



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-Apr-2022 | Report No: PIDA33942



BASIC INFORMATION

A. Basic Project Data

Country Somalia	Project ID P178887	Project Name Somalia Urban Resilience Project Phase II Additional Financing	Parent Project ID (if any) P170922
Parent Project Name Somalia Urban Resilience Project II	Region AFRICA EAST	Estimated Appraisal Date 19-Apr-2022	Estimated Board Date 02-Jun-2022
Practice Area (Lead) Urban, Resilience and Land	Financing Instrument Investment Project Financing	Borrower(s) Federal Republic of Somalia	Implementing Agency Benadir Regional Administration, Kismayo Municipality/Jubbaland, Baidoa Municipality/South West State, Garowe Municipality/ Puntland, Ministry of Public Works

Proposed Development Objective(s) Parent

To strengthen public service delivery capacity of local governments and increase access to urban infrastructure and services in selected areas.

Proposed Development Objective(s) Additional Financing

To strengthen public service delivery capacity of local governments, increase access to climate-resilient urban infrastructure and services, and to provide immediate and effective response to an eligible crisis or emergency in selected areas.

Components

- Urban Infrastructure and Services
- Institutional Strengthening and Analytics
- Project Management and Capacity Building
- Contingent Emergency Response

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	41.50
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Total Financing	41.50
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	20.00
IDA Grant	20.00

Non-World Bank Group Financing

Trust Funds	21.50
Somalia Multi-Partner Fund	21.50

Environmental and Social Risk Classification

High

A. Introduction and Context

Worsening Drought Crisis and Stresses of Urbanization in Somalia

1. **Somalia is in urgent need of assistance due to the recent worsening drought crisis.** Somalia is the most severely drought affected country in the Horn of Africa.¹ Erratic rainfall triggered by climate change is resulting in more frequent and extreme floods as well as droughts. Three failed consecutive rainy seasons between October 2020 and December 2021 have resulted in most parts of the country experiencing severe drought conditions.² As of April 2022, most parts of the country are experiencing severe drought conditions.³ Based on the latest assessment in March 2022, 4.5 million people have been affected by the drought – a significant increase from 3.2 million in December 2021, while Internally Displaced Persons (IDPs) have almost tripled from 245,000 to 697,000 people due to lack of food, water and pasture.⁴ It is estimated that between 1 – 1.5 million people could move from rural to urban areas in search for humanitarian assistance and services by June 2022.⁵ The FGS declared a state of emergency due to drought on November 23, 2021, with urgent appeals for international assistance.⁶

¹ A statement from James Swan, the UN Secretary General’s Special Representative and Head of the UN Assistance Mission in Somalia at the UN Security Council Briefing in New York on Feb 15, 2022, *Humanitarian situation in Somalia remains extremely dire: UN envoy (garoweonline.com)*

² Food and Agriculture Organization (FAO). Somalia Water and Land Information Management Project (SWALIM). Somalia Drought Update. January 27, 2022.

³ SWALIM. January 27, 2022.

⁴ UNOCHA (2022). Somalia Drought Situation Report No.5 (20 March 2022). <https://reliefweb.int/report/somalia/somalia-drought-situation-report-no5-20-march-2022>.

⁵ International Organization for Migration (IOM). Displacement Tracking Matrix (DTM). Drought Analysis 2021. December 2021.

⁶ *Somalia Humanitarian Bulletin, November 2021.pdf (reliefweb.int)*



2. **The impact of drought and floods will be exacerbated the COVID-19 pandemic.** The pandemic is having significant indirect effects on security, driven by the regional economic downturn and supply chain disruptions. Border closures have hurt trade, livestock exports, and household incomes. Daily wages have fallen by 27-33 percent compared to the five-year average³ IDPs and the urban poor, who are predominantly engaged in informal jobs, are expected to suffer a 20-30 percent decline in income.⁷ These shocks have strained a country that is struggling with increasing violence during a political crisis over a pending national election.

