, within budget	Contractor, Engineer
	availability of waste disposal facilities	at the site in site vicinity on site			timely detection of waste disposal bottlenecks	marginal, within budget; (prepare special account for analyses at PMU?)	
	hazardous waste inventory (asbestos)	Contractor's store / building yard	visual / analytical if in doubt	before start of rehabilitation works before approval to use materials	public and workplace health and safety		
	construction material quality control (eg. paints / solvents)		visual / research in toxic materials databases				
During activity supervision	dust generation	on site and in immediate neighborhood, close to potential impacted residents	visual consultation of locals	daily	avoidance of public nuisance	marginal, within budget	Contractor, Engineer
	noise emissions			daily			
	waste and wastewater types, quality and volumes	at discharge points or in storage facilities	visual, analytical if suspicious count of waste transports off site, check flow rates and runoff routes for wastewater	daily / continuous	avoidance of negative impacts on ground/ surface waters ensuring proper waste management and disposal		
	surface drainage soundness			daily / continuous			

ANNEX E. MINIMUM CONTENTS OF AN ESIA

The EA report should include the following items (not necessarily in the order shown):

- a) Executive summary. Concisely discusses significant findings and recommended actions.
- b) Policy, legal, and administrative framework. Discusses the policy, legal, and administrative framework within which the EA is carried out. Explains the environmental requirements of any co-financiers. Identifies relevant international environmental agreements to which the country is a party.
- c) Project description. Concisely describes the proposed project and its geographic, ecological, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). Indicates the need for any resettlement plan or indigenous peoples development plan (see also subparagraph (h)(v) below). Normally includes a map showing the project site and the project's area of influence.
- d) Baseline data. Assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigatory measures. The section indicates the accuracy, reliability, and sources of the data.
- e) Environmental and social impacts. Predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention.
- f) Analysis of alternatives (optional in a category B project). Systematically compares feasible alternatives to the proposed project site, technology, design, and operation - including the "without project" situation - in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. For each of the alternatives, quantifies the environmental impacts to the extent possible, and attaches economic values where feasible. States the basis for selecting the particular project design proposed and justifies recommended emission levels and approaches to pollution prevention and abatement.
- g) Environmental management plan (EMP). Covers mitigation measures, monitoring, and institutional strengthening; see outline in OP 4.01, Annex C.
- h) Appendixes
 - (i) List of EA report preparers--individuals and organizations.

- (ii) References--written materials, both published and unpublished, used in study preparation.
- (iii) Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected people and local nongovernmental organizations (NGOs). The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs.
- (iv) Tables presenting the relevant data referred to or summarized in the main text.
- (v) List of associated reports (e.g. resettlement plan or indigenous peoples development plan).

ANNEX F. SAMPLE E&S CLAUSES FOR CONSTRUCTION CONTRACTS

Section x.y.z Environmental Management and Compliance

(A) Definition of good environmental and social practice:

- a. The understanding of the project’s potential and anticipated environmental and social impacts is established by an environmental and social impact assessment (ESIA) executed by [Consultant], [county] and submitted in its final form in [dd/mm/yyyy]. The ESIA contains an environmental and social management plan (ESMP) as section no. [section] of the document, which comprehensively lists and describes all arrangements, measures and activities which are required to establish good environmental and social practice and avoid harm to valued environmental components or human health and safety by the project activities.
- b. These documents are accepted and agreed upon between Client and Contractor as contractual basis for environmental due diligence for all activities and phases of the project (design, construction, operation). All objections, additions, interpretations or questions to the ESIA and ESMP have been submitted and clarified before contract signature, and all correspondence on these documents had been documented and attached to the contract.
- c. The Contractor will comply with all provisions set forth in the ESMP and include the estimated cost into the financial proposal as a separate, independent item.
- d. The Contractor will review the ESMP and update it to implementation readiness, meaning that it shall contain all required descriptions, drawings, geographical and topographical references, quantities, procedures, timetables, schedules, standards, responsibilities and cost, in the level of detail necessary for implementation.
- e. These EMPs produced by the Contractor shall be referred to as “implementation ready EMPs” (IREMPs). These IREMPs shall be developed in step with the design process, as designs advance to more detailed stages, for which specific environmental planning can be developed.
- f. IREMPs shall be prepared for specific lots, works packages, sections or phases of the project and shall cover the entire geographic scope of the project and all activities related to civil construction works, including activities and impacts outside the immediate area of project influence.
- g. The Contractor will define key environmental criteria for monitoring and make provisions for monitoring implementation, including methods, specifications, activities, responsibilities, schedules, reporting lines, and cost. The Contractor will also define threshold values for environmental criteria and define response mechanisms for the case of their exceeding.

