### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>Somalia</td>
<td>P170922</td>
<td></td>
<td>Somalia Urban Resilience Project Phase II (P170922)</td>
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<tr>
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<td>AFRICA</td>
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<td>Oct 31, 2019</td>
<td>Social, Urban, Rural and Resilience Global Practice</td>
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<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Benadir Regional Administration/Mogadishu Municipality, Kismayo Municipality/Jubbaland, Baidoa Municipality/South West State, Garowe Municipality</td>
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#### Proposed Development Objective(s)

To strengthen public service delivery capacity at the municipal level and support the reconstruction of key urban infrastructure in targeted areas.

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<table>
<thead>
<tr>
<th>Total Project Cost</th>
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<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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#### DETAILS

**World Bank Group Financing**

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### Environmental and Social Risk Classification

<table>
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<tr>
<th>Concept Review Decision</th>
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<tbody>
<tr>
<td>Substantial</td>
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### Concept Review Decision

- **Substantial**

**Track I-The review did authorize the preparation to continue**

**Other Decision (as needed)**

### B. Introduction and Context

#### Country Context

1. **Somalia is emerging from a legacy of two and half decades of cycles of violent conflict and fragility. Since 1991, the country has been fragmented by armed conflict, ad hoc regime change and state capture.** The August 2012 peaceful transfer of power from a transitional to a full federal government in Mogadishu and the peaceful handover of power in 2017 to President Mohamed Abdullahi Mohamed Farmaajo generated domestic political momentum and triggered international recognition and support for the new federal government. Over the last four years, Somalia has made encouraging steps towards a political settlement and the rehabilitation of government institutions. The creation of four new Federal Member States in southern Somalia and the ouster of Al Shabaab from its major tax bases in Mogadishu and Kismayo form the basis for a devolved/federal political settlement. While Al Shabaab retains control and continues to destabilize parts of southern Somalia, it no longer administers nor controls major urban areas.

2. **While the formation of the new Federal Member States (FMS) is a positive step towards reshaping the political economy, the federation process has been complex and challenging.** The four new FMS in southern Somalia include Jubbaland, South West, Galmudug and Hirshabelle with Puntland in the north having been formed earlier in 1998. Uncertainties however remain over the assignment of functions to different levels of government, pending a final constitutional settlement. There has been a deepening rift between the federal government and the FMS with the States declaring a suspension of formal ties with the center in September 2018 over concerns with resource and power allocations within Somalia’s federal structure. These tensions were exacerbated in the lead up to the elections in South West State in December 2018 with allegations of the federal government’s interference. Relations between the federal government and the States will likely remain fluid and asymmetric for years to come, even as inter-government cooperation arrangements emerge.¹

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3. **Decades of conflict compounded by recurring natural disasters have displaced a significant part of society and damaged much of the country’s infrastructure, resulting in high rates of poverty and food insecurity.** Of the 12.3 million Somali population, 2.4 million are expected to live on the margins of food insecurity. It is estimated that some 1.1 million Somalis currently reside in neighboring countries as refugees, and another 1.1 million internally displaced, many of whom live in urban areas. Poverty is estimated at approximately 49 percent at the national level while overall urban poverty rate stands at 45 percent; the poverty rate in Mogadishu is higher than the national average at 57 percent. Poverty is heavily concentrated in settlements of Internally Displaced Persons (IDPs) at 70 percent. The poor are also likely to experience non-monetary poverty with even worse access to basic services such as education, health, water and sanitation than the overall population.

4. **Somalia’s economy has proven remarkably resilient, but resources for infrastructure and service delivery are limited and poverty remains high.** Despite the perpetual civil conflict, the economy has grown at a moderate pace, averaging 2.5 real GDP growth from 2013-17. The economy is rebounding from the 2016/17 severe drought. Real GDP growth is estimated at 3.1 percent in 2018 from 2.3 percent in 2017, mainly supported by recovering agricultural production, sustained consolidation of peace and security, gradual increase in private investment, and donor inflows. Sectors such as telecommunications, money transfer businesses, livestock exports, and localized electricity services remain key drivers of growth. With an estimated GDP per capita of US$511 in 2017, Somalia remains one of the poorest countries in the world.

