



**FEDERAL GOVERNMENT OF SOMALIA
THE MINISTRY OF COMMERCE AND INDUSTRY**

TERMS OF REFERENCE

**CONSULTANCY SERVICES TO UNDERTAKE A FEASIBILITY STUDY AND LEGAL
FRAMEWORK DEVELOPMENT FOR SPECIAL ECONOMIC ZONES IN SOMALIA.**

February 2025

1. Background

The Ministry of Commerce and Industries of Somalia is responsible for facilitating trade and improving the competitiveness of the country's businesses through three main categories: policy, legal framework, and management. The Ministry formulates, develops, and implements policies to strengthen commerce, promote domestic industries to promote exports and foreign investment in the country, and enhance the use of advanced technologies for increased productivity. In addition, it oversees the creation and enforcement of relevant investment laws and regulatory frameworks. Furthermore, the Ministry manages and collaborates on the collection, research, and sharing of commerce and industry information to attract investment, while also focusing on capacity development and advancement of skills within the country and ministry staff.

Under the Horn of Africa Initiative, the World Bank is funding the De-Risking, Inclusion and Value Enhancement of Pastoral Economies Project (DRIVE) and the Ministry of Commerce and Industries is one of the project beneficiaries. DRIVE Project aims to protect pastoralists against drought shocks, using a package of financial services including drought insurance, payment, savings, and provision of credit funding, and to connect the pastoralists better to markets by upgrading the livestock value chains and facilitating the regional livestock trade. This project is regional, and Djibouti, Ethiopia, Kenya, and Somalia are the participating countries. The development objective of the Project is to enhance de-risking, financial inclusion, and value addition of pastoral economies in the HoA.

The Federal Government of Somalia (FGS) is exploring the establishment of Special Economic Zones (SEZs) as a key strategy to stimulate economic growth, attract Foreign Direct Investment (FDI), and diversify its economy. This initiative recognizes the potential of SEZs as catalysts for industrial growth and export promotion, as demonstrated in various countries globally. Somalia is particularly well-positioned to benefit from this model given its strategic location on the Horn of Africa, providing access to the Arabian Peninsula, India, and East African markets.

Somalia faces urgent economic and social development challenges, ranking among the poorest countries globally with high unemployment rates. Creating jobs across productive sectors is crucial for sustainable growth and stability. SEZs focused on priority sectors such as livestock, fisheries, and agro-processing, hold the potential to attract export-oriented investment, promote value addition, facilitate technology transfer, develop competitive industry clusters, and pilot wider economic reforms. These sectors align with Somalia's development priorities and represent potential areas of comparative advantage.

However, Somalia's context presents unique challenges for SEZ development:

- **Infrastructure Deficits:** Somalia faces significant infrastructure gaps, including limited access to reliable electricity, clean water, and efficient transportation networks. Addressing these infrastructure constraints is essential for attracting investors and ensuring SEZ viability.
- **Weak Legal Frameworks and Governance Challenges:** The existing legal and regulatory frameworks may present obstacles to SEZ establishment and operation.

Streamlining business registration, enhancing investment protections, improving financial infrastructure, and reforming land administration are critical areas for reform.

- **Security and Stability Considerations:** Ongoing security concerns require a phased and carefully managed approach, initially focusing on areas with relative stability and strong local government support.

Learning from African SEZs' experiences is crucial for informing Somalia's approach. Many African SEZs faced issues due to inadequate infrastructure, complex bureaucracy, and poor implementation of incentives. Somalia's SEZ model should prioritize effective planning, reliable infrastructure development, and a simplified regulatory framework to maximize benefits and minimize risks. By integrating these considerations and prioritizing a strategic approach, Somalia can leverage SEZs to foster sustainable economic growth and contribute to national development goals.

2. Objectives of Somalia SEZ Feasibility Study

The objectives of this feasibility study are to provide a comprehensive assessment of the economic, regulatory, infrastructural, social, and environmental factors required for successful SEZ development in Somalia. This study will produce actionable insights that can guide Somalia's SEZ strategy to align with both national goals and international best practices. The study will be conducted in two phases, with specific objectives outlined for each phase.

2.1. Phase I Objectives

I. Develop a Comprehensive Legal and Regulatory Framework for SEZs in Somalia:

- **Assess Existing Legal and Regulatory Frameworks:** Conduct a comprehensive review of Somalia's current laws and regulations relevant to SEZ establishment and operation, including tax policies, labor regulations, customs procedures, investment protection measures, environmental regulations, and land tenure laws.
- Assess key market and government failures that the SEZ is trying to overcome
- Assess market demand for the establishment of SEZ in Somalia
- **Identify Gaps and Inconsistencies:** Identify gaps, conflicts, or inconsistencies in existing legislation that may hinder SEZ development and operation, benchmarking Somalia's legal environment against international best practices for SEZs and World Bank's standard.
- **Propose a Dedicated SEZ Regulatory Framework including resilient and green aspects:** Based on the assessment and gap analysis, propose a comprehensive and dedicated legal framework for SEZs, including a primary SEZ law, detailed operational regulations, and attractive investment incentives tailored to both domestic and international investors. The regulatory framework should include: sustainability and resilience aspects, digital zones,

