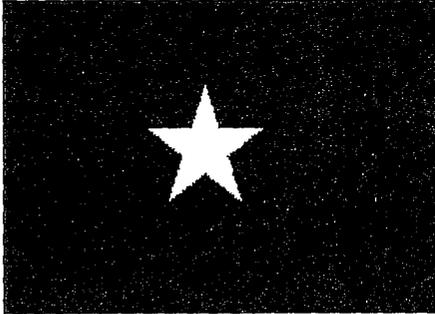


EN



**National Indicative Programme  
for Federal Republic of Somalia  
2014 to 2020**

## GENERAL CLAUSES

The Government of the Federal Republic of Somalia and the European Commission hereby agree as follows:

- (1) The Government of Federal Republic of Somalia, and the European Commission, hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.  
These orientations which are included in the National Indicative Programme, concern the European Union Aid in favour of *Somalia* and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010. The National Indicative Programme is annexed to the present document.
- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to *Somalia* for the period 2014-2020 an amount of EUR 286 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. Currently, no B-allocation is foreseen. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which *Somalia* benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of *Somalia* within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds decommitted from projects or programmes under those EDFs.  
The respective projects and programmes shall be implemented according to the rules and procedures of the 10<sup>th</sup> EDF until the entry into force of the 11<sup>th</sup> EDF implementing rules and financial regulation.

- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11<sup>th</sup> EDF multi-annual financial framework for the period 2014-2020.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

Done in Nairobi on 19 June 2014 in two originals in English language.



For the Government of the Republic of  
Somalia



For the European Commission

## **Table of Contents**

### List of Abbreviations

- 1. The overall lines for the EU response**
  - 1.1. Strategic objectives of the EU's relationship with the partner country
  - 1.2. Choice of sectors
- 2. Financial overview (indicative amounts)**
- 3. EU support per sector**
  - 3.1. State building and peace building
    - 3.1.1. Specific Objectives
    - 3.1.2. Expected Results
    - 3.1.3. Indicators
  - 3.2. Food security and building resilience
    - 3.2.1. Specific Objectives
    - 3.2.2. Expected Results
    - 3.2.3. Indicators
  - 3.3. Education
    - 3.3.1. Specific Objectives
    - 3.3.2. Expected Results
    - 3.3.3. Indicators
  - 3.4. Donor coordination and policy dialogue
  - 3.5. Overall risk assessment for the three focal sectors
  - 3.6. Financial and policy commitments of Government
  - 3.7. Environmental risk assessment
- 4. Measures in favour of civil society**
- 5. B-allocation**
- 6. Support measures**
  - 6.1. Measures to support or accompany the programming, preparation or implementation of actions
  - 6.2. Support to the National Authorising Officer

### Attachments

- 1 Country at a glance
- 2 Donor matrix

- 3 Sector intervention framework and performance indicators
- 4 Indicative timetable for commitments

## **ANNEXES**

- 1 The Somalia Compact

## List of Abbreviations

ACP	African, Caribbean and Pacific States
AMISOM	African Union Mission in Somalia
CSDP	Common Security and Defence Policy
CSOs	Civil society organisations
CVE	Countering Violent Extremism
DfID	Department for International Development (UK)
DRR	Disaster Risk Reduction
EDF	European Development Fund
EMIS	Education Monitoring and Information System
ERP	Economic Recovery Plan
ESSPs	Education Sector Strategic Plans
EU	European Union
EUSE	EU Special Envoy for Somalia
FEWS-NET	Famine Early Warning Systems Network
FGS	Federal Government of Somalia
FSNAU	Food security and Nutrition Analysis Unit
GAM	Global Acute Malnutrition
GER	Gross Enrolment Rate
HLACF	High Level Aid Coordination Forum
HLPF	High Level Partnership Forum
IBCTI	International Business & Technical Consultants, Inc.
ICAO	International Civil Aviation Organisation
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Persons
JPLG	Joint Program on Local Governance
JRES	Joint Review of the Education Sector
LRRD	Linking Relief, Rehabilitation and Development
MDG	Millennium Development Goals
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NPC	National Planning Commission
NSA	Non State Actors
NUSOJ	National Union of Somali Journalists
PFM	Public Financial Management
PSGs	Peace- and State-Building Goals
RDP	Reconstruction and Development Programme
SDRF	Somalia Development and Reconstruction Facility
SHARE	Supporting the Horn of Africa's Resilience
SNAF	Somalia National Armed Forces
SWAp	Sector-Wide Approach
TCF	Technical Cooperation Facility
TRUST	Transparency, Risk, Use of country systems, Strengthening capacities, Timely and predictable aid
TVET	Technical, Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nation Population Fund
UNSOM	UN Assistance Mission in Somalia
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme (UN)

## 11<sup>th</sup> EDF NIP for Somalia – Summary

Somalia is at a turning point. The Federal State of Somalia is now governed by a more legitimately elected President, and a Prime Minister and Government that was nominated and endorsed by a more representative Parliament. Nevertheless, a new political transition is taking place. A permanent Constitution is still to be agreed upon and general elections are due to be organised in 2,5 years' time, thereby ending the transition.. Peaceful transfers of power have occurred in Somaliland, Puntland and at the National level, and there has also been progress with the establishment of state structures within the federal system, with the establishment of Jubbaland state in the south in 2013 and ongoing processes within other south-central regions to negotiate new regional states. In parallel, the Somali National Armed Forces (SNAF) and the African Union Mission in Somalia (AMISOM) have made significant territorial gains from Al Shabaab in southern Somalia. Successes in both the political and security domains need to be consolidated as the situation is still reversible. There is also a need for a more direct engagement with the new Somali authorities in helping rebuild the Somali state.