5. **The federal government’s implementation of fiscal policy has improved significantly.** Domestic revenue collection increased, achieving 103.2 percent of the 2017 budget target; from US$ 113 million in 2016 to US$ 143 million in 2017. High performance is recorded in 2018 with 81 percent of the domestic revenue budget target of US$156 million achieved from January – September 2018. This is driven by government’s continued efforts to broaden the tax base including introduction of sales tax on goods and services; enhanced compliance; and improved collection capacity which has seen increase in non-tax revenue. Yet, the current FGS revenue levels, at about 3 percent of GDP, are inadequate to deliver meaningful services to citizens. Despite the remarkable improvement, expenditure priorities remain unchanged. Almost all expenditure is recurrent and sector spending is skewed towards security and administrative services both accounting for about 90 percent of the total spending hence crowding out social and economic sectors. The government still relies heavily on external assistance for socio-economic infrastructure and services.

6. **The drought in 2016-2017 exacerbated the country’s vulnerability by resulting in the loss of livelihoods and forcibly displacing more people.** The prolonged drought which began in November 2016 led to an increase in food prices and inflation rose from 1.3 percent in 2016 to 5.2 percent in 2017. The agriculture sector, which underpins the Somali economy, experienced near total collapse with crop failures and increased livestock mortality due to widespread shortage of water. This resulted in loss of livelihoods for many, left approximately 6.7 million Somalis – more than half the population – in need of humanitarian assistance and displaced more than 926,000 people. The majority of the drought related displacement takes place in rural areas with populations moving to urban centers to join existing settlements for the internally displaced. The cities of Mogadishu, Baidoa and Kismayo host almost 40 percent of the total drought-related displacements.

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6 World Bank (2017). Draft SCD.
7 World Bank estimate.
9 Humanitarian Bulletin, July 2017, UNOCHA.
Sectoral and Institutional Context

7. **Somalia’s urban population is growing rapidly as a result of changes in the pastoral and agro-pastoral economy as well as significant forced migration into urban areas.** Rapid urbanization is driven by traditional economic rural-urban migration as well as decades of internal conflicts, insecurity, political turmoil, human rights violations, and governance failures. This is compounded by cyclical environmental adversities such as drought and famine. In 2018, 858,000 people were internally displaced due to conflicts, floods and drought bringing the total number of displaced to an estimated 2.7 million people. The country has also witnessed a steady flow of returnees and refugees from neighboring countries with over 123,000 people voluntarily returning from twelve countries since 2014. The urban population is estimated at around 5.2 million (42 percent) with a growth rate of around 4 percent per annum. By 2040, the majority of Somali people will be living in urban areas.

8. **Urbanization is one of the most significant drivers of development and if managed well, can provide a pathway out of poverty and act as an engine of growth.** High urban densities can reduce transaction costs, make public spending on infrastructure and services more economically viable, and act as an economic hub that attracts investments and talent.

9. **Coverage of basic infrastructure and services in Somali cities is generally inadequate.** Decades of conflict and fragility has prevented any significant investment in infrastructure. Somali cities are characterized by poor access to clean water, proper sanitation and solid waste management leading to negative impacts on health and welfare of citizens as well as the economy. Of the 21,830 km of roads in the country, it is estimated that only 2,860 km are paved (13 percent). There is a reported 66 percent level of coverage of “improved” water supply services for the urban population and a 52 percent level of coverage of improved sanitation services. There is minimal engineered storm water drainage infrastructure in urban areas in the absence of which, natural streams and rivers act as the main drainage “sinks” with neighbourhoods draining into these. Where there are constrictions in neighbourhood drainage patterns, floods are prevalent during high rainfall events. Solid waste management continues to be a major issue and cities generally have high levels of uncollected solid waste.

10. **The Government has limited capacity and resources to address the basic service delivery and infrastructure challenges.** District governments (which function as municipal governments) have the primary responsibility for providing basic services. Capacity and fiscal constraints however limit their ability to undertake basic municipal functions, and outside of a few larger cities, these constraints deepen rapidly. Sub-national governments are only receiving a small recurrent budget through an inter-governmental fiscal transfer, and staffing is generally skeletal with limited capacity. Municipal/district governments’ own source revenue collection is minimal and unstructured. They are dependent on external assistance or private sector for capital investments and delivery of services tends to be ad hoc due to lack of comprehensive urban development plans and limited resources.

