Report Number: ICRR0023071

1. Project Data

Project ID	Project Name
P150374	Somali Urban Investment Planning
Country	**Practice Area(Lead)**
Somalia	Urban, Resilience and Land

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-A8878	31-Dec-2021	3,209,188.13
Bank Approval Date	**Closing Date (Actual)**	
04-Feb-2016	31-Dec-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	1,060,000.00	3,210,000.00
Revised Commitment	1,060,000.00	3,209,188.13
Actual	1,060,000.00	3,209,188.13

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p. viii) and the Financing Agreement of February 21, 2016 (p. 5) the objective of the project was “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.”

When the project received Additional Financing (AF) in 2018, the scope of the project was expanded to the cities of Kismayo and Baidoa and the objective of the project was revised to “provide (i) an assessment of

the feasibility of, and preliminary plans for, selected urban investment and institutional strengthening activities in targeted areas, and (ii) enhanced project preparation and implementation capacity of participating agencies".

For the purpose of this ICRR, the latest of the two PDOs will be assessed, and it will be parsed in two as follows:

1. To provide an assessment of the feasibility of, and preliminary plans for, selected urban investment and institutional strengthening activities in targeted areas; and
2. To provide enhanced project preparation and implementation capacity of participating agencies.

This project was part of the Somalia Urban Resilience Program which included in total three interrelated projects (the Somalia Urban Investment Planning Project, the Somalia Urban Resilience Project Phase 1, and the Somalia Urban Resilience Project Phase II).

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
15-Jan-2016

c. Will a split evaluation be undertaken?
No

d. Components
The project included four components:

Component 1: Mogadishu (appraisal estimate US$1.73 million, actual US$1.73 million): This component was to conduct feasibility- and preliminary design studies for the primary roads to assess whether the selection of the three roads by the Benadir Regional Administration (BRA) was the most efficient use of roads funds in relation to the roads already being upgraded with Turkish assistance.

Component 2: Garowe (appraisal estimate US$0.98 million, actual US$0.98 million): This component was to conduct feasibility- and preliminary design studies to assess whether the identified roads and potential bridges were to be the most efficient use of the roads funds.

Component 3: Hargeisa (appraisal estimate US$1.03 million, actual US$1.03 million): This component was to conduct feasibility- and preliminary design studies for solid and liquid waste investments to determine the costs and siting of bulk solid and liquid waste disposal/treatment sites and improvements in transfer points/stations.

All three components were to conduct a baseline survey of Environmental & Social (E&S) information, data, and issues to inform SURP design and develop an Environmental and Social Management Framework

(ESMF) for managing E&S risks related to urban investments, regardless of funding source, to be used by local authorities. On the institutional level, all three components were to conduct an institutional assessment to inform the preparation of institutional strengthening activities (component 1 at the Benadir Regional Administration (BRA) and the Federal Ministry of Public Works; component 2 at the Garowe Municipality; and component 3 at the Hargeisa Municipality (HM) and the Hargeisa Water Agency (HWA)). Finally, each component was to finance the establishment of a PIU to prepare for and lead the implementation of the Somalia Urban Resilience Project (SURP).

Component 4: Cross-cutting activities (appraisal estimate US$1.83 million, actual US$1.83 million): This component was to finance several activities: (i) an assessment of the Local Development Fund (LDF); (ii) cross-cutting studies on conflict and socio-economic impact of selected infrastructure components; (iii) an external financial audit of the project across all four implementing agencies; and (iv) implementation enhancements to mitigate security risks associated with working in the fragile environment.

In June 2018 when the project received AF the geographic scope of the project was expanded to include two new municipalities, Kismayo and Baidoa. All original activities under each component as stated above were implemented for the two new municipalities. **The objectives and related indicators remained the same, so no split rating is necessary.**

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project was estimated to cost US$6.0 million. In 2018 the project received AF in the amount of US$3.0 million. Actual cost was US$9.0 million.

Financing: The project was financed by three Trust Funds (TF): (i) TF-A8878 in the amount of US$1.06 million which was completely disbursed); (ii) TF-0A1710 of US$0.7 million; (iii) TF-0A1754 in the amount of US$1.45 million; (iv) TF0A8879 in the amount of US$1.94 million (which was fully disbursed); (v) TF0A1755 in the amount of US$3.25 million; and (vi) TF0A1724 in the amount of US$.25 million. All TFs were fully disbursed.

Borrower Contribution: The Borrower was not to make any contributions.