3. **Somalia is a context beset by frequent climate-related shocks and protracted conflict, which has triggered large-scale displacement contributing to rapid urbanization.** Somalia's rapid urbanization is driven by traditional economic rural-urban migration, as well as decades of internal conflicts and cyclical environmental adversities such as drought and famine. The growth rate for urban population is high at around 4.3 percent per annum.⁸ An estimated 54 percent of Somalis are currently living in cities - compared to neighboring Kenya's 28 percent – and the urban population is expected to triple by 2050.⁹ It is estimated that approximately 75 percent of the country's 2.6 million IDPs live in Somali cities fleeing violence and in search of better jobs and services. Consequently, about a quarter of today's urban population are thought to be IDPs.¹⁰

4. **As urban areas fail to keep pace with the rapid urbanization, Somalia's cities are becoming more fragile, threatening the country's stability.** As Somali cities grow rapidly, the absence of adequate planning and uneven, contested governance risks stunting the potential development and economic growth Somali cities can generate. Unplanned growth is resulting in slum expansion and environmental degradation. Basic public goods like roads, water and sewer systems, and access to the power grid are complicated by unplanned growth. Settlement patterns are typically highly segregated by ethnic groups/clans. Meanwhile, cities are receiving large waves of forcibly displaced people and other rural-urban migrants, which risks shifting clan dynamics in ways that are destabilizing. The rights of urban IDPs are contested and their settlements are often cut off from basic services. Poor and marginalized groups, more broadly, are often excluded from access to land and basic services. Further, property disputes in neighborhoods where real estate is a prized and scarce commodity are a major source of violence and communal tension. As promising as Somalia's cities economic successes have been, the risks of targeted political violence, communal clashes, and terrorist attacks make them vulnerable.¹¹

5. **The stresses of urbanization are particularly pronounced in the cities participating in SURP-II.** Mogadishu's population is growing fast with over 700,000 displaced people. The population of Baidoa tripled in just eight months as those living in rural areas fled the 2017 drought - from September 2016 to April 2017, Baidoa received an estimated 142,000 displaced people.¹² Kismayo is under pressure from a large population of IDPs and returnees from the Kenya Dadaab camp. As of 2018, the city hosted

⁷ FEWSNET, Somalia Food Security Outlook February-September 2021. Available at: See: <https://fewsn.net/east-africa/somalia>.

⁸ UN World Population Prospects 2019 and World Urbanization Prospects 2018 (UNDESA).

⁹ Somalia Urbanization Review: Fostering Cities as Anchors of Development. 2021 (World Bank).

¹⁰ World Bank 2021.

¹¹ World Bank 2021.

¹² World Bank 2021.



approximately 140,000 IDPs in over 100 IDP sites.¹³ Beledweyne is affected by the al-Shabab insurgency and hosts a sizeable number of forcibly displaced. In 2017, an estimated 11,800 IDPs settled in 27 sites, mainly at the urban fringe of the city.¹⁴ Dhusamareeb is rapidly developing due to its strategic importance as a transit hub, connecting northern and southern Somalia. The growing population in these cities places considerable stress on municipal service delivery capacity, increasing social tensions between host communities and the displaced. The inflow of IDPs will likely increase due to the ongoing drought. Based on previous drought induced displacement patterns in 2017, majority of IDPs are expected to originate from Bay, Gedo, Hiraan and Bari regions who are likely to settle in major urban centers such as Baidoa, Mogadishu, Beletweyne and Garowe,¹⁵ putting additional strains to the already overstretched cities.

6. **Given the central role cities play in Somalia’s development and stability, managing Somalia’s urbanization is crucial. Yet, the Government has limited capacity and resources to address the basic service delivery and infrastructure challenges in urban areas.** District administrations, which *de facto* function as municipal governments, have the primary responsibility for providing basic services. Capacity and fiscal constraints however limit their ability to undertake basic municipal functions, and outside of a few larger cities, these constraints deepen rapidly. Sub-national governments are only receiving a small recurrent budget through an inter-governmental fiscal transfer, and staffing is generally skeletal with limited capacity. Municipal/district government’s own source revenue collection is minimal and unstructured. They are dependent on external assistance or the private sector for capital investments and service delivery. In the absence of the state in service delivery, the private sector has largely filled the void. However, the *de facto* privatization of service delivery has resulted in inequitable access especially for the poor, uneven coverage, variable quality, and lack of sustainability.

