FEDERAL GOVERNMENT OF SOMALIA

MINISTRY OF FINANCE

SOMALIA PRODUCTIVE, RESILIENT, AND INCLUSIVE GROWTH PROJECT

(SPRING)

STAKEHOLDER ENGAGEMENT PLAN
(SEP)

February 2025

Contents

ABBREVIATIONS AND ACRONYMS

AfCFTA	African Continental Free Trade Area
AM	Accountability Mechanism
BDS	Business Development Services
CBS	Central Bank of Somalia
CPSD	Country Private Sector Diagnostic
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESRS	Environmental and Social Review Summary
FGS	Federal Government of Somalia
FMS	Federal Member States
FRC	Financial Reporting Center
GDP	Gross Domestic Product
GBV	Gender-Based Violence
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IFC	International Finance Cooperation
IMF	International Monetary Fund
LMP	Labor Management Procedure
MENAFATF	Middle East and North Africa Financial Action Task Force
MoF	Ministry of Finance
MSME	Micro, Small, and Medium Enterprises
NIRA	National Identification and Registration Authority
PFI	Participating Financial Institutions
PIU	Project Implementation Unit
PSC	Project Steering Committee
SCALED-UP	Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project
SEP	Stakeholder Engagement Plan
SPRING	Somalia Productive, Resilient, and Inclusive Growth
SPS	Somalia Payment Switch
WBG	World Bank Group

1 INTRODUCTION

1.1 Project Background

In recent years, Somalia has established a solid foundation for its continued development; however, the country's economic performance remains insufficient to create sufficient jobs and lift the majority of Somalis out of poverty. Since the establishment of the Federal Government of Somalia (FGS) in 2012, significant strides have been made in normalizing political processes, rebuilding public institutions, and implementing key reforms. Somalia reached the Completion Point for the Heavily Indebted Poor Countries (HIPC) initiative in December 2023 and officially joined the East African Community (EAC) in March 2024, opening up new trade opportunities.

Despite these advancements, the Somali economy grew only by an average of 2.1 percent between 2018 and 2023, and job generation remains low, particularly among women. In addition, climate crises threaten Somalia's socio-economic progress by exacerbating water and food scarcity. In the absence of an effective government, the private sector plays a critical role in Somalia, accounting for an estimated 95 percent of jobs. However, a wide range of constraints continue to hamper private sector-led growth including limited fiscal space, human and physical capital. These challenges make mobilizing private sector resources critical for achieving more robust and equitable economic growth that will help the private sector enjoy rapid growth. In addition to lack of formal institutional, legal, and regulatory frameworks, the country also lacks an effective national public private dialogue (PPD) mechanism to ensure more inclusive and efficient reform processes. Access to finance is also a key challenge to private sector development with credit to the private sector remaining below 5 percent of GDP as of December 2023. Despite the growth of mobile banking, the penetration of banking services continues to be less than 10% of the adult population. There have been several initiatives, but a lot more needs to be done to capitalize on the gains.

The World Bank proposes to support the government through the Somalia Productive, Resilient, and Inclusive Growth (SPRING). The project reinforces and complements the existing WBG portfolio and builds on the foundational blocks supported under the SCALED-UP (P168115). The project will leverage the analytical work under the PASA (P179247)[1] as well as the 2024 joint World Bank–IFC Somalia Country Private Sector Diagnostic (CPSD).

The Project is fully aligned with the Somalia Country Partnership Framework (CPF) and other strategic initiatives. Additionally, SPRING aligns with Somalia's National Transformation Plan (NTP) 2025-29, particularly under the pillars of Sustainable Economic Transformation and climate resilience.

1.2 Project Development Objectives and Components

The project Development Objective is to strengthen economic resilience and enhance access to financial and digitally enabled services for individuals and businesses to foster job creation.

[1] The key analytical work includes on-going Somalia Business Survey, financial ecosystem mapping and profiling, and risk sharing mechanism pilot work with Gargaara to support lending to MSMEs in Somalia.

1.3 Project Components

Component 1: **Improving the enabling environment for the private sector**. The first component will focus on addressing key gaps in the business enabling environment and strengthening institutions and infrastructure for facilitating service delivery and supporting private sector-led growth in Somalia.

a. ***Subcomponent 1.1. Strengthening institutional and regulatory private sector development framework***. This component will help address gaps in the framework that affect the contestability of firms, with special focus on the MSMEs and women owned/managed businesses. Core activities may include deepening and expanding legal and regulatory business registration reforms, harmonizing business registration and licensing regimes across the FMS and at municipal levels, furthering integration of government-to-business (G2B) services, promoting effective public-private cooperation, and supporting Somalia to benefit from expanding trade opportunities at the regional and global levels, e.g., institutional and regulatory reforms necessary due to join the EAC (such as establishing Competition and Export Promotion Authorities) as well as leveraging the African Continental Free Trade Area (AfCFTA) opportunities. Additionally, since in a fragile country such as Somalia, such reforms are likely to provoke considerable resistance from vested interests, the project will support the development of a public private dialogue on priority economic issues.
b. ***Subcomponent 1.2. Enhancing the Somali ID System***. This subcomponent will build on and scale-up ongoing activities for the development of the foundational digital ID system in Somalia, supported under SCALED-UP, which is expected to pick up speed given the full scale roll out starting 2025. With SCALED-UP support, the necessary legal and regulatory framework, as well as inclusive implementation strategy, are already in place, and resources are available to complete the first 3 million registrations by the end of the project. This SPRING subcomponent will help close the remaining identification gap for the majority of the Somali adult population. Specifically, it will support: (i) the enrollment of an additional 5 million people nationwide, for expenditures relating to registration roll-out more widely across Somalia (including purchase and printing of 5 million additional ID cards, related credential issuance identity management software and hardware needs, etc.) as well as the communications and outreach campaigns; and (ii) the operationalization of high-impact uses for the Digital ID to promote efficiency and accountability in service delivery, e.g., integration with the telcos (including KYC requirements to promote mobile money), banking sector (enable electronic-KYC) and social protection/refugee programs. Expanded registration will include targeted interventions including toward women and vulnerable groups (such as internally displaced persons and remote rural communities).