Dates: The project was restructured four times:

- On June 6, 2017, the project was restructured (level 2) to extend the loan closing date from June 30, 2017, to December 31, 2017, to allow for the implementation of project activities under the Recipient Executed (RE) grants that had been delayed in order to ensure sufficient time for the follow-on project to be prepared.
- On December 8, 2017, the project was restructured (level 2) to extend the closing date from closing date from December 31, 2017, to June 30, 2018, to provide sufficient time for the processing of the AF and follow-on project.
- On June 4, 2018, the project was restructured (level 2) to: (i) extend the closing date from June 30, 2018, to December 31, 2018, to allow for processing of the SUIPP Additional Financing for Kismayo and Baidoa.
- On January 16, 2019, the project received AF in the amount of US$3.0 million to scale up activities to the cities of Kismayo and Baidoa. Also, the PDO was revised to “to provide (i) an assessment of the feasibility of, and preliminary plans for, selected urban investment and institutional

strengthening activities in targeted areas, and (ii) enhanced project preparation and implementation capacity of participating agencies.

3. Relevance of Objectives

Rationale

After two decades of civil war, Somalia was on a path to political stabilization. Somalia has been affected by fragility, conflict, and violence (FCV) for decades. As a result, the country experienced and continues to experience high levels of poverty.

Somalia has the world's lowest rate of access to water and sanitation. At the time of appraisal, urban services and infrastructure were in poor condition throughout the territory including roads and transport, drainage, water supply, sanitation, and solid waste removal. Investment in urban infrastructure and service delivery to improve the economic productivity of Somali cities and living conditions for urban dwellers was identified as an urgent priority.

The institutional environment pertaining to urban development and management consisted of two key levels. At the local/sectoral level, city governments had the most functional powers and responsibilities in respect of urban infrastructure and services provision and management together with public utilities. In rural areas, local infrastructure and services were delivered by District Councils. In general, at both levels, institutions were weak, had limited financial resources and required strengthening.

A systematic analysis of the economic and demographic structure of the Somali urban system had not been conducted yet. This project was the World Bank's first urban infrastructure project in Somalia financed through the Multi-Partner Fund (MPF) for Somalia.

The objective of the project was in line with the World Bank's Country Partnership Framework (FY19-22), which aims to build the capacity of Somali municipalities for urban resilience. Also, the objective of the project was in line with the Interim Strategy Note for the Federal Republic of Somalia (FY14-16), the Somalia National Development Plan (2017-2019) and the Somalia Compact (2013-2016), which aimed to: (i) expand service delivery; (ii) build resilience to climate shocks; and (iii) boost economic opportunities in Somalia.

This project was prepared under OP/BP 10.0 and triggered paragraph 12 which provides additional flexibility for countries with capacity constraints because of fragility. Also, this project comprised a "project to prepare a project". The main project, called the Somali Urban Development Project (SUDP), had an estimated budget envelope of US$86.11 million (excluding currently unspecified contingency amounts), intended for support by the Multi Partner Fund (MPF). As a result, the PDO was set at an output low level and did not have any outcomes, which is adequate given that this was both a) a project to prepare a project; and b) operating in a very difficult environment with Fragility, Conflict, and Violence (FCV).

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To provide an assessment of the feasibility of, and preliminary plans for, selected urban investment and institutional strengthening activities in targeted areas.

Rationale

The original objective focused on southern Somalia, Puntland and Somaliland. When the project received Additional Financing (AF) in 2018, the scope of the project was expanded to the cities of Kismayo and Baidoa (Southern Somalia) that were highly vulnerable resulting from inflows of large numbers of returnees and internally displaced persons (IDPs). Since the scope of the project was expanded, no split rating for this assessment is necessary.

Theory of Change: The project's theory envisioned that a project activity such as contracting entities to complete technical studies was to result in the objective stated above, i.e. to provide feasibility assessments and preliminary plans for the upcoming project.

Activities:

- Four consulting firms (Crown Agents, IPE Global, Apex Consulting, Altai Consulting) and the the United Nations Office for Project Services (UNOPS) were contracted to complete technical studies for the project, achieving the target of contracting five entities.