(B) Compliance mechanisms:

- h. No physical / civil / construction works, including site preparation in the project area which are financed by the project may start before the designs have been reviewed and approved by the Client's engineers and environmental specialists and found in compliance with the ESIA.
- i. No physical / civil / construction works, including site preparation in the project area which are financed by the project may start once the implementation-ready EMPs (IREMPs) have been produced by the Contractor, reviewed and quality-checked by the Client, and found of acceptable quality and authorized for implementation by the Client. Upon authorization for implementation the IREMPs will be considered part of the Contract.
- j. The Client will enforce compliance of the Contractor with the terms of the Contract, including adherence to the ESMP and IREMP(s). In case of non-compliance of the Contractor with the ESMP, failure of the Contractor to produce IREMPs, or noncompliance of the Contractor (or any subcontractors) with the IREMPs authorized by the Client, as well as significant deviations from accepted international good practice, the Client will seek remedies from the Contractor.
- k. To ensure environmental compliance the Client reserves the right to employ third parties for remedies in case of Contractor exceeding contractual timeframe allowed for remedies of non-compliance cases and resulting environmental damage, as specified as follows:
 - l. For minor infringements (an incident which causes temporary and reversible damage), the Contractor will be given Notice by the Client or a representative (Engineer) to remedy the problem in the first 48 hours following the receipt of Notice and to restore the environment to the state required by EMP and/or IREMP. If restoration is done satisfactorily during this period, no further actions will be taken. The Engineer has the right to extend the period for another 24 hours, provided that remediation was started timely by the Contractor.
 - m. For major infringements, requiring more than 72 hours to remedy, the Engineer shall give timely Notice to remedy and there will be a financial penalty (calculated the same way as liquidated damages) for each day that exceeds the time for remediation given by the Engineer, in addition to the cost for restoration activities.
 - n. If in the judgment of the Client or Engineer no satisfactory action by the Contractor has been started or no satisfactory action to remedy the problem during the allowed time period (48 or 72 hours respectively) is ongoing, the Client has the right to arrange for an alternative Contractor (third party) to perform the remedies, and to deduct the cost from the main Contractor's next payment.
 - o. In addition, for major infringements which cause long-term or irreversible damage, the contractor is liable for additional penalties related to the cost of environmental damage as may be decided by the competent authorities.
 - p. The Contractor will adhere to [country's] environmental legislation and World Bank's safeguards policies and all related regulations, standards and good practice guidelines. In case of significant differences between WB policies and [country's]

environmental legislation, which are relevant to the conduct of the project, the Contractor will notify the Client, who, after consultation with WB and [country's] Authorities, will inform the Contractor how to proceed.

- q. Unscheduled inspections of all works and installations may be carried out by representatives from the Client at any time. The [country's] authorities will have the right for unscheduled site inspections and compliance checks, as well as the levelling of fees and fines for non-compliance.
- r. The Contractor will employ sufficient numbers of qualified environmental staff to ensure environmental compliance with ESMP and IREMPs, perform day-to-day management and supervision of works, conduct dialogue with designer, construction management and authorities, and manage environmental monitoring and reporting. The CVs of key staff (environmental / EHS manager and deputy) will have to be approved by the Client before staff may be mobilized to site.

ANNEX G. DETAILED PROJECT DESCRIPTION

The Governments of Somalia and Somaliland is currently preparing a follow-on project to the Somalia PSD Re-engagement Phase II Program. This proposed program—the Somali Core Economic Institutions and Opportunities (SCORE) Program—will build upon the achievements and lessons learned of SOMPREP 1 and 2 and expand the geographic coverage of interventions to not only cover Somaliland but also Puntland and southern Somalia. The financial sector work will expand from a limited focus on the Bank of Somaliland to a strong capacity building effort primarily of the Central Bank of Somalia (CBS) and by extension to the State Bank of Puntland. The PPP advisory services provided to the Berbera Port Authority will be replicated in ports in Puntland and southern Somalia—particularly in Mogadishu Port but also more broadly on a demand-driven basis in the country. The investment climate (IC) reform agenda of SOMPREP2 focused mainly on business registration but will under SCORE expand from the autonomous GoSI to the FGS and by extension to GoPI. The matching grant program will be revised and implemented at the national level and the new SME Service Facility will help fill the gaps in terms of business development services (BDS) and technical and vocational education training (TVET) and render private investment-linked activities more sustainable.

