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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED SECOND ADDITIONAL GRANT

IN THE AMOUNT OF SDR 39 MILLION
(US\$50 MILLION EQUIVALENT)

FROM THE CRISIS RESPONSE WINDOW - EARLY RESPONSE FINANCING

TO THE

FEDERAL REPUBLIC OF SOMALIA

FOR THE

SOMALIA URBAN RESILIENCE PROJECT PHASE II

December 8, 2022

Urban, Resilience, and Land Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective October 31, 2022)

Currency Unit = US\$

SDR 0.77924709 = US\$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
BRA	Benadir Regional Administration
CCCM	Camp Coordination and Camp Management
CERC	Contingent Emergency Response Component
CPF	Country Partnership Framework
CRW	Crisis Response Window
CWG	Cash Working Group
DA	Designated Account
DRFPP	Drought Response and Famine Prevention Plan
E&S	Environmental and Social
EAFS	External Assistance Fiduciary Section
ECT	Emergency Cash Transfer
EFA	Economic and Financial Analysis
ERF	Early Response Financing
ERR	Economic Rate of Return
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
EU	European Union
FCDO	Foreign, Commonwealth, and Development Office
FCV	Fragility, Conflict, and Violence
FEWSNET	Famine Early Warning Systems Network
FGS	Federal Government of Somalia
FM	Financial Management
FMS	Federal Member State
GBV	Gender-Based Violence
GEMS	Geo-Enabling Initiative for Monitoring Services
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HLP	Housing, Land, and Property
IDP	Internally Displaced Person
IFR	Interim Financial Report
IOM	International Organization for Migration

IPs	Implementing Partners
ISM	Implementation Support Mission
ISR	Implementation Status and Results Report
M&E	Monitoring and Evaluation
MoLSA	Ministry of Labor and Social Affairs
MoPW	Ministry of Public Works
MPF	Multi-Partner Fund
MRP	Minimum Response Package
NGO	Nongovernmental Organization
NPV	Net Present Value
O&M	Operation and Maintenance
OHS	Occupational Health and Safety
PA	Project Account
PAD	Project Appraisal Document
PCU	Project Coordination Unit
PDO	Project Development Objective
PFM	Public Financial Management
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PPSD	Project Procurement Strategy for Development
SCRP	Somalia Crisis Recovery Project
SEA	Sexual Exploitation and Abuse
SEAH	Sexual Exploitation, Abuse, and Harassment
SH	Sexual Harassment
SMPF	Somalia Multi-Partner Fund
SODMA	Somalia Disaster Management Agency
STEP	Systematic Tracking of Exchanges in Procurement
SURP	Somalia Urban Resilience Project
TA	Technical Assistance
ToC	Theory of Change
TPM	Third-Party Monitoring
TPMA	Third-Party Monitoring Agent
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNOPS	United Nations Office for Project Services
WASH	Water, Sanitation, and Hygiene
WBG	World Bank Group
WFP	World Food Programme

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SOMALIA

SOMALIA URBAN RESILIENCE PROJECT PHASE II SECOND ADDITIONAL FINANCING

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BASIC INFORMATION – PARENT (Somalia Urban Resilience Project II - P170922)

Country Somalia	Product Line IBRD/IDA	Team Leader(s) Makiko Watanabe		
Project ID P170922	Financing Instrument Investment Project Financing	Resp CC SAEU3 (10208)	Req CC AECE2 (6542)	Practice Area (Lead) Urban, Resilience and Land

Implementing Agency: Baidoa Municipality/South West State, BeletWeyne/Hirshabelle, Benadir Regional Administration, Dhusamareeb/Galgaduud, Garowe Municipality/ Puntland, Kismayo Municipality/Jubbaland, Ministry of Public Works

Is this a regionally tagged project? No	
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Bank/IFC Collaboration No

Approval Date 09-Dec-2019	Closing Date 31-Dec-2026	Expected Guarantee Expiration Date	Environmental and Social Risk Classification High
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

**Development Objective(s)**

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.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	22-Jul-2020	26-Jan-2021	07-Jul-2021	20-Dec-2021	28-Jun-2022	29-Nov-2022
Progress towards achievement of PDO	MS	MS	S	S	S	S
Overall Implementation Progress (IP)	MS	MS	S	MS	MS	MS
Overall ESS Performance	S	MS	MS	MS	MS	MS
Overall Risk	H	H	H	H	H	H
Financial Management	MS	MS	MS	MS	MS	MS
Project Management	S	S	MS	MS	S	S
Procurement	MS	MS	MS	MS	MS	MS
Monitoring and Evaluation	S	MS	MS	MS	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Somalia Urban Resilience Project Phase II Second Additional Financing - P179775)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P179775	Somalia Urban Resilience Project Phase II Second	Restructuring, Scale Up	Yes



	Additional Financing		
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	22-Dec-2022	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
31-Dec-2026	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	70.00	6.41	62.31	9.3 %
Grants	83.50	16.76	66.74	20 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Somalia Urban Resilience Project Phase II Second Additional Financing - P179775)**FINANCING DATA (US\$, Millions)**



SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	153.50	50.00	203.50
Total Financing	153.50	50.00	203.50
of which IBRD/IDA	70.00	50.00	120.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	50.00
IDA Grant	50.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Somalia	0.00	50.00	0.00	0.00	50.00
Crisis Response Window (CRW)	0.00	50.00	0.00	0.00	50.00
Total	0.00	50.00	0.00	0.00	50.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Urban, Resilience and Land

Contributing Practice Areas

Fragile, Conflict & Violence
Social Sustainability and Inclusion
Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks



PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
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Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

Introduction

1. **This Project Paper seeks the approval of the Board of Executive Directors for a proposed additional grant from IDA in the amount of SDR 39 million (US\$50 million equivalent) for the Somalia Urban Resilience Project Phase II (SURP-II, P170922).** The proposed second additional financing (AF) is financed by the Crisis Response Window (CRW)-Early Response Financing (ERF) for Somalia. The CRW funding was approved by the Board on August 26, 2022. The original grant of US\$112 million (SDR 82.15 million) was approved on December 19, 2019, and became effective on February 24, 2020. The first AF of US\$41.5 million equivalent (US\$21.5 million from the Multi-Partner Fund [MPF] and US\$20 million from IDA) was declared effective on July 14, 2022.¹ Taken together, SURP-II will have a total budget envelope of US\$203.5 million, with a closing date of December 31, 2026.²

2. **The proposed SURP-II second AF entails several key changes:** (a) restructure the project and add a new component—Component 4: Response to Urban Forced Displacement—and merge the ongoing financing for drought-induced internally displaced persons (IDPs) under the Contingent Emergency Response Component (CERC) to this component; (b) scale up Component 4 by adding US\$45 million from the CRW-ERF in light of deteriorating drought and displacement; (c) reduce the allocation for Component 2: Institutional Strengthening and Analytics from the existing US\$5 million to US\$2 million; (d) increase the allocation for Component 3: Project Management and Capacity Building from the current US\$20.5 million to US\$28.5 million; and (e) retain the CERC now as Component 5 with a US\$0 allocation.

3. **SURP-II's Project Development Objectives (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.

4. **SURP-II comprises four components designed to strengthen urban resilience and municipal governance in key cities.** SURP-II supports participatory decision-making processes to identify key urban investments that advance urban resilience in six strategically important cities across five Federal Member States (FMSs) and the Benadir Regional Administration (BRA). These include the cities of Mogadishu (BRA), Garowe (Puntland State), Baidoa (South West State), Kismayo (Jubbaland State), Dhusamareb (Galmudug State), and Beledweyene (Hirshabelle State). The project helps strengthen the country's public financial management (PFM) systems by channeling the funds on budget while also helping strengthen institutional arrangements and capacities that underpin municipal functionality and its relationships within the Somali Government and with external actors. The four components are as follows:

- **Component 1: Urban Infrastructure and Services** supporting the preparation and implementation of all infrastructure investments.

¹ This included processing of US\$20 million to replenish funds which were reallocated to Component 4: Contingent Emergency Response to respond to the worsening drought. The current US\$153.5 million is financed by an IDA grant of US\$70 million, as well as three trust fund grants under the Somalia Multi-Partner Fund (SMPF) (TF0B1409, TF0B1519, and TF0B8532) in the amount of US\$45 million, US\$17 million, and US\$21.5 million.

² Under the first AF, the closing date was extended by 24 months to December 31, 2026, to allow for adequate completion of the CERC.



- **Component 2: Institutional Strengthening and Analytics** including various technical assistance (TA) activities such as on informal settlements; climate-resilient operation and maintenance (O&M) of urban infrastructure; urban governance, including solid waste management; and hosting of mayors' forum. These activities help strengthen the core municipal functions.
- **Component 3: Project Management and Capacity Building** providing the overall project management costs, including monitoring and evaluation (M&E), as well as the capacity building of the Project Coordination Unit (PCU), Project Implementation Units (PIUs), and relevant municipal staff.
- **Component 4: Contingent Emergency Response** allowing for rapid reallocation of uncommitted project funds in the event of a natural or man-made crisis in the future, during the implementation of the project, to address eligible emergency needs under the conditions established in its Operations Manual.

5. **SURP-II implementation status.** The project is more than 32 months into implementation and underwent its latest implementation support mission (ISM) in June 2022. It is making gradual but steady progress toward achieving its development objective. PDO achievement is rated Satisfactory, and implementation progress is rated Moderately Satisfactory (MS). The project has maintained both ratings above MS or better for the past 12 months, and all legal covenants including audit and financial management (FM) reporting requirements have been complied with. Despite the complex operating environment, the project is successfully being implemented across vast and diverse areas. The project has been performing relatively well with trained and functional municipal PIUs and a federal-level PCU at the Ministry of Public Works (MoPW), as well as established Federal Government of Somalia (FGS) and FMS Interministerial Project Steering Committee. The US\$20 million CERC was activated on July 19, 2022, focused on key urban areas and contributed to the World Bank's overall drought response. The CERC is providing support on housing, land, and property (HLP)³ and basic services (water, sanitation, and hygiene [WASH] and/or health) in Mogadishu, Baidoa, and Garowe that are already seeing a large inflow of IDPs triggered by the ongoing drought. The FGS has engaged the International Organization for Migration (IOM)⁴ as an implementing partner through an output agreement signed in September 2022, while IOM has outsourced elements of the response to its Danwadaag Consortium⁵ that comprises international and local nongovernmental organizations (NGOs).

6. **As of December 5, 2022, total project disbursements stand at US\$24.8 million, representing approximately 16 percent of the total grant of US\$153.5 million.** Initial delays in disbursements from the FGS to the FMSs, which took over six months in some cases along with delays in the completion of the engineering designs, led to a slow start. The disbursement has picked up pace since the SURP-II budget has now been transferred from the Ministry of Interior (which is in charge of all public subnational fiscal

³ Includes site planning, legal support for IDPs to obtain individual land titles, and service provision within government-designated IDP resettlement sites (Garowe and Baidoa). For IDPs living on private lands, support to obtain long-term lease agreements with private landowners in exchange for basic services is being provided.

⁴ With its head office located in Mogadishu, IOM-Somalia operations are implemented by six field offices, eight satellite offices, and the Nairobi support office in Kenya. IOM field offices are present in all three targeted cities. IOM maintains a strong portfolio of multisector humanitarian interventions, including camp coordination and camp management (CCCM), shelter and non-food items, health, and WASH, with a total funding pipeline at over US\$200 million.

⁵ Established in 2018, the Dawnwadaag consortium comprises the Norwegian Refugee Council, Concern Worldwide, and Greco and provides integrated basic services, targeted livelihood, and land tenure security and HLP.



transfers) to the direct client of the Federal MoPW, and construction commenced since August 2021 in two of the six target cities of Baidoa and Garowe. In these two cities, the first package of investments will be completed soon. The third city—Kismayo—has also started civil works in February 2022 after a nine-month delay, while the PIU is working closely with the contractor to fast-track implementation. There is also the issue that Somalia has difficulties in attracting internationally reputable and competent contractors due to high risks. Future delays in implementation are possible due to deteriorating security. To mitigate risks of delay and enhance project performance, the project incorporates several measures: (a) monthly check-ins with each PIU, PCU, and the United Nations Office for Project Services (UNOPS) that provides engineering supervision to facilitate troubleshooting; (b) deployment of a third-party monitoring agent (TPMA) to review civil works progress, quality, and environmental and social (E&S) compliance, among other things; (c) introduction of the Geo-Enabling Initiative for Monitoring Services (GEMS) to streamline and visualize information management; (d) deployment of UNOPS for continuous field-level supervision; (e) the World Bank’s technical supervision missions in between official ISMs; and (f) PCU backstopping support to the PIUs. For the ongoing CERC activities, the project focuses on quick disbursing activities and leverages the standing capacity of implementing partners to facilitate rapid implementation.

7. **SURP-II helped strengthen the municipal governments’ capacity by channeling funds to the subnational level.** The World Bank’s urban engagement in Somalia started with the Somali Urban Investment Planning Project (P150374) that helped municipalities plan and design priority urban investments. This was followed by the Somalia Urban Resilience Project (SURP) (P163857), where priority urban infrastructure was financed using country PFM systems at the municipal level for the first time. Leveraging the success of the SURP and using the IDA financing that became available, SURP-II scaled up the financing and geographic coverage to the entire country except for Somaliland. SURP-II’s decentralized approach, where funds for urban investments are transferred to the municipal level, serves as an important ‘learning-by-doing’ approach. The PIUs established within the municipal governments have been trained on core functions, such as FM, procurement, engineering, E&S risk management, citizen engagement, and M&E, to ensure smooth implementation of SURP-II activities. The PIUs started providing demand-driven support to other municipal government departments, as well as FMS-level ministries, helping augment their capacity. SURP-II also provided various TA activities to carry out diagnostics and strengthen the municipal government’s urban management, such as informal settlement upgrading, solid waste management, and road O&M. Finally, the project has helped better define intergovernmental functional roles and responsibilities related to urban services. With relatively strong implementation arrangements and broad geographic coverage, SURP-II has further evolved to support the Government’s ongoing drought response in urban areas through Government systems and leadership. This demonstrates that SURP-II has succeeded in establishing a platform for urban service delivery at the municipal level.