The economy is driven by livestock production and export, which is the main source of livelihoods and income for the largely rural pastoral population. But a major limitation to economic growth in Somalia is the lack of infrastructure despite a promising potential in exports of livestock or fishing. Somalia has high malnutrition rates and the social situation also requires attention. Access to basic services and provision of social welfare remain major challenges in the country, especially in south-central Somalia.

On a positive note, Somalia has embarked on a political reconstruction process, guided by the New Deal principles for fragile states agreed in Busan in 2011. Somalia and a large part of the international community have subscribed to using the New Deal in defining the future way of working together. At the EU-Somalia conference in Brussels in September 2013, the Somali Compact was endorsed, thereby providing Somalia and the international community with the new political, security and developmental architecture that will frame the future relations between Somalia, its people and the international community. A major part of the Compact is the new aid architecture which describes how funding instruments will be used to deliver on the agreed priorities and what mechanism will ensure co-ordination between these different funding instruments.

EU engagement will be guided by the Somali Compact and the principles of the New Deal process. The Compact sets out the most important priorities within the five Peace- and State-Building Goals (PSGs) for Somalia. Hence the indicative programme has been drawn up on the basis of the priorities agreed and outlined in the Compact. It details an intervention framework for each sector, and indicative commitments and disbursements schedules.

The indicative allocation to Somalia will be EUR 286 million in programmable funds, subdivided as follows:

<b>Focal Sector 1: State building and peace building</b>	EUR 100 million	35%
<b>Focal Sector 2: Food security and building resilience</b>	EUR 86 million	30%
<b>Focal sector 3: Education</b>	EUR 60 million	21%
<b>Cross-cutting: Measures in favour of civil society</b>	EUR 14 million	5%
<b>Cross-cutting: Support measures</b>	EUR 26 million	9%
<b>Total</b>	<b>EUR 286 million</b>	<b>100%</b>

The new Federal Institutions have been recognised as more legitimate than the Transitional Federal Institutions. This has provided greater opportunities for the international community to work closer to the Somali authorities. The latter are confronted with major security threats, complex governance issues, including promoting national dialogue and reconciliation, as well as rebuilding the social contract with its citizens and live up on their expectations on delivery of basic services: in a context in which there have been no functional public institutions for over 20 years, civil society have taken over also the role of service provider. Legitimation of the new institutions also passes by their capacity to provide services to people. How the division of roles – regulator, watchdog, service provision- between public and private/civil sphere will be defined and what kind of partnership will be set up is one of the core state-building challenges this intervention wants to address.

Livestock trade forms the backbone of the Somali economy and is the main source of livelihoods and income for the largely rural pastoral population. Despite this, the sector had to date been underfunded. Agriculture is the second main source of income and employment in Somalia, particularly in the southern regions of the country. Poor infrastructure has been identified as a major limitation to economic growth and achievement of the MDGs in developing countries. Due to extensive periods of violence in Somalia, there has been little investment in or maintenance of the infrastructure needed to expand domestic trade, access to markets and create employment. Finally, despite considerable improvements in primary and secondary education participation since 1991, Somali education indicators remain low in comparison with the rest of Africa

## NATIONAL INDICATIVE PROGRAMME

### 1. The overall lines for the EU response

The EU engagement in Somalia has been intensified over the years and the EU remains the largest donor both in terms of political engagement and financial and technical support/expertise. The long EU engagement in Somalia is rooted in the desire to rebuild the state, improve stability and reduce poverty among the people of Somalia and promote self-sustaining economic growth by addressing the challenges that have increased its fragility as reaffirmed in the EU Agenda for Change. EU engagement in Somalia is multidimensional: development cooperation is complemented by other EU institutions and instruments that focus on political dialogue, stabilisation, security sector development, crisis management, humanitarian aid<sup>1</sup> and trade. The EU works more and more towards an integrated approach to Somalia.

Somalia's eight-year transition ended in September 2012, with the peaceful handover of power from the leadership of the Transitional Federal Institutions to a new Federal Parliament and Government. A Provisional Constitution, in place since August 2012, paves the way for federalisation of the country, the building and consolidation of effective federal institutions and a referendum on the final Constitution by the end of 2016, when general elections are due. Against the backdrop of an improving yet fragile security situation, the Federal Institutions of Somalia are now tasked with establishing this viable federal state. The EU is a long standing supporter of the Somali peace process in particular during this challenging period.

Somalia is now on a path to emerge from fragility and the EU, guided by its comprehensive approach to the country and its Strategic Framework for the Horn of Africa, is taking a lead role in assisting this endeavour.<sup>2</sup> Somalia has embarked on a political reconstruction process, guided by the New Deal principles for fragile states agreed in Busan in 2011. The endorsement of the Somali Compact (Annex 1) at the EU-Somalia Conference on 16 September 2013 in Brussels provides the new political, security and developmental architecture that will frame the future relations between Somalia, its people and the international community. EU engagement will therefore be guided by the Compact and the principles of the New Deal process.