Project Components:

The SCORE Program consists of three components. The first component has three sub-components that aim to strengthen critical institutions essential to foster financial sector development; formalization and adherence to a basic legal and regulatory framework for the private sector; and trade and logistics. The second component has two sub-components that will boost private investment and raise the productivity of Somali firms. In short: the first component strengthens key public authorities whereas the second component provides a direct boost to the private sector and the local economy by promoting new investment and employment creation. The third component is for management.

Component 1: Strengthening Core Economic Institutions

Component 1 will help strengthen economic institutions in three critical areas of the economy: (i) central banking, to advance financial system supervision and regulation, which will improve financial market integrity, payment and market infrastructure resulting in safe and affordable access to a range of financial services; (ii) the MoCIs, to support the introduction of a basic and more modern legal and regulatory framework that would reduce transaction costs for starting and operating businesses; and (iii) port and customs authorities, to leverage private capital, networks and expertise to improve performance of the port sector.

Sub-component 1A: Strengthening Central Bank Supervision and Regulation (US\$4.0 million)

Legal and institutional weaknesses limit the ability of the central banks to effectively regulate and supervise financial institutions. The financial sector's contribution to economic and social reconstruction is therefore suboptimal. Financial market integrity,

legal and regulatory limitations and gaps in payment and market infrastructure impose transaction costs and constrain global connectivity of the Somali financial system needed to support financial flows for remittances, trade and ODA. Accordingly, this sub-component will focus on an overarching and longer-term financial sector development agenda aimed at building capacity at the central bank level to strengthen financial institution licensing, regulation and supervision. It will do so by supporting policy design, regulation and supervision capacity building including strengthening regulatory and supervisory practices that underlie effective regulatory policy delivery and financial institution supervision. The sub-component will finance TA to formulate longer-term financial sector strategies and support to realize the planned reforms. It will finance limited procurement of information and communications technology (ICT) systems for office automation, equipment and capacity support to adjunct institutions and agencies that make part of the institutional framework for effective supervision and regulation of financial institutions in Somalia. The Public Financial Management Capacity Strengthening Project II (P151492) is supporting the procurement and implementation of a technology solution for a core banking and accounting system at Central Bank of Somalia.

In Mogadishu, this sub-component will focus on regulation and supervision of non-bank financial service providers, thereby complementing the IMF's support to the Central Bank of Somalia focusing on bank supervision and regulation and the FGS's Remittances Action Plan.

The sub-component is aligned with the authorities' policies and priorities, and takes into the account lessons learned during SOMPREP2 implementation on: (i) making graduated "stepwise" improvements in capacity and operational effectiveness by prioritizing establishment of basic foundations for longer-term financial sector development; and (ii) shoring-up and strengthening central banks' policy dialogue on regulation and supervision with existing yet informal financial institutions (unregulated and unsupervised). The aim of this intervention is to ensure that both the existing market players and the central banks come to see policy dialogue in the financial sector development process as an indispensable tool to build up credibility of institutional arrangements and capacity building efforts. This approach, based on lessons gleaned from SOMPREP2, provides an opportunity to work with the existing players to resolve legal and regulatory deficiencies, and commit to prompt corrective actions. As such, the sub-component adds to the FGS's own interventions on remittances (and complements WBG support already underway supporting the FGS's Special Task Force on Remittances (STFR), in implementing their plan for "Formalizing the Financial Sector in Somalia – enabling safer flows of remittances and building foundations for the sector". The FGS Remittances Action Plan is designed to address urgent Somali related "de-risking" drivers⁸ and deficiencies in remittance corridors upsetting access of Somali financial institutions to the global financial system due to inadequate rules, regulations and limited central bank supervisory capacity, by constructing a more sustained longer-term intervention focused on institutional strengthening and

⁸ The closure of Somali financial institutions' bank accounts with foreign banks is part of a broader trend in the global financial system referred to as "de-risking" – this is a situation where commercial banks either terminate or restrict business relationships with clients that they consider to present an unacceptable or unmanageable level of risk to the institution.

financial sector development.