Rationale for Second Additional Financing and Proposed Changes

8. **Somalia is on the brink of famine.** Four consecutive rainy seasons failed; a climatic event not seen in at least 40 years. The March-June 2022 rainy season brought below average rainfall and is likely the driest on record, devastating livelihoods and driving sharp increases in food, water, and nutrition insecurity. It is estimated that over seven million people (nearly half the population) have been affected by severe water shortages across the country, triggering mass displacement. Since January 2021, drought-



induced displacement has reached almost 1.6 million people.⁶ The number of affected people will likely increase in the coming months, given the low levels of rainfall during the current rainy season. Existing water sources are overstretched, and many WASH infrastructures are dysfunctional due to mechanical failures, overuse, and lack of proper maintenance. Consequently, an estimated 60 percent of the people are now using unimproved water sources, increasing the rate of water-borne diseases.⁷ Lessons from the past show that when lack of food and water is combined with disease outbreaks, mortality surges, especially among children. On September 8, 2022, the Global Famine Review Committee projected famine in two areas in the Bay region in South-Central Somalia for October to March 2023, unless humanitarian aid is immediately scaled up. Between January and June 2022, humanitarian assistance reached 4.1 million people and has prevented the worst outcomes. However, the level of assistance is outpaced by the rapidly growing needs. A probable fifth consecutive failed rainy season in October-December could prolong drought conditions into 2023. On November 23, 2021, the FGS declared the drought a national emergency and issued an urgent appeal for international assistance.⁸

9. The impact of drought and floods has been exacerbated by the COVID-19 pandemic and rising commodity prices due to the war in Ukraine. The pandemic is having significant indirect effects on security, driven by the regional economic downturn and supply chain disruptions and rising costs of production. Border closures have hurt trade, livestock exports, and household incomes. Daily wages have fallen by 27–33 percent compared to the five-year average.⁹ IDPs already suffer from higher poverty rates than non-IDPs (77 percent versus 66 percent).¹⁰ Among them, IDP families with children, especially single female caregivers, are expected to suffer more as they are 17–20 percentage points more likely to be poor than other IDPs.¹⁰ Due to repeated shocks, between 2014 and 2021, real per capita growth rates averaged 0 percent. The ongoing severe drought is affecting Somalia’s economic recovery by reducing the country’s limited domestic agricultural production, including livestock—the country’s primary source of export earnings. More than three million estimated livestock have died of starvation and disease since mid-2021.¹¹ Furthermore, poor harvests and rising commodity prices, particularly for wheat and fuel, and the reduction of cross-border stable food imports due to the drought, are placing a strain on household expenditures, especially for the poor. More than 40 percent of the population is projected to be food insecure between October and December 2022, including at least 300,560 that will be in Catastrophe (Integrated Food Insecurity Phase Classification: [IPC] Phase 5).¹¹

10. The Government has limited fiscal space and policy options to respond to the drought, and significant funding gaps remain. The Central Bank of Somalia has no monetary policy instruments, as de facto dollarization supports price stability. There is limited fiscal space to allocate resources to respond to multiple climatic shocks, the COVID-19 pandemic, the impacts of the war in Ukraine,¹² and regular security incidences. As Somalia is in debt distress and participating in the Heavily Indebted Poor Countries (HIPC)

⁶ The displacement figures are based on the Protection and Return Monitoring Network, which is derived from key informant interviews. As a result, the findings should be considered as estimates. Displacement figures could be related to the interconnectivity between conflict and drought-induced displacement. For example, while data collectors may have identified drought as the primary cause of displacement, conflict may also be a factor.

⁷ United Nations 2022.

⁸ Office of the Prime Minister. *Urgent Humanitarian Appeal* (Ref: 0579). November 24, 2021.

⁹ Famine Early Warning Systems Network (FEWSNET), Somalia Food Security Outlook February–September 2021.

¹⁰ World Bank 2022. <https://blogs.worldbank.org/africacan/want-keep-internally-displaced-people-somalia-out-poverty-increase-womens-economic>.

¹¹ FEWSNET, Somalia Food Security Outlook October–December 2022.

¹² In recent years, Somalia sourced 90 percent of its wheat from the Russia Federation and Ukraine. Somalia is highly dependent on food imports, which cover 60–65 percent of domestic requirements even in the best of years.



initiative, there are no opportunities to borrow to increase fiscal space to respond to crises. In response to the drought crisis, the FGS submitted a request for financing under the CRW-ERF to the World Bank on July 5, 2022, to scale up the ongoing response.¹³ To date, US\$1.05 billion has been raised (46 percent of the US\$2.26 billion required) by humanitarian partners for the wider humanitarian response.¹⁴ Critical gaps remain across key sectors to prevent famine and provide lifesaving assistance and sustain lives and livelihoods. The funding gaps for the key sectors are as follows: food security (37 percent), WASH (73 percent), nutrition (45 percent), and health (58 percent), among other sectors. All remaining available IDA resources for FY23 have been notionally programmed, leaving no additional resources for drought response or recovery, and making the CRW-ERF resources a critical last resort for much-needed additional support.

11. 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 year.¹⁵ 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 2050.¹⁶ It is estimated that approximately 75 percent of the country's IDPs live in Somali cities, fleeing violence and in search of better jobs and services. Consequently, about one-quarter of today's urban population are thought to be IDPs.¹⁷ Somalia is highly susceptible to the effects of climate change and extreme weather events, which could exacerbate the rural-urban migration or affect the welfare of the urban residents. Depending on the Representative Concentration Pathways scenario, temperature in Somalia may rise between 1.4 and 1.9°C by 2030.¹⁸ The annual number of very hot days (with daily maximum temperature above 35°C) is projected to increase with high certainty all over Somalia, with central Somalia being particularly affected. Higher exposure to heatwaves will very likely lead to an increase in heat-related mortality. Heatwaves will also affect the Somali economy, and projected sea level rise threatens the livelihoods of coastal communities, including those in the capital Mogadishu.¹⁹

12. 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 risk stunting the potential development and economic growth Somali cities can generate. Unplanned growth is resulting in slum expansion and environmental degradation. Basic public goods, such as 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,

¹³ SURP-II recently activated the US\$20 million CERC to provide urgent support for the newly arriving drought-induced IDPs and the host communities in Mogadishu, Baidoa, and Garowe, in collaboration with the IOM and its Dawnwadaag consortium.

¹⁴ The updated 2022 Humanitarian Response Plan requires US\$2.26 billion to respond to the most life-threatening needs of 7.76 million people.

¹⁵ UN World Population Prospects 2019 and World Urbanization Prospects 2018 (United Nations Department of Economic and Social Affairs).

¹⁶ World Bank. 2021. *Somalia Urbanization Review: Fostering Cities as Anchors of Development*.

¹⁷ World Bank 2021.

¹⁸ World Bank. Forthcoming. *Somalia Country Climate Risk Profile*.

¹⁹ World Bank, forthcoming.



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.²⁰

13. The increased inflow of IDPs due to the drought puts additional strain on the already overstretched cities. IDPs in Somalia total approximately 2.96 million²¹ people, and the majority are settled in precariously conditioned sites in urban and peri-urban areas. Clusters of IDP camps, de facto slums, spread throughout cities.²² More than 1.1 million individuals have been displaced to IDP sites in urban centers in 2022 alone, with Baidoa receiving the highest number of new arrivals (almost 32 percent or over 360,000 IDPs), followed by Mogadishu (over 27 percent or over 306,000 IDPs).²³ Taken together, the two cities host 59 percent of all the drought-induced IDPs that have been displaced to date. Garowe has received 3,461 IDPs to date.²⁴ While Garowe has not received significant numbers of new drought displacement IDPs, the situation of the existing caseload of IDPs remains critical as most are classified in Emergency (IPC Phase 4). An additional 520,000 individuals are estimated to be displaced by the end of the year.²⁵ The growing population in these cities places considerable stress on municipal service delivery capacity, increasing social tensions between host communities and the displaced.

14. SURP-II's support for the drought-induced IDPs flowing into urban centers complements the World Bank's overall drought response in Somalia. To date, the World Bank has allocated US\$393.5 million for drought response through various ongoing operations: the Shock Responsive Safety Net for Human Capital Project (P171346, known as the Baxnaano Program), Shock Responsive Safety Net for Locust Response Project (P174065), Water for Agro-Pastoral Productivity and Resilience Project (P167826, known as the Biyoole Project), and the SCRIP (P173315). Other relevant new operations include the recently approved World Bank Group (WBG)-supported Horn of Africa - Groundwater for Resilience Project (P174867); the De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa Project (P176517); and the planned Food Systems Resilience Project (P179832) under preparation, which will advance medium to longer-term solutions to boost food and nutrition security, reduce risks, and strengthen food systems. While these projects collectively help alleviate the impacts of drought in rural areas, none of them operate in urban areas where the majority of the drought-induced IDPs are coming. SURP-II is the only project that has established implementation arrangements at the municipal level and has experience providing drought response through the CERC. It is thus imperative that SURP-II leverages the preexisting structure and experience to scale up the drought response for urban IDPs. The World Bank-supported drought response collectively puts the Government in the driver's seat to oversee and coordinate the emergency response. Based on the needs assessment conducted by humanitarian agencies, newly arriving IDPs require emergency cash transfer (ECT) to address their acute food insecurity in addition to access to basic services such as nutrition, health, and WASH. Since the Baxnaano Program is yet to operate in urban areas, it was agreed that SURP-II will provide the cash transfer but harmonize the targeting, levels of contribution, duration, and data collection with the Baxnaano Program.

²⁰ World Bank 2021.

²¹ UNHCR (United Nations High Commissioner for Refugees). Data Portal (as of February 2022).

²² CCCM Cluster Somalia Overview (UNHCR).

²³ Microsoft Power BI New Arrivals Tracker CCCM (Reporting dates: January 6–November 10, 2022).

²⁴ CCCM cluster site verification.

²⁵ Displacement Tracking Matrix (DTM) Drought Analysis 2021.



15. **Considering the urgency to act, this second 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 World Bank Policy, Investment Project Financing. There will be no deferral of the E&S requirements.

II. DESCRIPTION OF ADDITIONAL FINANCING

A. Summary of the Proposed Changes

16. The proposed changes under the SURP-II second AF are detailed in Table 1 and section C.

Table 1. Summary of Proposed Changes

Activities	Proposed Changes
(a) Component 2: Institutional Strengthening and Analytics	<ul style="list-style-type: none"> Reduce the budget allocation from the current US\$5 million to US\$2 million.
(b) Component 3: Project Management and Capacity building	<ul style="list-style-type: none"> Add US\$8 million. The total allocation will increase from the existing US\$20.5 million to US\$28.5 million.
(c) Component 4: Response to Urban Forced Displacement	<ul style="list-style-type: none"> To add a new component that combines all the project’s drought response activities including those under the CERC. To scale up and expand the project’s drought response through an additional US\$45 million from the CRW-ERF and reallocation of US\$20 million from the CERC, totaling an allocation of US\$65 million for the component.
(d) Component 5: CERC	<ul style="list-style-type: none"> The CERC will now be labeled as a new Component 5 (previously Component 4). The CERC will now have a US\$0 budget allocation.
(e) Changes to the Results Framework	<ul style="list-style-type: none"> Intermediate indicators edited and new indicators to be added to reflect the scaled-up drought response. Targets changed for the PDO and intermediate indicators to reflect the scaled-up drought response

B. Project Development Objective

17. **The PDO will not be changed for this second AF.** The PDO remains 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.

C. Project Components and Costs

18. **Component 2: Institutional Strengthening and Analytics (US\$2 million equivalent, of which IDA US\$2 million).** Budget allocation for Component 2 will be reduced from the existing US\$5 million to US\$2 million to address the shortfall of the project management budget to account for the two-year extension of the project closing date, which was approved under the previous AF. The remaining budget will finance the preparation of city-strategic development plans where needed and the Somalia mayor’s forum to encourage peer-to-peer learning among different mayors on critical issues related to urban development.



This component contributes to GCRF Pillar 4: Strengthening Policies, Institutions, and Investments for Rebuilding Better.

19. **Component 3: Project Management and Capacity Building (US\$28.5 million equivalent, of which IDA US\$18 million and Somalia Multi-Partner Fund (SMPF) US\$10.5 million).** To cover the Government's increased project management costs due to drought response and the extended project closing date, the budget allocation will be increased from the current US\$20.5 million to US\$28.5 million. This component also contributes to GCRF Pillar 4.

20. **Component 4: Response to Urban Forced Displacement (US\$65 million equivalent from IDA).** A new component will be added to provide urgent support for the newly arriving IDPs affected by climate-related drought to alleviate the increased pressure on the already limited urban services and mitigate social tension. The ongoing drought response activities under the CERC worth US\$20 million will be incorporated into this new Component 4. In Baidoa and Mogadishu, the proposed AF will provide target households a 'minimum response package' (MRP) that includes ECT,²⁶ two plastic sheets for emergency shelter, and one hygiene kit per household. At the site level, IDPs will benefit from emergency water supply (water trucking, solar-powered boreholes' rehabilitation/construction), sanitation services (construction of communal latrines/handwashing stations), Camp Coordination Camp Management (CCCM) (biometric registration of beneficiaries, displacement tracking, and service delivery monitoring through community-based camp management committees²⁷), and health and nutrition assistance (deployment of mobile health teams, strengthening of existing community health centers, and training of community health workers and staff). The injection of cash to families at the outset of the emergency will enable the project to rapidly scale up while supporting families to meet their most immediate needs. In Garowe, the proposed second AF will provide health and nutrition services (mobile health clinics) that cater to the drought-induced IDPs, which could not be provided under the CERC due to budget constraints. These sectors and target areas were identified as top priorities in the Drought Response and Famine Prevention Plan (DRFPP),²⁸ based on the most recent UN agencies, NGO, and FGS assessments. In alignment with the parent project, all infrastructure supported under the AF will meet climate-resilient²⁹ standards. The proposed activities are expected to be completed within 12 months. According to the recently completed assessment by the Foreign, Commonwealth, and Development Office (FCDO), MRP was evaluated positively for having accomplished an integrated approach of support for those recently displaced in urban environments and was recommended for further expansion. This component contributes to GCRF Pillar 1: Responding to Food Insecurity and Pillar 3: Strengthening Resilience.

²⁶ The project will provide US\$60 per drought-affected household for six months, a total of US\$360 per household (in line with the Baxnaano ECT and the recommended transfer value for multipurpose cash assistance according to the Somalia Cash Working Group [CWG]). The project will also register relevant beneficiary households' socioeconomic information in the FGS unified social registry being developed by the Ministry of Labor and Social Affairs (MoLSA) and supported by the WFP under the Baxaano program.

²⁷ Camp management committees work with partners in designated zones ('zonal champions') to support IDP registration/verification through a criteria-based approach. The committees comprise representative IDP groups.

²⁸ <https://reliefweb.int/report/somalia/somalia-drought-response-and-famine-prevention-plan-may-december-2022-june-2022>.

²⁹ Infrastructure is planned, designed, and operated in a way that anticipates, prepares for, and adapts to changing climate conditions (including for flooding and drought).