Component 2: Deepening reforms and building institutions in the financial sector. This component will focus on strengthening financial sector stability, integrity, and infrastructure to promote private sector development and facilitate economic transformation of the country.

a. ***Subcomponent 2.1. Operationalizing development finance institutions***. The component will provide the "last-mile" support for Gargaara to complete remaining capacity building steps towards a financially sustainable operating model and continue programs for participating banks and microfinance institutions to strength capacity and expand products, reinforcing the gender-inclusive and climate-informed approaches.
b. ***Subcomponent 2.2. Strengthening financial sector stability and integrity***. This subcomponent will support strengthening of the oversight framework and building capacity for related institutions. This will include supporting sustainability of CBS through its capitalization, and building technical and enforcement capacity for CBS and FRC (including implementation support for upcoming revised/new financial sector laws as well as IMF Financial Sector Stability Report and MENAFATF mutual evaluation recommendations).The component will also aim to address gaps in the regulatory framework for the nonbanking sector especially fast-growing microfinance and

mobile money/e-wallets (which are particularly important for improving financial inclusion and introduction of new products and services.

c. ***Subcomponent 2.3. Strengthening Somalia's financial infrastructure leveraging digital solutions***. This subcomponent will enhance financial payment cost efficiency while increasing speed and maintaining security by supporting CBS to fully operationalize the Somalia Payment Switch (SPS). This will enable banks to connect their ATMs and point-of-sale terminals to a single national network making card payments interoperable and enabling the implementation of the IBAN (international bank account number) and QR code initiatives.

Component 3: Improving resilience of MSME clusters in priority economic sectors. This component consists of mutually reinforcing interventions focused on provision of credit and enhancing the resilience of MSMEs by contributing to adaptation interventions that increase both their ability to climate proof their operations and their financial resilience to climatic as well as economic shocks.

a. ***Sub-Component 3.1. Derisking access to finance for MSMEs***. The project will support developing a risk sharing mechanism to enable access to finance for MSMEs to enter high-risk but high priority sectors through derisking shortfall in collateral (this will include focus on climate critical and underserved segments such as women entrepreneurs). Complementary products (such as a climate linked bridge lending window) will also be explored working with the implementing agency, industry and other key stakeholders. This engagement would build on the pilot on Gargaara's risk-share product expected to be launched under SCALED-UP by end 2024.
b. ***Sub-Component 3.2. Increasing resilience of MSMEs to respond to climate shocks***. The subcomponent will support the development of products and services for households/businesses to better respond to financial loss from economic and climate shocks (e.g., promoting climate resilient technologies, credit rating system to incentivize climate adaptation, financial risk management solutions for business continuity, as well as access BDS services for climate proofing of their operations as a complement to the derisking approach above). The subcomponent could also include developing climate/green finance taxonomy to inform new products and service development.

Component 4: Project Management. This component will support project implementation which is proposed to be executed by the FGS using a single Project Implementation Unit (PIU) anchored in the Ministry of Finance (MoF) in Mogadishu. The PIU will be responsible for day-to-day project management and will coordinate closely with relevant government entities. The PIU will also coordinate activities across the FGS including FMS. The project will set up a single Project Steering Committee (PSC). Activities to be financed by this component will include provision of goods, consulting services, training, and operating costs of the PIU to support project coordination, implementation, monitoring and evaluation (M&E), and management. The project will also fund an independent monitoring agent to provide an added layer of monitoring the flow and use of project funds, including the MSME Financing Facility. In addition, funding will be allocated to establish a project-level Grievance Redress Mechanism (GRM) and for resources dedicated to ensuring a gender-sensitive project implementation.

1.4 Objective of Stakeholder Engagement Plan

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the Project will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about the project and any activities related to the project. The SEP specifically emphasizes methods to engage groups considered most vulnerable and that are at risk of being left out of project benefits.

The SEP is intended to be a 'live' document that is updated throughout the SPRING Project lifecycle to document the implementation of community engagement. It will be reviewed regularly by the Project Implementation Unit (PIU) and updated as relevant. The SEP will serve the following objectives:

- Identifying stakeholders,
- Facilitating consultations on proposed project design, environmental and social risks and impacts, mitigation measures, and draft environmental and social risk management instruments,
- Planning engagement modalities through effective communication, consultations and disclosure,
- Enabling platforms for influencing decisions,
- Defining the roles and responsibilities for the implementation of the SEP,
- Defining reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings,
- Defining roles and responsibilities of different actors in implementing the SEP,
- Elaborating the role of grievance redress mechanism (GRM), and
- Disseminating relevant project materials, including explanations of intended project benefits, and where appropriate, the setup of a project website.

1.5 World Bank Requirements for Stakeholder Engagement

This project is being prepared under the World Bank's Environment and Social Framework (ESF). As per the Environmental and Social Standard (ESS) 10 on *Stakeholders Engagement and Information Disclosure*, the implementing agencies are required to provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

2 SUMMARY OF STAKEHOLDER ENGAGEMENT ACTIVITIES

2.1 Consultation prior to development of this SEP

The analytical underpinnings of the SPRING Project will also align with Somalia's National Transformation Plan (NTP) 2025-29, particularly under the pillars of Sustainable Economic Transformation and climate resilience, which seeks to improve macro-financial stability, foster private sector-led inclusive economic growth, promote productive sector development as well as improve the climate resilience through climate adaption and mitigation. The design and priorities of the SPRING were discussed on the 14th of November at Jazeera Palace Hotel, attended by 110 stakeholders (78 male and 32 female) key institutional and community representatives. The consultation was participated in by Director Generals from the MoF and Ministry of Communication and Technology (MoCT), the General Manager of Central Bank of Somalia, Director of National Identification and Registration Authority (NIRA), CEO of Gargaara, and representatives from financial institutions and development partners. Engagements and consultation on the project design and the planned activities and implementation arrangements have been done with key institutional stakeholders including the relevant Government and implementing agencies as summarized in Annex 1.