Proposed Changes

7. **The SURP-II AF seeks two key changes: (i) to scale up climate-resilient urban service delivery and further strengthen municipal government’s urban management capacity; and (ii) to replenish the funds which were reallocated from SURP-II Component 1 to address the ongoing drought.**

8. **First, US\$21.5 million of the proposed AF of US\$41.5 million will be used to scale up the SURP-II investments.** The project’s geographic scope will be expanded to include the two new cities of Dhusamareeb (Galmudug state) and Beledweyne (Hirshabelle state) and scale up the investments for climate-resilient urban infrastructure and services in all six target cities. The two new cities meet the SURP-II participation criteria and were endorsed by the SURP-II inter-ministerial steering committee. Priority investments are to be identified based on urban infrastructure and service needs assessment, citywide urban flood risk assessment, and participatory planning process that involves both the government and communities. In the process, SURP-II will help scale-up the successful operating model for delivering climate-resilient urban infrastructure investments¹⁶ using country systems in all participating cities,

¹³ Kismayo Urban Profile. Working Paper and Spatial Analyses for Urban Planning Consultations and Durable Solutions for Displacement Crises. 2019 (UN-HABITAT).

¹⁴ Beledweyne Urban Profile. Working Paper and Spatial Analyses for Urban Planning Consultations and Durable Solutions for Displacement Crises. 2019 (UN-HABITAT).

¹⁵ IOM. 2021.

¹⁶ The project will invest in flood risk reduction infrastructure such as trunk drainage and side drainage, energy-efficient streetlighting using renewable solar energy, planting trees along the roads to be built, pedestrian walkways for enhanced pedestrian mobility and the road investments for increased public transport, and solar-powered hand pumps. However, there was no attempt to assess or quantify the extent of



helping strengthen the inter-governmental fiscal transfer mechanism from the federal to the municipal levels. The need for SURP-II scale-up – both geographically and financially - was validated through inclusive consultations¹⁷ carried out during the AF preparation with a broad range of stakeholders including government ministries,¹⁸ the five FMS and BRA, UN agencies, civil society networks and representatives of vulnerable groups (such as IDPs, women and youth).

9. **As agreed with the Government of Somalia,¹⁹ the additional \$21.5 million will be allocated to participating cities using the eligibility criteria and an allocation formula based on cities' need and performance.** This will allow for an equitable, yet targeted assistance, for the cities with greater needs, while ensuring implementation readiness, faster disbursement, and minimizing political discretion. Whereas the SURP-II first tranche allocation was based on needs (proxied by population size) and vulnerability (a composite index that measures exposure to violence, natural disasters, concentration of the displaced), the second tranche under the proposed AF introduces the performance element measured by the disbursement rate of the first tranche.²⁰ This allows the SURP-II to reward cities with higher implementation readiness and is expected to improve the Project's disbursement rate. As the funds are transferred using the country's public financial management (PFM) system, the Project aims to lay the foundation for a performance-based inter-governmental fiscal transfer system.

10. **Second, US\$20 million will be used to replenish the funds which were reallocated to Component 4: Contingent Emergency Response (CERC) to respond to the worsening drought.** In response to the Government's request, the World Bank reallocated US\$20 million from *Component 1: Urban Infrastructure and Services* to *Component 4: Contingency Emergency Response Component (CERC)*, which originally had no fund allocation. The CERC is expected to be activated by May 2022 to address the immediate needs arising from the recent droughts. The CERC will address the immediate needs on housing, land and property (HLP) and basic services for the drought-induced IDPs flowing into the three SURP-II cities of Mogadishu, Baidoa and Garowe. The three cities were selected as they are expected to receive a large inflow of IDPs triggered by the drought. Based on population movement analysis undertaken by the International Organization for Migration (IOM), which was modeled after the population movement trend during the 2017 drought, approximately 1.5 million people are expected to be forcibly displaced due to the ongoing drought.