Table 2. City-Wise Activities

Mogadishu	Baidoa	Garowe
<p>Targeting: Kahda, Daynile (25,000 households, 150,000 people)</p> <p>[Household Level]</p> <ul style="list-style-type: none"> • Emergency cash transfer (US\$60/household * 6 mos) • Plastic sheets for emergency shelter • 1 hygiene kit/household <p>[Community Level]</p> <ul style="list-style-type: none"> • Emergency water supply (water trucking, boreholes) • Sanitation services (construction of communal latrines) • Health and nutrition assistance through strengthening of existing community health centers/mobile health clinics and their services • CCCM 	<p>Targeting: All IDP hosting areas (25,000 households, 150,000 people)</p> <p>[Household Level]</p> <ul style="list-style-type: none"> • Emergency cash transfer (US\$60/household * 6 mos) • Plastic sheets for emergency shelter • 1 hygiene kit/household <p>[Community Level]</p> <ul style="list-style-type: none"> • Emergency water supply (water trucking, boreholes) • Sanitation services (construction of communal latrines) • Health and nutrition assistance through strengthening of existing community health centers/mobile health clinics and their services • CCCM 	<p>Targeting: New relocation site (5,000 households, 30,000 people)</p> <p>[Community Level]</p> <ul style="list-style-type: none"> • Additional primary health care and nutrition support through provision of mobile health clinic

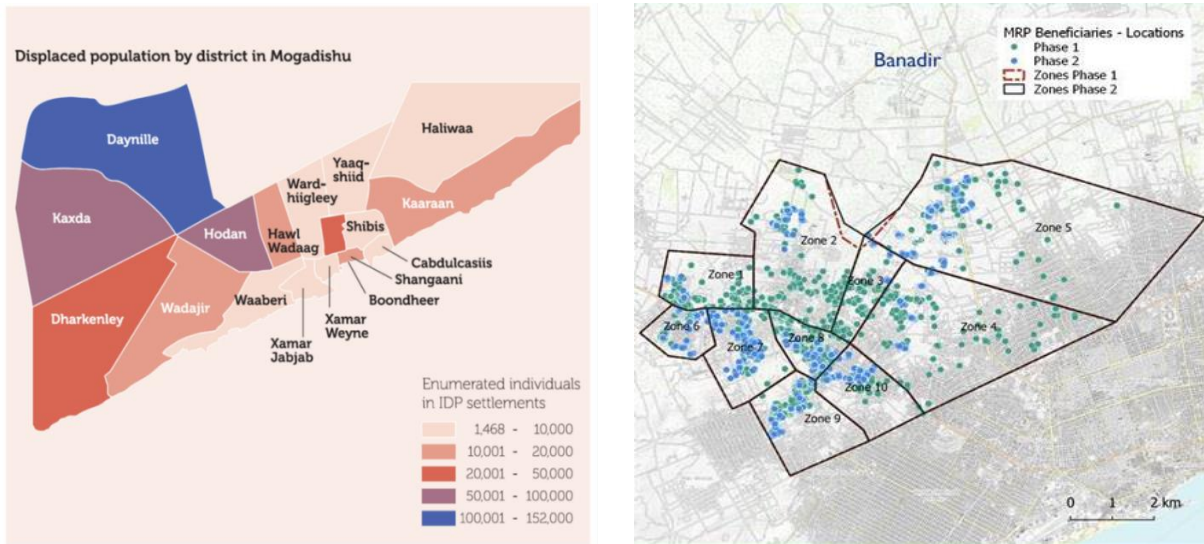
21. **The proposed activities will not only address the immediate needs but will also contribute to longer-term development outcomes by leveraging SURP-II’s ongoing development interventions.** Cash transfers alleviate immediate food insecurity, while health, nutrition, and WASH interventions address preventable morbidity and mortality. By channeling the support through the Government, the proposed AF helps strengthen the Government’s capacity to plan, coordinate, and oversee humanitarian assistance. Further, the project will seek synergies between the ongoing development activities by supporting the cities to follow the city spatial development plan in planning IDP sites; connecting project roads, drainage, and solar streetlights to IDP sites; and drawing on community structures established under SURP-II, such as project grievance redress and O&M committees, to verify and monitor beneficiaries of the humanitarian support and provide sustainable O&M of the facilities (such as boreholes) to be built.

22. **The proposed activities are complementary to the CERC activities in that they both target the drought-induced IDPs in the same cities.** However, the proposed activities under this second AF differ from the CERC activities under the parent project in a couple of ways. First, the proposed activities are more short term in nature—there is no support for HLP, such as transitional shelter and security of tenure. Second, the geographic targeting may be slightly different and based on arrival trends in ‘zones’. In BRA and Baidoa, areas of new IDP arrivals have been divided into zones (‘MRP zones’), based on administrative boundaries, natural landmarks, and locations of the new arrivals. In Mogadishu, the CERC activities targeted zones 4 and 5 in Khada and Daynile districts, the two districts with the highest concentration of new arrivals, but the proposed AF activities may target up to all 10 zones in the same districts. In Baidoa, the CERC activities targeted the Barwaqo North Extension and the Agricultural Development Center (ADC) area (zone 7). Under the AF, the activities will target up to eight zones, excluding the Barwaqo North Extension (as IDPs resettled to the Barwaqo site will have access to basic services provided under the CERC), but include the southern side of ADC, where new IDPs continue to flow in, and two other areas



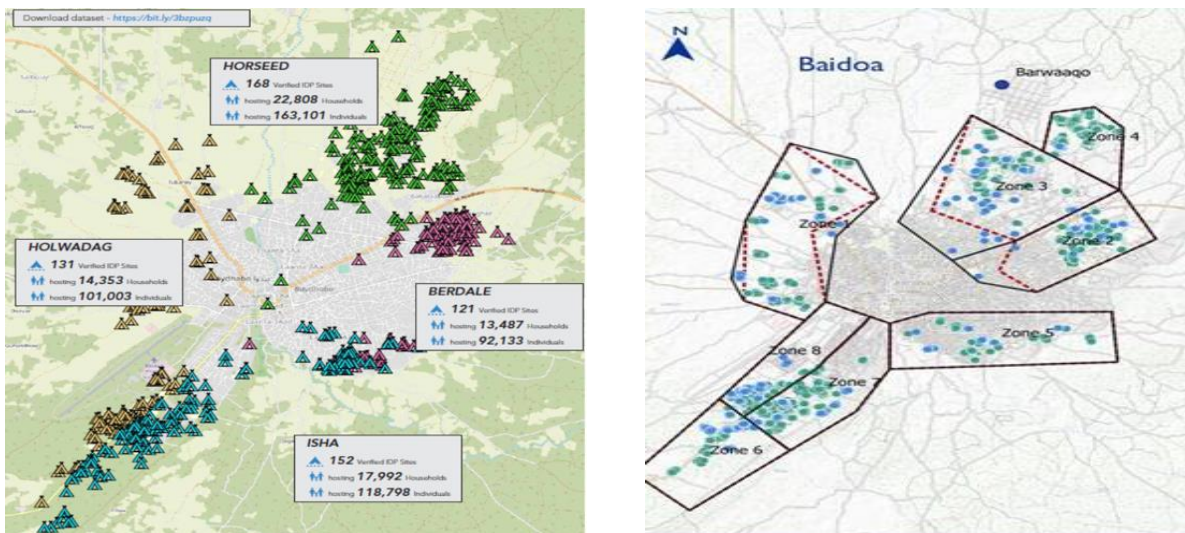
called Holwadaag and Berdale to the West and East of the city that also host drought-induced IDPs. These areas are depicted as zones 1 to 8 in figure 2. The actual zones to be targeted in Mogadishu and Baidoa will be determined at the time of activity implementation considering the latest IDP movements and the availability of other resources. In Garowe, the CERC activities targeted an IDP resettlement site of Holdaal³⁰ and will remain the same under the AF. In addition to the US\$20 million reallocated from the CERC, US\$45 million from the CRW-ERF will be added to this component. In total, the new component will receive an allocation of US\$65 million. The output agreement signed between the FGS and IOM for the CERC will be amended to accommodate the additional activities. In addition to its Danwadaag Consortium, IOM may engage additional partners to facilitate rapid scale up of project activities.

Figure 1. IDP Settlements in Mogadishu



Source: IOM October 2022.

Figure 2. IDP Settlements in Baidoa

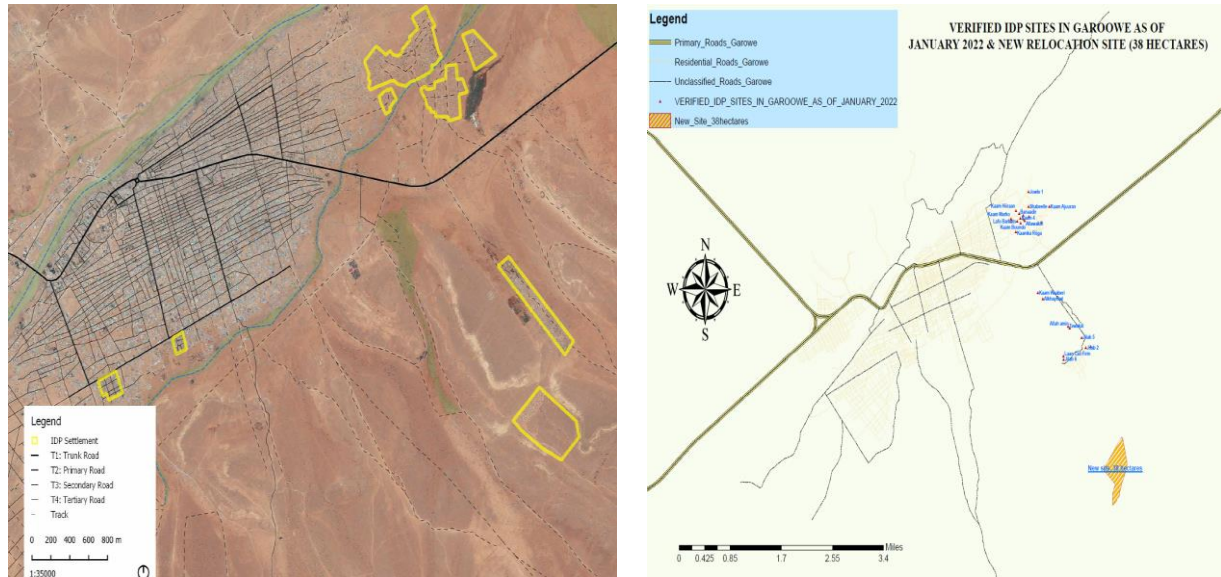


³⁰ Initially, the resettlement site was in the northeast of the city center called Armale, but the Government shifted the resettlement site to an area to Holdaal, where IDP sites are already established.



Source: IOM October 2022.

Figure 3. IDP Settlements in Garowe



Source: IOM October 2022.

23. City selection was determined through a criteria-based approach, which include (a) drought displacement projected arrivals; (b) IDPs’ Integrated Phase Classification rating from FEWSNET, which measures the level of food insecurity; (c) eviction risk—as measured by IDP sites’ security of tenure and recent issuance of eviction notices; (d) the city’s absorption capacity—as measured by the level of political willingness to accommodate IDPs and availability of existing settlement sites for IDPs; and (e) overall balance within the World Bank’s portfolio-wide drought response to different areas in Somalia and the ongoing CERC. Given the dynamic and evolving drought situation, the actual budget allocation by city and target area/zone will be determined at the time of project implementation using the allocation formula (detailed in the following paragraph) and the up-to-date information at the time of actual funding to determine the final allocations.³¹ The allocation formula has been endorsed by the Government.

Budget Allocation Formula

24. Given the relatively smaller number of drought-induced IDPs arriving in Garowe, the allocation to Garowe will be limited to approximately US\$2.7 million to provide supplementary primary health and nutrition support to the ongoing CERC activities. This will maximize the impact of the existing CERC investments and meet essential needs for drought-affected IDPs and the surrounding host community in Garowe. The additional health and nutrition investments in Garowe present an opportunity to layer a

³¹ Based on the Somalia Humanitarian Needs Overview, the funding requirement by relevant cluster includes (a) food security (US\$610 million to reach 5.68 million people), (b) health (US\$73.5 million to reach 4.9 million people), (c) WASH (US\$74 million to reach 3.89 million people), and (d) nutrition (US\$60 million to reach 733,000 people). However, the humanitarian plans do not provide activity-level costing. While borrowing from the cluster costing methodology, the city-wise and activity costing will be determined in consultation with the Government and implementing partners using a criteria-based calculation methodology, similar to the city selection criteria, which will also consider evolving donor commitments in each target city and absorption capacity.



targeted needs-based intervention on existing operational structures, providing value for money and complementing existing programming. FEWSNET estimates that 7,740 people will be in IPC level 5 between October and December 2022—largely the Garowe IDP population, which will be the primary target of this emergency response allocation.

25. The remaining financing of US\$42.3 million will be allocated to Baidoa and Mogadishu based on the criteria below. According to the agreement with the Government and given the dynamic situation on the ground, the actual allocation will be determined at the time of activity implementation.

- Equal allocation (50 percent)
- Drought needs-based allocation (50 percent).

26. The drought needs allocation is calculated from

- Projected arrivals of drought-induced IDPs based on the CCCM Cluster New Arrival Tracker (30 percent weight);
- Levels of food insecurity based on IPC projections from FEWSNET (30 percent weight); and
- District prioritization in the UN Famine Prevention Strategy (40 percent weight).

27. **Component 5: Contingent Emergency Response (US\$0).** With the proposed second AF, US\$20 million will be reallocated to a new dedicated drought response component. The allocation for the CERC will decrease from US\$20 million equivalent from IDA to US\$0.

Table 3. Project Cost by Component and Funding Sources (US\$, millions)

Component	Parent Project	First AF	Second AF	Total
1. Urban Infrastructure and Services	89.0	108.0	108.0	108.0
2. Institutional Strengthening and Analytics	5.0	5.0	2.0	2.0
3. Project Management and Capacity Building	18.0	20.5	28.5	28.5
4. Response to Urban Forced Displacement	—	—	65.0 ^a	65.0
5. CERC	0.0	20.0	0.0	0.0
Total	112.0	153.5	203.5	203.5

Note: a. US\$20 million is shifted from the original CERC to Component 4.

D. PDO, Intermediate Results Indicators, and Beneficiaries

28. The immediate beneficiaries of the proposed second AF are the residents of BRA, Garowe, and Baidoa. Under the drought response, approximately 300,000 drought-induced IDPs, many of whom are women and children, will benefit. This is equivalent to about 30 percent of all the drought-induced IDPs. With the ongoing drought support being provided under SURP-II, the total beneficiaries will add up to approximately 401,000 IDPs.³² Finally, the BRA, Baidoa, and Garowe municipality staff will benefit from capacity-building initiatives under the second AF. A slightly revised PDO indicator and selected

³² Under the ongoing drought response under the CERC, some host community members are also expected to benefit, though the proposed AF activities will only benefit the drought-induced IDPs.



intermediate indicators will be added to account for the proposed drought response component activities. The revised PDO indicator is shown in Table 4.

Table 4. Revised PDO Indicator for the Proposed Drought Response

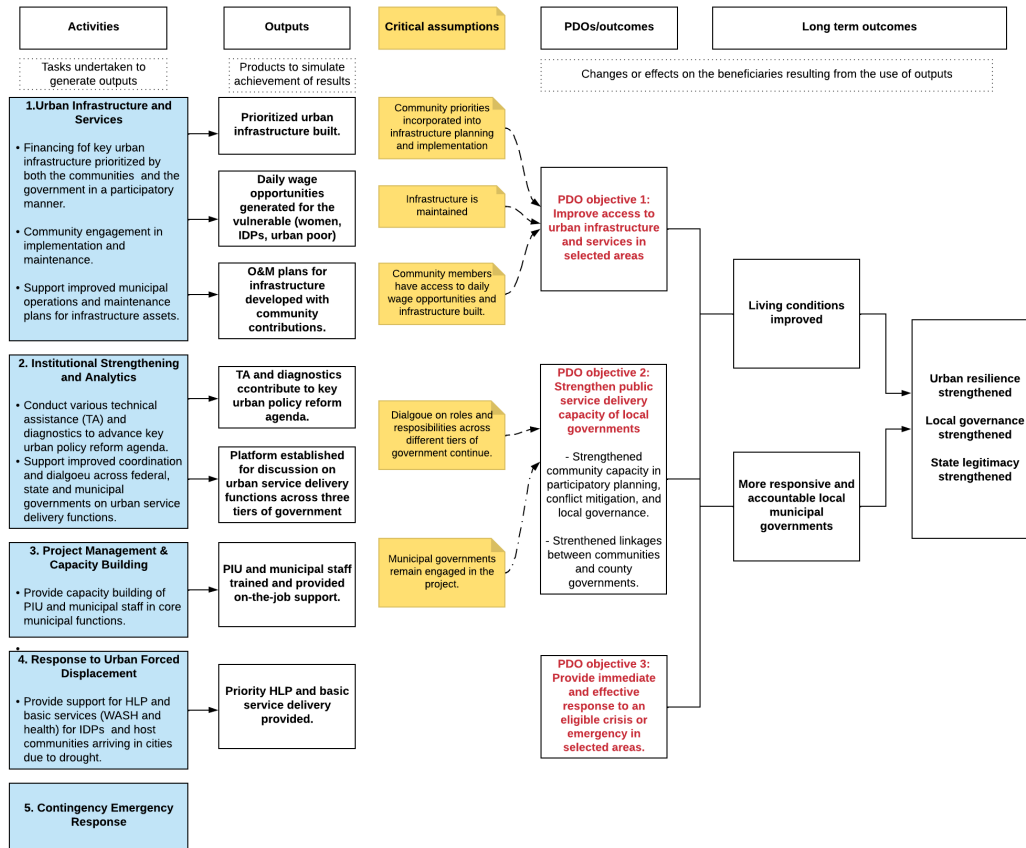
Original Indicator	Revised/Proposed	End Target	Revised/Proposed	Remarks
Existing PDO Indicator				
Number of beneficiaries reached under the CERC activities (% female, % IDPs, % host communities)	Number of beneficiaries reached under the municipal drought response (number, % women, % IDPs)	71,000	371,000	<ul style="list-style-type: none"> Includes an additional 300,000 beneficiaries from the proposed AF. This will be measured in the three target cities of Mogadishu, Baidoa, and Garowe. Under the CERC activities, a minimum of 80% of drought-induced IDPs will be targeted.