3 STAKEHOLDER IDENTIFICATION AND ANALYSIS PER PROJECT COMPONENT

The stakeholder engagement process for the SPRING Project is to identify the key stakeholders to be consulted and involved in the project development phases at national and district levels. Stakeholders are institutions, groups of people or individuals who are affected or likely to be affected by the project and who may have an interest in the project. These stakeholders could be directly or indirectly affected and have potential to influence the projects' implementation in a positive or negative way and might therefore need to express their concerns through various stakeholder forums.

3.1 Affected parties

These are persons, groups and other entities within the Project Area of Influence (PAI) that are impacted or likely to be impacted directly or indirectly, positively or adversely, by the project. Such stakeholders are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures. Affected parties include local communities, community members and other parties that may be subject to direct impacts from the Project. Specifically, the following individuals and groups fall within this category:

- Business communities,
- Micro and small business associations
- Agricultural organizations
- Banks and other financial institutions,
- Relevant National Department, Agencies and institutions (i.e., Ministries, Departments and Agencies, etc.),
- Vulnerable and disadvantaged People (include women, youth, people with disabilities, elderly,),
- Minority groups/ persons,
- General public.

3.2 Other interested parties (OIP)

OIP constitute individuals/groups/entities whose interests may be affected by the project and who have the potential to influence project outcomes. OIP may not experience direct impacts from the Project, but they may consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way. Such stakeholders include civil society organizations (CSOs) and national and international non-governmental organizations (I/NGOs) who may become project partners or have an interest in the project. Others include business owners and providers of services, goods and materials within the project area who may be considered for the role of project's suppliers; mass media and associated interest groups, including local, regional and national print and broadcasting media, digital/web-based entities, and their associations, among others. The projects' stakeholders also include parties other than the directly affected communities, including:

- Goods and services suppliers
- Local and International NGOs,
- Humanitarian agencies,
- Civil Society Organizations (CSOs),
- Business organizations including telecommunications companies, money remittances companies
- Non-participating financial institutions
- Development organizations

3.3 Disadvantaged/ Vulnerable individuals or group

Within the Project, the vulnerable or disadvantaged groups may include but are not limited to the following:

- Refugees,
- Returnees,
- internally displaced people (IDPs),
- Women and women led households
- Women business enterprises,
- Nomadic and pastoral communities,
- People with disabilities, and
- Minorities groups and clans.

3.4 Identification of stakeholders

There are several categories of people and institutions with an interest in the Project at different levels that will need to be consulted and engaged in the project activities, as summarized in Table 1

Table 1. Stakeholders' description and areas of interest

Stakeholders	Description	Remarks
Ministry of Finance	MoF will have the overall responsibility of managing all the components of the project. It will work closely with other ministries and agencies receiving project support.	• MoF identifies and meaningfully engages with partners in all aspects of the project • The coordination between the Ministry and other participating Ministries in a transparent and accountable manner • Principles of engagement are observed in all aspects of consultation at the different levels
Ministries, departments and agencies at the Federal Government level	The other Ministries will be involved in as far as the implementation of specific activities.	• Principles of engagement are observed in all aspects of consultation at different levels • Information is shared in a timely manner and feedback is used to inform further engagement on the project • Clarity on terms of engagement is provided from the beginning
Ministries and agencies and departments in the Federal Member Sates	The Ministries at this level will be responsible for the implementation of the project activities at the FMS levels.	• Support the implementation of project activities in the FMS. • The coordination between the State and FMS is done in a transparent and accountable manner Principles of engagement are observed in all aspects of consultation at different levels.
Financial institutions	These are participating financial institutions engaged in borrowing and involved in onward lending to final beneficiaries.	• Principles of engagement are observed in all aspects of consultation • Information is shared in a timely manner
Business associations	These are business organizations which will benefit from the project activities.	• Timely engagement and sharing of information • Understanding project benefits and potential risks.
Development partners	Most of the financial interventions are undertaken/ supported by development partners.	• Principles of engagement are observed in all aspects of consultation • Information is shared in a timely manner

Stakeholders	Description	Remarks
Micro and Small business	These are among the intended beneficiaries and majority the majority of the business community fall within this category.	• Ensure consultation at every stage and information is disclosed in a manner understood by the groups.
Vulnerable communities	There are a number of vulnerable groups to be considered within the project activities including the elderly, women, pastoralists and hard to reach groups.	• Ensure that they are consulted in an appropriate and accessible way • The information is disclosed according to their nature.
Media	The role of the media is key in keeping people informed about the project. Media can also be used to share grievances and complaints on project activities.	• Information shared by the media will be accurate. • Complaints and grievances shared on social media platforms will be picked and addressed as necessary

3.5 Stakeholder engagement principles

Stakeholder analysis generates information on the perceptions, interests, needs, and influence of actors on the project. Identifying the appropriate consultation methodology for each stakeholder throughout the project lifecycle is necessary. In order to meet the best practice approaches, the project will apply the following principles for stakeholder engagement.

- *Openness and life-cycle approach:* public consultations for the project will continue during the whole project lifecycle from preparation through implementation. Stakeholder engagement will be free of manipulation, interference, coercion, and intimidation.
- *Informed participation and feedback:* information will be provided and widely distributed among all stakeholders in an appropriate format; conducted based on timely, relevant, understandable and accessible information related to the project; opportunities provided to raise concerns and ensure that stakeholder feedback is taken into consideration during decision making.
- *Inclusivity and sensitivity:* stakeholder identification will be undertaken to support better communication and building effective relationships. The participation process for the project will be inclusive. All stakeholders will be encouraged to be involved in the consultation processes. Equal access to information will be provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention will be given to disadvantaged groups, particularly minority groups and learners with disabilities, and the cultural sensitivity of diverse groups in the project area.