11. **Given the urgency to act, this AF is being processed as an emergency operation.** This is pursuant to *paragraph 12, Projects in Situations of Urgent Need of Assistance or Capacity Constraints of Section III of the Bank Policy, Investment Project Financing* and *paragraph 56, Exceptional Arrangements in Situations of Urgent Need of Assistance or Capacity Constraints of Bank Directive, Investment Project Financing*. The use of condensed procedures for preparation under Paragraph 12 for SURP-II AF was approved by the Country Director for Kenya, Rwanda, Somalia, and Uganda on May 8, 2021. There will be no deferral of environmental and social requirements. All environmental and social instruments prepared

climate co-benefits in the project areas. They may trigger future programing like further greening of road corridors to help absorb urban heat and support drainage.

¹⁷ Due to COVID-19 pandemic and worsened security and political environment in the country, all consultations were carried out virtually using semi-structured interviews and focus group discussions.

¹⁸ Including Ministry of Public Works, Ministry of Finance, Office of the Prime Minister, and Ministry of Planning, Investment and Economic Development, and FMS representatives.

¹⁹ The German Development Cooperation of Somalia agreed to integrate their latest contribution to SURP-II using the allocation on February 15, 2021.

²⁰ Given that the two new cities of Dhusamareeb and Beledweyne have not received any funding yet, their performance will not be measured.



for the parent project will be updated and disclosed before the appraisal of the proposed AF.

B. Proposed Development Objective(s)

Original PDO

To strengthen public service delivery capacity of local governments and increase access to urban infrastructure and services in selected areas.

Current PDO

To strengthen public service delivery capacity of local governments, increase access to climate-resilient urban infrastructure and services, and to provide immediate and effective response to an eligible crisis or emergency in selected areas.

Key Results

- People with improved access to climate-resilient urban infrastructure and services (% female, % IDPs, % host communities)
- Financed subprojects functioning and delivering services one year after completion. (Percentage)
- Municipalities with clean financial project audits that continue to remain eligible for the project (Number)
- People with access to improved security of tenure, shelters and basic services (WASH and/or health) (% female, % IDPs, % host communities)

C. Project Description

12. **Component 1: Urban Infrastructure and Services (US\$108 million equivalent, of which IDA US\$37 million and SMPF US\$71 million).** This component supports the preparation and implementation of all infrastructure investments in the four original target cities of Mogadishu, Garowe, Baidoa and Kismayo. An additional US\$19 million will be added to this component, increasing the allocation from the original US\$89 million to US\$108 million, to add the two new cities and to increase the budget allocation for the second tranche for the existing four cities. While priority investments will be determined in a participatory manner through further consultations with different community groups and local government, they would likely include urban roads, community (tertiary) roads, bridges, trunk drainage, side drainage, pedestrian walkways, and solar-powered streetlights among others.

13. With the proposed AF, a total of US\$45 million will be made available (US\$26 million was already allocated under the parent project, and another US\$19 million is added under the AF) to the two new cities as well as the four existing cities as a second installment. The first installment totaling US\$55 million has already been allocated to the four cities of Mogadishu, Garowe, Kismayo, and Baidoa under the parent project based on a combination of equal allocation and discretionary allocation, which was calculated by population size and vulnerability. The proposed AF will go toward the second installment which will be divided among six target cities. This will be allocated to cities based on equal allocation, vulnerability, and performance of the first installment. The “performance” will be proxied by level of disbursement, commitment, and bidding documents completed for investments to be financed under the first installment. Allocations were calculated in such a way that each city receives adequate amount for



meaningful investments (calculated to be around US\$7 million). The allocation formula and city-wise allocations were agreed to by the Project Steering Committee on June 14, 2021.