E. Theory of Change

29. Figure 4 represents the proposed revisions to SURP-II’s Theory of Change (ToC) as a result of the expanded drought response activities under the second AF. The ToC underlying the drought response interventions is that supporting municipal government capacity and delivering an effective response to the drought crisis would support the Government’s efforts to demonstrate visible and tangible improvements in the lives of its citizens in the short and longer term. As a result, urban resilience and local governance will be strengthened while state legitimacy will also be reinforced. In the context of Somalia, however, the ToC outlined in figure 4 would be nonlinear and iterative in nature.



Figure 4. ToC



F. Cross Cutting Priorities

(a) Community Engagement and Inclusion of Vulnerable Groups

30. **The drought response will be conflict sensitive by supporting newly displaced persons, protracted IDPs, and host communities.** The displacement figures are based on the Protection and Return Monitoring Network, which is derived from key informant interviews. As a result, the findings should be considered as estimates and can relate to the interconnectivity between conflict and drought-induced displacement. While data collectors may have identified drought as the primary cause of displacement, conflict was certainly a factor as well, particularly as the new government has recently intensified the fight against Al-Shabab. The project primarily targets newly displaced persons given their heightened vulnerability but also addresses other population groups in target sites to avoid frictions and spread benefits. By leveraging the existing local structures, such as camp management committees, and oversight from the municipal PIUs, the proposed AF also aims to quickly identify and mitigate any issues. Moreover, IOM and its partners offer a range of tools and expertise related to beneficiary communication and conflict analysis and resolution, which is a central aspect of the project’s approach. The proposed AF would complement wider response efforts by humanitarian partners.

31. **Meaningful and robust engagement with communities around project activities is a key focus of the drought response,** particularly in ensuring their inclusion in decision-making processes around



prioritization of investments and addressing any project-related grievances in economic opportunities generated by the project and sustainability of project interventions, such as through project O&M committees. Under the drought response, systems will be put in place to ensure the inclusion of IDPs and host communities in the decision-making process.

32. In particular, community engagement processes in the project will ensure inclusion of women and IDPs, considering their limited participation in decision-making processes in the Somali context. Data indicate that women in Somalia are vastly underrepresented in decision-making positions in government, although there is some evidence of recent improvement. However, there are no reliable data on the extent of participation of women in decision-making at the local government level or at the household level. Similarly, there are no quantitative data available on the extent of participation of IDPs in decision-making bodies.

33. The proposed AF will adopt a robust and quality community engagement approach toward participatory planning and decision-making by supporting the participation of women and IDPs in key decision-making and tracking with an indicator their perception on whether their voices were reflected in the decisions. The project in this way also meets the two design-stage community engagement corporate requirements by having a strong community engagement approach and a beneficiary feedback indicator ‘Beneficiaries satisfied that infrastructure met their needs (number, disaggregated by percentage of female and IDPs)’.

(b) Gender

34. Somalia ranks the fourth lowest globally on gender issues, with a Gender Inequality Index of 0.776.³³ The maternal mortality rate is extremely high, estimated at 732 per 100,000 live births, with 1 in 12 women dying due to pregnancy-related causes. Early marriage is prevalent, and an estimated 91 percent of women ages 15–19 have undergone female genital mutilation. Gender-based violence (GBV) is pervasive, dominated by physical assault and intimate partner violence, which has increased since the COVID-19 pandemic.³⁴ Ongoing conflict and recurring natural disasters have only exacerbated existing vulnerabilities and social marginalization of women. Notably, prolonged exposure to droughts in Somalia have extended traditional coping strategies, such as migration and family separation, contributing to school dropouts of boys and girls and necessitating women to bear disproportionate responsibilities. Female-headed households have increased as a result of the extended absence of males due to drought and abnormal migration. Women in Somalia are vastly underrepresented in decision-making positions in government, although there is some evidence of recent improvement. However, there are no reliable data on the extent of participation of women in decision-making in specific committees, including for the ongoing drought response where there are currently no explicit requirements for female representation within the camp management committees, the local government level or at the household level. Similarly, there are no quantitative data available on the extent of participation of IDPs in decision-making bodies.

35. The parent project is ‘gender tagged’ and the proposed project will ensure protection mainstreaming throughout the project cycle across all activities, ensuring that gender-specific needs are addressed and GBV risks mitigated and that the principles of do no harm, safety, and nondiscrimination

³³ <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2020/Funding-for-GEEWG-in-humanitarian-programming-Somalia-en.pdf>. June 2020.

³⁴ <https://somalia.unfpa.org/sites/default/files/pub-pdf/SOMALIA%20NEWSLETTER%20-%20June%20%20%283%29.pdf>.



guide any activity and are adhered to.³⁵ To address the risks of GBV, the proposed AF-supported activities will aim to mainstream protection principles—to promote peaceful access, safety, and dignity in humanitarian aid—throughout the design, implementation, and monitoring stages. Anticipated activities include (a) conducting safety orientations that help new arrivals understand where they can safely access services; (b) monitoring zones at a high risk for violence; (c) ensuring adequate lighting in public and communal areas; (d) installing gender-sensitive infrastructure; (e) establishing referral pathways to support victims of violence; (f) integrating gender-balanced project committees and training on GBV prevention to support service monitoring; (g) targeting females for assistance, such as female-headed households; and (h) applying IOM’s Institutional Framework for Addressing GBV in Crises to ensure that gender-specific needs are addressed and measures taken to mitigate risks of GBV.

36. To address the social gap where women have little agency, deliberate efforts will be made to ensure that women, along with other vulnerable groups, such as IDPs and youth, have meaningful participation in the planning/decision-making process of the priority investments. As referenced earlier, women will also be represented in the community-based O&M, grievance redress mechanism (GRM), and camp management committees and will be provided additional GBV prevention training. Women’s meaningful participation in the project will be monitored through the intermediate indicator: ‘Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning decision and design of the drought response’. The second AF supports enhancing women’s voice and agency, in line with the World Bank Gender Strategy (2016–23), through its focus on increasing participation of women in decision-making.

37. Given that IDPs tend to be predominantly female-headed households, majority of the project’s beneficiaries of the cash transfer will be women. Due to socio-cultural considerations and to mitigate risks of increased GBV, the project will not limit recipients of cash transfer to women. However, over 80 percent of the IDPs tend to be female-headed households, and therefore the project expects that at least 70 percent of the cash transfer beneficiaries will be women. The project will ensure meaningful access of women to cash transfers and freedom of control and utilization in safety and dignity, which will be identified through regular safety audit, post distribution monitoring, and beneficiaries impact assessment.

(c) Climate Co-Benefits

38. The second AF is situated in a country characterized by substantial climate and disaster risks. Climate change will continue to be a major contributing factor to displacement in urban areas and increased demand on urban service in Somalia in the future, as drylands continue to see warmer temperatures and lower rainfall.³⁶ Climate-related disasters in Somalia are becoming more frequent and prolonged, and the impacts of COVID-19, locust outbreaks, and drought have only compounded these threats. Extreme climatic events will affect marginalized and vulnerable groups in urban areas more severely due to their low adaptive and coping capacities.

39. The proposed second AF will have substantial climate change adaptation and mitigation co-benefits. The second AF will leverage Somalia’s potential for solar power: the country annually receives an average of 2,900 to 3,100 hours of sunshine and has one of the highest daily total solar radiation

³⁵ To be guided by IOM’s Institutional Framework for Addressing GBV in Crises (GBVIC Framework) and the project’s Environmental and Social Management Framework (ESMF).

³⁶ World Bank. 2018. *Groundswell: Preparing for Internal Climate Migration*. Washington, DC: World Bank.



averages on the earth, with annual solar radiation estimation of over 2,450 kWh per m² per year. The AF will, therefore, also include solar-powered boreholes, which will not only offer a long-term low-cost solution to water scarcity by providing water to thousands of people but will also have significant climate mitigation co-benefits. The project will also reforest, where feasible, near boreholes to support watershed function. All infrastructure financed by the AF will be planned, designed, and operated in a way that anticipates, prepares for, and adapts to changing climate conditions (including for flooding and drought). For example, latrines will be constructed on elevated platforms to ensure flood proofing. The project will also link to proposed real-time monitoring and modeling of water resources while considering climate, population, and displacement trends, as coordinated by the WASH cluster. These efforts will inform the sustainability of project investments, water trucking, boreholes, O&M, and longer-term infrastructure investments and engagement to support a municipal regulatory framework on water use and infrastructure. Finally, activities under the second AF will respond directly to the ongoing climate-induced drought emergency, improving access to essential services while building coping capacities. By supporting and working through local coordination structures, the project will also reinforce the Government's capacity to manage future crisis.

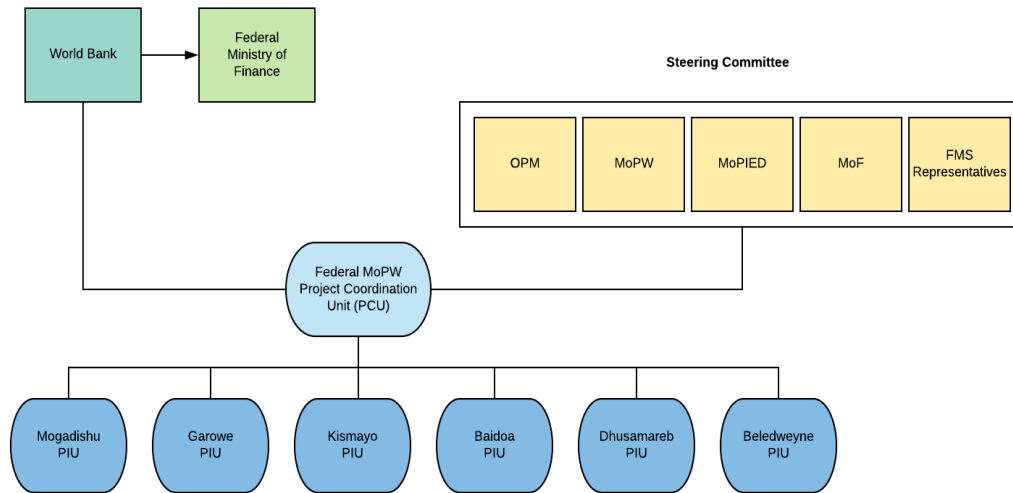
G. Implementation Arrangements

40. **The second AF builds on SURP-II's existing institutional structures to oversee and coordinate the project's drought response.**³⁷ The parent project is implemented through the FGS, and a Financing Agreement was signed between the Federal Ministry of Finance and World Bank. Subsidiary Agreements signed between the Federal Ministry of Finance and the FMSs outline the budget allocation for each FMS and cities along with their respective roles and responsibilities. Given the project's focus on municipal capacity strengthening, the overall responsibility for project implementation lies with the municipalities. The PIUs established within the municipal governments facilitate implementation. Specifically, the PIUs coordinate overall project implementation, ensure timely payments to contractors, assume overall responsibility for the relevant E&S due diligence, ensure continuous community outreach and consultation, maintain project accounts and produce financial reports, undertake M&E activities, ensure functional and accessible GRM, and report results to various stakeholders. The PCU is responsible for providing coordination and technical support to the municipalities as needed. The FGS Interministerial Project Steering Committee is responsible for providing strategic guidance to the project, approving the inclusion of additional cities into the project, and deciding on the funding allocations across cities. Under the second AF, for the scaled-up activities under Component 4, the same implementation arrangements will be followed as shown in Figure 5.

³⁷ See SURP-II Project Appraisal Document (PAD), annex 1, for additional details, including the PIU and PCU staffing.



Figure 5. SURP-II Second AF - Implementation Arrangements



Note: Office of the Prime Minister (OPM); Ministry of Planning, Investment, and Economic Development (MoPIED); Ministry of Finance (MoF)

41. **Drought response activities are implemented under a different modality to ensure timely implementation though still under the overarching umbrella of the SURP-II institutional arrangements.**

The SURP-II PCU, embedded in the MoPW, has the overall responsibility for the monitoring and supervision of all drought response activities, including E&S risk management. For efficient operational scale-up, the additional CRW resources will be absorbed through the ongoing SURP-II, and the Output Agreement signed between the FGS and IOM for the CERC will be amended to incorporate the additional activities.³⁸ The fiduciary responsibility lies exclusively with IOM. As under the CERC, IOM will outsource elements of the response through members of its Danwadaag Consortium. In addition, IOM plans to contract the consortium Building Resilient Communities in Somalia (BRCIS) to support health and nutrition activities³⁹ and the World Food Programme (WFP) to advise on beneficiary targeting, registration, and monitoring of its cash programming while ensuring alignment with the Baxnaano Program. IOM has been at the forefront of drought response as well as IDP support in Somalia and has proven its performance through the FCDO-funded MRP and the Danwadaag Consortium, European Union (EU)-funded IDP support (EU Reintegration Program), and the UN’s joint program called the Samaayenta Program, all of which focus on sustainable solutions for urban IDPs.

42. The established PIUs in Mogadishu, Baidoa, and Garowe will support the day-to-day supervision and monitoring of the drought response activities, including E&S compliance. Given the need to coordinate with relevant stakeholders engaged in drought response and durable solutions activities, the PCU and the PIUs will also coordinate with the Somalia Disaster Management Agency (SODMA) (recently re-constituted) and the Durable Solutions Units within the FMS. The FMS SURP-II and FGS Interministerial Project Steering Committee can be leveraged for coordination between ministries to ensure adequate

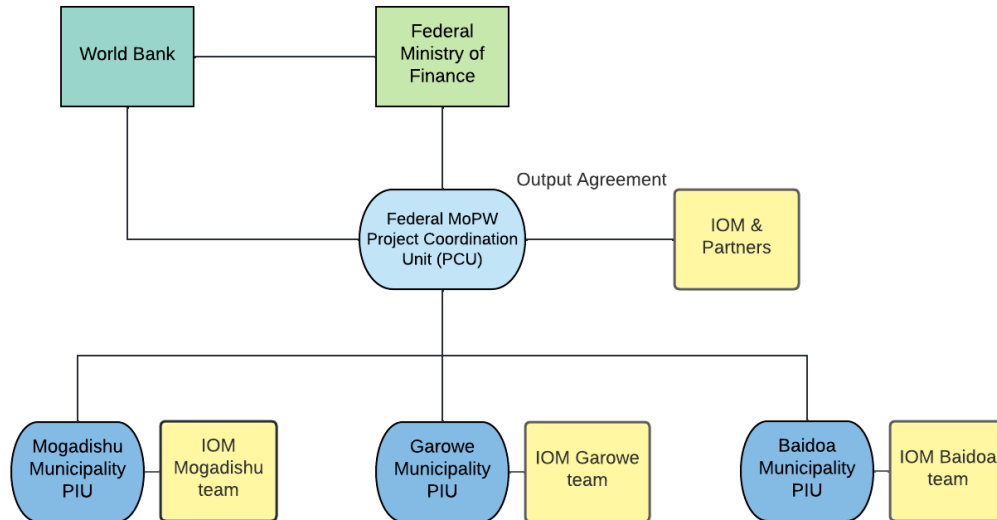
³⁸ IOM-Somalia has absorbed a 25 percent increase in its annual budget for 2022, which currently stands at US\$96 million (including confirmed funding). Its total pipeline now stands at over US\$200 million for the remainder of 2022 and 2023, and the mission has demonstrated its capacity to rapidly scale up its response and deliver effectively.

