

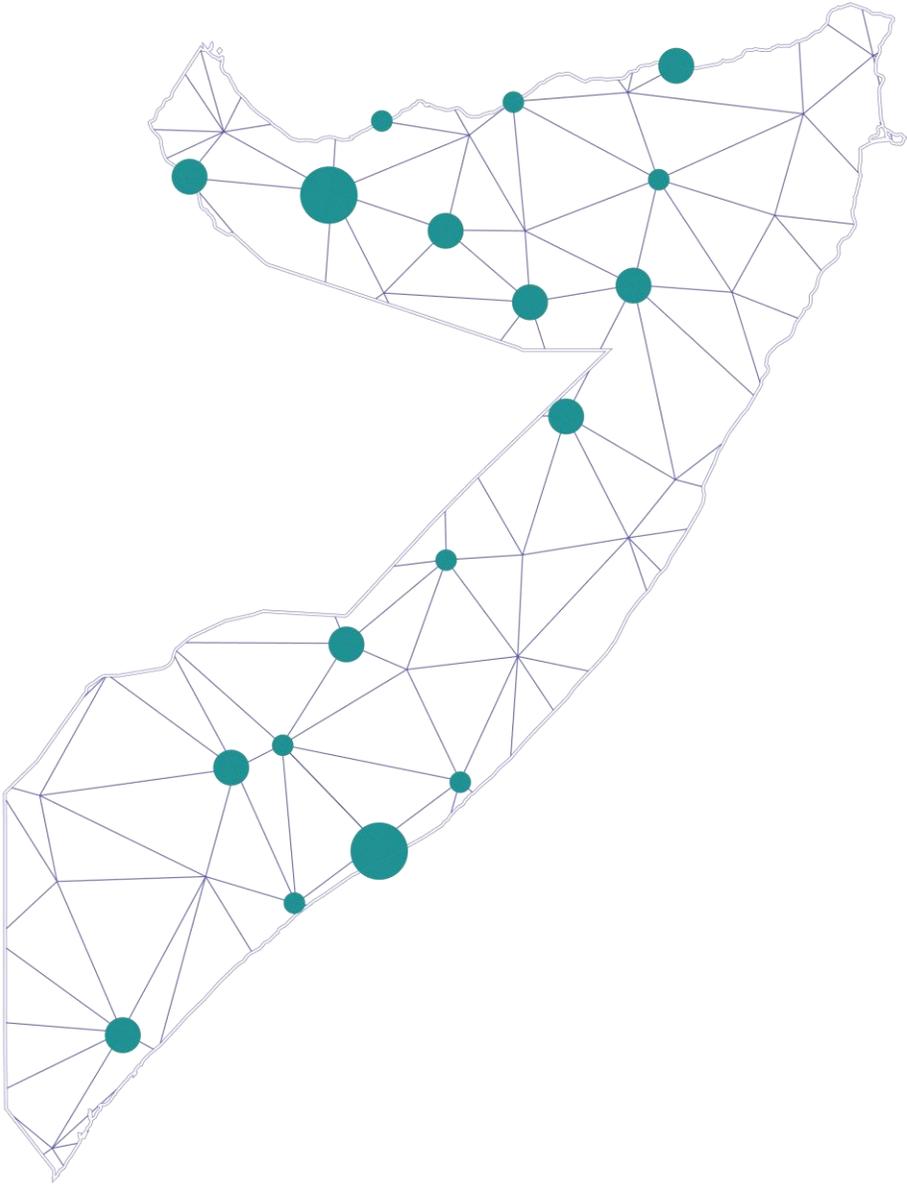


SOMALIA

URBANIZATION REVIEW

SOMALI CITIES AS ANCHORS OF DEVELOPMENT

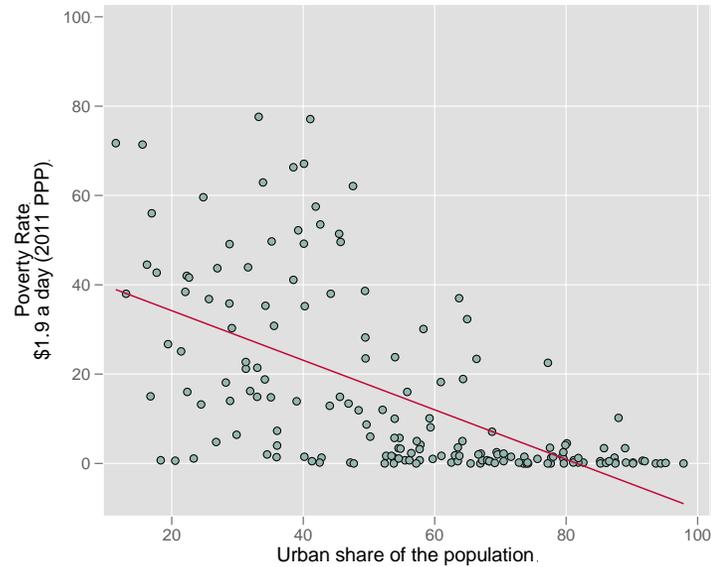




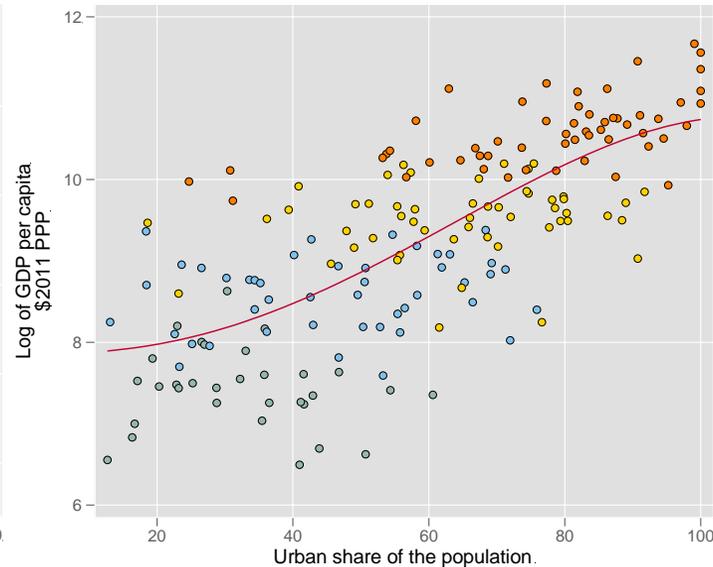
OBJECTIVES

- **To capture** the challenges pertaining to urbanization in Somalia and identify key interventions that can help better manage them.
- **To facilitate** a more informed dialogue on a more comprehensive urban development strategy in Somalia and identify possible investments.