The Compact sets out the most important priorities within the five Peace- and State-Building Goals (PSGs)<sup>3</sup> for Somalia. It also reflects the principles of the EU Agenda for Change as a key mechanism for focusing on support while allowing for greater country ownership. The Compact also incorporates a special arrangement for Somaliland. The Compact is a living document and as such it marks the beginning, not end, of Somalia's political and socio-economic reconstruction process, which will continue beyond 2016. The EU aligns its support to the policy framework and priorities articulated in the Compact. Hence the indicative programme has been drawn up on the basis of the priorities agreed and outlined therein. It details an intervention framework for each sector, and indicative commitments and disbursements schedules. The global distribution of funds

---

<sup>1</sup> EU humanitarian aid is part of the EU's overall approach to Somalia. It is nevertheless not a crisis management tool and is provided solely on the basis of needs to preserve life, prevent and alleviate human suffering and maintain human dignity in line with the fundamental humanitarian principles of humanity, neutrality, impartiality and independence

<sup>2</sup> Council Conclusions on Somalia adopted at the 3218th Foreign Affairs Council on 31<sup>st</sup> January 2013.

<sup>3</sup> PSGs: Inclusive Politics, Security, Justice, Economic Foundations, Revenue and Services

among the different focal sectors is given, but may be modified as part of operational, performance or ad hoc reviews of the strategy.

An integral part of the Compact is the new aid architecture which describes how funding instruments will be used to deliver on the agreed priorities and what mechanism will ensure co-ordination between these different funding instruments. This will improve the coordination and alignment of international resources and the fostering of more effective and accountable public institutions bringing Somalia and EU into close alignment with the TRUST<sup>4</sup> principles of the New Deal and other global commitments on aid effectiveness.

In light of the political and security developments including the endorsement of the Compact, the EU recognises that the support to Somalia will require the deployment of all EU instruments and tools in a comprehensive, consistent and synergetic manner.<sup>5</sup> Further, the EU's response and National Indicative Programme may be complemented by operations financed by the European Investment Bank (EIB) from the Cotonou Investment Facility and/or its Own Resources.

Following the ratification of the Cotonou agreement by Somalia, the function of the National Authorising Officer (NAO) will be gradually delegated to the appropriate ministry of the Federal Government of Somalia. This will be done against a set of benchmarks built in into a NAO capacity building programme in the appropriate ministry.

### *1.1. Strategic objectives of the EU's relationship with the partner country*

EU support will be aligned to the policy framework and priorities articulated in the New Deal Compact with relevant EU instruments being deployed in a comprehensive manner<sup>6</sup>. The Compact clearly articulates a framework for strategic dialogue, aid co-ordination, monitoring and a set of principles and commitments on aid effectiveness and aid delivery. To this end, the EU will continue to take a leading role in bringing together the international community to provide space for greater ownership of the development process by the Somali authorities and citizens.

The strategic objectives, which correspond to the five Peace- and State-Building Goals (PSGs) as outlined in the Compact are:

- Achieve a stable and peaceful federal Somalia through inclusive political processes:

A peaceful and stable Somalia requires simultaneous progress in establishing inclusive political processes at different levels and promoting national and local level reconciliation. It also requires agreement on a political framework that enables revisions to, and the adoption of, the Federal Constitution, leading to general elections in 2016. These political milestones are the basis for creating the foundations for peace and recovery.

- Establish unified, capable, accountable and rights-based Somali federal security institutions providing basic safety and security for its citizens:

A more secure, safer and accountable Somalia is more adept to maintain peace within its borders and with its neighbours; increasingly capable of restoring and maintaining internal security and protecting civilians, with special attention to securing the rights of women, youth,

---

<sup>4</sup> TRUST: Transparency, Risk, Use of country systems, Strengthening capacities, Timely and predictable aid

<sup>5</sup> Council Conclusions on Somalia, adopted at the 3218<sup>th</sup> Foreign Affairs Council meeting on 31<sup>st</sup> January 2013

<sup>6</sup> As stated in the joint communication on the EU's comprehensive approach "humanitarian aid shall be provided in accordance with its specific modus operandi, respectful of the principles of humanity, neutrality, impartiality and independence, solely on the basis of the needs of affected populations, in line with the European Consensus on Humanitarian Aid".

children and marginalised groups; increase equitable access to justice; contribute to the rule of law and the fight against impunity; apply human rights standards; adhere to international humanitarian law and maintain accountable and financially sustainable security institutions. Civilian leadership and democratic oversight of the security sector are foundational principles enshrined in the Provisional Constitution and are pivotal in the delivery of this strategic objective.

- Establish independent and accountable justice institutions capable of addressing the justice needs of the people of Somalia by delivering justice for all:

This overarching objective, which was defined by the Federal Government of Somalia and other relevant stakeholders in the framework of the National Strategic Plan for Justice Reform (2013-2015), addresses the need to establish, maintain and enhance justice institutions based on a sound legal framework compliant with Human Rights; ensuring access to justice and quality delivery of justice for the people of Somalia; and increasing people's confidence in the justice system.

- Revitalise and expand the Somali economy with a focus on livelihood enhancement, employment generation, and broad-based inclusive growth:

The economy has a critical role to play in Somalia's state-building and peacebuilding processes. Employment generation can help build trust in government and encourage social cohesion. A growing economy can generate critical revenue to support public service delivery to build the legitimacy of public institutions. An improved economy, with a vibrant private sector, can also increase opportunities for peace and reduce conflict. This is achieved through broad-based and inclusive engagement of the population, including the diaspora, in productive activities, and the generation of employment. Due attention will be given to the enabling environment to improve women's and youth's access and opportunities to engage in profitable income generating activities whilst seeking to address key impediments to their participation in the economic sphere. The objectives, priorities, and actions are also closely linked to the Federal Government's Economic Recovery Plan (ERP).