³⁹ Save the Children (Save) and Action Against Hunger (ACF) would be contracted under Norwegian Refugee Council (NRC)/BRCIS. While they are part of the consortium, they still require contracting for additional program activities. IOM-Somalia would only contract NRC/BRCIS, who would then in turn contract Save and ACF.



knowledge sharing for a multisectoral response at the interface between humanitarian and durable solution interventions.

Figure 6. SURP-II Drought Response Implementation Arrangements



H. Lessons Learned from the Parent Project

43. **Facilitating transparency and accountability through formula-based allocation is essential.** In the absence of IDA funds, the SURP (P149036) and the Somalia Urban Investment Planning Project (SUIPP, P150374) scaled up ‘opportunistically’ based on the availability of donor funding and according to their geographical preferencing. Given the political tensions among different FMSs, however, the only way to rationalize city allocation is based on the objective, evidence-based allocation formula which was adopted under SURP-II, shifting away from allocation determined by power politics. SURP-II is the first World Bank-financed project in Somalia to use an evidence-based formula to determine funding allocations across cities, setting a precedence for other World Bank-supported projects to follow. The allocation formula has been adapted to adhere to the same principle but cater to a different set of activities meant for drought response as opposed to urban development under the proposed AF. The new allocation formula incorporates equal allocation and drought needs allocation. The latter is calculated based on (a) projected arrivals of the drought-induced IDPs, (b) levels of food insecurity as measured by IPC projections from FEWSNET, (c) and prioritization in the UN Famine Prevention Strategy. Such a formula ensures that the largest support goes to cities that are receiving the highest number of IDPs with the highest levels of food insecurity. Given the dynamic situation on the ground, the actual allocation will be determined at the time of activity implementation using the latest data.

44. **Emphasizing a simple project design with a decentralized implementation arrangement has contributed to the project’s success.** SURP-II entails simple components and interrelated activities with a decentralized implementation arrangement at the municipal level that are well suited to the challenging and fragmented Somali context. It also allows the provision of activities that are best suited for the local context. The decentralized approach, where municipal governments play the central role in project implementation, has minimized political interference in the face of ambiguous division of labor across different tiers of government and has helped empower the municipality, which should be at the forefront



of urban management and service delivery. Such an approach may hinder strategic and policy-level engagement such as national-level coordination of the drought response. The proposed second AF will aim to proactively involve the federal government, such as the Presidential Envoy for Drought Response, SODMA, MoLSA, and the Ministry of Health.

45. **Supporting operational efficiencies through centralized government-led coordination has proven useful.** Relatedly, the World Bank supported the establishment of a federal PCU under the parent project to provide coordination support to the PIUs, technical backstopping, and quality control, while the municipal PIUs are responsible for the day-to-day planning and implementation. The establishment of the PCU has resulted in important steps for enhanced coordination, such as synchronization and realization of the potential of complementarity across activities and potential efficiencies through joint procurement and streamlined reporting. While further development of the PCU is still needed and should be supported, the newly established PCU-PIU arrangement has already improved coordination under the project while further clarifying the roles and responsibilities between national and subnational governments.

46. **Area-based approach allows for a coordinated approach that leverages different streams of support.** The proposed AF takes an area-based approach where the scaled-up drought support continues to assist the same three cities supported under the ongoing SURP-II drought response. Such an approach allows building on ongoing support while integrating priority interventions to ensure that people are able to meet the most basic needs. The area-based approach maximizes donor coordination and a more comprehensive support while ensuring the efficient use of limited resources. It also helps with faster implementation as the activities can leverage the implementation arrangements that have already been established.

47. **Building on the gains made from the MRP can help maximize the effectiveness of the drought response.** Drawing on lessons learned from the 2011/17 drought, IOM, UNICEF⁴⁰, and WFP are piloting an MRP for IDPs in Somalia that includes a set of prioritized interventions that will ensure families are able to meet their most immediate needs over three to six months to withstand the impacts of the ongoing drought and enable their rapid recovery while building resilience to future shocks. To assess stakeholders' perceptions of the MRP and its current and future role in the emergency response, a Learning Review was conducted by the third-party monitoring partner of the FCDO in September 2022. While the FCDO noted that the MRP's focus on IDPs alone diverts attention away from marginalized clans and other social and ethnic groups that have the least ability to manage in an emergency, given progress to date, there is a general confidence that the MRP can address these technical issues enough to justify expansion. There is also an opportunity to build on the gains achieved in its first two phases, having reached 28,058 households as of December 2022.

I. Alignment with Higher Level Objectives

48. **The proposed drought response activities are aligned within relevant crisis response strategies and focus on lifesaving interventions for some of the most vulnerable and most affected population groups.** While the Government does not have its own fully developed drought response strategy, partners and the FGS support the 2022 Humanitarian Response Plan and the DRFPP. The DRFPP prioritizes operational priority areas and integrated, thematic interventions to avert famine and mitigate and address excess mortality and morbidity, including food security, nutrition, health, and WASH. The

⁴⁰ UNICEF = United Nations Children's Fund.



proposed project's drought response will focus on prioritized activities, operational priority areas, and agreed assistance packages for newly displaced populations outlined in the 2022 DRFPP. The proposed multipurpose cash transfer is harmonized with the national Baxnaano Program in terms of beneficiary registration, levels of payment, and duration.

49. **The project's drought response contributes to the World Bank's twin goals of eliminating extreme poverty and boosting shared prosperity** through the provision of much-needed economic infrastructure and basic services for some of the world's poorest and most vulnerable people in one of the most fragile countries. The drought response contributes to the WBG Country Partnership Framework (CPF) (FY19–22)⁴¹ for Somalia.⁴² CPF Focus Area 1 aims to strengthen institutions to deliver services while addressing the cross-cutting consideration of building resilience to fragility and shocks. The project's drought response specifically aims to deliver on Strategic Objective 1.4 by building the capacity of Somali municipalities for urban resilience. The drought response activities will also complement investments in urban service delivery and capacity-building elements, the key IDA-funded projects that are already active in Somalia and are also responding to the drought by mobilizing and reallocating funding. These portfolio-wide drought response investments will be synergistic and mutually reinforcing, leveraging existing coordination mechanisms. It also aligns with GCRF pillars (a) Responding to Food Insecurity and (b) Protecting People and Preserving Jobs, specifically through Component 4.

50. **The project's drought response will also contribute to the Somalia National Development Plan (2020–2024)** particularly for Pillar 4 on Social Development through (a) improved social protection, including urban planning and social benefits and (b) governance strengthening, including disaster risk management, local governance, and decentralized service delivery. The project will also contribute to Somalia's need of US\$48.5 billion investment in climate change adaptation between 2021 and 2030 estimated in the country's most recent Nationally Determined Contributions (NDC).⁴³

51. **The drought response activities align with the IDA20 core priorities and the WBG's fragility, conflict, and violence (FCV) strategy 2020-25.** The FCV Special Theme of IDA20 aims to further strengthen IDA's effectiveness in fragile and conflict-affected situations, supporting countries to escape the fragility trap and exploiting IDA's comparative advantage at the security-development nexus.

52. **The project is aligned with the World Bank's climate change and resilience agenda.** In the Action Plan on Climate Change Adaptation and Resilience, the World Bank acknowledges the urgency of the development impacts of climate change, especially in FCV countries. It commits to scaling up adaptation efforts to build resilience against climate and disaster impacts, with a focus on interventions that directly target and engage with vulnerable population groups, informed by greater access to climate, weather, and hydrological information.

III. KEY RISKS

⁴¹ The Somalia Performance Learning Review 2022 for CPF FY19–22 (P173465) extends the CPF for one year through FY23 and adjusts the CPF to account for scaled IDA assistance; enhances support for institution building and service delivery critical to strengthening the social contract; and supports a green, resilient, and inclusive recovery from the triple crises, including through a deeper focus on human capital and foundational infrastructure.

⁴² Discussed by the Board of Executive Directors on August 29, 2018. Report No. 12473-SO.

⁴³ The Federal Republic of Somalia (2021). Updated Nationally Determined Contributions (NDCs).



53. **Somalia is one of the most difficult FCV environments in the world to operate in, with conflict and security, presenting serious challenges to project implementation.** The World Bank will continue to provide intensive supervision and oversight to the PIUs at the municipal level, and efforts will be made to significantly strengthen federal-level implementation oversight, coordination, and supervision capacity through the PCU, not least to address issues of security risk management and GBV. In coordination with the Government, the World Bank will also continue to engage IOM to offer technical support and supervise implementation.

54. **The overall risk rating for SURP-II remains High.** The risks that could adversely affect the project are contextual, political, institutional, and programmatic. The Government is familiar with the World Bank investment operations requirements, though its capacity at the federal, state, and municipal levels to manage the full lifecycle of project delivery and supervision activities remains generally weak. The SURP-II PCU and municipal PIUs are gradually developing critical risk management skills through implementation of the project. The second AF will use the same risk mitigation measures as outlined in the PAD of the parent project.

55. **Political and governance risks are High.** While the conclusion of the elections marks an important milestone in Somalia's state-building process, resolving long-running tensions between the FGS and the FMSs will require dialogue, cooperation, and trust building. Continuous disputes among the political elite and insurgent attacks can distract efforts that are needed to achieve the project's objectives. For the parent project, there are governance risks related to political interference in procurement of civil works and consultancy firms, and political interference in the recruitment of the PCU/PIU staff. Mitigating measures include regular communication on project activities, allocations, and processes with all levels of government, including through the Project Steering Committee; strong monitoring system using the TPMA; and placement of a probity adviser for some large-scale procurement activities and recruitment of project staff. For the drought response, the project will leverage existing partnerships through reputable third-party implementers and project coordination structures that support government-led planning and monitoring at multiple levels. In particular, the Government will engage IOM, which has strong fiduciary, E&S risk management, security risk management systems, a good track record working in Somalia, and a reputation as a relatively neutral party to mitigate the risks. Moreover, the recently appointed Special Envoy for Drought Response provides further opportunities for enhancing strategic coordination and troubleshooting for drought response.

56. **Macroeconomic risks are High.** The Somali authorities have limited policy options to respond to multiple shocks such as extreme climatic events, the COVID-19 pandemic, the economic impacts of the war in Ukraine and regular security incidences. Economic growth is estimated at less than 2 percent in 2022, leading to a continued decline in per capita growth rates, and inflation is close to 10 percent due to increases in commodity prices. Somalia is de facto dollarized and the Central Bank of Somalia has no monetary policy instruments. There is no fiscal space to allocate domestic resources to respond to shocks. Somalia is in debt distress following the accumulation of arrears for loans contracted prior to the civil war. The government is seeking debt relief through the HIPC initiative. The HIPC initiative is supporting a broad-based reform program that aims to strengthen the macroeconomic framework, where performance is assessed through satisfactory reviews of the International Monetary Fund's Extended Credit Facility program, which remains on track. Good progress is also being made in implementing HIPC Completion Point triggers that will strengthen the foundations for growth, domestic revenue mobilization, economic governance, and service delivery. These broad-based reforms are also being supported by the Somalia



Inclusive Growth Development Policy Financing series (P174889)⁴⁴ and Somalia Second Inclusive Growth DPO (P179307) under preparation, which increase the government's fiscal space to respond to the drought. Furthermore, the government is implementing the Sustainable Development Financing Policy through performance and policy actions that support improvements to domestic revenue mobilization and zero non-concessional borrowing.

57. **Technical design of project risk is Substantial.** The field-level presence and technical experience of IOM and its reputable partners will maximize rapid implementation and benefits of the drought response activities. Given increasing water scarcity and demands, in coordination with partners, the project will integrate strong O&M of boreholes by forming and training community-based water committees on minor repairs and user fee collection. It will also monitor water resources through hydrological studies to ensure evidence-based and sustainable use based on current and future demands and relevant institutional arrangements. The scale-up of the humanitarian response calls for strengthened cash coordination based on market functionality, including at the subnational level. There is also a general call for the harmonization of approaches, specifically regarding transfer values and targeting approaches. The project is coordinating with the Baxnaano Program and the Cash Working Group (CWG) to ensure alignment. The following risk mitigation measures have been built in related to ECT: (a) apply a vulnerability index⁴⁵ to identify zonal and sub-zonal priorities; (b) conduct door-to-door registration of all beneficiaries through Kobo toolbox and verification through community-based camp management committees; (c) biometrically register all drought-induced IDPs in each city using IOM's BRAVE system which is inter-operable with the WFP's SCOPE system (a beneficiary registration system for all the beneficiaries under the Baxnaano Program); (d) deliver cash through mobile payments; (e) jointly monitor service delivery using IOM's TPMA, field staff, and digital tools, including IOM's call center sampling verification, and (f) coordinate with the Baxnaano Program. On this last point, coordination with the Baxnaano Program will entail the following measures: (a) align the amounts and duration per household, (b) collect beneficiaries' data using the common registration form adopted by the Baxnaano Program that can feed into the Government's unified social registry as soon as the data security standards are met, and (c) target urban areas only (the Baxnaano Program focuses on rural areas with a planned small urban pilot).

58. **The institutional capacity for implementation and sustainability risk is Substantial.** Capacity and authority in Somalia are weak given the history of conflict and mistrust with public institutions. The risk, however, is rated Substantial given the extent of enhanced supervision and coordination through multiple levels of government, including nascent capacities and evolving emergency coordination architecture including the reemergence of SODMA. The project will leverage the standing capacity of IOM and its partners to facilitate rapid implementation. All the PIU staff will continue to receive regular training and support both through the project management and institutional strengthening component in the project. It will be critical to closely monitor the working relationship between the implementing partners and multiple levels of government and quickly mitigate any relationship challenges through established coordination mechanisms.

⁴⁴ The Project is SDR74.1 million and was approved by the World Bank Board on July 27, 2022.

⁴⁵ The index considers vulnerability of drought-induced IDP households, including (a) disability, (b) female, (c) elderly, (d) child-headed, (e) chronic illness, (f) severe/moderate acute malnutrition, (g) separated children, (h) large household (7+), (i) length of displacement (last three months), (j) large number of children (4+), and (k) minority clan with limited humanitarian access. However, the only household selection criterion is 'newly arriving drought-induced IDPs' as the priority is to register IDPs and deliver aid as quickly as possible.



59. **Fiduciary risks are High.** The FM and procurement environment in Somalia are challenging, and fraud and corruption risks in the project are high given the significant amount of civil works being implemented. Although anti-corruption and public sector regulations are in place, problems persist, contributing to low levels of trust in government institutions. Mitigation measures for governance issues have been built into the project design with a strict fiduciary control mechanism and application of the World Bank fiduciary rules as well as a focus on social accountability. The project will ensure that the PIUs always have dedicated procurement and FM specialists in place and that the Project Implementation Manual (PIM) includes a well-described fiduciary management process. A monitoring agent further supports the MPF projects on managing fiduciary challenges. Moreover, the World Bank carried out a portfolio-wide review for Somalia to identify fraud and corruption mitigation measures that can be applied.