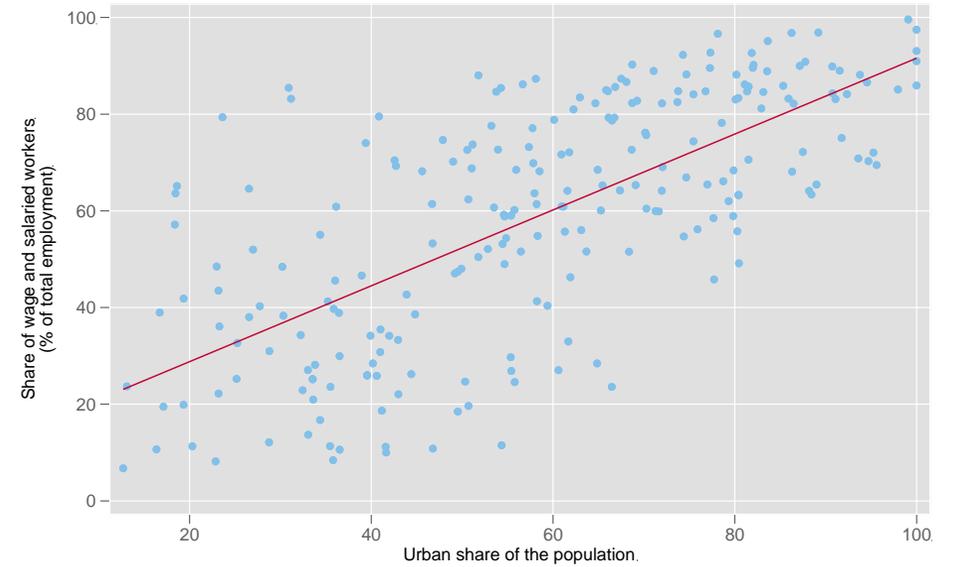
CITIES ARE ENGINES OF GROWTH



Source: WDI, latest poverty rates.



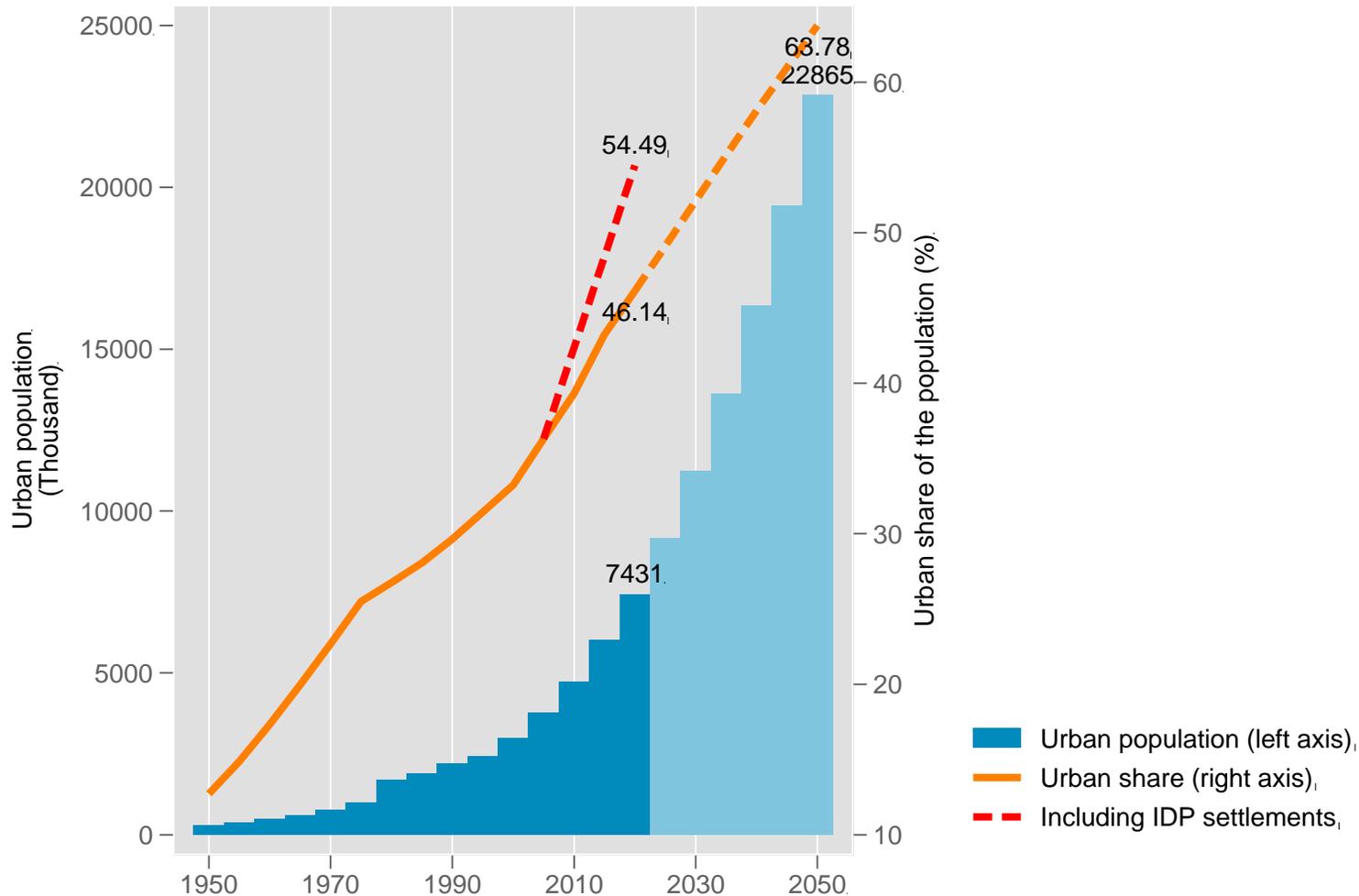
Source: World Development Indicators.



Source: WDI.

- Globally, cities are the drivers of economic development, job creation and poverty reduction
- No country has ever reached middle-income status without urbanizing
- The strength of cities is their density—their power to generate agglomeration economies by shortening the distances services, infrastructure, and people must travel.
- Proximity drives knowledge sharing and innovation

SOMALIA IS URBANIZING RAPIDLY



Source: WUP 2018; HFS 2017,

- Somalia is urbanizing at around 4.3% per annum – higher than the continent average of 4%.
- Somalia is more urbanized than its neighbors with 46% of the population living in cities (compared to ~28% in Kenya). By 2050, urban population will triple.
- Urbanization fueled by rural-urban migration driven by natural disasters, insecurity, and poverty, and pulled by the promise of jobs and services.
- Close to 3/4 of the 2.6 million IDPs live in cities.
- The real percentage of Somalis in cities is closer to 54 percent, rather than the projected number of 46 percent.