- Increase the delivery of equitable, affordable, and sustainable services that promote national peace and reconciliation among Somalia's regions and citizens and enhance transparent and accountable revenue generation and equitable distribution and sharing of public resources:

This objective is closely linked to the ERP and Public Financial Management (PFM) Reform Strategy and Action Plan. The focus is on increasing service delivery, with special attention to the most vulnerable communities, whilst at the same time laying the foundations for sustainable public expenditures by promoting transparent and accountable revenue generation and improving public financial management systems and institutions. Delivering on these priorities will help to increase trust in Somalia's public institutions. The priorities and actions recognize that the provision of most services in Somalia by non-state actors and NGOs will continue, but should increasingly do so under the umbrella of the government. The priorities also highlight the need to promote harmonization of regional and federal revenue generation programmes, and to clarify the roles and responsibilities for service delivery between the different levels of government.

A cross-cutting chapter of the Somali Compact is Capacity Development to enhance the overall effectiveness of national and sub-national institutions.

## 1.2. Choice of sectors

The National Indicative Programme has been drawn up on the basis of and in alignment with the priorities and sectors of intervention articulated in the Compact. These were developed on the basis of consultations with Somali authorities and citizens<sup>7</sup> at the national level, as well as with international partners and were informed by lessons learnt and best practices including: an *ad hoc* review of 10<sup>th</sup> EDF funding, carried out in 2011, the principles outlined in the *EU Agenda for Change*, the *New Deal for Engagement in Fragile States*, and the *EU Strategic Framework for the Horn of Africa*.

Taking note of these lessons, the EU will continue to concentrate future investments on three current focal sectors while continuing to employ a 'variable geometry approach' in which the full range of instruments are utilised flexibly in response to different situations in different regions on the ground in a conflict sensitive manner. As Somalia enters a new political era, such an approach will allow the EU to actively support the strengthening of government institutions at the centre, initiate engagement with areas of stability that have emerged in different regions, and continue engagement with Somaliland and Puntland to reinforce peace and governance dividends and address potential threats posed by the dislodged Al-Shabaab operatives.

In line with the *EU Strategy for Africa*<sup>8</sup>, these sectors are considered not only prerequisites for attaining the MDGs in poverty reduction, peace, security and good governance, but also areas that create a favourable environment for economic growth and trade and target social cohesion and environmental protection. The new Federal Institutions have been recognised as more legitimate than the Transitional Federal Institutions. This has provided greater opportunities for the international community to work closer to the Somali authorities. The latter are confronted with major security threats, complex governance issues, including promotion of national dialogue and reconciliation, and high citizen expectations on delivery of basic services.

Livestock trade forms the backbone of the Somali economy and is the main source of livelihoods and income for the largely rural pastoral population. Despite this, the sector has to date been underfunded. Agriculture is the second main source of income and employment in Somalia, particularly in the southern regions of the country. Poor infrastructure has been identified as a major limitation to economic growth and achievement of the MDGs in developing countries. Due to extensive periods of violence in Somalia, there has been little investment in or maintenance of the infrastructure needed to expand domestic trade, access to markets and create employment. Further, despite considerable improvements in primary and secondary education participation since 1991, Somali education indicators remain low in comparison with the rest of Africa.

Based on the above, and after consultation with Somali authorities and other Somali stakeholders, the EU in Somalia will concentrate its investments in three focal sectors, namely:

- a) State building and peace building (PSG 1, 2, 3)
- b) Food security and building resilience (PSG 4)
- c) Education (PSG 5)

---

<sup>7</sup> As part of an iterative process as consultations must continue to ensure maximum geographical coverage

<sup>8</sup> COM(2005)489 final

## **Focal sector 1: State building and Peace building**

**Justification:** This focal sector will address priorities identified in the Compact's Peace and State building Goals 1, 2 and 3.

Somalia's governance structures remain weak and are often perceived as predatory, with internal conflict a permanent possibility and frequent occurrence. Maritime and coastal security remains weak and active pirate networks undermine rule of law and hamper economic development of maritime resources. Rule of Law and security are elusive for the large part of the population. Taking into account significant regional variations in capacity and level of inclusiveness, there is an across-the-board need to establish or reinforce a viable social contract between the State institutions (at all levels) and the people. This includes increased responsiveness of the former to the needs of the people and the strengthening of institutional mediation functions. The EU has a lead role in the governance sector. Within it, sector priorities are (1) Rule of Law and Security, (2) Institutional Support (core state functions) and (3) Democratisation and Reconciliation. Together these contribute to the three core results of the sector, themselves aligned with the PSGs. Detailed in 3.1 below, these include that all Somalis should benefit from more democratic, transparent and responsive governance, the strengthening of the rule of law and improvement in basic security and advancements in reconciliation and outreach.

Respect for human rights and the promotion of an inclusive and equitable society are integrated both in specific programmatic terms (notably support to the establishment of security sector oversight or a human rights commission) as well as a cross-cutting concern. With interventions adapted to regional needs and specificities (and variation depending on links to the political process), all objectives and corresponding core results (Attachment 3) are informed by the principles of transparency, accountability, participation and non-discrimination.