60. **Environment and social risks are High.** Given the significant security risks associated with fragility and conflict-affected situations, including terrorism and sexual exploitation and abuse (SEA), sexual harassment (SH), and GBV risks, the social risks are High. Other social risks of the proposed second AF will include (a) risks associated with labor and working conditions such as occupational health and safety (OHS) risks, child labor, labor influx, and labor dispute; (b) exclusion of disadvantaged and vulnerable groups from project benefits and stakeholder engagement activities; and (c) increased tension/competition in the community over the limited project-related resources. These risks will be mitigated through the implementation of E&S instruments, adoption of appropriate mitigation measures to address SEA/SH, inclusion of disadvantaged and vulnerable groups in project activities/benefits including project-related job opportunities, effective stakeholder engagement (such as inclusive and transparent consultation process and functional GRM), and measures to minimize security risks. While no GBV incidents were reported during implementation of the parent project, the proposed second AF will continue to apply a robust and comprehensive risk management plan to address potential project-induced GBV/SEA/SH risks, and include the following measures to prevent or mitigate risks: integration of codes of conduct with GBV/SEA/SH-related protection for project workers, consultants, and contractors; community consultations, sensitization, and capacity-building activities to raise awareness of potential risks of GBV/SEA/SH and mitigation measures to be adopted; management of GBV and SEA/SH risks in the recruitment/retention of female workers; mapping of and collaboration with potential service providers in project-affected areas; development of an SEA/SH prevention and response action plan; hiring of a GBV service provider to support implementation of the SEA/SH action plan; and strengthening of the grievance mechanism with procedures and channels to enable safe, confidential, and ethical reporting of GBV/SEA/SH incidents. The GBV risks will be monitored throughout project implementation through regular reassessment, particularly as new project locations are determined, and through regular monitoring activities and third-party monitoring (TPM) to ensure that all parties are meeting their responsibilities. The environmental risks are Substantial. Because of the nature and relatively small scale of the civil works in the urban environment, the adverse environmental impacts from the proposed second AF will remain minor, temporary, and confined to the area immediately surrounding the construction. Anticipated environmental risks and impacts include dust generation, noise pollution, soil erosion, surface water sedimentation, traffic interruptions, pollution from construction wastes, and transmission of infectious diseases including COVID-19. These short-term impacts will be prevented or mitigated with standard operating procedures and good construction management practices including World Bank Good Practice Notes on COVID-19 Mitigation.

61. **Stakeholder risk is Substantial.** The current context in Somalia, characterized by the lack of trust between key groups in society and the accompanying high levels of contestation and violence, presents



substantial stakeholder risk for this project. For the drought response activities, the PCU will contract IOM, which has been operational in Somalia since 2007 and has a strong network of relationships with the Government and partners. Drought activities would also be coordinated through well-established humanitarian and development coordination mechanisms, such as the CCCM cluster and CWG, including with the FMS and strategic partnerships such as the EU, FCDO, and USAID.⁴⁶ The respective municipalities and project coordinators and implementing partners will also play a key role in managing communications with stakeholders. Moreover, the project's GRM would help manage grievances from communities, partners, and the private sector.

62. **Security risk, categorized under 'Others', is High.** The project is considered to pose high security risks. Conflict and insecurity remain persistent challenges in Somalia, particularly considering the ongoing and scaled-up offensive against Al-Shabab, and have impeded delivery of services in the past. This general insecurity affects both project workers and beneficiaries and is further heightened by the insecurity in IDP sites, which pose a significant challenge for monitoring and supervising project implementation. These challenges prevent effective needs assessment, accurate identification and targeting of beneficiaries, meaningful community engagements, and application of grievance redress and other risk mitigation protocols. These gaps can exacerbate risks of elite capture, selection bias, and inaccuracies in capturing the impacts of the situation, especially for the most vulnerable. To address these risks, the World Bank projects leverage the use of implementing partners that have established robust capabilities for delivery and monitoring of these services. The project will take appropriate and proportionate security measures to minimize the potential risk to project workers and stakeholders. Key security measures will include security protection by public security personnel, restrictions on work hours where security risks are higher (such as nighttime), and measures to maintain low profile of the site and workers (such as the minimum use of sign boards). The implementing partners of the project will consist of a UN agency and international and national NGOs, who are already operating under the current security environments with their respective security risk management systems. The consistency with the relevant requirements of security risk management under the Environmental and Social Framework (ESF) will be confirmed and additional measures will be applied, where necessary. Beyond these, the project maintains a responsive GRM to uptake, monitor, and respond to any concerns, including security related, from beneficiaries and project-affected persons. Additionally, IOM is a leading implementing partner that uses community engagement and targeting approaches and dedicated communications strategies to avoid any status-based conflicts or frictions in the IDP response activities.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analysis

63. As part of preparation for this second AF, an economic and financial analysis (EFA) was conducted to determine the value of the anticipated benefits relative to the costs associated with this AF. This EFA examines potential returns of the project activities and investments, focusing on morbidity and mortality benefits expected from the investments under Component 4. The analysis also evaluates the anticipated return of the full SURP-II including this and the previous round of AF approved in July 2022. The net present value (NPV) including both rounds of AF is estimated at US\$105 million at a 15 percent discount

⁴⁶ USAID = United States Agency for International Development.



rate, with an economic rate of return (ERR) of 30 percent. The estimated NPV and ERR for only this second AF is estimated at US\$43.7 million and 29 percent, respectively.

64. This EFA accounts for the benefits in Somalia as a result of the different investments under the project. The analysis of Component 4 (Response to Urban Forced Displacement) focuses on morbidity and mortality rate improvements due to the support provided by the activities under this component. To calculate this rate of return, the monetary benefits of these different investments were estimated. The analysis for this component builds upon methodology used for other similar types of projects, including those applied in an FCV context. For this analysis, these benefits have been monetized as the income of the project investments—therein applying the discounted cash flow model for financial analysis of private investments within the context of a World Bank-financed project. The proposed AF allocation for project management (Component 3) and institutional strengthening (Component 2) have been included as costs because these investments will help enable the progress of Component 4 and its subsequent benefits.

B. Technical

65. **The project’s technical appraisal confirms the need for an immediate scaled-up drought response in strategically important cities.** The appraisal validated that the ongoing investments under the parent project are sensible and technically feasible and their scaling-up will significantly aid in the ongoing emergency response while contributing to urban resilience. The addition of a new dedicated drought component, which merges the ongoing CERC activities and new CRW-ERF funding will support streamlined management and monitoring of the project’s drought activities. The proposed drought response activities are fully aligned within relevant crisis response strategies and lessons learned and focus on lifesaving interventions for some of the most vulnerable and most affected population groups. This is especially the case in SURP-II target cities that continue to receive large inflow of IDPs, returnees, and economic migrants who add pressure to demands for urban services.

66. The implementation arrangements under the second AF will build on existing third-party implementation arrangements and engage new partners to increase the project’s absorption and technical capacity, which will also be enhanced. It will also strengthen government-led coordination and evidence-based decision-making for decentralized urban service delivery and longer-term development solutions through HLP and small-scale urban infrastructure activities. The drought response will also link to climate-resilient urban infrastructure investments under the parent project, such as roads that increase access to IDP sites, to maximize synergies and resilience building. Moreover, beneficiaries will be added to the safety net system database contributing to the building of a shock-responsive safety net system that also contributes to resilience. However, the project will need to coordinate closely with other donors to ensure alignment of transfer values in the project target areas.

67. **The project’s drought response will support a coordinated effort across the FGS and World Bank programming.** As described previously, the FGS, in partnership with the World Bank, is responding to the escalating drought by mobilizing and reallocating funding through existing programming across six projects. This includes coordination with the SCRIP focused on rural livelihoods and water activities nationally, as well as other WBG drought programming, providing support in rural areas to mitigate the need to migrate to urban areas and also facilitate returns to places of origin, when feasible. These operations are also working through similar implementation partners, such as WFP, IOM, and BRCIS, which offer opportunities for synergies and cost sharing. To facilitate information sharing and collaboration across the WBG, the World Bank developed a digital mapping of the WBG-supported



drought response activities. These efforts will need to be sustained and scaled and lessons documented and shared.

68. **There is a need to retain flexibility to adapt to the dynamic and evolving context.** However, Somalia's emergency context is dynamic, and food security and funding situation may change. Having a criteria-based, city-wise allocation formula that is adjusted at the time of actual funding with the latest information will help enable this flexibility. It is also technically compatible with the project's approach to support government-led and evidence-based decision-making introduced in the parent project, supporting enhanced trust and legitimacy of government institutions.⁴⁷ In addition, conditions—particularly, but not only, those related to security—may make the implementation of project activities difficult or even impossible. They will certainly add to the costs. Therefore, the feasibility of at least some of the proposed project activities is difficult to determine at the outset. This might necessitate a slight reduction in the scope of activities should the true costs escalate. Further, despite the support under the proposed grant, there will remain significant funding gaps for target sectors, which require the World Bank and partners to continue exploring potential synergies and additional funding through pipeline and/or new programming.

69. **The proposed second AF has undergone the required climate and disaster risk screening and has been assessed for climate co-benefits.** The investments under this project will provide substantial climate co-benefits because (a) the provision of integrated emergency support will help address food security and other drivers of excess mortality, thereby improving their capacity to cope and recover from the drought crisis; (b) the infrastructure investments themselves will be designed and constructed in a resilient manner; and (c) the strengthening of government capacities will help coordinate and prepare for current and changing climate conditions.

C. Financial Management

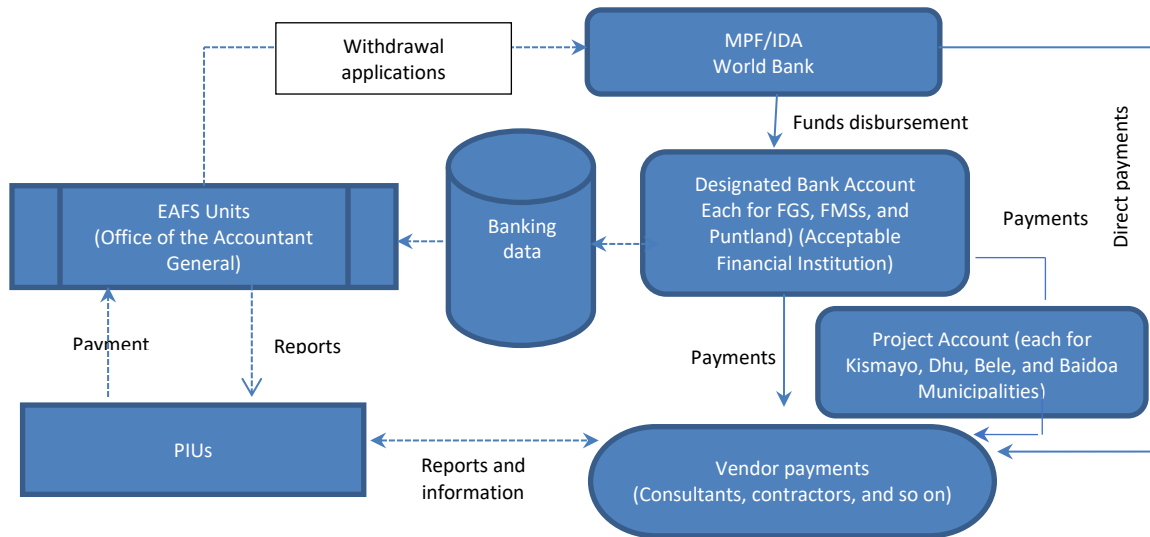
70. **The FM residual risk is assessed as Substantial.** The AF will leverage and rely on the FM arrangements of the parent SURP-II. This includes arrangements for planning and budgeting, accounting systems and capacity, internal control, and oversight in addition to procedures for funds flow, financial reporting, and external audit. In line with the arrangements for use of country systems applicable across the portfolio, the AF will continue to support these initiatives.

71. **Project FM system.** The project's FM arrangements will continue to be managed by dedicated FM units (External Assistance Fiduciary Section [EAFS]) established within the Office of the Accountant General at the FGS and Ministries of Finance in each of the five states of Jubbaland State (Kismayo), Puntland State (Garowe), South West State (Baidoa), Galmudug State (Dhusamareb), and Hirshabelle State (Beledweyne). The PIUs will work closely with each of the respective EAFS units to prepare and submit the project's annual work plan, budget, and cash flow forecast to the World Bank for review and clearance before the final estimates are incorporated in the annual appropriation and budgets. Budget utilization reports will be prepared from the FM system as part of the internal government(s) periodic reports and quarterly reports submitted to the World Bank. The project expenditures will be recognized, captured, analyzed, summarized, and reported on cash basis. These will be supported with appropriate records and documentation to track commitments and to safeguard assets.

⁴⁷ Under the first AF, the project introduced a city-wise allocation formula based on participating cities needs and performance.



Figure 7. Project FM



72. **Financial reporting and audit.** All the project FM records will be maintained through the system. The existing PIM for SURP-II will be updated to respond to the additional peculiarities of the AF. This is in addition to specific internal controls related to internal and independent review and approval of works, interim payments certificates, authentication and management of contracts security documents, calculation and retirement of retention amounts, and measures to mitigate potential penalties already in place under the parent project. The EAFS units and PIUs will also ensure that the contracts are consistent with the invoices and payment requests before processing. The EAFS, in consultation with the PIUs at the FMS, will prepare quarterly interim financial reports (IFRs) covering all project funds for monitoring the implementation of the project and submit them through the Client Connection Portal to the World Bank within 45 days of the end of each fiscal quarter, but the periodicity shall be revised based on the project’s fiduciary risk rating. The IFRs will be generated directly from the core PFM systems (Financial Management Information System). The Office of the Auditor General at the FGS will carry out annual independent audit of the project. The audited project annual financial statements and Management Letters, together with any additional information required, will be submitted to the World Bank within six months after the end of the financial year.

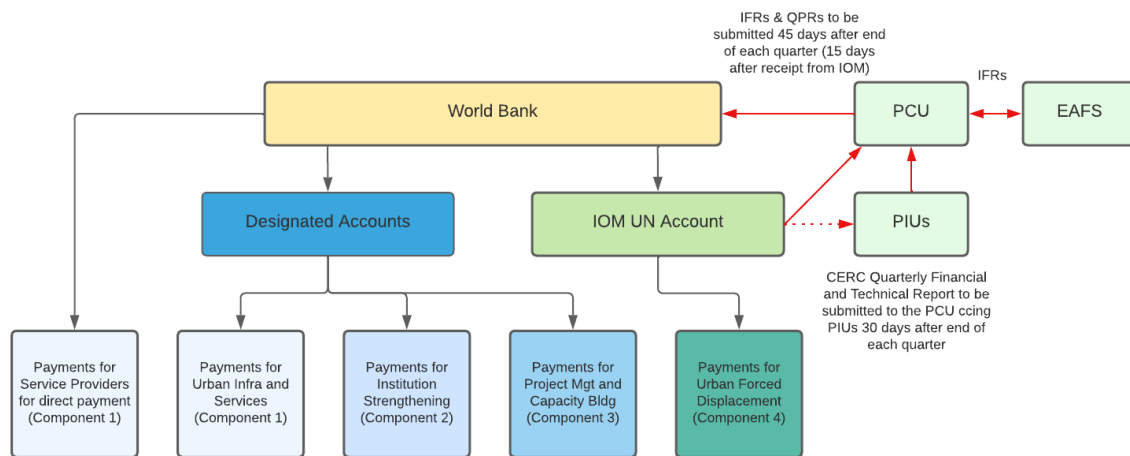
73. **The FM arrangements supporting the implementation of additional activities under the newly introduced Component 4 (Response to Urban Forced Displacement) will be reflected in a revised outputs agreement between IOM and the FGS.** This will include a detailed budget for the activities, which will form the basis for disbursements and expenditures. Disbursements to the UN agency will be based on specific outputs and deliverables reflected in the signed agreement. The project will rely on the internal control arrangements maintained by IOM to safeguard World Bank resources under the AF. For the high-risk ECT, IOM will engage relevant structures and partners to ensure effective delivery and mitigate potential risks. To minimize the risk of fraud and corruption in targeting and enrolment of beneficiaries, IOM will engage the WFP as a strategic partner to conduct de-duplicating of registered beneficiaries and ensure that they are not already registered under SCOPE and are already receiving assistance. This will mitigate the risk of double dipping. The WFP will also ensure appropriate post distribution monitoring of ECT to confirm receipt of benefits by the intended beneficiaries. IOM’s internal and external audit arrangements will provide effective fiduciary oversight of funds channeled through the UN agency.



