

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

Report No.: PIDA33804

Project Name	Somali Urban Investment Planning (P150374)
Region	AFRICA
Country	Somalia
Sector(s)	Urban Transport (40%), Sub-national government administration (20%), Solid waste management (20%), Water supply (20%)
Theme(s)	Other urban development (50%), Municipal governance and institution building (20%), Urban services and housing for the poor (20%), Decentralization (8%), Conflict prevention and post-conflict reconstruction (2%)
Lending Instrument	Investment Project Financing
Project ID	P150374
Borrower(s)	Ministry of Finance, Ministry of Finance
Implementing Agency	Hargeisa Municipality, Mogadishu Municipality, Hargeisa Water Agency
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	23-Oct-2015
Date PID Approved/Disclosed	27-Nov-2015
Estimated Date of Appraisal Completion	16-Nov-2015
Estimated Date of First Grant Approval	14-Dec-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context
Country Context

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

This area has witnessed severe conflict and violence over the past two decades. Since the collapse of the Siad Barre government in 1991, southern Somalia has experienced cycles of conflict that

fragmented the country, destroyed legitimate institutions and created widespread vulnerability. In contrast to the war-torn south, northern areas are relatively stable and have put in place functioning institutions, although considerable development challenges remain.

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

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

In contrast to the war-torn south, authorities in the northern regions have put in place functioning institutions that have succeeded in sustaining stability although considerable development challenges remain. Following their declaration of independence and semi-autonomy respectively, Somaliland and Puntland have developed hybrid forms of governance combining modern institutions with religious authorities, civil society, the private sector and diaspora organizations, which have guaranteed higher levels of peace, security and institutional development. Nevertheless, Puntland and Somaliland seek very different futures: while Somaliland's constitution envisages an independent existence, Puntland is committed to participate in Somalia's federal system[1] and held presidential elections in 2014. Somaliland in June 2010 held presidential elections for the second time and power was peacefully transferred to the opposition. Presidential elections are expected in 2017. Local elections were also held in November 2012. Democratic elections are expected for the Federal Government in 2016.

Sectoral and institutional Context

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

In this context, a three level urban hierarchy has emerged comprising one primary city, Mogadishu, six secondary cities, including Hargeisa and Garowe , and a range of tertiary cities. Unsurprisingly,

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

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

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

II. Proposed Development Objectives

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

III. Project Description

Component Name

Mogadishu

Comments (optional)

Feasibility and preliminary design studies for the primary roads will be undertaken to assess whether the selection of the three roads by the BRA is the most efficient use of roads funds. For the secondary/community roads, the activities will focus on a dialogue with communities to determine

the priority works to be undertaken in each of the 17 Districts in Mogadishu, to determine optimum implementation modalities, and provide cost estimates. Environmental and social due diligence work will be carried out which include a baseline survey and the development of an Environmental and Social Management Framework. An institutional assessment will be undertaken of the BRA and the Ministry of Public Works (MoPW) of the FGS.

Component Name

Garowe

Comments (optional)

Feasibility and preliminary design studies for the identified roads and potential bridges will be undertaken to estimate costs and identify the trade-offs to inform the selection of potential roads and bridge construction activities to be undertaken under SUDP. Environmental and social due diligence work will be carried out which include a baseline survey and the development of an Environmental and Social Management Framework. An institutional assessment will be undertaken of the Garowe Municipality.

Component Name

Hargeisa

Comments (optional)

Feasibility and preliminary design studies for the solid/liquid waste investments will be undertaken to determine the costs and siting of bulk solid and liquid waste disposal/treatment sites and improvements in transfer points/stations, determine necessary construction standards and the basic technologies that are most appropriate and cost-effective, identify options for sourcing of materials and equipment, and assess the labor pool, and determine requirements for sustaining and expanding the system of solid waste collection. Environmental and social due diligence work will be carried out which include a baseline survey and the development of an Environmental and Social Management Framework. An institutional assessment will be undertaken of the Hargeisa Municipality and Water Agency.

Component Name

Cross-cutting Activities

Comments (optional)

An assessment of the Local Development Fund focusing on quantum and allocation of the funding it provides, the usage of the funds, the efficiency of the funding and allocation process, the performance criteria, fiduciary issues, environmental and social management approaches used by beneficiary local governments, reporting and monitoring, budgeting and planning, and related issues; cross cutting studies on conflict to understand potentially harmful conflict and fragility factors which could affect the project and on socio-economic impact to understand factors influencing access to services and economic opportunities resource allocations, and participation in community decision making; an external financial audit; and implementation enhancements to mitigate security and operational risks.

IV. Financing (in USD Million)

Total Project Cost:	6.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00

Somalia Multi-Partner Fund	6.00
Total	6.00

V. Implementation

Project activities related to the feasibility, preliminary design and assessment studies will be executed by the Bank on behalf of the client; and project activities which relate to the recruitment of technical assistance to enhance project preparation and execution activities will be undertaken by client executing agencies as detailed in the Project Cost table above. In undertaking the activities it will execute, the Bank team will work and consult closely with its counterparts, particularly the city governments of Mogadishu, Hargeisa and Garowe, the MoPW of the FGS, the Hargeisa Water Authority, and the Planning Ministries of Puntland and Somaliland. The detailed modalities and procedures for these working relationships will be established during the early stages of the implementation of the SUIPP.

The security environment in Somalia continues to be poor and appears to have deteriorated over the past year. Moreover, the activities that will be undertaken under the Bank Executed components of the project will entail the substantial exposure of technical specialists and consultants to this environment as they will have to travel widely throughout the three cities and undertake regular site visits. In this context, has been necessary to develop an implementation approach for these components which is specifically adapted for this environment. The Bank will contract with a UN agency with the necessary experience and expertise to operate effectively in these conditions. Working with contracted-in capacity, this agency will provide security and operational implementation enhancements to mitigate the risks of executing project activities under prevailing conditions. This agency will be supported and supervised by a World Bank implementation support team.

VI. Safeguard Policies (including public consultation)

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

Comments (optional)

VII. Contact point

World Bank

Contact: Dean A. Cira

Title: Lead Urban Specialist
Tel: 5327+6015 /
Email: dcira@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance
Contact: H.E. Mohamed Adan Ibrahim
Title: Minister
Tel: 252616310844
Email: minister@mofa.gov.so

Name: Ministry of Finance
Contact: Zamzam Abdi Adan
Title: Minister
Tel: 252634427310
Email: minfin_somaliland@yahoo.com

Implementing Agencies

Name: Hargeisa Municipality
Contact: Abdurahman Mohamud Aided
Title: Mayor
Tel: -
Email: hargeisamayor@gmail.com

Name: Mogadishu Municipality
Contact: Hassan Mohamed Hussein Mungab
Title: Mayor
Tel: -
Email: muungaab@hotmail.com

Name: Hargeisa Water Agency
Contact: Ibrahim Siyad Yonis
Title: Manager
Tel: -
Email: hwa.manager@gmail.com

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>