Outputs:

- Seven sets of feasibility, preliminary design, and detailed design studies for specific urban investments were conducted, surpassing the target of five sets. In Hargeisa, feasibility studies and preliminary engineering designs were completed for a sanitary landfill, solid waste management facility and anaerobic pond liquid waste management system. In Garowe, an engineering feasibility report and preliminary engineering cost estimates were completed for 19 kilometers of secondary roads and bridges. In Mogadishu, feasibility studies and preliminary engineering designs and cost estimates were completed for four primary roads (17 kilometers) and 31 secondary roads across 17 districts. Under the AF, the indicator was modified to include detailed design studies, applying lessons learned from the first phase. This was applied to the works performed in Kismayo where feasibility studies, detailed engineering designs and bidding documents were completed for 18 priority roads (total of 31.2 kilometers) and one priority trunk drainage investment. Also, designs and bidding documents for a laboratory block in Baidoa and designs and bidding documents for an office block and material testing lab in Kismayo were delivered.

Given the nature of this project, i.e. that it is only to prepare for project implementation, no outcomes were aimed for or achieved. This would normally warrant a Modest rating, as all projects are expected to aim for

and achieve results at outcome level. However, it is clear that the objective of this project is only to prepare for the two subsequent projects. IEG perceives this as both a necessary and appropriate approach given the FCV context and will therefore rate the achievements Substantial due to the high achievement of all output targets and despite the lack of any outcome level results.

Rating
Substantial

OBJECTIVE 2
Objective
To provide enhanced project preparation and implementation capacity of participating agencies.

Rationale
Theory of Change: The project's theory of change envisioned that project outputs such as conducting assessments in municipalities and establishing PIUs were to result in the above stated objective, i.e. to provide enhanced project preparation and implementation capacity of participating agencies.

Outputs:

- Seven assessments in the five municipalities were conducted, surpassing the target of five assessments. The studies identified gaps in technical staffing and skillsets among civil servants in areas including financial management, engineering, M&E and safeguards. Also, an inter-agency review and coordinated strengthening plan was conducted in 2017. The following institutions were assessed: (i) Banadir Regional Administration/Mogadishu Municipality; (ii) Federal Ministry of Public Works; (iii) Garowe Municipality; (iv) Hargeisa Municipality; (v) Hargeisa Water Agency; (vi) Inter-Agency Review and Coordinated Strengthening Plan; (vii) Local Development Fund and Special Financing Facility; (viii) Kismayo Municipality; (ix) Baidoa Municipality.
- Five PIUs were established in each participating municipality, achieving the target of five PIUs.

Given the nature of this project, i.e. that it is only to prepare for project implementation, no outcomes were aimed for or achieved. This would normally warrant a Modest rating, as all projects are expected to aim for and achieve results at outcome level. However, it is clear that the objective of this project is only to prepare for the two subsequent projects. IEG perceives this as both a necessary and an appropriate approach given the FCV context and will therefore rate the achievements Substantial due to the high achievement of all output targets and despite the lack of any outcome level results.

Rating
Substantial

OVERALL EFFICACY

Rationale

Achievement of both objectives was Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency:

Neither the PAD nor the ICR conducted a traditional economic analysis. The PAD (p. 12) stated that the economic benefit of the project was to be derived from the enhanced urban infrastructure and strengthened urban management institutions supported by the investment activities which were to follow from the preliminary design and TA work undertaken under the project. Overall rates of return to these investments (e.g. roads, water) were expected to be high but could not be calculated at the time of appraisal according to the PAD (p. 13).

The ICR (p. 36) stated that since the project was a “project to prepare a project,” the economic benefit of the work undertaken through the project were only to be realized through subsequent investment activities. As such, while the overall rates of return of subsequent investments were expected to be high, they could not be estimated for the project as an independent project.

Operational Efficiency:

The project experienced efficiency challenges related to lack of financing for investments in Hargeisa for subsequent projects resulting in follow-on investment projects being unable to come to fruition in Hargeisa, and the PIU being disbanded. Investments in Hargeisa lacked donor interest to channel funds for Hargeisa through the Multi-Partner Fund (MPF). Also, political challenges prevented the flow of World Bank resources for Hargeisa. The project also experienced delays in mobilizing financing for follow-on investments in Mogadishu and Garowe due to limited donor interest in infrastructure investments. However, ultimately significant investments were secured. According to the ICR (p. 18) the project benefited from UNOPS providing technical support to the capacity of PIUs. However, the turnover of UNOPS staff between project phases without a formal handover between UNOPS teams had the potential to result in inefficiencies.

While there were evident shortcomings, the project’s very limited scope and given the unique fragility model it sought to institute, the overall efficiency rating is Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of the objective was High given its alignment with the World Bank's Country Partnership Framework (FY19-22), which aims to build the capacity of Somali municipalities for urban resilience, and despite its relatively low level of the PDO, as IEG accepts that this is appropriate for a "project to prepare a project" in this context. Efficacy was Substantial given the project's achievement of all targets at the output level. Efficiency was rated Substantial even with the very limited information available to assess the value for money. Therefore, the project's overall outcome rating is Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The risks to the development outcome can be classified into the following broad categories:

FCV environment: Somalia remains in a FCV situation with high political instability, which can negatively impact the project outputs as well as the implementation of any new Bank project.