This sub-component is designed to lay the foundations for financial sector development by delivering support at the central bank level to undertake: (i) diagnostics of the legal, regulatory and institutional setting (comprehensive diagnostic of the legal, regulatory and institutional setting for effective regulation and supervision of financial institution supervision, including technical review of existing financial sector laws and draft bills); (ii) legal drafting and adjunct regulatory reform support (drafting of the legal and regulatory instruments required for correcting identified deficiencies in legal, regulatory and institutional setting); (iii) business process re-engineering and systems development (design and implementation of streamlined processes or routines required to support supervision of financial institutions, including office automation); (iv) capacity building and supervision training (induction training of existing and newly recruited staff/interns for the supervision function including on-the-job training. These interventions are expected to advance regulation and supervision of financial institutions with a view to improving regulatory policy delivery and supervisory practice; update financial institutions and other financial sector laws, central bank procedures and by-laws for supervision and regulation, including capacity support on drafting, implementation and enforcement of updated laws and procedures; develop an effective AML/CFT regulatory framework, including capacity support on implementation; as well as develop a national/regional payment systems strategy, and establish a modern payment systems law.

The sub-component is also designed as a platform for coordinating financial sector reforms, and convening stakeholders around key policy considerations on a variety of financial sector development topics including: (i) conventional and Islamic finance (i.e. in Somaliland); (ii) ongoing appraisal of introductions or changes to prudential rules that might include prescriptions for capital requirements and performance security for money transfer businesses; permitted activities and operational requirements; risk management, management information and supervisory reporting (i.e. building on the World Bank drafted licensing and registration regulations for money transfer businesses in Mogadishu); (iii) laying the foundations for inter-governmental cooperation regionally (i.e. initial focus will be on AML/CFT matters); (iv) consultation process on financial sector development, i.e. “sensitizing” stakeholders as to the system-wide development needs and policy considerations/tradeoffs; and, (v) engagement with other development finance institutions and donor agencies promoting financial sector development in Somalia including the articulation of financial sector strategies that might provide a planned basis for added international support.⁹

This sub-component will be implemented in two phases with phase I financing and supporting the short to medium term interventions designed to address institutional

⁹ For instance, the WBG Somalia ICT Project is expected to contribute to telecom sector reform and institutional rebuilding to result in stronger connectivity and greater MNO network links within states and the region. This industry-level reform provides basic building blocks supportive of effective use of mobile money for payments in a variety of applications including government payments. In this regard, articulation of financial sector strategies and/or planning focused on use of mobile payment will take into account initial progress made by the ICT Project with respect to telecom sector reform.

capacity deficiencies in financial institutions regulation and supervision by providing technical assistance (TA) linked to strengthening financial institution regulation and supervision as well as in-house central bank operational rules and procedures (i.e. regulatory policy including principles and practices for regulation making and regulatory delivery in order to create regulatory consistency and predictability).

TA delivery will be phased and prioritized focusing on capacity building to support actual implementation and not just having the laws and regulations on the books. In this regard, TA delivery will take into account limited institutional capacity in beneficiary central banks for absorption, and an assessment of the urgency to address deficiencies identified, opportunities for “grand” legislative approvals via parliaments given tradeoffs for modest regulatory reforms, including risks and opportunity costs of inaction. In this way, TA will be classified into three categories: (i) legislative changes; (ii) regulatory reforms, and; (iii) procedural/operational changes. TA support linked to the legislative approval process is time-consuming with an approval process often taking years. Regulatory and procedural/operational changes take less time to take effect, however, and reforms which can be implemented without legislative change will be targeted first whenever feasible during Phase I. This TA will be especially focused on establishing foundations for financial sector development by addressing regulatory gaps and/or the lack of adequate regulation and supervision of financial institutions on a graduated “stepwise” basis thus improving the authorities’ regulatory policy and supervisory practice consistency as a longer-term perspective to reform is adopted.¹⁰ The benefit of these interventions from a business point of view is that improving Central Bank regulatory policy delivery, and supervisory capacity and practice; updating financial institutions and other financial sector laws, including enforcement capability of updated laws and regulations allows financial institutions escape informality, expand, and develop a broad range of financial products and services facilitating private sector development and national reconstruction efforts. Strengthening financial market integrity, legal and regulatory frameworks, including payment and market infrastructure improves global connectivity of the Somali financial system which is needed to support financial flows for remittances, trade and ODA.