SOMALIA'S CITIES HAVE EXPANDED IN DIFFERENT WAYS TO ACCOMMODATE THE INFLUX OF PEOPLE.

- Many have developed and expanded around trade opportunities, such as ports and borders such as in Bosaso and Hargeisa.
- Others have sprawled rapidly as IDPs arrived from surrounding areas, or as peace was consolidated such as in Garowe and Baidoa.
- Some cities have avoided sprawl by densification in their urban cores through infill of vacant land or an increase in building heights such as in some neighborhoods of Mogadishu and Kismayo.
- In Somalia's fragile context, the physical shape and structure of cities affects social integration and equity, but they are heavily influenced by social and political contestation.



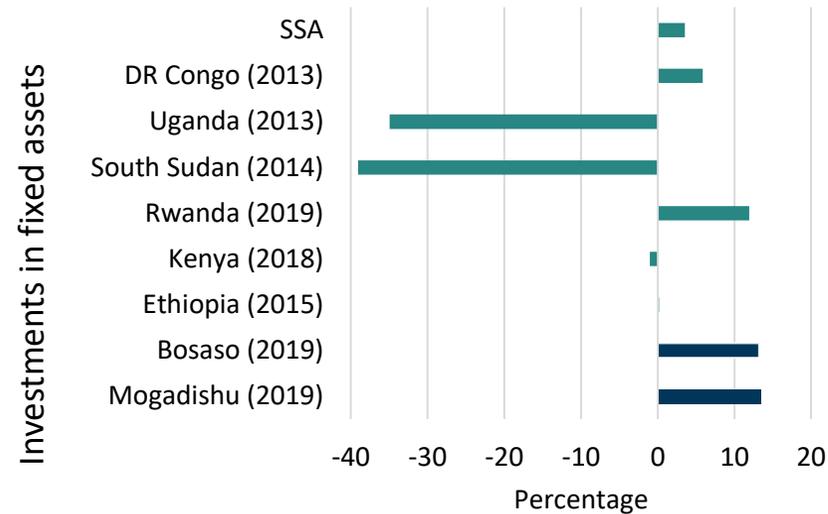
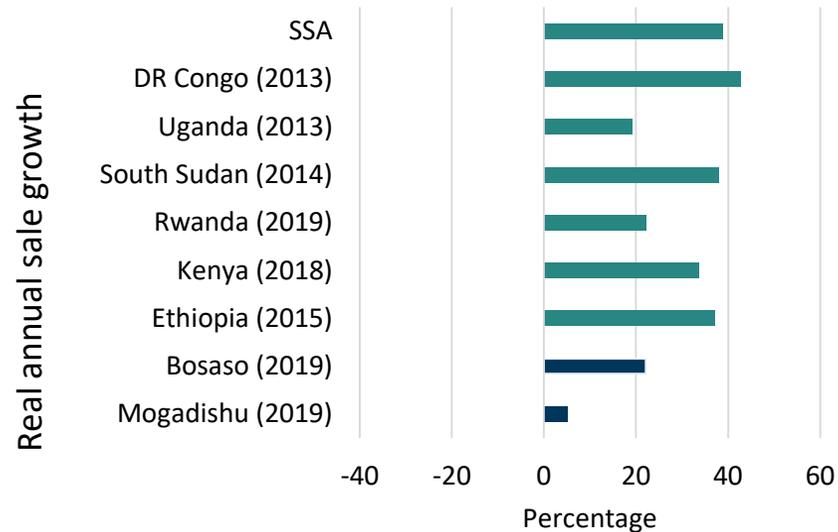
THE STRENGTHS OF SOMALI CITIES: RESURGENCE, INNOVATION, AND GROWTH



SOMALI CITIES HAVE EXPERIENCED IMPRESSIVE REVIVAL DESPITE THE STATE COLLAPSE AND FRAGILITY

- In the absence of the state, Somalis have constructed ad hoc hybrid governance systems which provide variable levels of security, justice, conflict management, service delivery, regulation, and norms.
- The private sector has shown the most dramatic resilience, adaptation, and risk management skills.
E.g. – telecommunications.
- What was reduced to rubble 30 years ago are today the anchors of national economic growth and development.