Government commitment: The government continues to remain committed to building resilience as reflected in the country's National Development Plan, the World Bank's Country Partnership Framework and the follow-on project, the SURP. However, political instability and Somalia's high exposure to repeated climate change-related shocks put the project's outcomes at risk.

Technical capacity: While the project was able to build capacity, capacity built at the PIUs and municipalities is vulnerable to lack of funding since updating of the institutional capacity assessments and development and operationalization of capacity-building plans and budgets will be required. According to the ICR (p. 24) it will be critical for future projects to not mainly rely on consultants for project implementation but engage municipal civil servants proactively to build capacity within the broader municipality.

Financial: According to the ICR (p. 24) some of the urban investments for which preparatory work was completed, especially in Hargeisa, may never be realized due to budgetary constraints. The ICR (p. 16) stated that due to the lack of follow-on investment projects in Hargeisa, the PIU was disbanded after project

activities were concluded. However, the PIU under the SURP-II ensures that if the SURP II obtains AF, that this preparatory work will be revisited to avoid duplication.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project design was simple and adapted to the fragile context in Somalia. Also, due to concerns regarding capacity constraints in the government as well as lack of familiarity with World Bank projects, the World Bank team adopted a hybrid approach with most of the components designed to be implemented by the World Bank on behalf of the government, and only limited implementation by the government.

According to the PAD (p. 12) the World Bank team identified several high risks including: (i) insecurity which had the potential to prevent or delay work and make monitoring challenging. The project tried to mitigate this risk by using consulting firms, NGOs, UNOPs and other UN Agencies for much of the technical work; (ii) institutional capacity for implementation and sustainability. The project tried to mitigate this risk by investing in sustained client dialogue; (iii) lack of clarity on the division of labor amongst various government ministries, agencies and departments and as a result, poor coordination. The project tried to mitigate this risk by preparing subsidiary agreements between various levels of government involved in the implementation which clearly outlined the respective roles and responsibilities of each entity.

Not all mitigation measures were sufficient, resulting in, for example, procurement challenges. Also, according to the ICR (p. 19) some of the World Bank and recipient executed activities were combined and implemented before the PIUs in the municipalities were established or completely staffed not allowing for ownership and strengthening local capacity.

Also, the World Bank team did not identify the risk of lack of financing resulting in drastically scaling back investments to only Mogadishu and Garowe (instead of also including Hargeisa) with the availability of US$9.0 million in financing instead of the originally planned US$86 million.

The project's Results Framework did not have any major shortcomings (see section 9a for more details).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

According to the ICR (p. 23) the World Bank team conducted seven supervision missions and was able to identify and resolve implementation challenges swiftly. The World Bank team engaged with the counterparts through extensive dialogue to ensure their involvement despite the World Bank being supervisor and implementor. The World Bank collaborated with UNOPS to improve project management

capacity in the field, which positively impacted implementation give the local security challenges and the limited access the task team had to counterparts and project sites. According to the ICR (p. 24) the World Bank team conducted short intensive supervision missions with each municipality to agree on short-term action plans with specific goals and deadlines to ensure continuous momentum. After the initial missed opportunity of creating ownership and building capacity in the PIUs (as stated in the section above), the World Bank team engaged with the PIUs in the BEBR components, which gradually increased the PIUs' capacity. The project faced several procurement related challenges (see section 10b) which the World Bank team addressed by providing training and continuous support.

The ICR (p. 23) stated that the project could have benefitted from engaging more with community stakeholders and mainstreaming gender. Also, the project design could have included a phased approach to manage capacity gaps and fiduciary risks before investments are being made.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The original and revised objectives were clearly specified, and the selected indicators encompassed all outputs of the PDO statement, were sufficiently specific, measurable and relevant. No outcome indicators were identified, as the PDO itself was only at output level.

According to the PAD (p. 11) the World Bank team was responsible for monitoring the progress of the activities it executed while client agencies were responsible for monitoring the progress of the activities, they implemented.

The project's Results Framework could have benefited from including indicators measuring the quality of various outputs such as studies, assessments and designs. Also, the project lacked a theory of change that showed how key activities were to lead to intended outputs for this first preparatory project.

b. M&E Implementation
Since the outputs of the project were mainly developing documents and the establishments of PIUs, the need for data was minimal, making monitoring straight forward.