11. **The stresses of urbanization on basic infrastructure and services are particularly enhanced in the cities of Mogadishu, Kismayo and Baidoa.** Mogadishu’s population is growing fast with over 700,000 informally settled or displaced people. Population in Baidoa, South West State has tripled as those living in rural areas fled the 2017 drought - from 2016 to 2018, Baidoa received an estimated 349,000 displaced people. Kismayo, Jubbaland is under pressure from returning Somali refugees from the Dadaab refugee camp in Kenya. An estimated 82,840 people returned from Kenya

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between 2015-2018 64 percent of whom returning to Lower Juba region or Jubbaland. The growing population in these cities places considerable stress on municipal service delivery capacity thereby increases social tensions between host communities and the displaced.

12. **As urban areas fail to keep pace with the rapid urbanization, Somalia’s cities are becoming more fragile thereby threatening the country’s stability.** The rapid pace of urbanization has created multiple challenges for cities, which are expected to intensify as urbanization continues. Cities have not been able to cope with the increased demands for land, housing, basic services, and job opportunities. As a result, cities are sprawling in an uncontrolled manner, slums are on the increase, and environment degradation is accelerating. It is feared that large influxes of people may shift clan dynamics which can potentially destabilize already fragile social structures. Protection challenges are also significant in the context of ongoing urbanization and displacement. Incidence of Gender-based violence (GBV), among other protection concerns, is a prevalent issue in Somalia and a significant challenge confronting displaced populations in particular.¹² IDPs face increased risks of GBV and sexual exploitation due to limited security in the IDP settlements, poor living conditions and limited clan protection. Urban population growth, high unemployment rate especially among the youth, income inequality, lack of access to basic services, and lack of government’s ability to cope are all contributing to increased fragility of cities in Somalia. Indeed, Mogadishu, Merca and Kismayo have been named the world’s three most fragile cities in the world.¹³ Urban fragility, particularly in the capital of Mogadishu, can have a profound impact on Somalia’s nascent stability.

13. **The persistent and recurrent nature of the drivers of migration and conflict contribute to protracted conditions, which require a holistic resilience-based approach particularly at the city level.** Cities play a central role in Somalia’s development and security. There is thus an acute need to strengthen their resilience. There are various definitions of urban resilience and various scales to measure it from individual to community to national levels. Urban resilience, under this project, is defined as “the municipal governments’ ability to prepare for, respond to, and adapt to shocks and stresses while continuing to provide critical services following an adverse event.” External shocks and stresses in the Somali context will include both natural disasters and fragility.

14. **Urban resilience is understood as a holistic concept that comprises five composite dimensions - spatial, physical, economic, social, and institutional.** Spatial resilience ensures flexibility in spatial plans, policies and land use management systems so as to mitigate and manage possible impacts of external shocks. Integration and inclusion of IDP settlements into the urban fabric is an important aspect of spatial resilience in the Somali context. Physical resilience relates to making the city-level infrastructure and service delivery resilient to external shocks, ensuring that they are able to meet the increased demands resulting from a large influx of people. Economic resilience is understood as the ability of the city to manage and adapt to disruptions to the economic system, such as negative impacts on assets, production factors, outputs, employment, and consumption caused by external shocks. Social resilience relates to strengthening social capital and social networks to cope and adapt to external stresses. Finally, institutional resilience relates to improved local government’s capacity to plan and manage the other dimensions of urban resilience including mobilizing necessary resources and creating an enabling environment.

15. **Similar to the ongoing Somalia Urban Resilience Project (SURP), phase II will aim to enhance the resilience of select cities with a particular focus on supporting physical resilience by financing investments in priority urban infrastructure or services.** SURP II will also: (i) support institutional resilience through the strengthening of municipal governance by building capacity of local governments, delivering infrastructure and services through sub-national government systems, and helping to better define the respective roles and responsibilities between the federal, state, and municipal/district governments in the area of sub-national development and service delivery; and (ii) support economic

¹² Several studies estimate that roughly three-quarters of survivors are IDPs.

resilience by creating short-term income generation opportunities particularly for the urban poor and IDPs through labor-intensive works and exploring longer-term job opportunities for these groups by collaborating with the ongoing relevant livelihood projects such as the World Bank-financed Somali Core Economic Institutions and Opportunities (SCORE) (P152241) project for micro-, small- and medium enterprise (MSME) development and vocational training or any other relevant projects; and (iii) strengthen social resilience by fostering social cohesion and supporting infrastructure that benefits both the host communities and the displaced and ensuring investments are prioritized through a participatory decision-making process.