**Intervention focus:** The main actions proposed in each sub-sector are:

**1. Rule of Law and Security (Compact PSG 2&3):** An increased focus on greater access to justice through reinforcing the capacity, integrity and geographical presence of institutions across the justice chain. This also implies continuous support to civilian policing in terms of professionalism, capacity and presence to further the basic safety and security for all Somali citizens. This includes building-up internal and external (civil society, parliament, judicial) accountability structures in the sector, inter alia, to strengthen adherence to human rights principle and gender empowerment. In collaboration with the local authorities, civil society and Human Rights Defenders, a particular focus will be devoted to the promotion and protection of human rights and work towards ending impunity. To restore and maintain internal security capable of protecting civilians, approaches to the rule of law that include community policing are vital. At the same time activities will strengthen synergies with the other EU instruments in place, including the thematic instruments, the Instrument contributing to Stability and Peace and EU Common Security and Defence (CSDP) missions/operations in the region. In the specific Somali context, all interventions are informed by the necessity of Countering Violent Extremism (CVE).

**2. Institutional Support/Core state functions (Compact PSG 1-3; Capacity Development):** Support the establishment and/or strengthening of effective and accountable institutional structures at federal, regional and local level with a focus on planning and administrative functions as well as wider Civil Service reform at the core of government. EU support to post-transition institutions will likely include support to the basic running costs of central institutions to provide the platform for capacity development interventions in core ministries and the strengthening of fiscal capacities. Especially basic support functions depend on parallel interventions to strengthen overall

accountability, transparency and effectiveness in Public Financial Management where the EU works closely with the lead donor UK DfID. In the relatively stable areas of Somaliland and Puntland, support will be used to advance existing reform processes. In emerging areas of stability in South Central Somalia such as Galmudug, Hiraaan and the Jubbas, which are difficult areas to reach, a diversification of implementing approaches is necessary to start reconstruction processes. In particular the EU will support the establishment of a formal federal framework including through the implementation and review of the constitution as well as the establishment and/or reinforcement of local governance structures and systems.

**3. Democratisation and Reconciliation (Compact PSG1, cross-cutting):** Activities will focus on strengthening democratic legitimacy of formal institutions and the traditional accountability structures of civil society. The latter includes specific support to build the capacity of independent media, enhance the protection of media workers, as well as support to the creation of regulative frameworks and permanent training structures that can effectively guarantee freedom of expression. Other activities are support to the electoral cycles at regional and federal levels and support to Parliaments in line with PSG1. Support to reconciliation and peace-building includes both political and community levels. Closely linked to activities under 'Institutional Support' above, is support to outreach by the federal government under the umbrella of the constitutional dialogue and federalism process. Specific concerns include strengthening the role of women in conflict resolution.

All three components include engagement with NSAs/Civil Society and the particular emphasis on a reinforced dialogue between civil society, the private sector and government administrations in reconstruction and reconciliation processes, especially in areas where the former are deeply engaged. Conflict analysis and the conflict sensitivity of interventions will be rolled out across the programme.

#### **Focal Sector 2: Food security and building resilience<sup>9</sup>**

**Justification: This focal sector will address priorities identified in the Compact's Peace and State building Goal 4.**

Somalia is one of the poorest countries in the world. Basic infrastructure and sources of livelihoods have deteriorated considerably during the extended period of conflict. Population growth, rapid urbanisation, conflict, displacements and high unemployment rates compound the situation. Large sections of the population are food insecure; women, youth, IDPs, and the poor are marginalised and experience various forms of social problems. These interventions are a direct contribution towards the MDG goals of eradicating poverty and extreme hunger (Goal 1), ensuring environmental sustainability (Goal 7), and the core objective of EU external actions. Despite its significance in the Somali context, this area is largely unfunded. Local and regional governments lack the capacity and funds to rehabilitate basic infrastructure as well as institutional and human capacity to create conditions for economic growth. Proposed interventions are core to strengthening resilience against predictable shocks. In concrete terms strengthening resilience means a) support Somali pastoralist and agro-pastoralist, as well as riverine and rain fed farmers in improving their economy; b) limit the risk of losing any economic gain due to crisis (droughts, floods and civil unrest or conflict).

To enhance resilience, the EU will support Somali authorities in preparing and implementing food security and resilience strategies. Moreover, support will consider Disaster Risk Reduction (DRR)

---

<sup>9</sup> In 2010 EU published a Food Security Thematic Paper outlining the four pillars of food security in developing countries: (i) availability of food (at national and regional levels); (ii) access to food (by households); (iii) food use and nutritional adequacy (at the individual level); and (iv) crisis prevention, preparedness and management (dealing with the stability of the other three pillars over time).

in the agricultural sector and will focus on vulnerable pastoralists as well as riverine and rain fed farmers communities. This should materialise amongst others through: safety net programmes; support to the creation of institutional foundations for effective markets; support in urban and peri-urban areas to encourage investment and employment creation in micro and small enterprises; and leveraging the roles of the private sector in expanding sustainable economic opportunities through collaboration with the public sector in rehabilitation of public goods. The focus on fisheries development and integrated coastal zone management can provide employment alternatives to piracy and extremism and strengthen the private sector to diversify employment opportunities for vulnerable coastal populations, in particular for youth and women. On the other hand, under this focal sector interventions will be nutrition sensitive (e.g. food production diversification, focus on high nutritious food, hygiene education), according to the commitments of the EU in this regard. Conflict and gender analysis will inform conflict sensitive and gender sensitive approaches across the programme.

As expressed in the 'An Agenda for Change'<sup>10</sup>, the EU aims at ensuring a smooth transition from humanitarian aid and crisis response to long-term development cooperation and has been concretising these LRRD (Linking Relief, Rehabilitation and Development) principles for a number of years. In the Horn of Africa, this approach has been applied and regular consultations take place between Commission humanitarian and development services, both at headquarters and in the field. This approach will be particularly relevant for focal sector 2 and will be mainstreamed in the activities to be carried out based on risk-informed programming. The European Union's 'Supporting the Horn of Africa's Resilience' (SHARE), which is a joint humanitarian-development initiative to improve the ability of people, communities and countries to face persistent and acute emergencies, will inform this programme.