4 STAKEHOLDER ENGAGEMENT PROGRAM

The PIU will implement comprehensive stakeholder engagement to promote trust and maintain transparent communication channels. Through this approach, the PIU will systematically identify, assess, and mitigate potential social and environmental risks and impacts throughout the project lifecycle. In Somalia, maintaining sustained and meaningful stakeholder engagement is essential for optimizing project outcomes. This engagement plays a significant role in strengthening project acceptance and improving civic trust in governmental institutions.

4.1 Summary of project stakeholder needs and methods, tools and techniques for stakeholder engagement

The PIU will set up engagement mechanisms that are most effective in reaching the identified stakeholders for consultation. The table below provides details of the various stakeholders to be consulted, methods to be used, and the timelines

Table 2: Consultation matrix for stakeholders

Project stage	Target stakeholders	Topic of consultation / message	Method used	Responsibilities
Preparation stage: Consultation on the preparation of project documents	- Ministries, departments and agencies - Business communities and organization - Financial institutions - Women and women led households. - Women led business organizations, - Youth groups - Vulnerable groups (PWD, pastoralists, minority groups, IDPs and returnees). - Telecommunication companies Money remittances companies - General Public - professionals and sectoral associations like the livestock, fisheries, farmers, Energy Providers, vendors, etc.	- Project components - Project objectives - Project timelines - E&S risks and mitigation measures	- One-to-one meetings - workshop - Virtual meetings using Email, - Public announcements - Focus group discussions - Interviews	PIU
Appraisal Stage	- Ministries, departments and agencies; - Financial institutions; - Business communities; - Women and women; led households; - Women led business organizations; - International and local organization; - Vulnerable groups; - Youth organizations; - Mobile payment companies; - Remittances companies; - People with disability (PWD) and vulnerable groups	- Project components and objectives - Project objectives - E&S risks and mitigation measures - GRM	- Workshops - Focus groups - Key informants' interview - Community meetings - Business community meetings	PIU

Project stage	Target stakeholders	Topic of consultation / message	Method used	Responsibilities
Implementation stage	Vulnerable/ minority groups and communities. (Women, Persons with Disability (PWD), minority groups)	- Project timelines and objectives - Project implementation status	- Face to face meetings - Focus group discussion - Grievance Procedure	PIU
	- Local NGOs International NGOs - Community Based Organizations (CBOs) - Ministries and departments agencies - participating ministries, departments and agencies at the Federal member states - Business communities organizations - Financial institutions - General public	- Community consultation and engagement - Gender-based Violence issues - Grievance management	- Face to face meetings - Email - Public meetings - X (twitter space meetings)	PIU
		- Project progress - Project components - Project objectives - Safeguard instruments implementation GRM	- Stakeholder engagement workshop - Focus group discussion - Grievance Procedure - Focused Group Discussions - Questionnaires - Interviews	PIU
Monitoring and Evaluation	Disadvantaged individuals and groups PIU (social specialists) Consultants	- Implementation - Monitoring committees (formal or informal)		PIU

4.2 Project Information Disclosure

Information will be packaged and shared with the key stakeholders using different methods. The PIU will be responsible for ensuring that the information gets to the stakeholders in a timely manner. Feedback from stakeholders will be taken into view and improvements will be made to ensure robust and consistent information flow. Table 3 presents a summary of the information disclosure for the project. The SEP is a living document that may be modified and changed following input and suggestions from project stakeholders.

Table 3. Information disclosure

Information to be disclosed	Method used	Target stakeholders	Responsibilities
Before appraisal			
Disclosure of project documents (PAD, SEP, ESRS, ESCP)	• Websites - MoF and WBG • Brief summaries of the main features of the project SEP	All key stakeholders	• MoF PIU
After appraisal			
Publicity on project approval and roll-out plans	• Audio-visual messages on project information (radio, TV in different local languages) • Newspaper stories/supplements • Printed materials on project information • Social Media (Twitter, Facebook, Instagram, WhatsApp) • Emails • Press releases • Speeches • Websites (FGS and FMS, WBG)	All key project stakeholders	• MoF PIU • Social specialists
Disclosure of the project documents SEP, LMP, among others	• Websites - MoF and WBG • Brief summaries of the main features of the project SEP • Audio-visual messages on the project (radio, TV • Newspaper stories/supplement • Social media (twitter, Facebook, Instagram WhatsApp) • Emails • Press releases • Speeches	• MoF and all partners involved in the project • Open access to all interested parties	• MoF PIU • WBG Team
During implementation			
Roll-out of project activities	• Key informant interviews with key stakeholders • Community discussions (through public meetings and call-in radio sessions/activations) • Newsletters • Newspaper stories/supplement	• Financial institutions • Business communities • Non-governmental originations • Development partners	• MoF PIU • Communication expert • Social specialists

Information to be disclosed	Method used	Target stakeholders	Responsibilities
	• Social media (twitter, Facebook, Instagram WhatsApp) • Email • Press releases • Speeches • Mobile phone block messages • Twitter spaces	• General public	
Highlights on project activities, achievements and lessons learned	• TV/Radio spots/activations and announcements • Print materials (newsletters and flyers) • Town hall meetings • Newspaper stories/supplement • Social media (twitter, Facebook, Instagram WhatsApp) • Emails • Press releases • Speeches • Mobile phone block message	• Project beneficiaries • Other interested parties	• Social specialists
Update on project process	• Print materials (newsletter, flyers, etc.) • Project progress reports • Town hall meetings	All stakeholders	• Social specialists • MoF leadership
Complaints/Compliments about the project implementation	Logs and reports from the GRM focal person, NIRA GRM complaints points	• Receivers of information and services • Information or Data managers	• PIU and social specialists
	Surveys and direct observations of the project beneficiaries	• Different stakeholders • Disadvantaged populations	• MoF • Communication Officer • M&E Officer
Monitoring and reporting			