The SEZ law should incorporate the following elements:

- Standard statutory provisions
- SEZ designation criteria

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- Rights and Obligations of SEZ Developer/Operators
- Best practice SEZ Customs Procedures
- Efficient Customs taxes
- Fiscal Policy
- WTO-Compatible incentives
- Title to Land
- Land Use and Environmental Regulation
- Labor and Immigration
- Enterprise Registration
- SEZ authorized economic activities
- Licensing
- Penalties of non-compliance
- Form of Institution
- **Streamline Customs Procedures:** Design specific customs procedures and regulations for the SEZ, ensuring simplified clearance processes, duty exemptions, and bonded warehousing to facilitate trade and investment.
- **Ensure Robust Investment Protection:** Propose robust investment protection provisions into the legal framework, guaranteeing protection against expropriation, fair and equitable treatment, and access to international arbitration for dispute resolution.

II. Economic Viability and Market Analysis

- **Assess Economic Potential:** Conduct an in-depth analysis of the potential economic benefits of establishing SEZs in Somalia, including job creation, revenue generation, GDP contribution, and export promotion across targeted sectors.
- **Analyze Market Demand and Opportunities:** Evaluate market demand and export potential for goods and services produced in SEZs, identifying key target markets and assessing potential for integration into regional and global value chains.
- **Benchmarking and Lessons Learned:** Conduct a comparative analysis of successful SEZ models globally, particularly in similar fragile contexts, identifying best practices, key success factors, and lessons learned to inform Somalia's SEZ strategy.
- **Project Infrastructure Investment Costs:** Estimate the required investments in on-site and off-site infrastructure, including transportation, utilities, and digital connectivity, for SEZ development and operation.

III. Financial Modeling and Investment Attraction

- **Estimate Financial Viability and Revenue Potential:** Develop a detailed financial model to assess the viability of the proposed SEZ model(s) and project potential revenue streams for the government and investors.
- **Explore Innovative Funding Mechanisms:** Analyze and recommend suitable funding mechanisms, including public-private partnerships (PPPs), blended finance, grants, and other innovative approaches tailored to the Somali context.

- **Develop a Competitive Incentive Package: Identify and analyze international best practices for SEZ incentives** and propose a competitive incentive package tailored to Somalia's context and investor expectations.

IV. Infrastructure Assessment

- **Evaluate Existing Infrastructure:** Assess the current state of infrastructure in two potential **SEZ locations in Banadir region**, identifying existing assets and gaps in transportation, utilities (electricity, water, sanitation), and digital connectivity.
- **Identify Infrastructure Development Needs:** Based on projected demand, determine specific infrastructure upgrades and new development required to support SEZ operations and growth.
- **Estimate Infrastructure Development Costs:** Develop detailed cost estimates for the necessary infrastructure upgrades and new infrastructure development.

V. Risk Assessment and Mitigation

- **Identify and Assess Key Risks:** Conduct a thorough assessment of potential risks associated with SEZ development in Somalia, encompassing political, security, economic, environmental, and social risks.
- **Develop Risk Mitigation Strategies:** Formulate specific risk mitigation strategies to address the identified risks, ensuring project resilience and sustainability in the face of potential challenges.
- **Propose Strategies for Addressing Fragile Context-Specific Challenges:** Develop recommendations for mitigating political instability, overcoming weak infrastructure limitations, and strengthening institutional capacity, considering Somalia's unique context.

2.2. Phase II Objectives

I. Master Planning and Development Strategy

- **Develop a Concept Master Plan:** Design a conceptual master plan for each proposed SEZ location, outlining land use, zoning, infrastructure layout, and phasing of development.
- **Develop a Phased Implementation Strategy:** Define clear phases of SEZ development with specific milestones, timelines, and key performance indicators (KPIs) for each phase.
- **Prioritize Actions and Infrastructure Development:** Identify priority actions and infrastructure development to ensure early wins and build momentum for subsequent phases of SEZ development.

II. Stakeholder Engagement and Capacity Building

- **Engage Key Stakeholders:** Conduct comprehensive stakeholder engagement throughout the study, including government ministries, local authorities, private sector entities, development agencies, and community representatives.
- **Develop Capacity-Building Initiatives:** Design targeted training and capacity-building programs for Somali institutions and local enterprises involved in SEZ

development, focusing on areas like regulatory compliance, infrastructure management, investment promotion, and zone operations.

III. Sustainability and Local Linkages

- **Conduct Environmental and Social Impact Assessment (ESIA):** Conduct a strategic ESIA for each proposed SEZ location (project-specific ESIA's will be done at implementation, phase of the proposed projects), assessing potential environmental and social impacts, proposing mitigation strategies, and aligning with national and international sustainability standards.
- **Develop Environmental and Social Safeguard Guidelines:** Establish clear guidelines for environmental and social safeguards during SEZ development and operation, ensuring compliance with best practices and minimizing negative impacts.
- **Assess and Enhance Backward and Forward Linkages:** Evaluate opportunities to promote linkages between SEZs and the domestic economy, facilitating local sourcing of inputs, technology transfer, job creation beyond the zones, and knowledge spillovers to benefit the wider Somali economy.