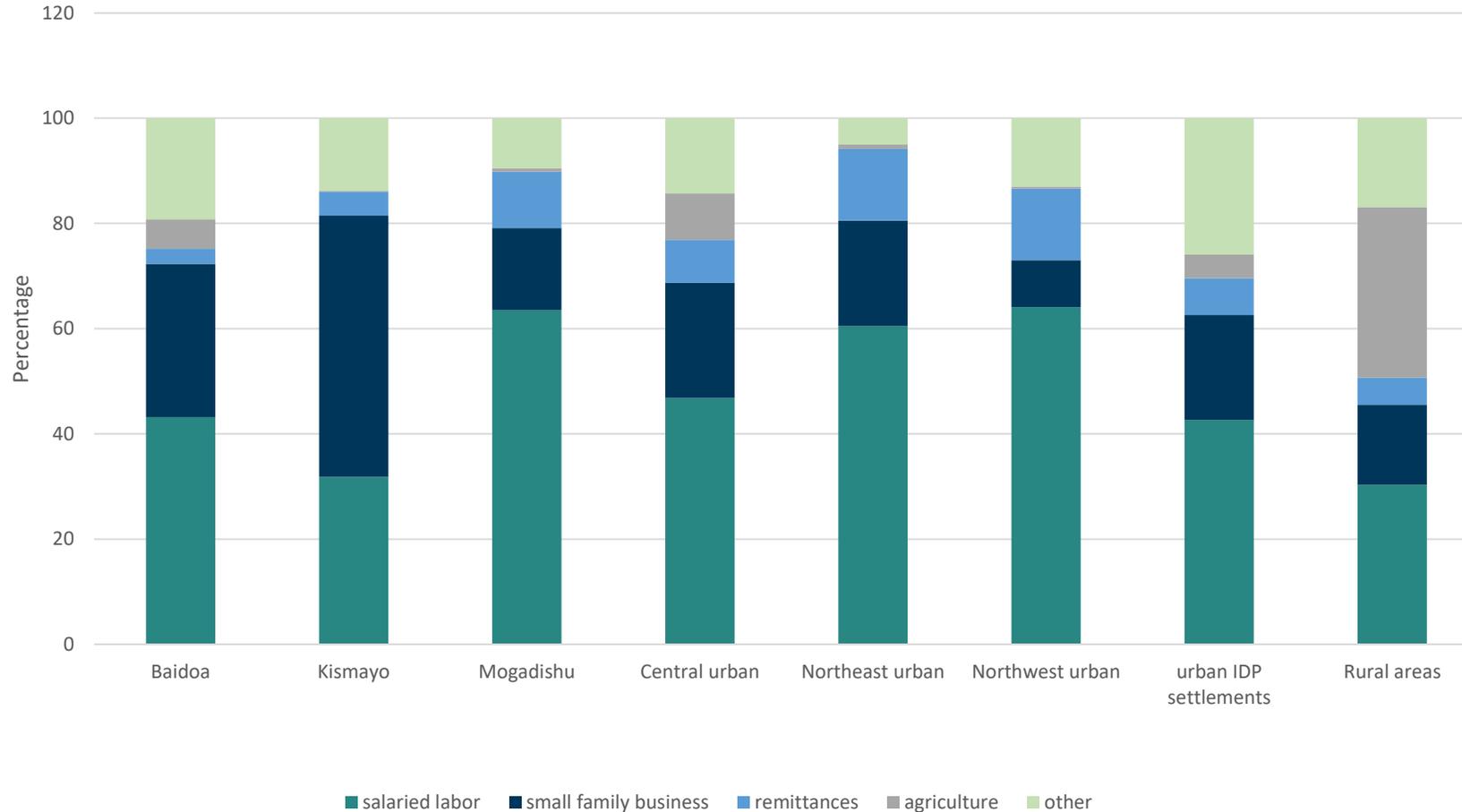
INNOVATION HAS BEEN THE DEFINING FEATURE OF SOMALI PRIVATE SECTOR



- Somali firms have flourished despite the state failure and fragility and has been the driving force behind the extraordinary pace of urban growth and revival.
- Commerce, service sector, hospitality sector, and construction have particularly thrived.
- The private sector has stepped in to provide services, as well as other public goods like security, that are normally viewed as a responsibility of the state.
- But the de facto privatization of security, utilities, education, health care, and other public goods and services carries costs e.g.- inequitable access for the poor, uneven coverage, and lack of regulation.

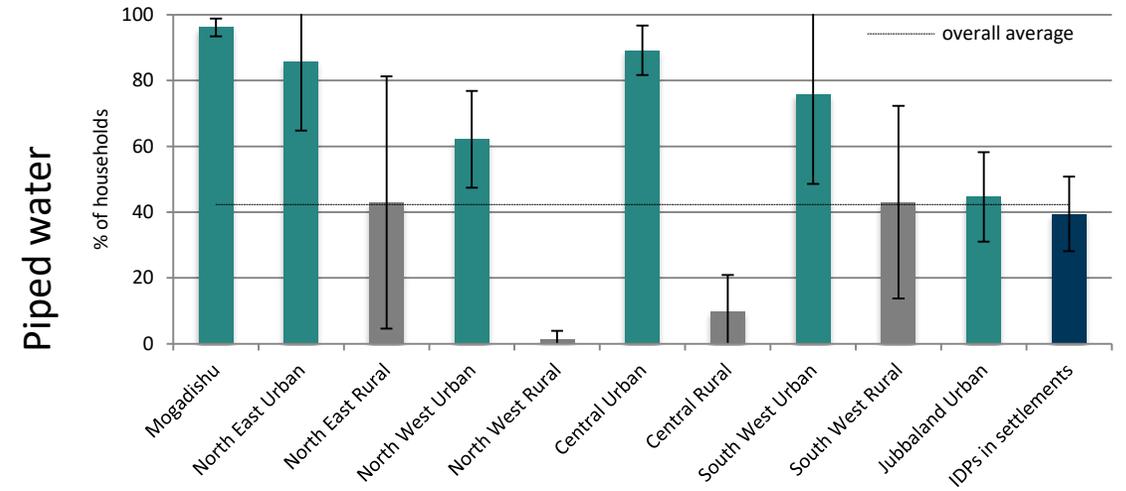
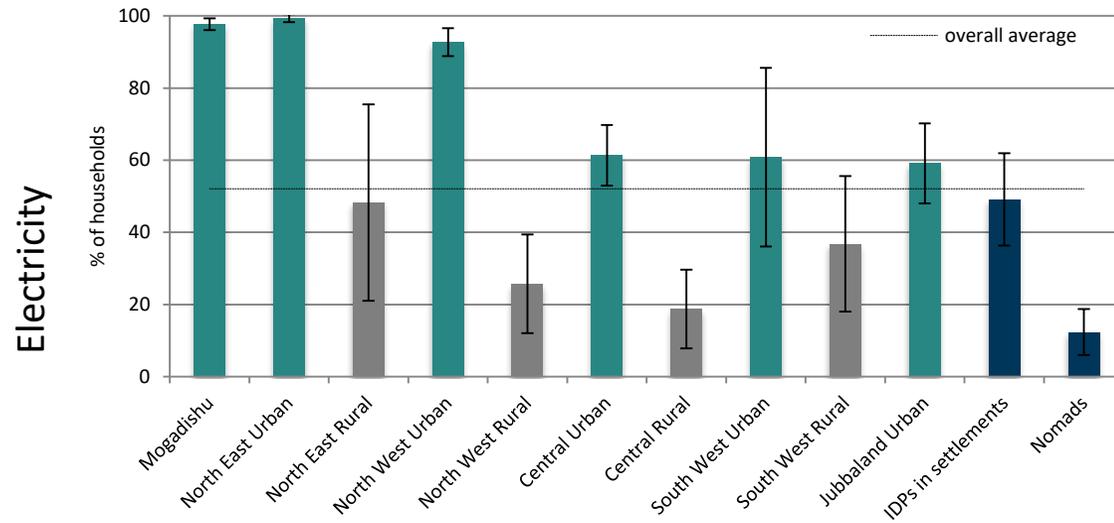
CITIES ALSO OFFER BETTER EMPLOYMENT PROSPECTS

Share of employment across sectors



- Throughout the country, Somali cities provide a higher share of wage employment.
- Urban workers benefit from a rich supply of jobs, particularly in non-tradable services.
- But informal, subsistence, petty trading, and micro- and small-sized enterprises remain the main sources of employment and income.