According to the ICR (p. 20) it would have been beneficial if the World Bank team would have reported on how outputs were used to inform subsequent activities and if the quality of these outputs was adequate

as it later showed that outputs were lacking quality when they were used in the implementation of the follow-on project, the Somalia Urban Resilience Project (SURP).

c. M&E Utilization

According to the ICR (p. 20) the Results Framework was used to track implementation progress. The project reported regularly through Implementation Status and Results reports (ISRs) and bi-annual projects briefs.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's safeguard policies OP/BP 4.01 (Environmental Assessment), OP/BP 4.11 (Physical Cultural Resources), and OP/BP 4.12 (Involuntary Resettlement). According to the ICR (p. 21) the project prepared an ESMF and Resettlement Policy Framework with sub-project specific Resettlement Action Plans (RAPs) and Environmental and Social Management Plans (ESMPs). The E&S performance of the project was downgraded during the last two Implementation Status Reports (ISRs) (July 2020 and July 2021) due to unavoidable delays associated with the transition from the Bank's former safeguard policies to the new Environmental and Social Framework (ESF).

The ICR did not state whether the project complied with each of these safeguard policies.

b. Fiduciary Compliance

Financial Management: The ICR (p. 21) stated that throughout implementation the audited annual financial statements were timely submitted to the World Bank, except during the last two years when they were delayed due to delays in hiring the technical assistance firm to support the Auditor General.

According to the ICR (p. 21) the external audit report for the financial year ending in December 2020 found the following issues: (i) failure to hold frequent Federal Inter-Ministerial Steering Committee (FIMSC) meetings (instead of four meetings only two meetings took place); (ii) instances of weak payment verification process on works completion certificates; and (iii) lack of single sourcing justification to provide internet services for the period under review in Puntland. However, despite these issues the project obtained an unqualified opinion by the external auditor.

Procurement: According to the ICR (p. 22) the project's procurement was conducted in accordance with the World Bank's procurement regulations for IPF borrowers since the national procurement law was not fully operational. The project's procurement experienced several challenges including contract extensions

being often completed late, and scope changes not being documented or budgeted properly resulting in disputes between the PIU and the contractors. Also, the PIUs lacked familiarity with World Bank procurement regulations and had only few established relationships with contractors. The project's procurement also experienced delays at the end of the project due to the COVID-19 pandemic. The World Bank addressed these issues by providing training and continuous support including all transactions being conducted as prior review. Also, COVID-19 related delays were addressed through bidders/suppliers/consultants being able to submit their bids/proposals electronically.

c. Unintended impacts (Positive or Negative)

NA

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR (p. 25-26) provided several lessons learned, which were adapted by IEG:

- **While working with municipal governments can result in strong levels of ownership within the municipalities it can also lead to coordination challenges**. In this project, working through municipal governments reduced political interference and empowered the municipalities. However, without a clear apex institution linking the municipalities, the project faced implementation challenges, which were addressed by hiring a program coordinator and establishing a Project Coordination Unit (PCU) under the SURP.

- **Engaging international third-party expertise in the implementation of a project in a country with limited capacity while at the same time building capacity within the government can positively impact project implementation**. In this project, project management capacity was enhanced by engaging UNOPS, which used in-house capacity

rather than managing external consultants or firms, to deliver better quality assurance in a low capacity-environment while being engaged locally.

- **Ensuring a participatory approach by engaging with local communities during project preparation can positively impact implementation.** During the preparation of this project local communities were involved little, presenting a lost opportunity. However, throughout implementation the needs of vulnerable groups including women and internally displaced persons (IDPs) became a priority resulting in participatory planning processes.

- **World Bank executed components can be useful in a FCV context with limited government capacity and challenging monitoring**. In this project, the World Bank executed several project activities such as the institutional and socio-economic assessment on behalf of the government due to limited capacity. This allowed for a better understanding of institutional capacity and existing dynamics that needed to be considered for calibrating the project's implementation approach.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided an adequate overview of project preparation and implementation and was concise and appropriately focused on the relevant results. Also, it included useful lessons learned that can be applied to similar projects in this area. However, the ICR lacked a theory of change specific to this project. Also, the ICR did not provide any information on how the World Bank mitigated safeguard policies and provided limited information on several topics including M&E and TF disbursement. Taking everything together, the quality of the ICR is rated Substantial.

a. Quality of ICR Rating

Substantial