**Intervention focus:** The key objective will be to strengthen resilience against predictable shocks by preparing and implementing national resilience and natural resources management strategies; increasing agricultural production; and supporting fisheries to diversify employment opportunities and provide alternatives to illegal activities, such as piracy. Interventions will ensure continuity with past and on-going actions: sustainable development of agriculture, livestock and fisheries; local infrastructure rehabilitation so as to facilitate access to markets and services; support to livelihood recovery and food security; support to sustainable private sector led economic development through improved institutional and regulatory framework. Beneficiaries of these actions include public administrations in Somalia, pastoralists and agro-pastoralists, riverine farmers, IDPs and returnees, amongst others.

The objectives to be pursued are: promoting resilience and sustainable private sector led economic development through an improved institutional and regulatory framework and sustainable natural resources management, and supporting the food security access, consumption and availability. The main actions proposed are:

- Support to national institutions in preparing and implementing national resilience and natural resources management strategies;
- Support to sustainable development of main productive sectors' of agriculture and livestock including technical services, applied research, information, value addition, markets and marketing and technical education;
- Support to livelihood recovery and food security for the benefit of chronic food insecure populations through consolidated mechanism of social transfers and support the authorities and local communities in particular for women in developing strategies and capacities;

---

<sup>10</sup> COM (2011)637.

- Support to micro and small enterprises by strengthening government institutions to develop policy, legal and strategic framework for sustainable private sector-led growth and employment creation in urban and rural areas, with special focus on women and youth;
- Support to fisheries and integrated coastal zone management to diversify employment opportunities for coastal communities and alternatives to piracy;
- Support to rehabilitation and expansion of key economic infrastructure, in particular, as rural road networks, irrigation infrastructure;
- Support to water access.

### **Focal Sector 3: Education**

**Justification: This focal sector will address priorities identified in the Compact's Peace and State building Goal 5.**

Although access to education is a Human Right, which has been reinforced with the help of the Millennium Development Goals (MDGs) and the *Education for All initiative*, Somalia still has one of the lowest enrolment rates in the world today. Girls, IDPs and other disadvantaged children represent a very small portion of the total enrolment and are also subject to high dropout rates. The primary school Gross Enrolment Rate (GER) in 2012 was estimated at 45% up from 35% in 2007 and 22% in 2003-04. With more children completing primary education, there is high pressure on secondary education access capacity. In addition, rural schools at all levels demonstrate a lack of access to quality education. It is recognised that secondary school age groups are the most typical source of discontented youth and thus a major factor in instability and radicalisation but also the most relevant ones for stimulating good governance and economic growth. Education can make a fundamental long-term contribution to peacebuilding and conflict prevention through the inclusion of marginalized groups, and the fostering of inter-communal relationships and shared values and identity.

The support to the education sector is considered an investment in people to promote stronger linkages between education, employment and poverty reduction.

Primary education is seen as just the beginning of schooling; the prospect of moving to secondary, higher and vocational education make primary education attractive. All these sub-components are not treated as discrete sub-sectors, but as areas of an integrated programme. The European Union follows a Sector-Wide Approach (SWAp) and will use as its basis the Education Sector Strategic Plans (ESSPs) prepared by the Somali authorities. Expanding access to education for marginalized populations; teacher training; technical and vocational education and training; capacity development; and curricula review are mentioned in the ESSPs as shared priorities. Limited support to higher education in terms of linkage with the Erasmus Plus (+) programme and strengthening of standards and accreditation systems would be necessary. A comprehensive and integrated programme of support based on SWAp principles has the real potential to further increase national ownership and partnership and dialogue with Somali counterpart government institutions.

The EU is the largest donor in education and its support has substantially contributed to the positive trend that has emerged over the recent years. This includes increased participation of girls and women in education, realized through EU-funded education programmes reflecting a strong focus and proactive approach towards empowering effective female participation in education, teacher training, educational management and curriculum design. Gender mainstreaming in education programmes will be ensured through support to Gender Units within the Ministries of Education, and targeted actions such as scholarships for girls and female teachers; girl-friendly spaces; and the

provision of school supplies including sanitary wear. Other donors in the sector are USAID, DfID, Norway, Denmark and the Netherlands.

**Intervention focus:** Future EU funding to the education sector in Somalia will mirror specific priorities and objectives articulated in the Education Sector Strategic Plans (ESSPs) developed by counterpart ministries of education. This provides an opportunity for the EU to better adhere to aid effectiveness commitments, by fostering ownership, partnership and dialogue with Somali counterpart government institutions. Further, it applies some core elements of the sector-wide approach (SWAp) making them applicable to the fragile and very unique Somali context.

The Education Sector Strategic Plans (ESSPs) available for Somaliland, Puntland and South Central Somalia reflect a call for expanded basic, vocational and higher education opportunities for the hard to reach, in particular girls and women, greater Somali ownership and better coordination across donor-funded investments. Within the framework of a sector-wide approach, the main actions aligned to ESSPs that the EU proposes to undertake will contribute to strengthening and expanding:

- Access to good quality education for all children, youth and adults including nomadic groups, people with special education needs and IDPs/refugees/returnees with equal access for girls and women;
- Participation of youth, vulnerable groups and adults (ex- militia, displaced individuals, women) in technical and vocational education and training for employment promotion;
- Capacity of the education institutions, administrations and systems including deepening of the evolving SWAPs, joint sector reviews, education governance and limited capacity support to the higher education sub-sector.