CITIES ALSO OFFER BETTER LIVING CONDITIONS



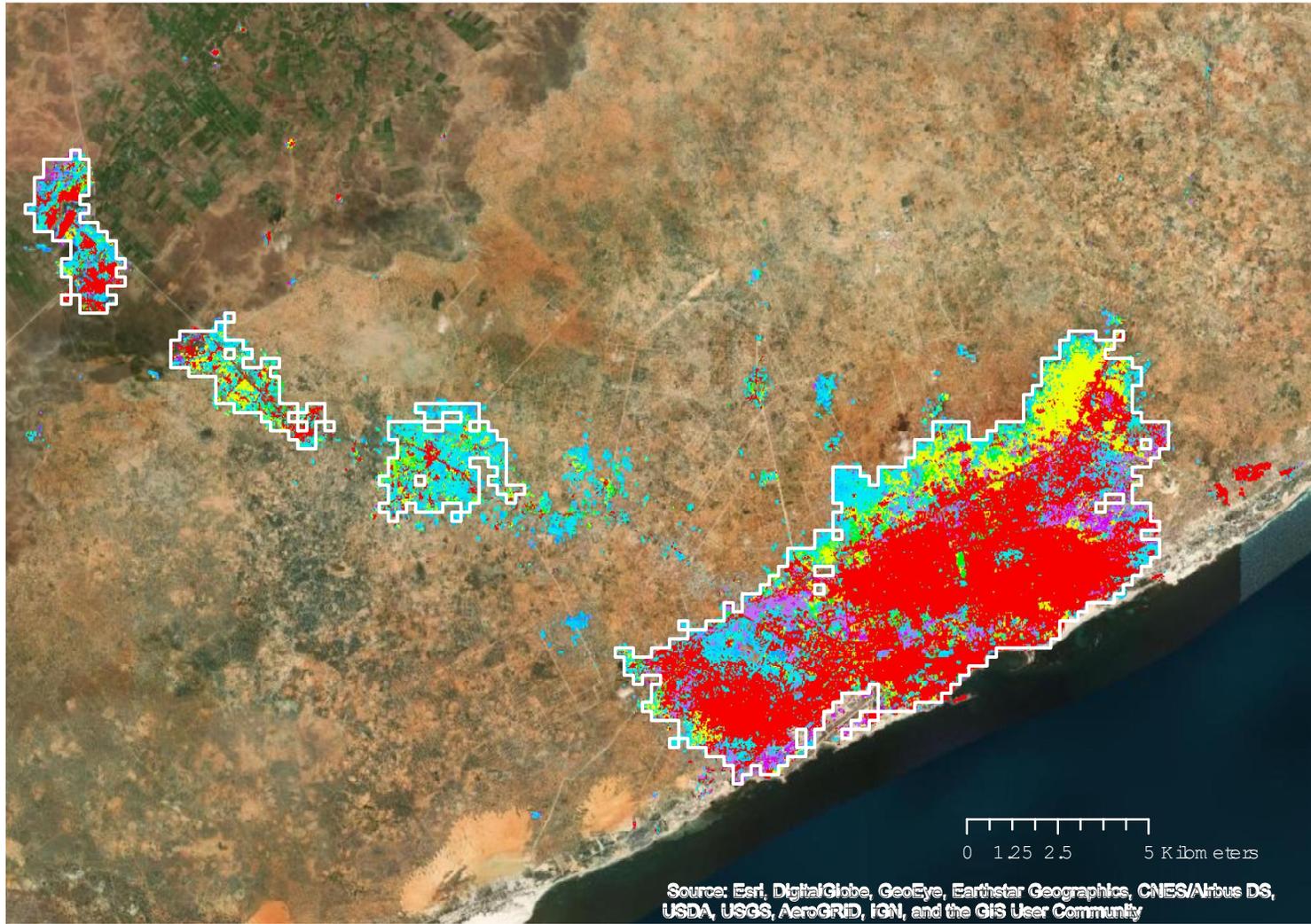
Source: Somali Poverty and Vulnerability Assessment: Findings for Wave 2 of the Somali High Frequency Survey

- Throughout the country, urban households have significantly better access to basic services compared to rural households
- But there exist disparities across urban areas
- And cities have often failed to provide basic services to the poor and new incoming populations, particularly IDPs.



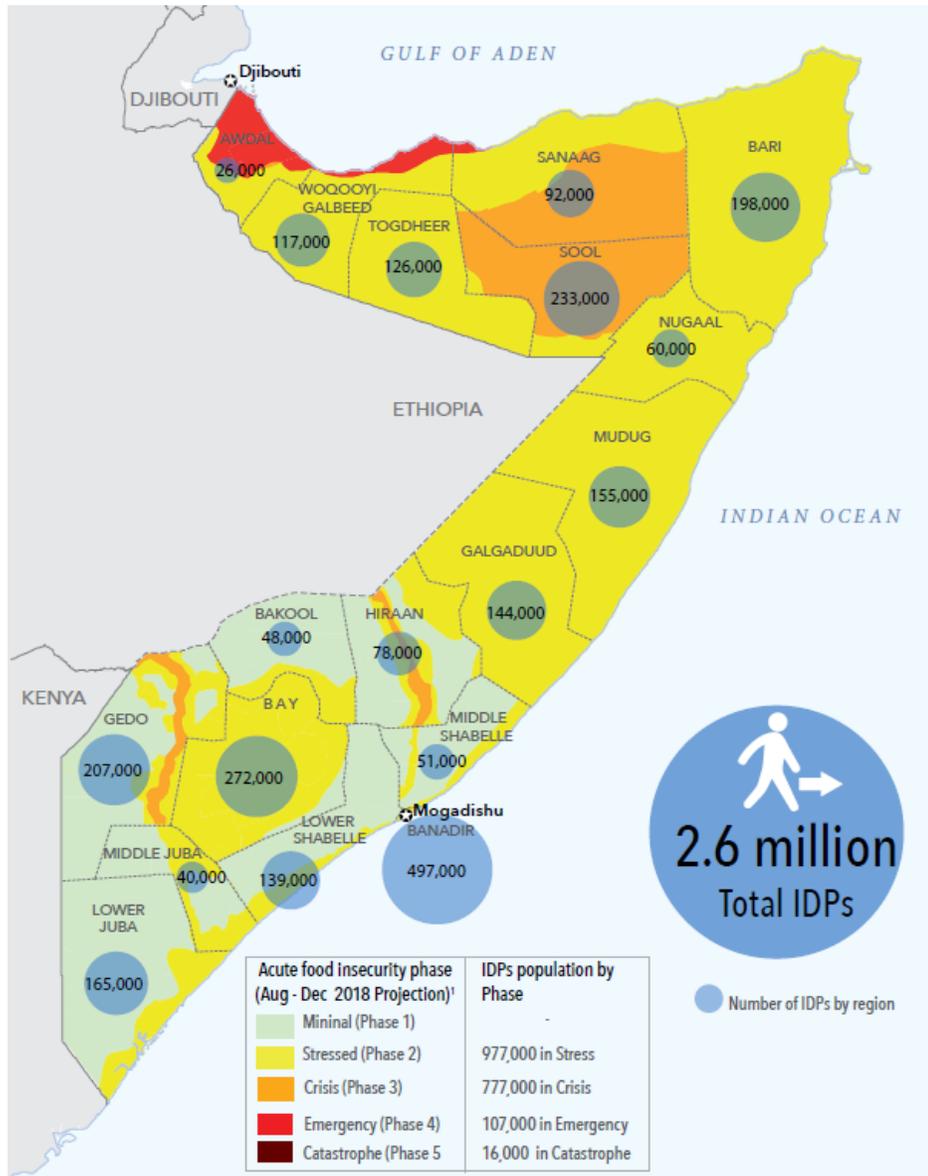
THE CHALLENGES, THREATS, AND UNKNOWNNS FACING SOMALI CITIES