Information to be disclosed	Method used	Target stakeholders	Responsibilities
Feedback of effectiveness of different modalities of engagement	• Semi-structured interviews • Online surveys • Satisfaction surveys	Project primary beneficiaries	• Social specialists • M&E Officer
Quarterly	Progress report including summaries of complaints and resolution	• MoF offices at the Federal and State level offices	M&E officer

4.3 Proposed strategy to incorporate the views of vulnerable groups

The SPRING Project will implement measures to ensure that vulnerable and marginalized groups, which include ethnic minorities, nomadic communities, women groups, PWDs, and IDPs to have equal opportunity to project benefits. This will include ensuring that they are involved in consultations and in the implementation of the project. The participation of vulnerable and marginalized groups in the project design, planning and implementation will largely determine the extent to which inclusiveness will be achieved. Where adverse impacts are likely to occur from the Project, the PIU will carry out prior and informed consultations with vulnerable and marginalized communities. The primary objectives will be to:

- Understand the decision-making structures in the respective communities.
- Seek their input/feedback to avoid or minimize the potential adverse impacts associated with the planned interventions.
- Identify culturally appropriate impact mitigation measures; and
- Assess and adopt socio-economic opportunities that the project could promote to complement the measures required to mitigate the adverse impacts.

The PIU will arrange for consultations with community leaders, representatives of vulnerable and marginalized groups about the need for, and the probable positive and negative impacts associated with the project activities. The consultations will be conducted to ascertain how the vulnerable groups in general perceive proposed interventions and gather any input/feedback they might offer for better outcomes, which would inform the project delivery. The PIU and Implementing partners will:

- Facilitate broad participation of vulnerable and marginalized individuals and groups with adequate gender and generational representation, community elders/leaders, and CBOs,
- Provide vulnerable and marginalized individuals and groups with all relevant information about project activities including potential adverse impacts,
- Organize and conduct the consultations in forms that ensure free expression of their views and preferences,
- Document details of all consultation meetings, with vulnerable and marginalized groups on their perceptions of project activities and the associated impacts, and
- Share any input/feedback offered by the target populations.

The following measures will be implemented during the implementation stage of the project to ensure the objective of inclusion is achieved:

- Provision of an effective mechanism for monitoring implementation of the Inclusion Plan,
- Development of accountability mechanisms AM to ensure the planned benefits of the project are received by marginalized and vulnerable individuals and groups,
- Involve suitably experienced CBOs/NGOs to reach out and involve marginalized and vulnerable people,
- Ensuring appropriate budgetary allocation of resources for the Inclusion Plan,
- Provision of technical assistance for sustaining the activities addressing the needs of the marginalized and marginalized; and
- Ensure that marginalized and vulnerable groups' traditional social organizations, cultural heritage, traditional political and community organizations are protected.

5 GRIEVANCE MECHANISM

A Grievance Mechanism is a system that allows not only grievances, but also queries, suggestions, positive feedback, and concerns of project-affected parties related to the environmental and social performance of a project to be submitted and responded to in a timely manner.

The objective of the Grievance Mechanism (GM) is to strengthen accountability and ensure transparency to beneficiaries. It also provides channels and structures for project stakeholders to provide feedback and/or express grievances related to project supported activities. By increasing transparency and accountability, the GM aims to reduce the risk of the project inadvertently affecting citizens/beneficiaries and serves as important feedback and learning mechanism that can help improve the project impacts.

The GM aims to address project-related concerns in a timely and transparent manner and effectively. Information on the GM will be readily available to all project-affected parties, interested parties and vulnerable and disadvantaged individuals and groups. The GM is designed in a culturally appropriate way and able to respond to all needs and concerns of project-affected parties. The availability of these GMs does not prevent recourse to judicial and administrative resolution mechanisms.

5.1 Description of Grievance Mechanism (GM)

A Grievance Mechanism receives and facilitates resolution of affected stakeholders' concerns and grievances related to the Project's environmental and social performance. The GM process should be disclosed publicly and available during the operation phases of the Project, and to be used by all affected stakeholders, Project implementing partners and contractors.

Stakeholders will be informed about the GM during the stakeholder consultation and disclosure activities. The mechanism will be communicated and made available to all stakeholders and to VMGs.

Grievances should be received, recorded/ documented and addressed in a manner that is easily accessible, culturally appropriate and understandable to affected stakeholder. Where feasible and suitable for the Project, the grievance mechanism may utilize existing formal and informal grievance mechanisms that will support the Project-specific proposed arrangements.

Concerns will be addressed promptly, using a transparent process that is readily accessible to all segments of the affected stakeholders and at no cost to them and with no retribution. Grievances received and responses provided will be reported back to the community periodically.

A grievance redress committee (GRC) will be established at the FGS level with an additional layer of GRM at the NIRA. The GRC will be chaired by the project manager, and the relevant PIU staff will be included as necessary depending on the complaint (procurement, finance, M&E GBV advisor and communications). The social specialist will be the secretary to the GRC and will minute the meetings and follow up the grievance resolution process. The GRC will meet monthly to review complaints, progress on complaints resolution, review the development and effectiveness of the grievance mechanism, and ensure that all staff and communities are aware of the system and the project. Immediate meetings will be held in case of significant complaints to be addressed at the Ministry of Finance/PIU level. Significant complaints will be outlined in the GM manual. For serious or severe complaints involving harm to people or the environment or those which may pose a risk to project reputation, the social specialist should immediately inform the coordinator of the PIU, who will inform the World Bank within 72 hours.

5.2 Types of grievance

Complaints may be raised by staff, partners, consultants, contractors, members of the community where the project is operating or members of the general public regarding any aspect of project implementation. Potential complaints include:

- Fairness of contracting
- Fraud or corruption issues
- Inclusion
- Social and environmental impacts
- Quality of service issues
- Poor use of funds
- Gender Based Violence, sexual harassment or sexual exploitation and abuse
- Child labour
- Threats to personal or communal safety

The Project will provide an option for anonymous grievances with separate channels to manage GBV-related complaints to be identified and integrated into the GM to enable reporting in a safe, confidential and survivor centric manner to be developed under the key activities under the GBV Action Plan and to be integrated into relevant project documents.