1st Installment: US\$55 million allocated to four eligible cities (Mogadishu, Garowe, Kismayo, and Baidoa):

- **Equal allocation (50%):** All cities meeting the implementation readiness criteria received an equal allocation of 50 percent of the total funds available for the initial installment.²¹
- **Vulnerability-based allocation (50%):** Another 50 percent was allocated based on vulnerability-weighted population of the city. Vulnerability was calculated using: (i) poverty rate; (ii) concentration of IDPs; and (iii) economic vulnerability.²²

2nd Installment: US\$45 million will be allocated to the six eligible cities:

- **Equal allocation (40%):** All cities meeting the implementation readiness criteria would receive an equal allocation of 40 percent of the total funds available for the 2nd installment.
- **Vulnerability-based allocation (20%):** Vulnerability-weighted population of the city accounted for 20 percent of the total allocation.
- **Performance-based allocation (40%):** Performance of the 1st installment was applied to up the above base grant. The two new cities that did not get the 1st installment will automatically get the highest allocation ratio for the performance-based allocation.

Table 1. Indicative Budget Allocation Across Cities (US\$)²³

Cities	Population	1st Installment Allocation	Equal allocation for 2nd Installment (40%)	Vulnerability adjustment			Performance adjustment			Total 2nd Installment Allocation	Total Allocation (1st and 2nd Tranches)
				Vulnerability weight	Vulnerability pop-weighted share	Sub-total	Performance weight	Performance weighted share	Sub-total		
Kismayo	198,000	8,981,469	3,000,000	1.03	7%	621,754	2	20%	3,600,000	7,221,754	16,203,223
Garowe	82,000	7,297,493	3,000,000	0.50	1%	124,997	2	20%	3,600,000	6,724,997	14,022,490
Mogadishu	1,529,000	25,307,704	3,000,000	1.17	61%	5,453,926	0	0%	0	8,453,926	33,761,630
Baidoa	423,000	13,413,334	3,000,000	1.50	21%	1,934,405	2	20%	3,600,000	8,534,405	21,947,739
Dhusamareeb	92,000	0	3,000,000	1.03	3%	288,896	2	20%	3,600,000	6,888,896	6,888,896
Beledweyne	134,000	0	3,000,000	1.41	6%	576,023	2	20%	3,600,000	7,176,023	7,176,023
Total		55,000,000	18,000,000		100%	9,000,000	10	100%	18,000,000	45,000,000	100,000,000

14. The exact infrastructure investments in each city will be determined during project implementation. However, eligible urban infrastructure investments need to meet the following criteria which interface the top-down city-wide technical assessment with a bottom-up participatory decision-making process. With increasing intensity of natural disasters, SURP-II AF will build in climate resilience in the design:

²¹ Total funding being allocated for the initial installment is US\$55 million and the balance of US\$26 million set aside for the second installment.
²² Poverty rate was derived from the World Bank’s Somalia High Frequency Survey data (2017); concentration of IDPs which was proxied by the number of arrivals per 1,000 between 2016-18 from UNHCR’s Protection and Return Monitoring Network (PRMN); and economic vulnerability, which was proxied by the intensity of nighttime lights per 10,000 using Visible Infrared Imaging Radiometer Suite (VIIRS).
²³ The allocations in this table are indicative. The actual allocations will be determined at appraisal, taking the latest performance into account.



- *Critical investments that fill the existing urban infrastructure gaps* as identified by local governments and citizens and verified in urban infrastructure and service needs assessment
- *Strategic investments that contribute to urban resilience.* Investments aligned with a broader urban development plan and that directly contribute to making cities more climate resilient²⁴
- *Inclusiveness.* Investments that benefit vulnerable groups including women, youth, the poor, and the displaced and selected in a participatory manner
- *Maximizing development impact.* Substantive investments should be prioritized over small scale/piece meal investments
- *Coordination/complementarity with ongoing projects.* Investments should avoid overlap with ongoing development interventions but complement them
- *Labor intensiveness.* Investments should provide short term income generation opportunities for vulnerable groups especially women and IDPs
- *Sustainability.* Investments should build in operations and maintenance measures to ensure sustainability²⁵

15. **Component 3: Project Management and Capacity Building (US\$20.5 million equivalent, of which IDA US\$10 million and SMPF US\$10 million).** To cover the costs of project implementation and management, particularly in the two new cities of Dhusamareeb and Beledweyne, and to cover the additional costs for the PCU at the federal level to oversee the two new cities, an additional US\$2.5 million will be allocated from the AF to *Component 3: Project Management and Capacity Building*. Allocation for *Component 3: Project Management and Learning* will increase from US\$18 million to US\$20.5 million.