Sub-component 1B: Improving the Investment Climate (US\$1.5 million)

This sub-component will finance TA, training and equipment to improve the business environment by reducing transaction costs associated with operating a formal business and putting in place a basic legislative framework for contractual arrangements and licensing. It will facilitate formalization, improve service delivery and provide the private sector and the regulators (MoCI, Tax Authority) with reliable registry and licensing tools and information. It will also seek to improve government-to-business services to local MSMEs and introduce basic economy-wide business environment and investment climate frameworks.

¹⁰ For instance, Somalia is still in the process of enacting an AML/CFT law and establishing national systems that implement and enforce such a law. In this regard, during Phase I transitional arrangements for financial institution regulation and supervision will have to be developed and set up and financial institutions will have to comply with these.

This sub-component will be implemented in parallel in Mogadishu and Hargeisa. In Mogadishu this will be a new engagement whereas in Hargeisa the support activities will be a continuation of support provided under SOMPREP2, including the official launch of the three One Stop Business Facilitation Centers (OSBC) completed in Hargeisa, Berbera and Burao, and the outstanding legal framework and bylaws. Based on the experience in SOMPREP2, the support will be strictly sequenced with legal and regulatory support first and training and systems second.

In Mogadishu: SCORE will finance: (i) TA provided to MoCI to update the basic legal and regulatory framework in which private enterprises operate. In particular, it will support a modernization and revision of the Companies Act, the Licensing Act and related bylaws; (ii) training, peer-to-peer learning and activities linked to build capacity will mainly target MoCI staff and aim to increase regulatory and enforcement capacity; and (iii) equipment, ICT systems and associated training to empower MoCI staff to monitor and enforce basic business regulations and improve government-to-business service delivery.

In Hargeisa: SCORE will finance TA and training to support the implementation of the new Companies Act, outstanding bylaws and regulations, which are currently being reviewed by the Cabinet, and the launch of the three fully equipped OSBCs in Hargeisa, Berbera and Burao. The OSBCs will link the databases of the GoSI MoCI for business registration and licensing with the tax registration database and be used by other licensing authorities such as line ministries and municipalities.

1. A breakdown of the proposed activities is provided in Table 1 below.

Table 1: Proposed Activities for Improving the Investment Climate

Activity	Mogadishu	Hargeisa
(a) Legal Diagnostic and Drafting		
	- Companies Act - Sole Proprietorship and Partnerships Act - Licensing Act	- Regulations, Forms, Tariffs
(b) Training		
MoCI/Registrar General	Companies Act, Sole Proprietorship Act – Business Registration	Companies Act, Sole Proprietorship and Partnership Act – Business Registration
Tax Office, Attorney General	Companies Act, Licensing Law – Licensing and Inspections	Companies Act, Licensing Law – Licensing and Inspections
(c) ICT Systems Procurement		
MoCI	ICT system for business registration and licensing	Maintenance and service level agreement of existing ICT systems
Tax Office, Attorney General/Registrar General	Expand the system to exchange data with the registry, tax, line ministries and municipalities	Expand the system to exchange data with the registry, tax, line ministries and municipalities

Sub-component 1C: Developing the Port Sector (US\$2.5 million)

This sub-component will finance TA, training and small equipment to build capacity in the ports in particular in Mogadishu, Kismayo and Bosaso.¹¹ The objective is to strengthen the management capacity of public authorities for strategic planning and improve the institutional structure of both port sector management and for the customs authority. The support activities will help improve the regulatory framework and its enforcement; and facilitate private sector participation in the commercial management of port facilities, which by extension would improve operational performance and efficiency. Frequent government requests of port concession proposals in Somalia highlight the urgent need for impartial TA to manage private participation in an orderly, strategic and competitive process.

Customs duties collected in seaports are the main sources of revenue for the FGS as well as GoSI and GoPI. The Somali population is dependent on seaborne imports of food, energy and literally anything else that is manufactured and consumed locally. The livestock sector and other nascent export industries are also dependent on the efficiency of seaports and local customs offices. The main challenges facing the port sector in Somalia are linked to: (i) weak governance capacity; (ii) poor security situation inside and outside of the ports; (iii) inefficient, unsafe and largely manual operations, (iv) partly obsolete port infrastructure, (v) ad hoc implementation of fees and customs duties without relevant documentation; (vi) outdated tariff structures which require updating and harmonization with central taxation systems. In the medium- and long-term, private sector participation is essential to upgrade infrastructure and improve the efficiency of the ports. Stronger port authorities will help improve security and willingness of foreign freight vessels to call on Somali ports. There is currently little data or information available on the port sector in Puntland and southern Somalia.