16. The SURP has been designed as an urban resilience project that aims to deliver prioritized infrastructure and services in cities, use country Public Financial Management (PFM) systems at the sub-national level and strengthen municipal government capacity. SURP II will scale up investments both within cities where the SURP is currently operational as well as to additional cities provided cities meet a set of participation and implementation readiness criteria.\(^{14}\) The US$ 110 million in SURP II will be allocated for investments in the cities of Mogadishu, Garowe, Kismayo and Baidoa. The delivery of infrastructure investments through municipalities/district governments under SURP and SURP II will help strengthen service delivery capacity at the sub-national level for long-term sustainability.

17. SURP II also aims to facilitate a clearer delineation of the sub-national governance structure particularly in relation to local infrastructure and service delivery. Somalia is in the midst of state building, with the Constitution yet to be finalized and the federal system still being negotiated. Article 48 of the provisional Constitution (2012) defines two levels of government – the Federal Government and the FMS level, which is comprised of the State government and local governments. The Wadajir National Framework for Local Governance (2016) interprets “local governments” as district governments and sets out a roadmap for establishing district administrations and legislative councils although it is not being fully implemented especially in southern Somalia. There are currently no laws that define the administrative boundaries or functions of a municipal government. While there is no de jure basis to delineate urban centers or to define municipal governments, de facto, cities do exist and play a prominent role. Given the importance of cities to Somalia’s state formation, it is imperative that the sub-national governance structure and the role of municipalities be better defined and appropriate resources be provided to strategically important cities. To this end, SURP II will incorporate some Technical Assistance (TA) to facilitate a dialogue on sub-national governance.\(^{15}\)

18. In the short-term, the proposed SURP II will build on the ongoing Somali Urban Investment Planning Project (SUIPP) and SURP and roll both of these projects into one framework operation for municipal governance and service delivery. The SUIPP supports the establishment and capacity building of Project Implementation Units (PIUs) within the respective municipal governments, preparation of feasibility studies and engineering designs as well as the safeguard instruments necessary for prioritized infrastructure investments while the SURP supports the construction and/or rehabilitation of these investments. The SUIPP (P15037) supported the establishment and training of PIUs, preparation of technical studies and safeguard instruments in Mogadishu, Garowe and Hargeisa while the ongoing SUIPP Additional Financing (P166591) (US$ 3 million) is providing this same support in Kismayo and Baidoa. The SURP (P163857) (US$ 9 million) is financing secondary roads and drainage investments in Mogadishu and Garowe. SURP II will aim to support both the preparatory activities currently covered under SUIPP as well as the investment phase currently covered under SURP under one operation. SURP II incorporate lessons learned from the SUIPP/SURP and scale up investments and capacity building support in strategic urban centers. The proposed project will originally target the cities of Mogadishu, Kismayo

\(^{14}\) Participation criteria for the project are still to be developed in consultation with the government. Implementation readiness criteria are the criteria cities will be required to meet in order to be eligible for funding for infrastructure investments. These are described in more detail on page 8.

\(^{15}\) See Page 10.
and Baidoa, which are strategically important from political, economic, security and vulnerability perspectives. Should additional funding become available, SURP II may expand to additional cities.

19. **SURP II will complement the current World Bank portfolio in Somalia.** Considerable resources have been invested in the public sector at the federal level through the strengthening of PFM, institutional capacity, and payment of recurrent costs. Special Financing Facility for Local Development (SFF-LD), another urban project in Somalia, developed procurement and supervision functions at the federal Ministry of Finance and financed small-scale investments across Somalia, mainly in smaller secondary and tertiary cities. SFF-LD expanded the use of the PFM system from existing recurrent costs to capital investments in the FMS. As with the first phase, SURP II will continue to extend the Bank’s outreach to key cities by supporting funds flows from the federal to lower levels of government and strengthening project planning and implementation capacity at the municipal level.