Table 4: Illustrative Table on the GM Steps

[Step	Description of process (e.g.)	Timeframe	Responsibility
GM implementation structure	- The project should establish Grievance Redress Committee (GRC) chaired by the project coordinators.	Throughout project implementation	PIU
Grievance uptake	- Grievances can be submitted via the following channels: by toll free line, text, suggestions boxes, email, and in-person at the PIU office.	Throughout project implementation	Social specialist
Sorting, processing	- Any complaint received is forwarded to the GRC, Logged in Social specialist/GRM focal person, and categorized according to the complaint types.	Upon receipt of complaint	GRC and Social specialist
Acknowledgement assess and assign.	- Receipt of the grievance is acknowledged to the complainant by PIU coordinator	Within 2 days of receipt	Social specialist/GRM focal person
Verification, investigation, and action	- Investigation of the complaint is led by GRC Feedback /response to grievances is drafted by GRC and communicated to the complainant through appropriate channel.	Within 10 working days	GRC
Response	- The GRM focal point will propose the mechanism to be followed to resolve the grievance and share findings with relevant stakeholders.	within 21 days	Social Specialist/ focal person.

[Step	Description of process (e.g.)	Timeframe	Responsibility
Monitoring and evaluation	- Data on complaints are collected in and logged in social specialist and reported to the social specialist every month.	Monthly	Social specialist
Provision of feedback	- Feedback from complainants regarding their satisfaction with complaint resolution is collected and recorded in the register as well.	As they come in.	Social specialist
Appeals process	- Where agreement on grievance resolution has not been reached, the PIU will offer the complainant with appeal options and processes available in the country. The approaches will include an Independent Panel, internal or external offices or individuals with appreciable degree of independence, and third-party fact-finding, facilitation, and mediation missions as applicable. Depending on the grievance, the appeal may entail offering the aggrieved person the option to seek redress through statutory referral institutions operational in the country.	When required	PIU

5.3 GBV and SEA

Cases of GBV/SEA can be reported through the general Project GRM and/or NIRA GRM channel. However, additional channels for reporting GBV/SEA complaints will be identified and integrated into the GRM (details are provided in the SEA/H Prevention and Response Action Plan). The GBV survivor has the freedom and right to report an incident to anyone: community member; project staff; GBV case manager; or service provider. Given the sensitive nature of GBV complaints, the GRM will provide different ways to submit grievances such as phone, text message and email. All relevant staff of the PIU will receive training on handling GBV complaints and referral systems, ideally during the project initiation phase and as part of the staff welcome package. The GRM Operators will be trained in key protocols including referral, reporting and informed consent protocols to receive those cases in an appropriate manner and immediately forward them to the GBV/SEA referral system. The GRM Operator/social specialist will ensure an appropriate response by: (i) providing a safe caring environment and respect the confidentiality and wishes of the survivor; (ii) if survivor agrees, obtain informed consent and make referrals; and (iii) provide reliable and comprehensive information on the available services and support to GBV survivors.

The GRM proposes the following key features on preventing GBV/SEA: (i) establish quotas for women in community level grievance management to facilitate safe reporting; (ii) provide multiple channels to receive complaints (channels to be determined after community consultation); (iii) resolve complaints at the point of service delivery to reduce information and transaction costs and gender sensitive independent channels for redress; and (iv) communicate GRM services at the community level to create GBV/SEA awareness and enable project-affected persons to file complaints.

Beneficiaries and communities will generally be encouraged to report all GBV/SEA cases through the dedicated GBV/SEA referral system and complaints resolution mechanism. This will be made explicit in all community awareness sessions, as well as be part of the publicly disclosed information. The GBV/SEA referral system will guarantee that survivors have access to necessary services they may need, including medical, legal, counselling, and that cases are reported to the police should the survivor choose to do so. Formal processes for disclosing, reporting, and responding to cases of GBV/SEA will be articulated within the GBV/SEA and GBV Action Plan.

5.4 WBG's Grievance Redress Service (GRS)

World Bank Somalia Office: Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank Somalis office at: somaliaalert@worldbank.org.

World Bank Grievance Redress Service (GRS): If no response has been received from the World Bank Somalia office the grievance can be raised with the World Bank Grievance Redress Service email: grievances@worldbank.org. 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 WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

6 RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT

6.1 Implementation Arrangements

Overall project implementation and coordination will be led by the FGS MoF. The MoF will collaborate with all Stats participatory ministries to implement the different components of the program. The existing PIU at SCALE UP will be maintained and expanded to have a GBV specialist. The PIU is headed by a program coordinator and includes a team of experts: (a) financial management specialist (FMS); (b) procurement specialist; (c) M&E specialist; and (d) environmental specialist, and (e) social specialist. The program coordinator will coordinate the implementation of day-to-day administration of the program activities. The PIU will conduct quarterly reviews and a total of five in-country reviews to ensure the effective and timely implementation of program components and activities. The overall responsibility for SEP implementation lies with the Project Implementation Unit (PIU). The social specialist will ensure that the SEP is appropriately implemented, monitored and evaluated. He/she will share the monthly reports with the PIU and the quarterly reports with the World Bank.

The PIU will provide collaborative management of program activities, decision-making around co-design and co-management of activities including the annual work plan and budget, co-monitor program activities, conducts quarterly progress reviews, make joint decisions on issues pertaining to implementation and ensure open communication and maximum accountability. The PIU team consists of program director, program coordinator, technical component leads, procurement specialist, finance manager, safeguards and M&E officers.

The PIU will be based in the MoF and will be responsible for technical oversight and support to the MoF, partner coordination, financial and administrative management, program activity monitoring. The PIU will be responsible for day-to-day project management activities, including monitoring and reporting on project progress to all the relevant stakeholders (please see the table on Information Disclosure). For this purpose, the PIU will organize, at regular intervals, workshops involving representatives of all stakeholders to present project progress and seek stakeholder input. The costs for all these activities are budgeted under the Component 3 and may be adjusted on a need basis.