In particular, the sub-component will: (i) review the sector strategy, objectives and roles of the port sector and sub-sectors; (ii) review the regulatory framework, including customs and port services; (iii) support the introduction of international conventions for safety, security and environmental protection; (iv) assess Mogadishu Port and possibly other ports to evaluate options for private sector participation and prevailing arrangements; and (v) propose optimal institutional arrangements and options for private participation, with the aim of advising on prospective PPP transactions. The first phase of the support will need to address information gaps, present in-depth technical and economic assessments of key ports and trade flows, and start implementing basic strategies for the strengthening of customs and port authorities.

The main counterparts are the Mogadishu Port Authority, Bosaso Port Authority, and the Ministry of Ports and Marine Transport. Expected outcomes are (i) increased transparency, joint local visions for port development, and better planning; (ii) improvements in operational capacity of the port(s); (iii) consensus regarding priorities for the seaport sector and an understanding of the scope to bring in private participation; (iv) presentation of optimal institutional structures and business plans for the sector, and if buy-in, support for

¹¹ Berbera Port is currently being supported through TA and equipment financed by SOMPREP2.

reform and implementation; and (v) capacity enhancements linked to basic financial management and use of management information systems.

Component 2: Expanding Economic Opportunities

Component two will provide direct support to the private sector—through technical assistance and grants—to expand economic and investment opportunities in the country. The catalytic fund will build upon mostly positive experiences of a similar fund established in Somaliland (the Somaliland Business Fund). The SME Service Facility is a direct outcome of the lessons learned and public and private sector requests to complement matching grants with more extensive TA to the private sector.

Sub-component 2A: Catalytic Fund (US\$13 million)

A Catalytic Fund (here referred to as the ‘Somali Business Fund (SBF2)’¹² will incentivize and crowd in domestic and foreign (especially Diaspora) private investment. This sub-component will finance: (i) grants; (ii) service fees for the fund management company; (iii) service fees for an independent inspection firm; and (iv) a rapid ex-post impact assessment of the SBF. The initial budget for SBF2 is projected as US\$13 million of which provisional estimates for fund management and independent inspection will be in the order of US\$3 million over 30 months.¹³

SBF2 will build upon the experiences of the SBF (see Table 4), which provided matching grants and some TA of nearly US\$10 million to 174 investment projects in 2012-14. By December 31, 2014, the SBF had catalyzed US\$16.2 million of private investment, generated >1,900 jobs (of which 690 women; 1135 young adults) and contributed to the introduction of 82 new products and services. As some of these new investment projects expand over time the positive effects of the support should also increase.

SBF2 is designed to support the recovery of the private sector by providing matching grants to support new investments by SMEs. Its purpose is to catalyze private investment and incentivize productivity increasing activities and services in Somalia. The fund will create additionality by supporting projects which generate both commercial profit and “public good” benefits. SBF2 is designed to complement (crowd-in) rather than replace (crowd-out) market finance. It does this by reducing the cost of investments relative to their expected return, which will increase opportunities for co-financing through commercial debt and equity markets, as well as other market based financial sources such as Diaspora investments and remittances and angel equity investors.

The SBF2 will integrate the following design principles from the outset: (i) incorporate good governance practices in the Project Implementation Manual; (ii) maintain a demand-driven approach while at the same time stimulate demand through targeted TA; (iii) build strong monitoring and evaluation (M&E) systems that measure outcomes; (iv) keep the scheme as simple and flexible as possible for effective implementation purposes; and (v)

¹² The name of the Fund will finally be decided by the Fund Manager and participating governments

¹³ See Landell Mills (2015), *Final Report: Somaliland Business Fund*.

strengthen participation and influence of the SME Advisory Panel (in partnership with the independent inspection firm) while safeguarding the integrity of the fund.

The SBF2 will operate two separate windows: (i) a small grants window (US\$10,000-US\$50,000); and (ii) a large grants window (US\$50,000-150,000). Small grants will be processed on an accelerated basis using streamlined appraisal procedures. Large grants will face a more rigorous due diligence process. There will be no prior allocation between small and large grants.