IV. Monitoring and Evaluation Framework

- **Develop a Comprehensive Monitoring and Evaluation Framework:** Design a framework for ongoing monitoring and evaluation of SEZ performance, encompassing economic, social, environmental, and governance indicators.
- **Define Clear Reporting Mechanisms:** Establish mechanisms for transparent and regular reporting on SEZ progress, achievements, challenges, and lessons learned.
- **Propose a System for Consequence Management:** Develop a system for consequence management to address any deviations from planned objectives, ensuring accountability and continuous improvement.

3. Scope of the Somalia SEZ Feasibility Study

The Scope of Work (SoW) outlines the detailed tasks and activities required to meet the objectives of the SEZ feasibility study in Somalia. This section provides a step-by-step approach to ensure each aspect of SEZ development is thoroughly assessed, from legal frameworks to risk mitigation, market analysis to infrastructure needs, and stakeholder engagement to sustainability considerations. The study should utilize a combination of desk research, data collection and analysis, field visits, stakeholder consultations, and expert inputs to provide a robust and comprehensive evaluation of SEZ feasibility in Somalia.

3.1 Legal and Regulatory Review

I. Current Legal Framework Analysis:

- a. **Comprehensive Review of Existing Laws:** Conduct a comprehensive review of Somalia's current legal framework and regulatory landscape across all areas relevant to SEZ establishment and operations. This review must include, but not be limited to:
 - Labor laws

- Tax policies
 - Customs regulations
 - Investment protection measures
 - Environmental and climate change related regulations
 - Land tenure laws
 - Federal and state level regulations and laws
- b. **Identify Conflicts, Gaps, and Inconsistencies:** The review should identify any conflicts, gaps, or inconsistencies within existing legislation that could potentially hinder SEZ establishment, smooth operation, and long-term sustainability.
- c. **Benchmarking Against International Standards:** Assess the alignment of Somalia's legal environment with recognized international standards, particularly those crucial for attracting foreign direct investment (FDI). This assessment should focus on:
- Investment protection
 - Ease of doing business

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II. Policy and Incentive Structuring:

- a. **Dedicated SEZ Regulatory Framework:** Based on the findings of the legal review and gap analysis, and anchored on best practice, including World Bank Group safeguards and policies, propose specific policy/legal recommendations for the creation of a dedicated SEZ regulatory framework. This framework should include:
- A primary SEZ law
 - Detailed operational regulations
 - Attractive Investment Incentives: These incentives should be specifically designed to attract both domestic and international investors.
 - Fiscal incentives
 - Streamlined customs procedures
 - Simplified business registration processes
- b. **Phased Policy Roadmap:** Develop a phased policy roadmap that aligns necessary legal reforms with the different stages of SEZ development. This roadmap should ensure timely regulatory adjustments to support long-term SEZ sustainability and adaptability to evolving needs.

III. Establishment of SEZ Governing Authority:

- a. **Specialized SEZ Authority:** Propose a clear structure and mandate for a specialized SEZ authority, responsible for the effective oversight and regulation of SEZ operations. This authority's key functions should include:
- Overseeing SEZ operations
 - Managing incentives
 - Coordinating among diverse stakeholders

- b. **Operational Policies and Guidelines:** Develop operational policies and guidelines for the SEZ authority, with a strong emphasis on:
 - Transparency
 - Investor relations
 - Accountability
 - Efficient SEZ management
 - E&S, climate change, green growth etc

3.2 Market Analysis and Economic Feasibility

I. Sector-Specific Demand Analysis:

- a. Analyze local, regional, and global demand for potential SEZ sectors. Consider industries such as livestock, fisheries, agro-processing, and logistics to determine sector-specific SEZ viability.
- b. Identify potential clients, suppliers, and competitors for each targeted industry to understand Somalia's competitive position in these markets.
- c. Analyze the extent to which SEZ firms compete with domestic firms.

II. Investment Climate Evaluation:

- a. Assess Somalia's investment climate, considering factors like land access (tenure vs user rights), security, access to utilities, regulatory transparency, and financial incentives.
- b. Benchmark Somalia's SEZ investment climate against other African SEZs to identify areas for improvement, focusing on fragile contexts.

III. Economic Impact Modeling:

- a. Develop an economic model to estimate the impact of SEZs on Somalia's economy, including job creation, GDP contribution, trade balance, and foreign exchange earnings.
- b. **Perform a Strength, Weakness, Opportunity, and Threats (SWOT) analysis**, outlining opportunities and constraints to growth.
- c. **Assess the economic potential**, including job creation, revenue generation, and GDP contribution from SEZs.
- d. Perform a cost-benefit analysis for potential SEZ locations, comparing anticipated economic benefits against development and maintenance costs.
- e. Identify and analyze differences and similarities in the policy frameworks, regulations, and incentives conferred on and utilized by the SEZ firms vis-à-vis competing firms.