16. **Component 4: Contingent Emergency Response (US\$20 million equivalent from IDA).** This component will finance the CERC activities which are expected to be approved by May 2022. If approved, the CERC will provide drought response activities in terms of HLP and basic service provision (WASH and/or health) in the three cities of Mogadishu, Baidoa and Garowe that are already receiving a large inflow of IDPs triggered by the drought. The implementation of activities will be led by IOM in partnership with its *Danwadaag* Consortium partners. IOM will sign an Output Agreement with the PCU and coordinate closely to the PCU and the relevant PIUs. The activities would be implemented in coordination with the Federal Member State (FMS), other Bank operations responding to the drought, existing drought coordination mechanisms, and strategic partnerships such as the EU, FCDO, and USAID, to maximize impact.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

²⁴ See Annex 3, for additional details.

²⁵ See Annex 3, for additional details.



Summary of Assessment of Environmental and Social Risks and Impacts

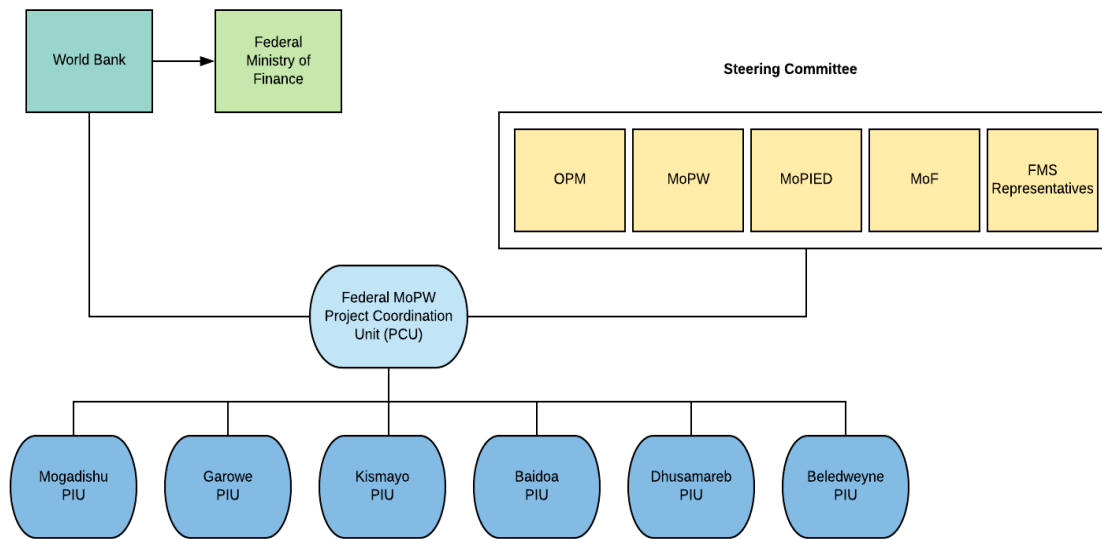
The screening of environmental and social risks and impacts was conducted by the task team's environmental and social specialists through site visits, consultations with key stakeholders and the implementation of the ongoing SURP II project (parent project).

D. Implementation

Institutional and Implementation Arrangements

17. The AF builds on SURP-II’s existing institutional structures to capacitate functional coordination between the state, federal, and municipal levels of governmental agencies and beneficiary communities (Figure 2).²⁶ The parent project is implemented through the FGS, and a Grant Agreement was signed between the World Bank and the Federal Ministry of Finance. Subsidiary Agreements signed between the Federal Ministry of Finance and the FMS outline the budget allocation for each FMS and cities along with their respective roles and responsibilities.