6.2 Resources

The project has set aside funds to ensure that the planned stakeholder engagement activities are implemented and monitored effectively. The summary budget is presented in Table 5.

Table 5: Summary budget for implementing the SEP

Stakeholder Engagement Activities	# Qnty (Yrs)	Unit Cost, USD	Total cost (USD)
GRM, MIS case management process, database (including running of hotline, record keeping, etc.)	1	10,000	10,000
Travel expenses of staff on stakeholder engagement missions	5	10,000	50,000
Activities related to the Inclusion Plan including	1	30,000	30,000
Communication materials (leaflets, posters)	bulk	20,000	20,000
Project press conferences or FM radio broadcasts (twice per year)	10	5,000	50,000
Training (social issues, outreach, GRM, GBV etc.) for PIU	5	10,000	50,000
Subtotal			**210,000**
Contingency (5%)			10,500
Total			**220,500**

7 MONITORING AND REPORTING

The Project will establish a Monitoring and Evaluation (M&E) System that is participatory, which will utilize indicators that are sensitive to concerned stakeholders. Furthermore, the project will involve affected parties by gathering their observations to triangulate scientific findings and involve them in participatory discussions of external monitoring and evaluation missions.

7.1 Summary of how SEP will be monitored and reported upon (including indicators)

The PIU will monitor the SEP per the requirements of the Legal Agreement and the Environmental and Social Commitment Plan (ESCP) including changes resulting from changes in the design of the project or project circumstances. The extent and mode of Stakeholder monitoring concerning environmental and social performance would be proportionate to the potential environmental and social performance risks and impacts of the project and their effect on the various stakeholder interests.

The following M&E actions will be undertaken regarding stakeholder interests in line with the environmental and social performance of the project, which will include:

- Conducting stakeholder engagement in a consultative manner, following the SEP, and building upon the channels of communication and engagement as established with stakeholders
- Collection of feedback from stakeholders on the environment and social performance of the project, and on the implementation of the mitigation measures outlined in the ESCP on a bi-annual basis.
- Periodic reviews of compliance with requirements of the legal agreement, including the ESCP.

Where appropriate, engage stakeholders and third parties such as independent experts, local communities, or non-governmental organizations (NGOs), to complement or verify project stakeholder monitoring information. Where other agencies or third parties would be responsible for managing specific risks and impacts and implementing mitigation measures, the Government would collaborate with such agencies and third parties to establish and monitor such mitigation measures.

7.2 Reporting back to stakeholder groups

The stakeholder engagement process will aim to support the development of strong, constructive, and responsive relationships among the key Project stakeholders for successful management of the project's environmental and social risks and preparing stakeholders for the Project. Effective stakeholder engagement between the Government and project stakeholders improves the environment and social sustainability of projects, enhances project acceptance, and makes a significant contribution to successful project design and implementation.

All stakeholder engagement meetings will have minutes, which will be stored in the project stakeholder engagement database; this will be to ensure that (i) there are records that can be referred to and that all views raised are taken into consideration, and (ii) commitments made are delivered upon. In addition, the outcomes of the stakeholder engagement activities with comments that have been considered will be reported in the ESCP and monitoring progress reports by all parties. Despite this being for internal use only, it will result in an annual report on stakeholder engagement under the project.

8 ANNEXES

Annex 1. Stakeholder Consultation Report

Annex 1: Stakeholder Consultation Report

Organized on 14th of November at Jazeera Palace Hotel		
The consultation was related to get input and suggestions on the project and the potential social and environmental risks and mitigation measures for the SPRING project implementation		
Time	**Activities**	**Lead**
10:00am – 10:20am Mogadishu Time	Welcoming & Introductions	Abukar Osman - PIU Coordinator
10:20am – 10:30am	Opening Remarks	Saleiman S. Umar - Director-General of MoF
10:30am – 10:40am	World Bank TTL Remarks	Sameer Goyal, World Bank
10:40am – 10:50am	World Bank TTL Remarks	Asta Bareisaite, World Bank
10:50am – 11:20am	Keynote Speeches	Mohamed Abdi - GM of the CBS Abdiwali Abdulle - DG of NIRA Mohamed Dalmar - DG of MOCI Suleiman Duale - CEO of Gargaara
11:20am – 11:40am	Presentation: Overview of SPRING Project and Environmental and Social Safeguards Management	Prof. Osman Ibrahim - PIU E&S Consultant
11:50am – 12:50pm	Break and Prayer	
13:00am – 14:30 am	Focus group Discussions and suggestions	Participants