IV. Export Potential Analysis:

- a. Evaluate the export potential for goods and services produced in SEZs, considering international market trends, trade agreements, and Somalia's competitive advantages.

V. Value Chain Integration:

- a. Identify opportunities for SEZs to integrate into regional and global value chains, focusing on sectors where Somalia can participate competitively.
- b. Analyze potential for backward and forward linkages with domestic industries to enhance local value addition and economic spillover effects.

3.3 Infrastructure Assessment and Planning

I. Existing Infrastructure Evaluation:

- a. Assess the existing infrastructure in potential SEZ locations, encompassing transportation networks (roads, ports, airports), utilities (electricity, water, sanitation), and digital connectivity.
- b. Evaluate the capacity and reliability of existing infrastructure to support SEZ operations and future growth.

II. Infrastructure Development Needs:

- a. Identify specific infrastructure upgrades and new development required based on projected SEZ demand and sector-specific requirements.
- b. Consider transportation infrastructure, utilities, site preparation, digital connectivity, and any specialized infrastructure needs of targeted industries.

III. Infrastructure Development Costs:

- a. Develop detailed cost estimates for necessary infrastructure upgrades and new infrastructure development.
- b. Explore options for financing infrastructure development, considering public funding, private investment, and blended finance approaches.

IV. Sustainable Infrastructure Solutions:

- a. Evaluate opportunities for incorporating sustainable infrastructure solutions, including renewable energy, energy efficiency measures, and water harvesting and conservation technologies, to reduce environmental impact and enhance SEZ resilience.
- b. **Develop plans for dedicated SEZ utilities** (e.g., substations, water supply) to ensure a reliable supply independent of national grid limitations.

3.4 Financial Modeling and Investment Strategy

I. Financial Viability Assessment:

- a. Develop a detailed financial model to assess the viability of proposed SEZ models and project potential revenue streams for the government and investors.
- b. Consider different scenarios and sensitivities to evaluate financial risks and uncertainties.

II. Funding Mechanisms and Investment Attraction:

- a. Analyze and recommend suitable funding mechanisms for SEZ development and operation, including public funding, private investment, public-private partnerships (PPPs), blended finance, and other innovative approaches.

- b. **Develop financial models and funding strategies** for SEZ development.
- c. **Examine the feasibility of such an SEZ or park, establishing its viability, market potential in agri-business and manufacturing as well as financial requirements.**
- d. Develop an investment promotion strategy to attract domestic and foreign investors, including targeted outreach campaigns, investor conferences, and streamlined investment procedures.

III. Incentive Package Development:

- a. Identify and analyze international best practices for SEZ incentives, considering tax holidays, customs duty exemptions, infrastructure subsidies, and other financial and non-financial incentives.
- b. Propose a competitive incentive package tailored to Somalia's context and investor expectations, balancing attractiveness with fiscal sustainability.

IV. Revenue Generation and Sharing Mechanisms:

- a. Explore potential revenue sources for the government from SEZs, including land lease fees, taxes on SEZ activities, and revenue-sharing arrangements with SEZ developers and operators.
- b. Develop recommendations for transparent and equitable revenue allocation mechanisms between the government, SEZ authority, and investors.

3.5 Environmental and Social Impact Assessment (ESIA)

I. Comprehensive ESIA:

- a. Conduct a robust strategic ESIA for each proposed SEZ location (project specific ESIA's will be done at the implementation phase of the project) assessing potential positive and negative environmental and social impacts throughout the project lifecycle.
- b. Follow international best practices and align with Somali environmental and social safeguard regulations.

II. Impact Identification and Mitigation:

- a. Identify and analyze potential impacts on air and water quality, biodiversity, land use, waste management, community health, social cohesion, and cultural heritage.
- b. Propose effective mitigation strategies and management plans including appropriate estimated cost/budget to minimize negative impacts and enhance positive contributions to the environment and local communities.

III. Stakeholder Engagement:

- a. Engage with local communities, civil society organizations, religious leaders and other stakeholders to gather feedback, address concerns, and ensure that the ESIA reflects local perspectives and priorities.

IV. Environmental and Social Safeguard Guidelines:

- a. Develop clear and enforceable guidelines for environmental and social safeguards during SEZ development and operation, integrating international best practices and aligning with Somali regulations.

V. Monitoring and Reporting Framework:

- a. Establish a robust monitoring and reporting framework to track environmental and social performance, ensuring compliance with regulations and the ESIA recommendations.
- b. Propose monitoring and reporting systems to track compliance and adjust practices as needed to maintain sustainable SEZ operations.

3.6 Risk Assessment and Mitigation Strategy

I. Comprehensive Risk Analysis:

- a. **Identify Key Risks:** Assess major risks associated with SEZ development in Somalia, including political instability, security threats, environmental, regulatory challenges, and economic volatility.
- b. Assess the likelihood and potential impact of each risk, categorizing them based on severity and urgency.