Figure 1. SURP-II AF – Implementation Arrangements



18. Federal level roles and responsibilities. A Federal inter-ministerial Project Steering Committee co-chaired by the Office of the Prime Minister and the Federal MoPW was set up under the parent project for providing strategic guidance to the Project, approving the inclusion of additional cities into SURP II and deciding on the funding allocations across cities. This Project Steering Committee includes one representative from each FMS. A Program Coordination Unit (PCU) has been set up at the federal MoPW to provide technical and coordination support and guidance to the municipalities, setting technical standards and project monitoring and evaluation.

²⁶ See PAD, Annex 1, for additional details, including PIU and PCU staffing.

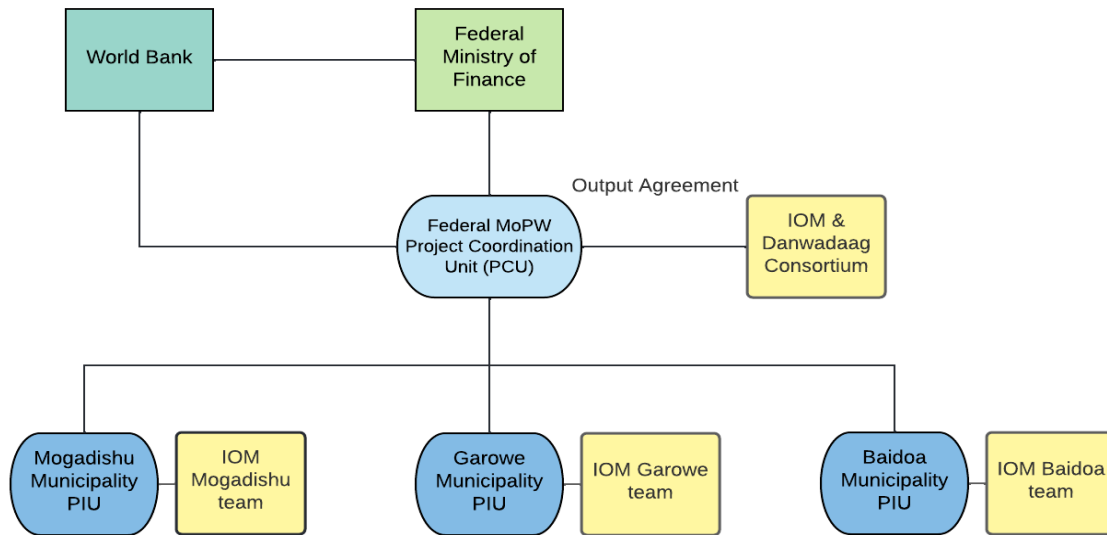


19. **State level roles and responsibilities.** State level inter-ministerial committees, chaired by the Federal MoPW with representation of the Mayor/District Commissioner of each target city, have been set up in each state to provide a platform for coordination, information dissemination, and consultation.

20. **Municipal- level roles and responsibilities.** Day-to-day project implementation is carried out by PIUs set up under the mayor in the municipal governments of Mogadishu, Garowe, Kismayo, Baidoa, Dhusamareeb, and Beledweyne. The capacity in the PIUs will continue to be enhanced through training by the World Bank technical staff on project management, fiduciary, and safeguards issues. UNOPS has been engaged by the participating cities to provide engineering supervision support under the parent project and their support will continue under the AF.

21. CERC activities are implemented under a different modality to ensure timely implementation, though still under the existing SURP-II institutional structure as shown in Figure 2. IOM and its *Danwadaag* Consortium will sign an Output Agreement with the PCU, who will be responsible for the overall coordination while the PIUs will oversee the city-level project activities. CERC activities will also be coordinated through existing drought coordination mechanisms, such as through the National Emergency Operation Coordination Center and the humanitarian cluster system.

Figure 2. SURP-II CERC Implementation Arrangements



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APPROVAL

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Approved By

Practice Manager/Manager:		
Country Director:	Kristina Svensson	25-Apr-2022