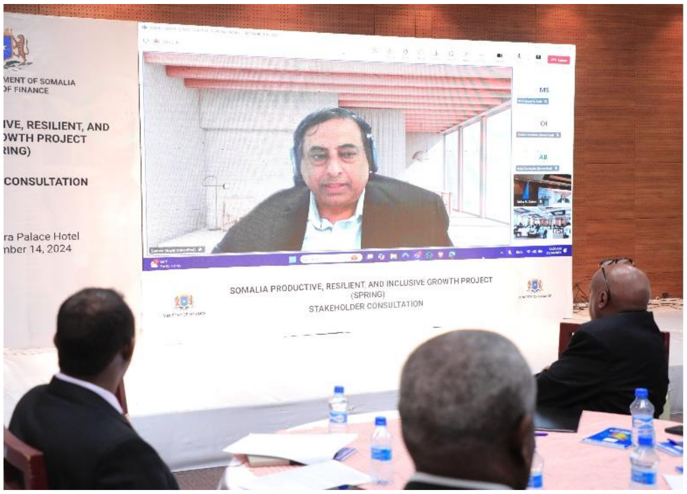
Focus Discussions

Key Questions for Consultation	Response
What are the potential risks from implementing this project?	- The potential risks and the challenges that require consideration of the implementation of the project, the key concerns include: - Information gaps and inadequate stakeholder consultation. - Financial risks that involve unequal opportunities, resource competition, and potential corruption. - Environmental and security concerns, particularly in remote or conflict-prone areas, are compounded by climate vulnerabilities affecting agro-pastoral society. - Institutional challenges including limited local governance capacity and economic instability could delay effective project execution. - To mitigate these risks, the project requires transparent measures, equitable resource distribution, and allocation to highly experienced institutions. Ensuring funds are properly managed without misappropriation, to secure sustainable long-term economic impact.
What measures should be put in place to ensure that the identified risks are addressed and mitigated?	- To develop a comprehensive risk management framework that emphasizes transparent stakeholder engagement through regular updates and clear process documentation. - To establish systematic dissemination of project details, scope, and timelines, supported by regular weekly, monthly, and quarterly progress updates. - To strength financial management through guided budget utilization and quota systems to ensure equitable opportunity distribution. - To address security concerns through partnerships with local authorities and international partners. - To develop financial risk management strategies to ensure economic stability. - To strength institutional capacity through training programs. - To emphasize nationwide implementation with a focus on long-term economic impact, involving religious leaders and business communities - To establish project oversight through continuous monitoring, evaluation, and review protocols to ensure optimal operation. - Climate resilience can be enhanced through advanced agricultural practices and infrastructure development.
What measures should be put in place to specifically address vulnerable, marginalized and minority groups (pastoralists, nomadic populations, persons with disabilities, etc.) and people in marginalized areas (remote,	- To create awareness campaigns and targeted outreach to ensure all stakeholders and diverse community groups are well-informed about processes and opportunities. - To outline a comprehensive approach for the development of vulnerable, marginalized and minority communities. - To prioritize awareness campaigns and detailed process communication, with special consideration for pastoralist and nomadic populations through water resource development. - To plan an initiative accessibility for people with disabilities through dedicated consultations and infrastructure adaptations. - To focus economic development strategy on sustainable livelihood support, including investment in small businesses and merit-based job creation projects. - To encompasses essential infrastructure development healthcare centers, educational facilities, and water access points in rural areas. - To maintain transparency throughout all project phases, from information dissemination to competitive processes.

Key Questions for Consultation	Response
poor rural and urban areas)?	- To ensure fair resource distribution and rights protection for all beneficiaries through inclusive community engagement and systematic monitoring mechanisms.
How can the project optimize communication for the existing grievance redress mechanism (GRM) in order to reach all stakeholders?	- To establish a comprehensive multi-channel grievance redress mechanism and communication pathways streamlined reporting system. - To promote the operational system with regular monthly review. - To develop a system with multiple accessibility points including short hotline numbers and email. - To create awareness platforms with local languages to ensure widespread public access. - To enhance formal meeting structures, quarterly stakeholder engagement for effective communication on the GRM.
What experiences and lessons have you learnt in the implementation of similar interventions (especially those funded by development partners)?	- To strength intergovernmental coordination and digital service promotion. - To provide regular stakeholder engagement and monitoring and evaluation processes. - To develop strong partnerships with business communities, particularly in productive sectors like livestock, agriculture, fisheries, and solar systems. - To address challenges including limited women's participation, lengthy implementation processes, and potential conflicts of interest among government officials. - To prioritize building community trust through transparent engagement and flexible communication channels and focus on measurable impact and local capacity empowerment.
What other stakeholders do we need to consult?	- Federal Member States (FMS) - Banadir Regional Admiration (BRA) - Somali Bureau of Standards - Chamber of commerce - Financial Institutions (Banks and Microfinance companies) - Legal compliance experts - Livestock experts - Security specialists - Risk management professionals - Coastal communities - Agricultural communities - Minority clans, marginalized groups, PWDs and IDPs representatives - Community representatives include civil society groups, academic institutions, NGOs, traditional elders.
What other issues should be considered by the MoF in implementing this project?	- To initiate and establish a strong operational structure integrating financial institution engagement. - To develop a framework that emphasizes financial management supported by regulatory compliance, continuous monitoring, and sustainable planning mechanisms. - To focus on inclusive community participation through targeted awareness campaigns, dedicated allocation for vulnerable populations and community outreach.

Key Questions for Consultation	**Response**
	- To facilitate diverse engagement channels, including private sector partnerships, civil society organizations, to foster professional development through internship opportunities for recent graduates. - To strengthen governance structure by clear accountability measures, reformed GRM system, and transparent budget allocation processes. - To ensure adherence to principles of justice and equality and maintain strong anti-discrimination policies. This approach might create a sustainable and effectively managed project ecosystem that serves all stakeholders.

Meeting in Pictures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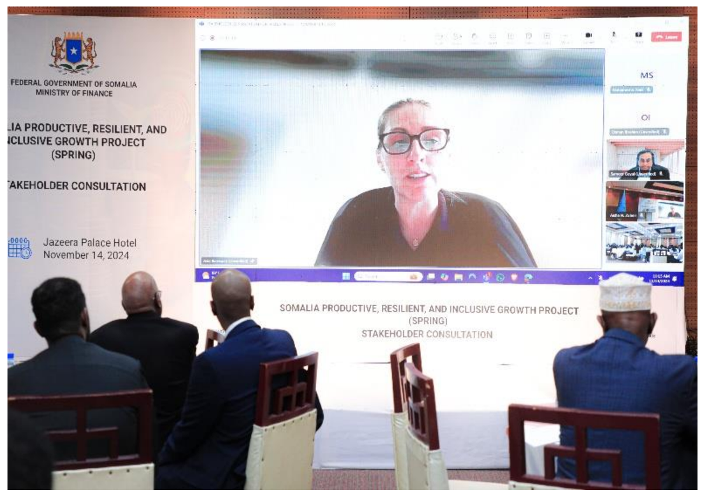
FEDERAL GOVERNMENT OF SOMALIA
MINISTRY OF FINANCE
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Jazeera Palace Hotel
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