II. Risk Mitigation Measures:

- a. Develop specific and actionable risk mitigation strategies for each identified risk, considering insurance, contingency planning, and proactive management approaches.
- b. **Propose Mitigation Measures:** Recommend strategies to mitigate these risks, including phased implementation, security measures, and political risk insurance options.
- c. Provide contingency plans to address potential issues such as supply chain disruptions or infrastructural delays.

III. Fragile Context-Specific Challenges:

- a. Pay particular attention to risks and challenges unique to Somalia's fragile context, including political instability, environmental and climate change fragility, security threats, weak institutional capacity, and infrastructure limitations.
- b. Develop strategies to mitigate these fragile context-specific risks, potentially involving phased implementation, security partnerships, capacity building initiatives, and flexible approaches to zone management.
- c. **Security and Stability Considerations:** Somalia's ongoing security concerns present unique challenges for SEZ development. A phased and carefully managed approach will be essential, focusing initially on areas with relative stability and strong local government support, such as Mogadishu and certain regional economic hubs.

IV. Risk Management Framework:

- a. **Develop a Risk Management Framework:** Outline a comprehensive risk management framework to monitor and address risks throughout the lifecycle of SEZ development and operation.

3.7 Stakeholder Engagement and Capacity Building

I. Stakeholder Identification and Mapping:

- a. **Engage Key Stakeholders:** Identify and engage stakeholders, including government ministries, local authorities, private sector entities, development agencies, and community representatives, to foster alignment with national development goals.
- b. **Conduct a mapping of critical stakeholders and their respective roles in establishing the SEZs.**

II. Stakeholder Engagement Mechanisms:

- a. Establish effective mechanisms for stakeholder engagement throughout the SEZ development process, including consultations, workshops, feedback mechanisms, and ongoing communication channels.

III. Capacity-Building Needs Assessment:

- a. Assess the capacity-building needs of Somali institutions and local enterprises involved in SEZ development and operation, considering areas like regulatory compliance, infrastructure management, investment promotion, zone management, and business skills.

IV. Capacity-Building Program Design:

- a. Develop targeted training and capacity-building programs to address the identified needs, utilizing a mix of training, mentoring, knowledge sharing, and institutional strengthening activities.
- b. **Develop Capacity-Building Initiatives:** Recommend training and capacity-building programs for Somali institutions and local enterprises involved in SEZ development. This may include training in regulatory compliance, infrastructure management, and investment promotion, and other aspects like security, GBV-SEA, Environmental Sustainability.
- c. **Propose training programs to strengthen local skills in SEZ-relevant sectors,** such as livestock, fisheries, logistics, and agro-processing, ensuring sustainable workforce development.

V. Institutional Coordination and Support:

- a. Propose mechanisms to improve coordination among Somali government agencies involved in SEZ development and operation, ensuring alignment with national economic development programs.
- b. **Ensure Institutional Support and Coordination:** Propose mechanisms to improve coordination among Somali government agencies and align SEZ initiatives with other national economic development programs.

3.8 Sustainability and Local Linkages

I. Sustainability Integration:

- a. Integrate sustainability principles into all aspects of SEZ planning and development, considering economic, social, and environmental dimensions.
- b. Promote the use of sustainable technologies, resource management practices, and environmental safeguards to minimize negative impacts and enhance positive contributions.

II. Local Linkages and Economic Spillover Effects:

- a. Assess and enhance backward and forward linkages between SEZs and the domestic economy, promoting local sourcing of inputs, technology transfer, job creation beyond the zones, and knowledge spillovers.
- b. Consider incentives and programs to encourage local businesses to participate in SEZ supply chains and benefit from SEZ activities.
- c. Provisions for linkages with the local industries and economy while also ensuring a high-level leadership and interagency coordination.

III. Community Development and Social Inclusion:

- a. Develop strategies to ensure that SEZs contribute to local community development and social inclusion, creating jobs, improving livelihoods, and fostering social cohesion.
- b. Consider incorporating social impact assessment and management plans to address potential social risks and enhance positive social outcomes.

3.9 Lessons Learned and Best Practices

- a. Conduct a thorough review of lessons learned and best practices from successful SEZs globally, particularly those operating in similar fragile contexts and facing comparable challenges.
- b. **Lessons from African SEZ Experiences:** Learning from other African countries with similar challenges is invaluable.
- c. Many African SEZs faced issues due to inadequate infrastructure, complex bureaucracy, and poor implementation of incentives. Somalia's SEZ model should integrate these lessons, emphasizing effective planning, reliable infrastructure, and a simplified regulatory framework to maximize the potential benefits and minimize risks associated with SEZ development.
- d. Analyze the factors that contributed to success or failure in these comparable cases, extracting valuable insights to inform Somalia's SEZ development strategy.

3.10 Recommendations and Implementation Roadmap

I. Key Findings and Recommendations:

- a. Synthesize all findings from the various components of the study and present clear, actionable recommendations for SEZ development in Somalia.
- b. Provide specific recommendations on location selection, sector prioritization, legal and regulatory framework, infrastructure development, financing

mechanisms, environmental and social safeguards, risk mitigation, stakeholder engagement, and capacity building.