CITIES ALSO OFFER BETTER LIVING CONDITIONS



- The civil war legacy of clan division has led to city's defensive displacement and self-segregation by neighborhood or district
- For cities to realize their potential, they need to use density and connectivity to generate agglomeration economies and integrate labor markets
- People and businesses within the city cannot simply be close together, they need to be connected, and services need to be extended to them
- Disconnected, sprawling, low-density, crowded settlement patterns, raise the costs of infrastructure and service provision, reduce the size of markets and constrain productivity and job creation.

Source: DLR World Settlement Footprint Evolution 2015.



ONE OF THE BIGGEST CHALLENGES FACING SOMALI CITIES IS THE LARGE IDP POPULATIONS CITIES HOST

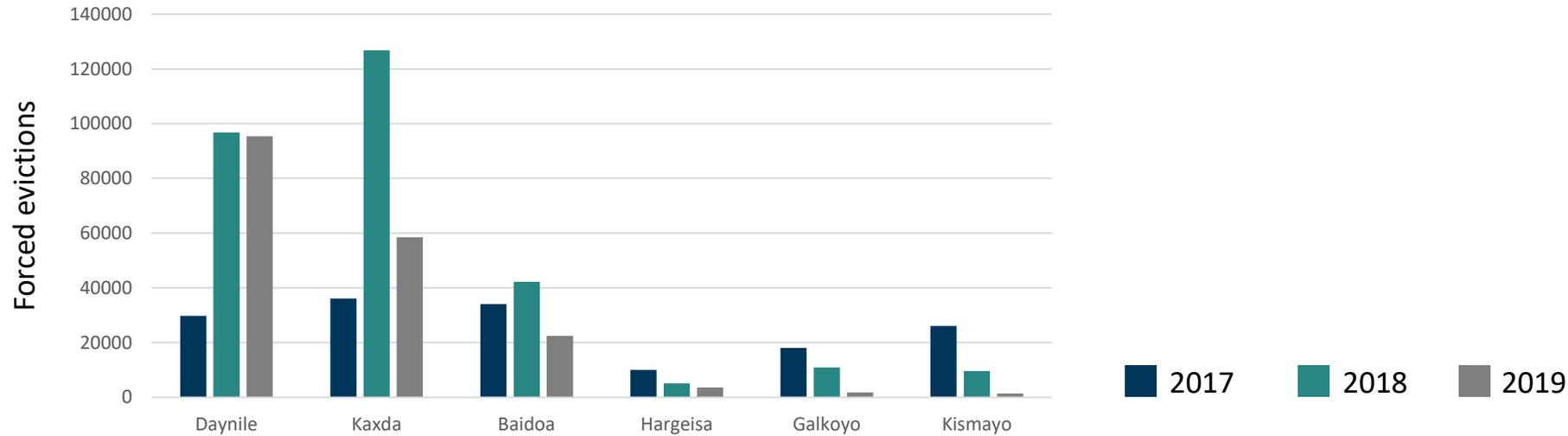
- Close to 75 percent of Somalia’s 2.6 million IDPs are thought to live in urban centers
- One out of every four of today’s urban residents is an IDP
- Land tenure rights insecure and forced eviction common
- Without effective planning and infrastructure investments, many Somali cities have sprawled rapidly as IDPs settle in disconnected pockets outside city limits, constraining their access to services and creating poverty traps

CITIES ARE GOVERNED BY A PATCHWORK OF FORMAL AND INFORMAL STAKEHOLDERS



- The historic weakness of the state has fostered complex, ad hoc governance systems throughout the country.
- While it has been an effective coping mechanism for Somali cities, and cannot be replaced quickly, such hybrid governance creates high degrees of complexity and uncertainty, which is a disincentive for many private investors. Formal institutions will face obstacles reasserting their mandates in cities.
- Unresolved division of labor across different tiers of government has led to chronic clashes. Even when delegation of authority is worked out, capacity to execute the basic functions of government– to enforce laws, regulate, and deliver basic public goods and services – is extremely limited.
- In the absence of state-led service delivery, the private sector have stepped in to provide ostensibly public services like water and electricity.
 - This private sector service delivery is often efficient, but is both unregulated and too expensive for many people, creating inequalities.