In designing interventions throughout the aforementioned focal sectors of the National Indicative Programme of Somalia, attention will be paid to the importance of the deployment of Information and Communication Technologies (ICT) and the full exploitation of their potential in providing or facilitating viable solutions in all focal sectors of the programme.

## 2. Financial overview (indicative amounts)

Sector 1: State building and peace building	EUR 100M	35% of total
Sector 2: Food security and building resilience	EUR 86M	30% of total
Sector 3: Education	EUR 60M	21% of total
Measures in favour of civil society	EUR 14M	5% of total
Support measures	EUR 26M	9% of total
<b>TOTAL</b>	<b>EUR 286M</b>	<b>100%</b>

This NIP programmes in principle the entire allocation for Somalia for the years 2014-2020, although it is based on the Somali Compact covering the years 2014-2016. Therefore, an ad-hoc review will be carried out in 2015-16, synchronised with the Somali Compact reviews, to assess the subsequent programming consequences for the EDF national allocation for Somalia

### 3. EU support per sector

#### **3.1 State building and peace building (indicative amount EUR 100 million)**

**3.1.1 The following specific objective will be pursued: to bring stability, peace and build a federal Somalia through inclusive political processes, establishing unified, capable, accountable and rights-based federal security and justice institutions.**

3.1.2. The main expected **results** are:

**Result 1:** Rule of law strengthened and access to justice is expanded. Basic safety and security improved and the civilian role of the police is assured;

**Result 2:** Somalis benefit from more democratic, transparent and responsive governance;

**Result 3:** Reconciliation and outreach is advanced at political and community levels.

3.1.3. For each result, the main **indicators**<sup>11</sup> are:

The main indicators for measuring the aforementioned results are contained in the sector intervention framework in Attachment 3.

#### **3.2 Food security and building resilience (indicative amount million EUR 86 million)**

3.2.1 The following specific **objective** will be pursued: to strengthen resilience of Somali communities through improving, intensifying and diversifying agriculture production. Support to livestock sector, re-establishment of livelihoods avoiding negative coping strategies like charcoal production and creation of sustainable employment opportunities.

3.2.2. For each of the specific objectives the main expected **results** are:

**Result 1:** Food and nutrition security strengthened thanks to increased productivity of sustainable agriculture, livestock and fisheries sectors;

**Result 2:** Incomes increased and stabilized at household level through promotion of access to markets and services;

**Result 3:** Livelihoods re-established through support to recovery and nutrition;

**Result 4:** Support to economic growth through development of business environment and private sector.

3.2.3. For each result, the main **indicators** are:

---

<sup>11</sup> Since the collapse of the central government in 1991, Somalia has witnessed lack of reliable statistics or data systems that support humanitarian or development actions. The last population census was carried out in 1985/1986 preceded with 1975 census; however no results were officially released from the last one. Development partners have made several individual attempts to reach reliable and acceptable figures by all concerned partners, on population size and distribution, nutrition, economics, etc., but none of these attempts have been successful. The United Nation Population Fund (UNFPA) launched in 2013 a population survey with mapping and estimation procedures to obtain an acceptable population estimate. The EU contributed to this survey but results are yet to be released. Although there are no single sets of formally approved baseline data, figures have been gathered during the implementation of previous EU and other donor funded projects which will be used for measuring results. Moreover, EU is supporting capacity building development at ministerial level with the aim to improve data collection and management.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework in Attachment 3.

### **3.3 Education (indicative amount million EUR 60 million)**

3.3.1 The following specific **objectives** will be pursued: To improve access to quality education and training and strengthen education systems '

3.3.2. For each of the specific objectives the main expected **results** are:

**Result 1:** Increased access to good quality education for all children, youth and adults, including nomadic groups, people with special education needs and IDPs/returnees/refugees, with equal access for girls and women;

**Result 2:** Participation of youth and adults, including from vulnerable groups, in technical and vocational education and training increased;

**Result 3:** Capacity of education institutions, administrations and systems strengthened.

3.3.3. For each result, the main **indicators** are:

The main indicators for measuring the aforementioned results are contained in the sector intervention framework in Attachment 3.

### **3.4. Donor coordination and policy dialogue**

The Somali Compact presents a new beginning in the joint partnership between the Somali people and the international community. It embeds the need for close coordination of the political, security and development spheres. The Federal Government of Somalia and development partners pledged to uphold the partnership principles and to adhere to the mutual commitments detailed in the Compact. These principles will guide all international assistance provided to Somalia and will shape the design of aid operations. In particular, EU joint programming for Somalia will take the form of the Compact. EU Member States have been, together with the EU institutions, party to preparation of the Compact from the very initial stages and have subscribed to its mutual accountability framework as well as to align their support to the Compact priorities and the below coordination mechanisms. These mechanisms will provide common platforms for policy dialogue and will offer the opportunity for better synergies and division of labour between donors, including progressive alignment between EU's and EU member states' intervention.

The Federal Government of Somalia and development partners have agreed on the following coordination mechanism for regular dialogue, coordination and monitoring of international assistance in Somalia.