The SBF2 will be open to all commercially-oriented sectors.¹⁴ Special calls for proposal may be made for sectors considered to have important “public good” (developmental outcome) benefits or be of high priority to governments’ economic policy agendas. These may include considerations for priority sectors (*e.g.* gums and resins), gender (*e.g.* women ownerships), and potential for employment generation and youth ownership (to address youth unemployment). In addition, applications should be focused on improving products or processes, and/or developing new products or markets.

The role of the financial sector will develop through the crowding-in effect of grants which tend to provide expanded opportunities for both equity investors and lenders. Part of the preparation and implementation of a grantee project will consist of learning to design financing packages including the grant element, co-payment by the investor, parallel equity finance by angel/patient investors, and debt financing from financial institutions where it is available.

On the benefits side, the projects that are selected will be expected to provide developmental impact beyond the commercial benefits to a business. The fund aims to increase employment and production output, and to fund businesses which generate technological externalities (spillovers), address clearly identified market failures where domestic technical capacity and knowhow is likely to be generated, and indirectly contribute to the recovery of the financial market while helping partially bridge the existing gaps in enterprise-level financing. In the context of Somalia where financial markets are just beginning to recover and emerge, there is potential for high economic returns (as evidenced by the economic analysis in Section VI.A).

The procedures for selection of projects for grants are clearly differentiated from commercial financing procedures in accordance with World Bank OP 8.30. An appropriate procedure used is a business plan competition type approach for selection of winners. Enterprise eligibility for grants will be considered according to some or all of the following criteria:

- Small or medium scale, majority privately owned with clearly defined ownership;
- Enterprises located in sufficiently secure area to allow on-site due diligence and verification;
- Public ownership allowable as exception if there is private control;
- Applicants should be registered and licensed to pay taxes by applicable

¹⁴ Barring those excluded under World Bank guidelines (*e.g.* tobacco and explosives); companies engaged in illicit activities; and projects that could damage the environment.

municipality or ministry;

- Preference will be given to applicant enterprises that have been in operation for at least one full financial year and can provide satisfactory financial statements (preferably audited) and tax compliance evidence.

Eligible activities could, inter alia, include operational assistance to enterprises to:

- diversify firm sales in domestic and/or foreign markets
- diversify products sold – either new or improved
- promote new first-time exporters in any foreign market
- strengthen the capacity of firms to develop new products and new markets
- enhance the capacity of business associations to deliver business development services

A (non-exhaustive) illustrative list of specific eligible tasks could, inter alia, include:

- The cost associated with business registration
- Company expansion diagnostics
- Business management and technical training, including business-related English courses
- International market research, market intelligence services, market prospection travel
- Surveys and focus group assessments of same/substitute products in prospective markets
- Product design and prototype development
- Forming strategic alliances and subcontracting
- Production and efficiency diagnostics
- Market-critical IT hardware for e-business and lab equipment for analysis & certification
- Software purchase, installation and related training
- Procurement of equipment critical for business expansion
- Product testing (internal lab and external) and certification services
- Securing trademarks
- Quality management systems development, inspection, testing and certification
- Labeling and packaging design
- Market development-related travel and related expenses
- Marketing campaigns, sales promotion materials, events and missions
- Establishment of sales representation and distribution in export markets
- Services associated with preparing and implementing market development plans

The Catalytic Fund operating manual will be developed as part of the SCORE Project Implementation Manual to highlight the operating principles and procedures of the

scheme, as well as the governance and internal control mechanisms. Applicants to the Catalytic Fund will be vetted through a basic security/background check to ensure fitness and propriety of business promoters.

It is proposed to recruit an independent inspection firm on a competitive basis that will physically monitor the flow and use of grant funds and submit periodic inspection reports. It will also act as a whistleblower in case governance issues are detected.