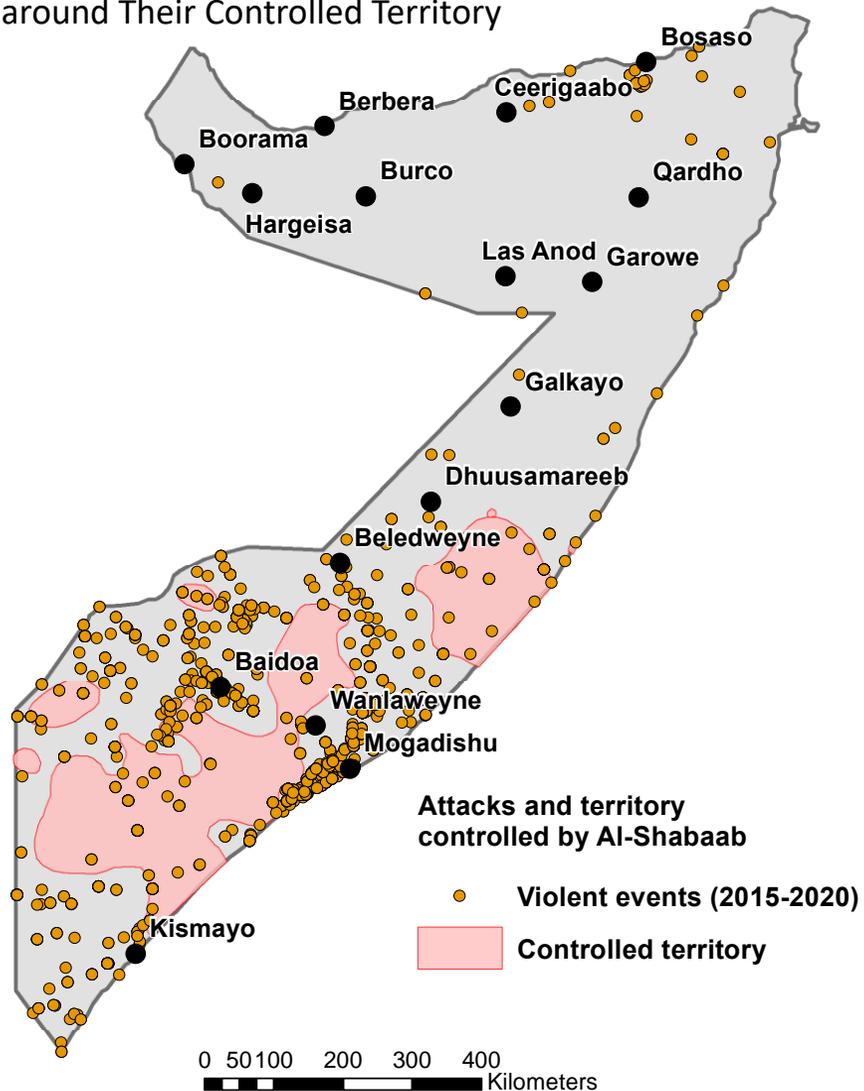
INEQUITY IS APPARENT IN LAND TENURE SECURITY AND DISPUTE MANAGEMENT



Sources: Norwegian Refugee Council, Eviction Trends Analyses 2017-2019

- Institutional fragmentation and weak state capacity to implement policies, undermine land governance
- Internal displacement, migration and return of refugees increases confusion of land rights and competition over land
- Forum shopping for dispute resolution disadvantages vulnerable persons
- Insecure land tenure and contested titling have made purchasing and maintaining possession of valuable urban real estate a fraught endeavor, throwing a major roadblock in the way of investment
- Vulnerable persons, particularly IDPs, are at higher risk
 - Forced evictions are highly geographically concentrated.

Al-Shabaab Attacks Happen Largely in Cities around Their Controlled Territory



INSECURITY PUTS SEVERE CONSTRAINTS ON THE MANAGEMENT AND FUNCTION OF SOMALIA'S CITIES

- Ongoing attacks disrupt daily life and business, and reduce investment attractiveness and overall wellbeing in cities
- The formal security sector remains weak
- The cost of private security is a burden to businesses and households

Source: PolGeoNow and ACLED

AS MIGRANTS CONTINUE TO FLOCK TO CITIES, GENERATING NEW JOBS WILL REMAIN A TOP PRIORITY.

Level of Employee Skills Compared to Actual Needs in the Manufacturing and Service Sectors in Bosaso and Mogadishu



Source: Bosaso and Mogadishu Enterprise Survey 2019

- Unemployment in Somali cities is already high and will likely get worse unless the right combination of public policies and investments are pursued.
- The private sector will continue to be the main employer.
- But the private sector needs more than just an enabling environment to expand; it also needs a better trained skilled labor force to fill new jobs.
- The formal employment sector must also expand opportunities for women, who are currently under-represented in the formal economy and who instead dominate the informal economy.



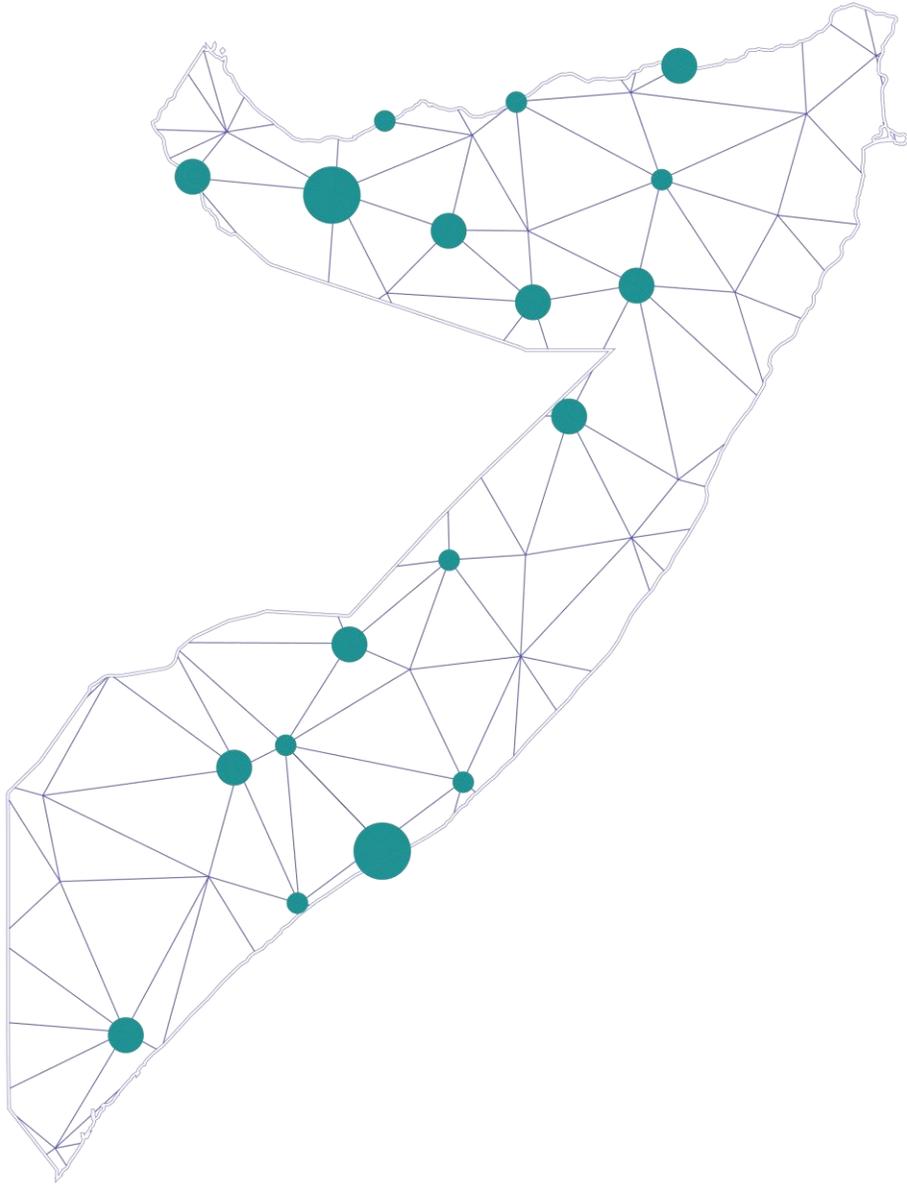
SOMALI CITIES FACE MAJOR CHALLENGES OF SUSTAINABILITY – BOTH ENVIRONMENTALLY AND ECONOMICALLY.