II. Phased Implementation Roadmap:

- a. Develop a detailed and phased implementation roadmap outlining the sequence, timelines, and key milestones for SEZ development.
- b. Proposed phased implementation strategy for SEZ development.
- c. Overall Road Map for Operationalization of SEZ Scheme.
- d. Identify priority actions and investments required in each phase to ensure efficient and effective project execution.

III. Monitoring and Evaluation Framework:

- a. Propose a comprehensive monitoring and evaluation framework to track SEZ performance, measure progress against objectives, and facilitate adaptive management.
- b. Define key performance indicators (KPIs), data collection methods, reporting mechanisms, and evaluation protocols to ensure accountability and continuous improvement.

4. Deliverables and Timeline for Feasibility Study (10 Months)

No.	Deliverable Title	Details	Timeline (Weeks from Contract Signature)	PAYMENT
1	Inception Report	Outlines the finalized methodology, work plan, and timeline for the study based on initial consultations and research. It will clarify the study's objectives, key stakeholders, data collection methods, and analytical tools to be used.	4	5%
2	Legal and Regulatory Framework Report	Evaluation of current legal and regulatory landscape for SEZs, identification of necessary amendments to laws, and recommended structure for a specialized SEZ regulatory authority. Draft legislation for a dedicated SEZ law based on international best practices and tailored to Somalia's context	12	5%

3	Site Analysis and Infrastructure Report	Presents the findings of the physical site assessments and infrastructure gap analysis for proposed SEZ locations. It will include recommendations for infrastructure investments, required upgrades, and specific site suitability evaluations, with cost estimates.	22	5%
4	Market Analysis and Economic Feasibility Report	Presents the results of the market analysis and economic feasibility assessment. Outlines potential economic impacts, investment climate assessments, and identifies the most promising sectors for SEZs. Includes projected cost-benefit analysis.	28	5%
5	Financial Model and Investment Strategy Report	Provides financial projections, funding options, and recommendations for an investment incentive package. Includes an analysis of potential revenue sources and financing mechanisms.	32	10%
6	Environmental and Social Impact Assessment (ESIA) Report	Presents environmental impact assessments for each SEZ location, with mitigation strategies. Includes social impact analysis, community feedback, and environmental and social safeguard guidelines.	36	10%
7	Draft Feasibility Report	Consolidates all findings from the preceding reports, providing a comprehensive analysis of SEZ feasibility, location-specific recommendations, and a proposed SEZ implementation plan. This draft will be shared with stakeholders for feedback and validation.	40	10%
8	Stakeholder Validation	Present the draft feasibility study report to stakeholders for feedback and validation	41	10%

9	Final Feasibility Report and Executive Summary	Incorporates stakeholder feedback on the Draft Report, providing finalized recommendations for SEZ establishment and an actionable roadmap. The Executive Summary provides a high-level overview of findings, recommendations, and next steps.	43	40%
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5. Ideal Firm(s) Profile and Key Experts

To effectively conduct the feasibility study, the selected firm(s) should possess a robust profile with proven experience in similar projects. The following sections outline the ideal firm profile and the key experts required for the assignment.

Firm Profile

Core Business: The ideal firm should specialize in **economic development consulting** with a core focus on **feasibility studies, master planning, and investment promotion for Special Economic Zones (SEZs)**.

Years in Operation: The firm should have a minimum of **10 years of experience** in the consulting related to the assignment.

Specific Experience: The firm should demonstrate **prior experience in undertaking similar SEZ feasibility studies**, preferably in developing countries with comparable economic contexts, with at least 1 or 2 similar assignments successfully completed.

Key Expert Profiles for SEZ Feasibility Study

1. Senior Economist/Market Analyst (Team Leader)

- **Academic Qualification:** Master's degree or higher in Economics, Development Economics, or a closely related field.
- **Years of Experience:** Minimum of 15 years of progressively responsible experience in economic analysis, market research, and feasibility studies, with a demonstrable focus on industrial development and SEZs in developing countries.
- **Specific Experience:** A proven track record in conducting the following types of analyses is essential:
 - **Economic impact assessments:** Evaluating the potential economic benefits and costs of SEZ development on the local, regional, and national economies.
 - **Market demand analysis:** Identifying potential target sectors for the SEZ based on market trends, competitive advantages, and demand projections.

- **Investment climate assessments:** Analyzing the factors influencing investment decisions, including regulatory frameworks, infrastructure quality, and ease of doing business.
 - **Financial feasibility studies:** Developing financial models and projections to determine the viability of SEZ projects, including revenue streams, investment costs, and return on investment.
- **Skill Sets:** The expert should demonstrate proficiency in:
 - **Quantitative analysis and economic modeling:** Utilizing software and statistical tools to analyze data, develop economic models, and forecast key economic indicators.
 - **Qualitative research methods:** Conducting interviews, focus group discussions, and stakeholder consultations to gather insights and inform the economic analysis.
 - **Report writing and presentation skills:** Effectively communicating complex economic concepts and findings in a clear, concise, and persuasive manner for a variety of audiences.