20. **The ongoing SURP and the proposed SURP II build on other ongoing projects supported by various development partners.** UN-Habitat’s work on urban planning and strategic spatial planning in Mogadishu, Kismayo and Baidoa, along with Denmark-financed Kismayo urban development master plan provide useful city level information on existing land use, housing, IDPs, infrastructure and service delivery; urban plan that points to the future direction of city growth; and infrastructure/service requirements. SURP II will validate the selected roads’ strategic importance vis-à-vis the UN-Habitat supported urban plan. UN agencies’ Joint Program on Local Governance (JPLG) is helping to develop Local Government Laws at the FMS level and establishing representative District Councils. UNDP’s Rule of Law Program has established paralegal aid and alternative dispute resolution mechanisms involving informal leadership and local NGOs in major cities of Somalia, which are anchored under Ministry of Justice. Such a mechanism can be utilized to mitigate any potential grievances as a result of SURP engagements. USAID financed Transition Initiatives for Stabilization (TIS+) supports quick impact stabilization activities at the district and community levels with a focus on targeted areas in the FMS. In Mogadishu, TIS+ has set up community institutions at the district level which were used by the SUIPP in carrying out consultations on priority roads. TIS+ has also supported the rehabilitation of secondary roads in Mogadishu and the BRA/community representatives ensured there was no overlap between the SUIPP/SURP investments and those of TIS+. Finally, the Joint UN agencies’ *Midnimo* project has established Community Action Groups that represent different urban population groups in Kismayo and Baidoa, which can be utilized for participatory decision-making.

**Relationship to CPF**

21. The project contributes to the World Bank’s twin goals of eliminating extreme poverty and boosting shared prosperity through 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 project also contributes to the Bank’s Country Partnership Framework (CPF) (FY2019-22) Focus Area 1 which aims to strengthen institutions to deliver services while addressing the cross-cutting consideration of building resilience to fragility and shocks. This project specifically aims to delivery on Strategic Objective 1.4 which aims to build the capacity of Somali municipalities for urban resilience.

22. The project will also contribute to the Somalia National Development Plan (2017-2019) particularly for the Infrastructure Pillar that aims to “lay out the foundations of resilient infrastructure systems that will contribute to the country’s stability and will provide necessary services for all”, as well as the Resilience Pillar that aims to “create opportunities for IDPs and refugee returnees to participate in public affairs and most importantly in decision-making pertaining to their own future, such as local and urban development processes” and to “systematically enhance the

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16 Approved August 29, 2018.
absorption capacity of basic services for IDPs and returning refugees”.

### C. Proposed Development Objective(s)

To strengthen public service delivery capacity at the municipal level and support the reconstruction of key urban infrastructure in targeted areas.

#### Key Results (From PCN)

23. Key expected results in this project include:

   (a) People with access to improved infrastructure and services in key urban centers (number, % female, % IDPs)
   (b) Priority urban infrastructure supported through the project with post-construction community engagement/O&M plans (%)
   (c) Improved capacity in procurement, engineering, financial management, environment/social safeguards, and monitoring in targeted municipalities. (number of staff trained, % female)
   (d) Enhanced short-term employment opportunities generated through labor intensive public works (number of person days, number of beneficiaries, %female, %IDPs)
   (e) Beneficiary satisfaction of project infrastructure investments (number, % IDPs, % female)

### D. Concept Description

24. The SURP II will strengthen urban resilience by: (i) providing capacity building support to municipalities and strengthening government systems at the sub-national level by channeling funds on-budget; (ii) financing prioritized urban infrastructure investments in cities; (iii) generating short-term income generation opportunities for the vulnerable such as women, urban poor, IDPs and returnees; and (iv) strengthening institutions for urban development at the municipal level. The theory of change underlying the proposed project interventions is that supporting municipal government capacity and delivering much needed urban infrastructure would support the Government’s efforts to demonstrate visible and tangible improvements in the lives of its citizens, critical for strengthening the legitimacy of the government and sustaining social and political stability in the country.

25. SURP II has a tentative project budget of US$110 million (US$ 70 million from the Mutl-Partner Fund (MPF) and US$ 40 million from IDA) and will target the four cities of Mogadishu, Garowe, Kismayo and Baidoa. These cities were selected based on their political, economic, and security relevance as well as their vulnerability (concentration of IDPs and urban population growth) relevance. Should additional funds become available, the project can potentially scale up to other cities, based on a set of objective criteria (participation criteria) to be further elaborated with the Somali government.

26. The following four components are proposed for a duration of five years: (i) Urban Infrastructure and Services; (ii) Institutional Strengthening and Analytics; (iv) Project Management; and (v) Contingent Emergency Response.

#### Component 1: Urban Infrastructure and Services (USD 94m)

Sub-Component 1.1: Urban Infrastructure and Services (US$ 4m) This component will cover the preparation of any
technical studies required prior to the construction of civil works to be supported through the project which includes: (i) technical studies, engineering designs and bidding documents for priority investments; (ii) environment and social due diligence work; (iii) institutional assessments of implementing agencies; and (iv) any other necessary analytical work. The preparation of these studies would be contracted out by the respective municipalities/district governments and a competitive procurement process would be followed.