Sub-component 2B: SME Service Facility (US\$5.5 million)

This sub-component will finance TA, training and some small equipment to private entrepreneurs and their staff to promote the development of SMEs. One of the single biggest challenges facing Somali investors and entrepreneurs is an acute lack of BDS and skilled and in-demand manual labor: be it of professionals such as lawyers, accountants, mechanical and civil engineers to plumbers, carpenters, mechanics and electricians. While the Catalytic Fund will promote business services through matching grant funding, the experience of SOMPREP2 shows that direct business support beyond funding is often needed to increase the likely success of the investment projects. The SME Service Facility (SMEF) will be established by a private service provider selected through international competitive bidding (ICB) and it will offer support that to the extent possible is provided through local public and private service providers established in Somalia. Some of the services rendered will be on a cost-recovery and/or partial cost-recovery basis in order to ensure that the TA is demand driven and that the SMEF has as much impact as possible.

The SMEF will provide TA, training and coaching services to: (i) entrepreneurs and investors, including prospective and selected applicants to the Catalytic Fund and other sources of commercial market finance; and (ii) BDS providers and TVET providers. Services will, inter alia, consist of onsite advisory services, coaching services, classroom based training, ‘townhall’ training and demonstration events, mentoring and coaching, business plan competitions, specialized training programs on demand (*e.g.* for individual subsectors), advanced seminars and workshops (*e.g.* training of trainers and consultants) and promotion of business linkages through ‘matchmaking’ services. The authorities in Puntland and Somaliland have requested SMEF support for the gums and resins sector that may be addressed in an initial sector support program.

Specialized services under the SMEF will comprise business services—consisting of startup and business management expertise and strategic operational skills—and technical and vocational services—consisting of specific industry and trade focused skills. To maximize its impact, the Service Facility will adopt a tiered approach to first support targeted populations of entrepreneurs and investors, with complementary focus on the launch of the SBF2. The second tier of services (developed in parallel to the first tier) will focus on a diversity of generic services available broadly to private entrepreneurs, managers, employees and investors. The second tier strategy will follow a “wholesale” approach to assistance which will avoid crowding out existing retail business services.

There is a significant mismatch between the demand and supply of skills in the Somali

labor market. The relatively weak institutional link between training institutes and industry leaves most graduates unable to find a job and the private sector struggling to find adequately skilled staff. Most youth do not have the attributes required by the market and lack relevant work experience. This sub-component will seek to enhance employment prospects for youth by strengthening links with the private sector to articulate the demand for marketable skills. The overarching goal of this sub-component is to increase job placements and self-employment opportunities for youth through the provision of market driven skills training and strengthening of the strategic linkages among business education providers with the public and private sectors.

The Service Facility will manage a gender sensitive pilot that supports a skills training and entrepreneurship program (STEP), which seeks to develop sustainable self-employment and market access for young women. Following the success of the Adolescent Girls Initiative Pilots (specifically the Empowerment of Adolescent Girls Project in Liberia), this program will be modelled similarly by targeting women (age 16-24) who meet select criteria, including basic literacy and numeracy. The pilot program will initially target a smaller group of women (150-200 students) with the aim of scaling up if successful in the second phase of the program to cover more participants and regions. STEP will include two separate 7-month training tracks—one which will focus on skills training for eventual job placement and another one which will focus on entrepreneurship for young women who already manage or who are interested in running their own businesses. The skills training offered through Track 1 will be based on a market assessment of existing opportunities in the labor market for women’s employment and the specific skillsets that are required. Track 1 will also include generic skills training, including basic skills for operating in a professional environment. Track 2 will focus on entrepreneurial and business skills such as bookkeeping, market analysis, business management, customer service and raising capital. Specific guidance will be provided on accessing funds through the Catalytic Fund (preparing a business plan, submitting a competitive application, etc.).

Component 3: Project Management

This component will provide support for project implementation. Component 1 will be implemented by the FGS, GoPl and GoSl with small Project Implementation Units (PIUs) established and embedded within the administrations in Mogadishu, Garowe and Hargeisa. A Subsidiary Agreement will be signed between FGS and GoPl to share PIU staff and resources. The PIU will be anchored in the Ministry of Finance in Mogadishu (FGS), the Puntland President Office in Garowe (GoPl), and the Ministry of Planning and Development in Hargeisa (GoSl). Three Project Steering Committees (PSC)—one for FGS, GoPl and GoSl—will be set up to oversee the implementation of the SCORE program. There will also be an SME Advisory Panel (SAP) covering the catalytic fund and the SME Service Facility which will advise on operating policy and strategy. There will be separate SAPs in Mogadishu, Garowe and Hargeisa. Financing to be provided for the PIU may, inter alia, include: equipment, consultant compensation, operating costs, organizational and systems development, training, capacity building and technical assistance.