2. Infrastructure and Utilities Specialist

- **Academic Qualification:** Master's degree or higher in Civil Engineering, Environmental Engineering, or a related field.
- **Years of Experience:** Minimum of 10 years of practical experience in planning, designing, and implementing infrastructure projects for industrial zones, SEZs, or similar large-scale developments.
- **Specific Experience:** Extensive experience in the following areas is crucial:
 - **Site assessment and infrastructure gap analysis:** Evaluating the existing infrastructure at potential SEZ locations, identifying gaps and deficiencies, and recommending solutions to meet the needs of target industries.
 - **Infrastructure design and engineering:** Developing detailed plans and specifications for water supply systems, power generation and distribution networks, wastewater treatment plants, transportation infrastructure (roads, railways, ports), and telecommunications networks.
 - **Cost estimation and budgeting:** Accurately estimating the costs of infrastructure development, preparing detailed budgets, and developing financing strategies for infrastructure projects.
 - **Contract management and supervision:** Experience in overseeing the construction and commissioning of infrastructure projects, ensuring quality control, and managing contractor performance.
- **Skill Sets:** The expert should be proficient in using relevant infrastructure design and modeling software, as well as possess a strong understanding of international infrastructure standards and best practices.

3. Legal and Regulatory Expert

- **Academic Qualification:** Master's degree in law (LLB) with demonstrated specialization in areas relevant to SEZs, such as international trade, investment law, public-private partnerships, or economic development law.

- **Years of Experience:** A minimum of 10 years of providing legal counsel and advisory services directly related to SEZs, investment promotion, and the establishment of specialized regulatory frameworks. Experience working with government agencies and international organizations on SEZ development is highly desirable.
- **Specific Experience:** The expert's experience should encompass:
 - **Review and analysis of legal frameworks:** Assessing the adequacy of existing legal and regulatory frameworks for SEZ establishment and operation, identifying gaps and inconsistencies, and recommending amendments to national legislation and regulations.
 - **Drafting of SEZ regulations:** Developing specific regulations and guidelines governing investment, operations, labor, environmental protection, and other key aspects within the SEZ, ensuring alignment with international best practices and investor needs.
 - **Institutional design and capacity building:** Advising on the structure and functions of a dedicated SEZ regulatory authority, including its mandate, powers, staffing, and operational procedures. This may also involve developing training programs and capacity-building initiatives for SEZ authority personnel.
 - **Investment promotion and facilitation:** Developing policies and procedures to attract and facilitate foreign and domestic investment in the SEZ, including streamlined procedures for business registration, permits, and licenses.
- **Skill Sets:** The expert should possess excellent legal research and drafting skills, strong analytical abilities, and the capacity to communicate complex legal concepts clearly and effectively to diverse stakeholders.

4. Security / Fragility Expert

- **Academic Qualification:**
Master's degree or higher in Security Studies, International Relations, Political Science, or a closely related field.
- **Years of Experience:**
A minimum of 7 years of experience conducting security risk assessments and developing fragility analysis in conflict-affected and fragile contexts, preferably with exposure to large-scale infrastructure or economic development projects.
- **Specific Experience:**
 - **Security Risk Assessments:** Leading comprehensive security and fragility assessments in fragile contexts, including evaluation of political instability, conflict dynamics, and institutional capacity constraints.
 - **Risk Mitigation and Contingency Planning:** Developing robust risk mitigation strategies and contingency plans tailored to the specific challenges of operating in fragile and conflict-affected regions.
 - **Stakeholder Coordination:** Facilitating coordination among security agencies, local authorities, and international organizations to ensure integrated and context-specific risk management approaches.
 - **Fragility Analysis:** Assessing underlying drivers of fragility and recommending measures to enhance resilience and stability as part of broader economic and infrastructure development initiatives.

- **Skill Sets:**
 - Proficiency in security risk modeling and fragility analysis tools.
 - In-depth understanding of political, security, and socio-economic factors in fragile contexts.
 - Strong analytical and strategic planning skills, with the ability to translate complex security challenges into actionable mitigation measures.
 - Excellent communication and stakeholder engagement capabilities.

5. Agricultural Value Chain / Food System Expert

- **Academic Qualification:**
Master's degree or higher in Agricultural Economics, Agribusiness, Food Systems, or a related discipline.
- **Years of Experience:**
A minimum of 7 years of experience in agricultural value chain analysis, food system planning, and value addition strategies within the agri-food sector, particularly in contexts similar to Somalia's.
- **Specific Experience:**
 - **Value Chain Analysis:** Conducting comprehensive analyses of agricultural value chains, with a focus on sectors such as livestock, fisheries, and agro-processing, to identify opportunities for value addition and export potential.
 - **Food System Planning:** Developing strategies that strengthen local supply chains, promote sustainable food systems, and integrate SEZ outputs with regional and international markets.
 - **Market Assessment:** Evaluating market dynamics, identifying key bottlenecks, and proposing interventions to enhance competitiveness and resilience in the agri-food sector.
 - **Stakeholder Engagement:** Collaborating with local producers, cooperatives, government agencies, and private sector actors to design and implement actionable strategies that support local economic development and food security.
- **Skill Sets:**
 - Expertise in value chain diagnostics, agricultural economics, and market research.
 - Familiarity with sustainable agricultural practices and international standards in the agri-food industry.
 - Strong analytical skills, with the ability to synthesize quantitative and qualitative data into clear recommendations.
 - Proven capacity to facilitate multi-stakeholder engagement and to communicate complex value chain dynamics to diverse audiences.