The ongoing SUIPP/SUIPP Additional Financing has supported technical studies for investments in Mogadishu and Garowe and is currently also supporting studies for Kismayo and Baidoa. In Mogadishu, studies are available for 17km of primary roads and 32km of secondary roads and associated drainage across 17 districts. In Garowe, studies are available for 2 bridges and 19 secondary roads. In Kismayo and Baidoa, feasibility studies are being undertaken for 50km of secondary roads and associated drainage and more detailed designs are being prepared for 10-15km of road in each city. This component will cover the preparation of any additional feasibility studies, engineering designs, safeguard instruments as well as other analytical work that may be required in any of these four cities.

Sub-Component 1.2. Investment in Urban Infrastructure and Services. (US$ 90m) This component will finance all costs associated with the implementation and supervision of infrastructure investments in cities where the necessary implementation readiness criteria are met. Cities can receive funding for priority infrastructure investments subject to the following:

(i) A Project Implementation Unit (PIU) has been set up and continues to be maintained in the respective municipality/district government and is staffed with a Project Coordinator, Procurement Specialist, Financial Management Specialist, an Engineer and an Environment/Social Safeguard Specialist at a minimum who are competitively selected.

(ii) The necessary feasibility studies and preliminary designs for the prioritized infrastructure investments have been prepared and are to a standard acceptable to the World Bank.

(iii) Any necessary safeguard documents have been prepared and are acceptable to the World Bank; and these have been publicly disclosed.

(iv) There are no outstanding ineligible expenditures or any other fiduciary issues with prior investments implemented by the respective city.

The list of infrastructure investments to be supported through this project have not been finalized but all investments would be selected by interfacing the top-down citywide technical assessment with a bottom-up participatory decision-making process using the criteria below:

(i) Critical investments that fill the existing urban infrastructure gaps. The investments supported should be those that are critical needs in a city as identified by local governments and citizens and verified in feasibility assessments. The investments should help fill these existing basic infrastructure gaps.

(ii) Strategic investments that contribute to urban resilience. The investment should be aligned with a broader strategic plan or vision of the city. This plan should focus on how to make the city more resilient.

(iii) Inclusiveness. Investments identified should be as inclusive as possible, i.e. incorporate needs of the IDPs, returnees, refugees and host communities. The investments should be selected in a participatory manner in consultations with community representatives.

(iv) Maximizing development impact. Investments should maximize development impact and return on investment, thus avoid small scale/piece meal investments.

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18 Other recommended staff in the PIU include Monitoring & Evaluation Specialists.
(v) **Coordination/complementarity with ongoing projects.** Investments should avoid overlap with ongoing government and development partner interventions and try to complement and build on these activities.

(vi) **Labor intensiveness.** Investments should provide short term income generation opportunities for vulnerable groups.

(vii) **Sustainability.** Investments should build in operations and maintenance measures to ensure that they were sustained over the long term.

(viii) **Government visibility.** Investments should be visible to citizens and highlight the government’s (both federal and state levels) lead in implementation so as to strengthen their legitimacy.

While list of exact infrastructure investments to be supported have not yet been finalized, based on the preliminary consultations with the Government and findings of urban assessments undertaken in Kismayo, Baidoa, Garowe and Mogadishu as well as the Drainage Assessment and Road network study undertaken for Mogadishu, *priority investments are likely to be (i) primary and secondary urban roads; (ii) drainage; (iii) pedestrian walkways and (iv) streetlighting.*

Once discussed and agreed with donors, the federal government, FMS and municipalities, this component may be split into sub-components with one sub-component for each of the four cities to be initially supported – Mogadishu, Garowe, Kismayo and Baidoa.

This subcomponent will finance construction supervision consultancies to be procured by the respective municipal governments. The supervision consulting firm will assist the municipal governments to effectively supervise investment subprojects and to transfer skills to technical staff. Support will also be provided to assist the municipal governments in the implementation and monitoring of safeguards.