74. **Flow of funds and banking arrangements.** Proceeds of the AF will be disbursed to the existing Designated Account (DA) for the parent project at the Central Bank of Somalia. Similarly, the existing Project Accounts (PAs) at the state level will be used to make payments in the states. Funds transfers from the DA to the state PA will be based on approved cash flow and subsequently accounted through the Statement of Expenditures.

75. **Disbursements to IOM will be made through the UN advance method as has been the case under the parent project.** IOM will continue to submit quarterly IFRs to the PCU within 30 days of the end of the quarter for review, copying the respective PIUs. The PCU will in turn submit the consolidated quarterly IFR to the World Bank within 45 days after the end of the quarter. Disbursements in respect of other project components will be made by the PCU, and the funds will be deposited into the DA from where payments will be made for project activities. The project will also make direct payments to various service providers under Component 1. Figure 8 summarizes the funds flow arrangements for the project.

Figure 8. Funds Flow



Note: QPRs = Quarterly financial reports.

76. **Staffing.** Kismayo, Garowe, Dhusamareb, Beledweyne, and Baidoa municipal governments will work closely with the state EAFS teams to carry out the project FM functions. The implementing agencies’ FM staff will work closely with the respective Ministries of Finance at the state level to ensure that the project activities are well recorded and incorporated in government budget and financial statements. Options will be explored in the recruitment of external FM staff through states’ Civil Service Commissions to support the project activities and PFM capacities of the municipalities.

77. **Fraud and corruption.** The possibility of circumventing the internal control system with colluding practices such as bribes and abuse of administrative positions is a critical issue and may include (a) complex accounting and internal controls inherent with construction work contracts, particularly management of contracts, security documents, retentions, penalties, and payments certificates; (b) poor filing and records; (c) nascent intergovernmental fiscal relations between the FGS, states, and municipalities; (d) lack of budget discipline; (e) unauthorized commitment to suppliers, bypassing budget and expenses vetting procedures; (f) uncertainty over the banking arrangements supporting the project; (g) potential exposure to money laundering; and (h) insecurity and political instability. These are mitigated as follows: (a) specific aspects on corruption auditing will be included in the external audit and monitoring



arrangements' terms of reference, (b) FM procedures (as part of the EAFS Manual or COAPM⁴⁸ and PIM) will be approved within six months after effectiveness and in operation for the project, (c) strong FM arrangements will be enforced (including qualified project accountants in the EAFS units), (d) periodic IFRs will be submitted including budget execution and monitoring, (e) measures to improve social accountability and transparency will be built into the project design by ensuring that project reports are available to the public, and (f) annual PFM forums will be held. The external audit will pay special attention to the risks of material misstatement of the financial statements due to fraud, in line with ISA⁴⁹ 240 (the auditor's responsibilities relating to fraud in an audit of financial statements).

D. Procurement

78. Procurement will be carried out in accordance with the requirements in the World Bank Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016, and updated November 2020 (hereafter referred to as Procurement Regulations); Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016); and provisions stipulated in the Financing Agreement.

79. **Procurement implementation arrangements.** The existing procurement implementation arrangements of the project will be maintained and strengthened under the proposed AF. The PCU/PIUs are already staffed with project coordinators and procurement specialists among other key staff. The same PCU/PIUs will be responsible for implementation of the procurement activities under the AF. An adequate number of officials dealing in procurement in the PCU/PIUs, either directly or indirectly, have undergone procurement training with focus on the World Bank's Procurement Regulations. However, some of the PCU/PIUs' staff are not yet conversant with the World Bank Procurement Regulations and are still learning. Under the AF, support will continue to be provided by the World Bank by conducting more trainings aimed toward addressing procurement capacity issues for the PCU/PIUs/technical department/stakeholders.

80. **The procurement risk rating is High.** The procurement environment in Somalia remains challenging. The main procurement-associated risks are (a) limited number of competent procurement staff; (b) weak capacity of bidders and limited service providers; (c) high price bids/proposals due to security conditions in some parts of the country; (d) fraud and corruption; (e) collusion among bidders due to limited competition; (f) inadequate experience in procurement planning, monitoring, and contract management; (g) delays in procurement implementation should the COVID-19 crisis remain prolonged due to disruptions in supply chains resulting in price volatility and unavailability of items; (h) weak legal and financial institutions (commercial banks and insurance agencies are not well established); and (i) lack of enforcement of the Public Regulatory Framework (oversight institutions not in place, the procurement management unit not formalized, and complaint-handling body not in place).

81. **Proposed mitigation measures** include (a) ensuring that the PCU/PIUs always have in place a dedicated procurement specialist with relevant qualification and experience acceptable to the World Bank as well as ensuring that the PIM includes a well-documented step-by-step procurement management process; (b) ensuring all procurement activities regardless of value, nature, categories, or packages will be

⁴⁸ COPAM = Comprehensive Operations and Accounting Procedure Manual.

⁴⁹ ISA = International Standards on Auditing.



treated as prior review and reviewed by the World Bank; (c) the World Bank training the project staff on the New Procurement Regulations; (d) creating awareness among the government, private sector, and other stakeholders on the key issues regarding integrity in procurement and FM; (e) supporting procurement reforms; (f) ensuring application of flexibilities provided by the World Bank’s Procurement Framework; (g) encouraging international firms to have joint ventures with local firms due to insecurity; and (h) involving the probity adviser, where appropriate.

82. **Project Procurement Strategy for Development (PPSD) and Procurement Plan.** There will be no major change in the procurement activities and hence, the existing PPSD will be maintained under the AF, but the Procurement Plan has been updated to reflect the additional procurement.

83. **CERC for emergency drought response activities.** The existing procurement arrangements under the CERC shall be maintained under the AF. This is because there will be no significant change to the implementation of the CERC activities. The Output Agreement signed between the FGS and IOM for the CERC activities will be revised to incorporate the additional activities under the AF.

84. **Systematic Tracking of Exchanges in Procurement (STEP).** The WBG’s STEP tool will continue to be used under the AF to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the project. Staff of the PCU/PIUs have been trained on how to use the STEP tool.

85. **Forced labor risks associated with the polysilicon suppliers.** There are allegations of forced labor risks associated with the polysilicon suppliers. To mitigate such risks, the recipient will require bidders to provide two declarations: a Forced Labor Performance Declaration (which covers past performance) and a Forced Labor Declaration (which covers future commitments to prevent, monitor, and report any forced labor, cascading the requirements to their own subcontractors and suppliers). In addition, the recipient will include enhanced language on forced labor in the procurement contracts. Regarding the risk of forced labor, under Environmental and Social Standards 2 (ESS2), where there is a significant risk of forced labor related to primary supply workers, the recipient requires the primary supplier to identify those risks, and if forced labor cases are identified, the recipient will require the primary supplier to take appropriate steps to remedy them. Ultimately, where remedy is not possible, the recipient will, within a reasonable period, shift the project’s primary suppliers to those that can demonstrate that they are meeting the relevant requirements of ESS2. Before beginning the procurement process, the recipient will undertake market analysis to identify the possible sellers of solar panels to the project. The bidding documents will emphasize forced labor risks in solar panels and components and will require that sellers of solar panels to the project will not engage or employ any forced labor among their work force. Bidders will be required to provide two declarations as described above, in addition to the enhanced language on forced labor, to be included in the procurement contracts. The World Bank will prior review procurements of solar panels and components to ensure that enhanced provisions are used by the recipient.

E. Legal Operational Policies

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



F. Environmental and Social

86. **E&S benefits.** The proposed activities under the second AF will expand the broad and lifesaving benefits to IDPs in Baidoa, Garowe, and Mogadishu supported under the first AF, including (a) enhanced WASH and health services for newly arrived IDPs; (b) the land development of IDP sites and access roads; (c) provision of legal advice and support to IDPs to avoid forced evictions and ensure more secure title situations; (d) improved food security through multipurpose cash assistance; and (e) strengthened camp coordination and management through registration of new arrivals and improved service delivery to IDPs. While the proposed activities are based on adequate planning processes and long-term perspectives of integrating IDPs into the urban environment, they will outweigh the limited and short-term E&S risks and adverse impacts. In addition, the activities will use local labor and will therefore create temporary job opportunities for IDPs and host communities.

87. **The ESS relevant to the proposed second AF remain the same as the parent project and the first AF (ESS1–10 except for 7 and 9).** While the CERC activities under the first AF cover relevant but different sectors (WASH, health, and HLP) from main activities of SURP-II (which is focused on urban infrastructure), an ESMF specific to the CERC activities ('CERC-ESMF') was prepared to address E&S risks and impacts of such activities and was disclosed in June 2022. The positive list in this ESMF focuses on small-scale emergency activities with limited E&S risks and impacts, whereas the negative list excludes activities with significant E&S risks and impacts. The CERC-ESMF prepared for the first AF was updated as 'the ESMF for Component 4: Response to Urban Forced Displacement' to incorporate the second AF and was redisclosed on November 8, 2022, while incorporating the outcome of inclusive stakeholder consultations conducted to date. The Environmental and Social Commitment Plan (ESCP) for SURP-II was also updated and disclosed on November 25, 2022, which includes recipient commitment relevant to the proposed activities supported under the second AF, which cascades to all implementing partners and contractors/subcontractors and service providers. While the FGS and IOM signed the Output Agreement in September 2022, project activities relevant to this ESMF are currently under preparation. No grievance relevant to CERC activities has been registered to date. Inclusive consultations with stakeholders were held on July 6 and September 8, 2022, in Baidoa, including with local IDPs (leaders and representatives of women, youth, and elderly), host communities, local NGOs, and government officials. Stakeholders emphasized the urgent need for the support to IDPs (such as food security, livelihood support, and access to water, health, and other basic services) and discussed ways to manage potential E&S risks and impacts (such as pollution prevention, competition over limited resources, and inclusion and safety of women). Consultations in Mogadishu and Garowe have taken place in close coordination with the local government.

88. **E&S institutional arrangements.** The Baidoa, Garowe, and Mogadishu PIUs will have overall responsibility for the E&S due diligence and compliance monitoring of the proposed activities under the second AF. All the PIUs include well-trained E&S specialists and community engagement officers who will be responsible for daily monitoring of E&S compliance and provision of appropriate E&S training for IOM, implementing partners, contractors, local government/community representatives, and others involved in the project implementation. The PCU's roles and responsibilities will include provision of E&S capacity-building support to the PIUs as needed, quality assurance of E&S instruments, and spot checks on E&S implementation and monitoring. The PCU is staffed with an experienced E&S specialist and a GBV specialist to provide such support. The PCU is also responsible for compilation of E&S reporting and



preparation of the quarterly E&S progress report for submission to the World Bank. According to the ESMF for Component 4, IOM will engage E&S specialists/consultants with relevant expertise, which include overall E&S risk management, stakeholder engagement, field mission and monitoring, GBV, and security risk management. All implementation partners will nominate one focal point for E&S matters, who will prepare, implement, and report on the respective E&S instruments. These E&S focal points will further work closely with their counterparts in the respective PIUs. While IOM and the Implementing Partners (IPs) have limited experience in implementing a project under the World Bank's ESF, IOM and IPs will ensure that the above listed E&S staff and focal points are familiar with the World Bank's ESS and can ensure compliance with all E&S instruments. In collaboration with the PCU/PIUs and World Bank, relevant capacity-building activities will be organized for such E&S staff and focal points before the proposed activities are implemented.

89. **E&S performance of the parent project is rated Moderately Satisfactory in the most recent Implementation Status and Results Report (ISR) (November 2022).** Since the parent project became effective in February 2020, Baidoa, Kismayo, Garowe, and Mogadishu Municipalities have selected and prepared their priority investments. All required subproject-specific E&S instruments have been prepared and disclosed in Baidoa in August 2020, Kismayo in March 2021, Garowe in June 2021, and Mogadishu in September 2022. The civil works for these priority investments are currently progressing. The implementation of the ESCP of the project continues to be broadly on track. The E&S performance is steadily improving, while some weaknesses and delays have been identified, such as minor diversions from E&S requirements by the contractor (such as access to drinking water and sanitation facilities), (b) continued systemic challenges with waste management, (c) weakness in preparing the E&S instruments for subprojects on time, and (d) inability of the project teams to augment climate resilience into their subprojects. A few grievances have been received and addressed in some municipalities to date, which include those related to damaged underground utility lines, construction-induced air pollution, information sharing with affected communities, and working conditions of project workers.

V. WORLD BANK GRIEVANCE REDRESS

90. **Grievance redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and recipients with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

**VI SUMMARY TABLE OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Legal Covenants		✓
Financial Management		✓
Procurement		✓

VII DETAILED CHANGE(S)**COMPONENTS**

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Urban Infrastructure and Services	108.00	No Change	Urban Infrastructure and Services	108.00
Institutional Strengthening and Analytics	5.00	Revised	Institutional Strengthening and Analytics	2.00
Project Management and Capacity Building	20.50	Revised	Project Management and Capacity Building	28.50
Contingent Emergency Response	20.00	Revised	Contingent Emergency Response	0.00
	0.00	New	Response to Urban Forced Displacement	65.00



TOTAL	153.50			203.50
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REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed

IDA-D5310-001 | Currency: XDR

iLap Category Sequence No: 1 Current Expenditure Category: GD,WK,NCS,CS,OC&TR-Pt A1,A2,B&C

13,946,000.00	1,142,333.40	12,831,500.00	55.00	55.00
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iLap Category Sequence No: 2 Current Expenditure Category: GD,WK,NCS,CS,OC&TR-Pt A3&C

8,074,000.00	2,283,342.28	9,188,500.00	23.00	23.00
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iLap Category Sequence No: 3 Current Expenditure Category: Emergency ExpendituresUnder-Pt D

14,680,000.00	0.00	0.00	100.00	100.00
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iLap Category Sequence No: Current Expenditure Category: Emergency cash transfer, G, W, N/CS, OC, TR pt D

0.00	0.00	14,680,000.00		100.00
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Total	36,700,000.00	3,534,229.12	36,700,000.00	
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Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2020	1,500,000.00	1,500,000.00
2021	3,000,000.00	4,500,000.00
2022	14,000,000.00	18,500,000.00
2023	6,000,000.00	24,500,000.00
2024	48,000,000.00	72,500,000.00
2025	50,000,000.00	122,500,000.00



2026	50,000,000.00	172,500,000.00
2027	31,000,000.00	203,500,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● High	● High
Macroeconomic	● High	● High
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● High	● Substantial
Fiduciary	● High	● High
Environment and Social	● High	● High
Stakeholders	● High	● Substantial
Other	● High	● High
Overall	● High	● High

LEGAL COVENANTS – Somalia Urban Resilience Project Phase II Second Additional Financing (P179775)

Sections and Description

Section I.B.1(a) of Schedule 2 to the Financing Agreement for the Second Additional Financing: The Recipient shall by no later than forty-five (45) days after the Effectiveness Date, update the Project Implementation Manual to incorporate, inter alia: (i) detailed guidelines and procedures for the implementation of Part D of the Project; (ii) the criteria for the prioritization of urban infrastructure investments; and (iii) the objective formula for the allocation of the proceeds of the Financing among the relevant Municipalities, all in a manner and substance acceptable to the Association.