- Weak government regulation of the private sector's role in key service provision is leading to environmental sustainability crisis. - Rapid increases in urban demand for water, for example, is straining some potable water sources and delivery systems in cities such as Hargeisa and Kismayo.
- Somali cities consume far more than they produce, and economy is sustained by the sizable flow of remittances. There are concerns that as the first-generation Somali diaspora ages out, their will be less enthused about remitting money to distant relatives.



KEY TAKEAWAYS

- Cities are Somalia's most powerful and promising anchors of future development.
- Yet Somalia is not at a point where conventional urban development policies and programs can be effective.
- A transitional strategy for engaging and strengthening urban governance and service delivery is required and unavoidable.
 - Working with a hybrid governance system
 - Condoning a third-party service delivery model
- The goal of managing urbanization in Somalia should be to incrementally bring a wide range of formal and informal rules and systems surrounding governance and service delivery into a state of greater coherence, complementarity, credibility, and capacity.



A FOUR-PART GOAL FOR MANAGING URBANIZATION

- **Coherence**
 - Conflicting systems and institutions evolve from competing against one another to cooperating, with similar standards
- **Complementarity**
 - Formal and informal systems to find a way to not merely co-exist but also help fill in each other's gaps
- **Credibility**
 - The process and the outcomes of an endeavor are perceived as legitimate by all to ensure political support.
- **Capacity**
 - Formal and informal actors are able to play more complex and expansive roles.

URBAN GOVERNANCE

KEY ISSUE	RECOMMENDATIONS		RESPONSIBILITY
Contested, fragmented, and ineffective municipal governance	Immediate steps	<ul style="list-style-type: none"> Clearly demarcate responsibilities between national, state, and district or municipal authorities, including financing arrangements 	<p>Lead: FGS MoF and MoIFA</p> <p>With: District governments and international community.</p>
	Short-term	<ul style="list-style-type: none"> Develop strategies to set ground rules for partnering with hybrid political systems. Strengthen district government’s credibility by outsourcing services using inter-governmental fiscal transfers rather than raising taxes. Boost district governments’ basic administrative skill in budget management, planning, monitoring, and supervision. 	<p>Lead: FGS MoF and MoIFA</p> <p>With: District governments and international community.</p>

SERVICE DELIVERY

KEY ISSUES	RECOMMENDATIONS		RESPONSIBILITY
<p>Poor and unequal service delivery outcome and lack of regulation.</p> <p>Lack of effective arrangements between public and private actors.</p>	Immediate steps	<ul style="list-style-type: none"> Recognize that presently, few public services are provided by public authorities Focus on third party service delivery as an opportunity for Somali cities to leapfrog over a state-led service delivery system that requires expensive infrastructure and significant capacity building. 	<p>Lead: District government</p> <p>With: Communities, service providers, and international community.</p>
	Short-term	<ul style="list-style-type: none"> Establish a sound regulatory environment for third-party service delivery (start with stock taking of current rules governing the private sector and their incremental improvement, consulting with relevant stakeholders) Focus on delivering the public services that the private sector will not spontaneously invest in (solid waste management, roads, flood management, vital registration). 	

ECONOMIC DEVELOPMENT

KEY ISSUE	RECOMMENDATIONS		RESPONSIBILITY
High joblessness, especially among youth	Immediate steps	<ul style="list-style-type: none"> • Avoid over-regulating the informal economy • Articulate the minimum regulatory standards for informal businesses while investing in infrastructure that protects their access to customers • Generate low skilled jobs to address the post-COVID-19 economic downturn and simultaneously improve the business environment. 	<p>Lead: FMS MoPIED, MoCI, MoLSA</p> <p>With: district government, private sector, CSOs, international community</p>
	Short-term	<ul style="list-style-type: none"> • Work with private sector to design policies to generate more employment opportunities, and significantly invest in demand-specific vocational training and education to ensure have the requisite skills. • Improve the business environment through incremental reforms • Rehabilitate and expand port infrastructure to support the tradable sector 	<p>Lead: FMS MoPIED, MoCI, MoLSA</p> <p>With: district government, private sector, CSOs, international community</p>

LAND MANAGEMENT

KEY ISSUE	RECOMMENDATIONS		RESPONSIBILITY
Unclear land titles lead to land grabbing, urban land speculation, and unplanned and poorly served peri-urban areas, magnifying poverty.	Immediate steps	<ul style="list-style-type: none"> Secure the status of IDPs by (semi) formalizing currently informal settlements. Solutions will be case-dependent, but could include formalization of occupancy, rental assistance, home improvement grants, communal leases and private-sector-led social housing development. 	<p>Lead: FMS Land Commission, MoPW, MoPIED Durable Solutions Unit, district government durable solutions units</p> <p>With: non-state actors and international community.</p>
	Short-term	<ul style="list-style-type: none"> Curb illegal land grabbing by non-state actors by establishing a mechanism to legally expropriate land in the public interest and provide fair compensation to affected persons. Introduce protections against speculative practices, for example by reclaiming allocated land if it not developed in a certain timeframe, or heavily taxing speculation. 	<p>Lead: FMS Land Commission, MoPW, MoPIED, Durable solutions units</p> <p>With: non-state actors and international community.</p>

LAND MANAGEMENT

KEY ISSUE	RECOMMENDATIONS		RESPONSIBILITY
Unclear land titles lead to land grabbing, urban land speculation, and unplanned and poorly served peri-urban areas, magnifying poverty.	Medium-Term	<ul style="list-style-type: none"> • Develop comprehensive land policies that reflect reality of land use and need • Update the patchwork of land laws and regulations • Modernize land services, eg. introducing ICT to surveying and registration functions • Enhancing public land management, including recording boundaries and allocation criteria 	<p>Lead: FMS Land Commission, MoPW, MoPIED Durable Solutions Unit, district government durable solutions units</p> <p>With: non-state actors and international community.</p>
	Medium to Long-Term	<ul style="list-style-type: none"> • Policy implementation and evaluation • Continual capacity building programs for land administration staff • Land valuation and taxation • Development of geospatial information and integration 	<p>Lead: FMS Land Commission, MoPW, MoPIED, Durable solutions units</p> <p>With: non-state actors and international community.</p>



THANK YOU