**Component 2: Institutional Strengthening and Analytics. [US$ 6m]** This component will support various thematic TA and related analytics that will feed into the design of the TA. Possible TA activities include:

- **TA on Displacement and Durable Solutions** - Building the capacity of municipal/district governments to develop sustainable solutions for the displaced living in SURP II target areas and mitigating forced eviction that can be triggered by SURP II investments and subsequent land price appreciation. The TA could also contribute to the broader discourse on Durable Solutions in Somalia by exploring alternative means for tenure security as well as livelihood opportunities for the displaced. This TA would be implemented in close coordination with other programs focusing on forced displacement issues.

- **TA on Operation and Maintenance (O&M) of Urban Infrastructure and Services** - Stocktaking of urban infrastructure in the four cities with a focus on existing roads and drainage. This TA can also support an institutional and financial assessment of existing municipal O&M arrangements and identify ways in which these can be strengthened. Municipalities will be supported in developing maintenance standards which can potentially be replicated throughout the country and potentially across all donor and government supported investments.

- **TA on Subnational Infrastructure and Service Delivery** - Support the establishment of a “Mayors’ Forum” to provide a platform for bringing together mayors from different cities, allow for cross learning and facilitate a dialogue on key urban management issues. The TA can also support periodic dialogue across the three tiers of government, namely the federal, state, and municipal governments, to discuss the functional assignments pertaining to public service delivery and resource allocation across different administrative levels. Finally, analytical work can be undertaken to define the roles and functions of municipal governments and their relationship vis-à-vis other layers of the government with regards to urban infrastructure and service delivery, resource management (own source revenue generation and fiscal transfers), coordination with the private service providers, resettlement of people (and land allocation), asset management, accountability and inclusive planning.
can be undertaken. This TA will be undertaken in close collaboration with the UN JPLG given the program’s continued support to sub-national governance system strengthening.

**Component 3: Project Management. (US$ 10m)** This component will finance both the overall project management costs of the project as well as the capacity building of the project and municipal staff who will implement and manage the project. Specifically, this component will finance costs related to staffing of a Project Coordination Unit (PCU) located in a federal level line ministry such as the Ministry of Public Works as well as the PIUs at the municipal level in all target cities. The PCU will be staffed with an overall Project Coordinator, an Engineer, a Financial Management Specialist, an Environment/safeguard Specialist a Monitoring and Evaluation Specialist and other technical staff as needed. The PIUs will be co-located within the respective municipalities/district governments and will be staffed with a Project Coordinator, Financial Management Specialist, Procurement Specialist, Environment/social safeguard specialist, Engineer, and Monitoring and Evaluation Specialist. To ensure that the PIUs are fully integrated into the municipal/district government structure and to allow the civil servants to benefit from the project management experience as well as project-supported capacity building, each PIU staff will be partnered with counterparts from the municipal government.

Capacity building in engineering, financial management, procurement, environment/social safeguards, planning and budgeting, strengthening citizen engagement and any other capacities necessary will be provided to both PIU staff and municipal staff to fulfill their mandated roles to ensure appropriate project implementation. The contents of the capacity building will build on the institutional assessments of the municipalities undertaken under the SUIPP/SUIPP Additional Financing for Mogadishu, Kismayo, Garowe and Baidoa and will be provided through either a TA firm or Individual Consultants as deemed appropriate. The TA provision will focus on using on-the-job mentoring as well as classroom training.

This component will also support costs related to financial audits; social audits; implementation of a grievance redress and feedback mechanism (GRM) related to project activities; monitoring and evaluation of project activities including geo-enabled monitoring, Third-Party Monitoring, and impact evaluation.

**Component 4: Contingent Emergency Response. (US$ 0m)** This contingent emergency response component (CERC) would be included under the project in accordance with the World Bank Policy on Investment Project Financing dated November 10, 2017, Paragraph 12 and 13 for situations of urgent need of assistance, as a project-specific CERC. This will allow for rapid reallocation of 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. This component will have no funding allocation initially and will draw resources from the other expenditure categories at the time of activation. If an Immediate Response Mechanism (IRM) is established, this component will serve as an IRM CERC to allow the reallocation of uncommitted funds from the project portfolio to the IRM Designated Account (DA) to address emergency response and recovery costs, if approved by the World Bank.

<table>
<thead>
<tr>
<th>Legal Operational Policies</th>
<th>Triggered?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects on International Waterways OP 7.50</td>
<td>No</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP 7.60</td>
<td>No</td>
</tr>
</tbody>
</table>
Summary of Screening of Environmental and Social Risks and Impacts

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

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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