6. Environmental and Social Impact Assessment (ESIA) Experts

6.1. Environmental Expert

- **Academic Qualification:**
Master's degree or higher in Environmental Science, Environmental Engineering, or a related field.
- **Years of Experience:**
A minimum of 7 years managing and conducting environmental assessments for large-scale infrastructure or industrial projects, with specific exposure to SEZ or similar developments preferred.
- **Specific Experience:**
 - **Baseline Environmental Studies:** Conducting comprehensive environmental baseline studies, including the assessment of biodiversity, air and water quality, land use, and ecological sensitivities at potential SEZ locations.
 - **Impact Identification and Assessment:** Utilizing recognized methodologies to identify, quantify, and assess potential positive and negative environmental impacts of SEZ development.
 - **Mitigation and Management Planning:** Developing detailed environmental mitigation measures and management plans that align with both national regulations and international best practices.
 - **Compliance and Reporting:** Ensuring that environmental assessments meet local and international environmental standards, and preparing high-quality reports and documentation for stakeholder review.
- **Skill Sets:**
 - Proficiency in environmental assessment tools and software.
 - In-depth knowledge of environmental regulations and international standards.
 - Excellent report writing and presentation skills.
 - Strong analytical abilities and attention to detail.

6.2. Gender & Social Development Expert

- **Academic Qualification:**
Master's degree or higher in Social Sciences, Gender Studies, Development Studies, or a related discipline.
- **Years of Experience:**
A minimum of 7 years in social impact assessments and gender integration within large-scale infrastructure or development projects, with proven experience in participatory assessments and social safeguard planning.
- **Specific Experience:**
 - **Social Baseline and Impact Studies:** Conducting comprehensive social baseline studies that include assessments of community demographics, socio-economic conditions, cultural heritage, and gender dynamics at proposed SEZ locations.
 - **Gender Analysis:** Integrating gender-sensitive analysis into social impact assessments, identifying potential impacts on women, men, and vulnerable groups, and proposing measures to promote gender equality and social inclusion.
 - **Stakeholder Engagement:** Designing and facilitating inclusive stakeholder consultations and community engagement processes to ensure that local perspectives and concerns are adequately captured and addressed.

- **Social Mitigation Planning:** Developing social safeguard guidelines and detailed mitigation plans aimed at minimizing negative social impacts while enhancing community benefits and cohesion.
- **Skill Sets:**
 - Expertise in qualitative and quantitative social research methodologies.
 - Familiarity with gender analysis frameworks and social safeguard protocols.
 - Strong communication and facilitation skills for effective stakeholder engagement.
 - Excellent report writing and data interpretation skills.

6.3. Climate Change and Green Growth Expert

- **Academic Qualification:**
Master's degree or higher in Climate Science, Environmental Management, Sustainable Development, or a related field.
- **Years of Experience:**
A minimum of 7 years of experience in integrating climate change adaptation strategies and green growth initiatives into development projects, preferably with exposure to industrial zones or SEZ contexts.
- **Specific Experience:**
 - **Climate Impact Assessment:** Conducting climate vulnerability and risk assessments for SEZ projects, including the evaluation of potential climate-related hazards and their implications for project sustainability.
 - **Green Growth Strategy:** Developing strategies to incorporate renewable energy, energy efficiency, and sustainable resource management into the design and operation of SEZs.
 - **Resilience Planning:** Advising on the integration of climate resilience measures into infrastructure planning and operational guidelines to safeguard SEZ investments against future climate risks.
 - **Policy and Best Practices Alignment:** Ensuring that the SEZ development framework aligns with national climate change policies and international green growth standards, and contributing to the development of guidelines for sustainable and resilient SEZ operations.
- **Skill Sets:**
 - Proficiency in climate risk modeling and sustainability assessment tools.
 - Knowledge of national and international climate change policies and green growth practices.
 - Strong analytical and strategic planning skills.
 - Ability to communicate complex climate and sustainability concepts to diverse stakeholders.

Reporting Arrangements

The selected consultancy firm(s) will operate under the direct supervision of the Director General of the Ministry of Commerce and Industry. Regular reporting is essential for maintaining

transparency and alignment with the project's objectives. The firm is required to provide bi-weekly progress reports, highlighting achievements, challenges, and any critical issues needing attention. Coordination with the Project Implementation Unit (PIU) of the DRIVE project and the World Bank is essential, while ensuring inputs from relevant ministries and agencies are integrated.