Section I.H of Schedule 2 to the Financing Agreement for the Second Additional Financing: The Recipient shall ensure that not later than twelve (12) months after the Effective Date, a Preparedness Plan is prepared and adopted in form and substance acceptable to the Association.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	Article 4.01 Financing Agreement of the Second Additional Financing: The Output Agreement with the



		International Organization for Migration (IOM) has been amended in a manner and substance satisfactory to the Association.
Type Disbursement	Financing source IBRD/IDA	<p>Description</p> <p>Section III.B of Schedule 2 to the Financing Agreement for the Second Additional Financing: No withdrawal shall be made:</p> <p>(a) for payments made prior to the Signature Date; or</p> <p>(b) under Category (3), for Emergency Expenditures under Part E of the Project, unless the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures: (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part and an action plan in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; (ii) the Recipient has ensured that all environmental and social instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of Schedule 2 to this Agreement; (iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule 2 to this Agreement, for the purposes of said activities; and (iv) the Recipient has adopted the CER Manual in form, substance and manner acceptable to the Association and the provisions of the CER Manual remain, or have been updated in accordance with the provisions of Section I.F of this Schedule 2, so as to be appropriate for the inclusion and implementation of said activities under the Contingent Emergency Response Part.</p> <p>(c) under Category (4), unless and until the Recipient has adopted the Environmental and Social Management Framework for Part D of the Project in accordance with the ESCP and in form and substance acceptable to the Association.</p>
Type Disbursement	Financing source IBRD/IDA	<p>Description</p> <p>Section III.B.1.(c) of Schedule 2 to the Financing</p>



		<p>Agreement for Grant No. D531-SO: No withdrawal shall be made under Category (4), unless and until the Recipient has adopted the Environmental and Social Management Framework for Part D of the Project in accordance with the ESCP and in form and substance acceptable to the Association.</p>
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VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Somalia

Somalia Urban Resilience Project Phase II Second Additional Financing

Project Development Objective(s)

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.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
To support the construction of key urban infrastructure in targeted cities				
People with improved access to climate-resilient urban infrastructure and services (% female, % IDPs, % host communities) (Number)		3,500.00	5,000.00	45,000.00
Financed subprojects functioning and delivering services one year after completion. (Percentage)		0.00	90.00	90.00
Municipalities with clean financial project audits that continue to remain eligible for the project (Number)		0.00	4.00	6.00
Number of beneficiaries reached under the CERC activities (% women, IDPs, host community) (Number)		0.00		71,000.00
Action: This indicator has been Marked for Deletion				
Number of beneficiaries reached under the municipal drought response (number, % women, % IDPs) (Number)		0.00		371,000.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
<i>Action: This indicator is New</i>				

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Urban Infrastructure and Services				
Urban roads rehabilitated or upgraded (Kilometers)		0.00	15.00	90.00
Pedestrian walkways constructed (Kilometers)		0.00	5.00	20.00
Number of person days of employment created (days, % female, % IDPs, % host) (Number)		0.00	40,000.00	195,000.00
Number of subprojects with post-construction Operations & Maintenance plans (Number)		0.00	4.00	6.00
Number of women engaged in unskilled labor activities in the project (Number)		0.00	15.00	100.00
Percentage of women gaining employment due to skills training provided under the project. (Percentage)		0.00		15.00
Percentage of sampled beneficiaries satisfied that infrastructure met their needs (number, % female, %IDPs) (Percentage)		0.00	60.00	80.00
Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning decisions and design. (Percentage)		0.00		65.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Institutional Strengthening and Analytics				
Number of inter-governmental forum discussions held between federal/state/municipal levels (Number)		0.00	2.00	6.00
Number of municipalities with improved O&M plans (Number)		0.00	2.00	6.00
Project Management and Capacity Building				
Number of project and municipal staff formally trained on core municipal functions (Number)		0.00	35.00	120.00
Number of participants in consultation activities during project implementation (disaggregated by percentage of women, IDPs) (Number)		0.00	150.00	600.00
Percentage of grievances addressed in the stipulated timeframe. (Percentage)		0.00	60.00	85.00
Contingent Emergency Response				
Specific Operation Manual developed for crisis response (Yes/No)		No		Yes
Percentage of sampled beneficiaries who are satisfied that CERC activities met their needs (% female, %IDPs) (Percentage)		0.00		70.00
Action: This indicator has been Marked for Deletion				
Number of person-days of employment generated by cash-for-work under the CERC (% female, % IDPs, %host community) (Number)		0.00		50,000.00
Action: This indicator has been Marked for Deletion				



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Response to Urban Forced Displacement (Action: This Component is New)				
Percentage of sampled beneficiaries who are satisfied that the municipal drought response activities met their needs (number, % female, %IDPs) (Percentage)		0.00		70.00
Action: This indicator is New				
Number of beneficiaries benefitting from cash assistance (number, % women, % IDPs) (Number)		0.00		350,000.00
Action: This indicator is New				
		Rationale: <i>Number of beneficiaries of the drought response benefitting from cash assistance - entails multi-purpose cash assistance under the MRP and cash-for-work.</i>		
Number of individuals treated with health and nutrition services (number, % women, % IDPs) (Number)		0.00		178,467.00
Action: This indicator is New				
Number of individuals benefitting from WASH services and investments (number, % women, % IDPs) (Number)		0.00		330,000.00
Action: This indicator is New				
Number of beneficiaries of HLP services (number, % women, % IDPs) (Number)		0.00		341,100.00
Action: This indicator is New				
Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning		0.00		65.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
decision and design of the drought response (Percentage)				
<i>Action: This indicator is New</i>				

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People with improved access to climate-resilient urban infrastructure and services (% female, % IDPs, % host communities)	The proportion of beneficiaries that are female, IDPs or host communities will need to be measured and calculated as a percentage. This indicator will be disaggregated by city.	Quarterly	Project progress reports, UNFPA population figures for districts if available and with support from municipalities.	Guidance on people with access: The data on the number of people provided with access can be measured by assessing the kilometers of roads constructed or rehabilitated and estimates of the population in the project area within a 500-meter range that will access these roads (based on population density estimates by the municipality). 500 meters is roughly equivalent to 5-10 minutes walking time.	Municipalities, PIU, PCU



<p>Financed subprojects functioning and delivering services one year after completion.</p>	<p>These are subprojects that are still being used by communities one year after completion and handover of the subproject by the contractor. Subprojects affected by natural disasters or conflict are not considered to calculate this indicator. This is a long term project and is likely to have subsequent phases. Those subprojects completed in the last year of implementation can therefore be evaluated in the subsequent phase of the project.</p>	<p>Annual</p>	<p>Quarterly project reports/Annual reports</p>	<p>Review of quarterly reports and verification of data by the PCU</p>	<p>Municipalities, PIU, PCU</p>
<p>Municipalities with clean financial project audits that continue to remain eligible for the project</p>	<p>Municipalities that have clean audits based on the annual project wide financial audits. Municipalities must also not have any ineligible expenditures or declared mis-procurements which would exclude them from any additional infrastructure financing from the project.</p>	<p>Annual</p>	<p>Annual project audits</p>	<p>Review of annual project audits</p>	<p>PCU, federal EAFS</p>



Number of beneficiaries reached under the CERC activities (% women, IDPs, host community)	Number of people that have benefitted from the CERC activities. The target is to ensure that at least 80% of the beneficiaries are IDPs.	Quarterly	Project progress report	Project monitoring, quarterly progress report	PIU
Number of beneficiaries reached under the municipal drought response (number, % women, % IDPs)	Number of people that have benefitted from the drought response activities	quarterly	progress reports	project MIS	PCU/PIUs/IOM

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Urban roads rehabilitated or upgraded	Measures cumulative length of all newly constructed and/or rehabilitated roads in the 4 municipalities thereby improving urban mobility. Road-side drains are systematically included in the road improvements and will not be double counted under the project.	Quarterly	Project quarterly progress reports, Supervision engineers reports	Review of engineering supervision reports and contractor reports	PIUs, PCU, Municipality
Pedestrian walkways constructed	Measures cumulative length of all newly constructed pedestrian walkways in the 4 municipalities, thereby improving mobility of	Quarterly	Quarterly reports, engineering supervision reports	Review of engineering supervision reports and contractors reports	PIU, Municipalities



	pedestrians.				
Number of person days of employment created (days, % female, % IDPs, % host)	These are the number of people benefiting from short term employment opportunities created by civil works financed through this project. Percentage of beneficiaries that are female, IDP, host communities will need to be calculated. The values will be broken down by city.	Quarterly	Quarterly reports, engineering supervision reports, contractors reports	Review of engineering supervision and contractor reports	PIU, Municipality, PCU
Number of subprojects with post-construction Operations & Maintenance plans	Subproject specific operations and maintenance plans are to be prepared for each subproject supported by SURP II which include indicative operating budgets and identifies key stakeholders responsible for maintenance. One plan will be prepared for each target city.	Quarterly	Engineering supervision reports, quarterly reports	Review of engineering supervision reports, quarterly reports	PIUs, Municipalities
Number of women engaged in unskilled labor activities in the project	These are the number of women benefiting from short term employment opportunities created by civil works financed through this project.	Quarterly	Project quarterly progress reports, Supervision engineers	Site visits, review of reports	Municipalities/PIUs/PCU



			reports		
Percentage of women gaining employment due to skills training provided under the project.	Percentage of women that will be able to find employment opportunities as a result of the skills training provided under the project. The target is modest given the socio-cultural barriers that impede women's economic participation in Somalia.	Quarterly	Project progress monitoring reports, MIS, impact evaluation reports	Monitoring, impact evaluation	PIUs
Percentage of sampled beneficiaries satisfied that infrastructure met their needs (number, % female, %IDPs)	Beneficiaries are people or groups who directly derive benefits from improved roads in this project and their satisfaction with the infrastructure will be assessed through questionnaires in focus group discussions. The measure of satisfaction will need to look at multiple dimensions including the quality of the rehabilitated infrastructure and whether the rehabilitated road has improved their access to services/jobs. Satisfaction to be calculated through focus group discussions and or surveys.	Mid-term and end project.	Mid-term and end project evaluation	Review of evaluation reports	PIU/Municipality, PCU



<p>Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning decisions and design.</p>	<p>This indicator measures the level of meaningful participation of women in project implementation which measures whether they feel that their needs and priorities were reflected in the final decisions.</p>	<p>Quarterly</p>	<p>Project quarterly progress reports</p>	<p>Project monitoring</p>	<p>PIUs</p>
<p>Number of inter-governmental forum discussions held between federal/state/municipal levels</p>	<p>The number of meetings held that involve the different layers of the government to discuss issues related to the project, functional assignments related to service delivery, revenue sharing etc.</p>	<p>Quarterly</p>	<p>Project Quarterly reports</p>	<p>Review of project quarterly reports</p>	<p>PIU, municipality, PCU</p>
<p>Number of municipalities with improved O&M plans</p>	<p>These are O&M plans that are informed by the number of km of paved roads in the city that needs to be maintained, the institutional structure within the municipality that would implement the O&M plan and the availability of financing within the municipality.</p>	<p>Annual</p>	<p>Quarterly reports</p>	<p>Review of quarterly reports</p>	<p>PIU, Municipality, PCU</p>
<p>Number of project and municipal staff formally trained on core municipal functions</p>	<p>The number of municipal staff trained in procurement, financial</p>	<p>Quarterly</p>	<p>Quarterly progress reports</p>	<p>Review of quarterly progress reports</p>	<p>PIU, PCU and Municipalities</p>



	management, social and environment safeguard management, project management etc. Assumption is 20 persons/city.				
Number of participants in consultation activities during project implementation (disaggregated by percentage of women, IDPs)	This indicator measures the level of community engagement in project implementation - this includes in the selection of subprojects, during construction and in the selection of beneficiaries for casual labor and in maintenance activities. Assumption is 100 persons/city.	Quarterly	Quarterly reports, mid-term and end project evaluation	Review of quarterly reports, focus group discussions or surveys in midterm/end project evaluation	PIU, PCU, Municipalities
Percentage of grievances addressed in the stipulated timeframe.	This indicator measures the transparency and accountability mechanism established by the project. Grievances would need to be registered and responded to within a timeframe as stipulated in the Project Implementation Manual.	Quarterly	Quarterly progress reports	Review of quarterly progress reports	PIU, PCU, Municipalities
Specific Operation Manual developed for crisis response	An operational manual for the CERC will need to be developed that outlines the eligible activities to be	Annual	Progress report	Project monitoring	Municipalities, PCU



	financed under this component if triggered and the implementation modalities.				
Percentage of sampled beneficiaries who are satisfied that CERC activities met their needs (% female, %IDPs)	Percentage of sampled beneficiaries who are satisfied that the services provided under the CERC (WASH, health, Housing, Land and Property) met their needs.	Quarterly.	Progress reports.	Project monitoring.	PIUs
Number of person-days of employment generated by cash-for-work under the CERC (% female, % IDPs, %host community)	Number of person-days generated by cash-for-work initiatives under the CERC. 80 percent of the beneficiaries are expected to be IDPs.	Quarterly.	Project progress report.	MIS data.	PIU
Percentage of sampled beneficiaries who are satisfied that the municipal drought response activities met their needs (number, % female, %IDPs)	Percentage of sampled beneficiaries who are satisfied that the services provided under the drought response (WASH, health, Housing, Land and Property, MRP) met their needs.	Quarterly	Progress Reports	project MIS	PCU/PIUs/IOM
Number of beneficiaries benefitting from cash assistance (number, % women, % IDPs)	Number of beneficiaries of the drought response benefitting from cash assistance - entails multi-purpose cash assistance under the MRP and cash-for-work.	Quarterly	Progress Reports	project MIS	PCU/PIUs/IOM



Number of individuals treated with health and nutrition services (number, % women, % IDPs)	Number of individuals treated with health and nutrition services for the drought response	Quarterly	progress report	project MIS	PCU/PIUs/IOM
Number of individuals benefitting from WASH services and investments (number, % women, % IDPs)	Number of individuals benefitting from WASH services and investments, including water distribution points, twin latrines, boreholes, hygiene kits, and water trucking	Quarterly	progress report	project MIS	PCU/PIUs/IOM
Number of beneficiaries of HLP services (number, % women, % IDPs)	Number of beneficiaries of HLP services including longer-term support, such as legal, housing, and relocation services, and short-term support through the provision of shelter kits/tarps.	Quarterly	progress report	project MIS	PCU/PIUs/IOM
Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning decision and design of the drought response	Percentage of women engaged in the selected cities who consider that their needs and priorities have been taken into account in final planning decision and design of the drought response	Quarterly	progress reports	project MIS	PCU/PIUs/IOM