- The **High Level Partnership Forum (HLPF)** will be the main platform for dialogue and policy discussions on Compact implementation and a central mechanism for strategic coordination and information-sharing. The High Level Partnership Forum will meet once a year at ministerial or senior officials level with development partner participation from headquarters.
- The **Somalia Development and Reconstruction Facility (SDRF) Steering Committee** will provide strategic oversight and guidance for the SDRF and the implementation of the

New Deal Compact, including commitments related to policy, financing and aid delivery. The Federal Government of Somalia and development partners agreed to establish the SDRF as a centrepiece of the New Deal partnership and in order to enhance the delivery of effective assistance to all Somalis. The SDRF will serve as a mechanism for the Government to oversee and guide the diverse activities of its development partners. The SDRF establishment will be pragmatic and gradual, allowing for a steady transition towards full operational effectiveness, based on capacity and performance. In line with the Constitutional framework, the SDRF can channel resources to the Federal unit level. It will develop an agreed mechanism to ensure the engagement of the regions.

- The **Federal Government of Somalia & Development Partners Groups** which will provide a technical forum for sectoral policy formulation, planning and programmatic co-ordination.

A Technical Secretariat will be set up to support the proper functioning of the SDRF Steering Committee and the High Level Partnership Forum, and to advance day-to-day work on financing, aid effectiveness and co-ordination, monitoring and reporting.

For Somaliland and according to the Somaliland Special Arrangement of the Compact, the coordination architecture will consist of the following:

- The **National Planning Commission (NPC)** which will continue to lead the prioritization and monitoring efforts set out under the Somaliland Special Arrangement. This forum will also focus on inter-ministerial coordination and risk management on the government's side. Risk management will include working with development partners on developing joint risk-management strategies.
- The adjusted **High Level Aid Coordination Forum (HLACF)** that will provide the platform to review and discuss PSG priorities and budgets, jointly assess progress against priorities, discuss assessments on aid effectiveness, and findings of joint monitoring missions or reports. A Somaliland Special Arrangement Steering Group will be formed from the membership of the HLACF.
- The **Inter-sectoral Forum**, which consists of the sector chairs and co-chairs, meets once every three months to provide updates and exchange information on crosscutting issues.
- The existing **Sector Coordination Forums** whose role will be expanded to being responsible for jointly coordinating the development of work-plans, including joint assessments, monitoring and reporting at the sector level.

Moreover, under the Somali Compact, a monitoring framework with the following components will be established:

1. Monitoring Peacebuilding and State-building outcomes. This will allow government, civil society and development partners to assess the achievement of development outcomes using the PSGs and related priorities as a framework (in line with the New Deal). Specific indicators for monitoring Peacebuilding and State-building progress will be developed by the Technical Secretariat under the guidance of the SDRF Steering Committee. To the extent possible, indicators will be disaggregated by area, age, sex and social groups.
2. Monitoring progress against key PSG milestones set out for each priority and detailed in the Compact policy matrix. Monitoring will be based on qualitative progress reports to be

prepared by the Federal Government of Somalia and Development Partners Groups. The Technical Secretariat will liaise with the Government & Development Partners Groups to compile and prepare regular reports to be reviewed by the High Level Partnership Forum. To the extent possible, the reports will have a specific section on monitoring the progress of women and girls' participation and access.

3. Monitoring of Government and development partner performance individually and collectively in moving towards the partnership principles and commitments outlined in the Compact. Specific indicators for monitoring these commitments will be developed by the Technical Secretariat under the guidance of the SDRF Steering Committee.

Annual reviews of progress on all of the above will take place in the format of high-level meetings. These meetings will review progress in overall Compact implementation, update PSG milestones, assess resource requirements and renew national and international commitments.

### **3.5. Overall risk assessment for the three focal sectors**

**Insecurity presents a considerable operational risk** for the EU and implementing partners delivering programmes in Somalia. There is an ongoing military engagement between the Somali National Armed Forces (SNAF)/African Union Mission (AMISOM) and Al-Shabaab in many parts of South-Central Somalia. As Al-Shabaab has gradually lost control of territory over recent years, the group has increased asymmetric tactics including targeted attacks on the Government and international organizations in urban centres. Sporadic conflicts between local armed groups/clan militia across South-Central Somalia often reflect long term political and economic competition which can be triggered by a wide range of events, and the management of these conflicts requires extensive state building and federalization processes which will take some years at best to address, while Al-Shabaab will continue to exploit the opportunities these conflict present to foster instability. More recently, access to limited areas of the South has been possible, including in Mogadishu, but overall South-Central Somalia remains highly insecure. Improved security in Somaliland, and to a certain extent Puntland, over the last decade has allowed greater access for implementing partners including the presence of expatriates in urban areas, with support from local staff and NGOs, and relatively satisfactory implementation of activities. It remains to be seen whether SNAF/AMISOM progress against Al-Shabaab in South-Central Somalia will increase Al-Shabaab activity in Somaliland and Puntland, posing new risks to programming in these areas.

To reduce security risks, the EU encourages that the majority of actions be located in areas of relative peace and stability, while the use of diaspora experts may allow skilled individuals to access more difficult areas of Somalia. Supporting such areas is also a way of showing that external aid is an alternative to conflict, piracy and organized crime. In case of problems, actions can be relocated to other areas and only in extreme cases terminated. It should be noted that very few EU-funded actions have been terminated in the past 20 years for these reasons. As programming in Mogadishu and newly recovered areas of south Central Somalia increases, the EU is in parallel increasing its security precautions, through increased investment in information management on security incidents and advice in concert with member states, the UN and other international organisations.

**The constantly evolving political environment poses a significant political and reputational risk**, especially for sensitive state-building and peace-building interventions. Somali society remains fragmented and mistrustful of the government (and vice versa) and the achievement of consensus among stakeholders is an ongoing challenge for donor-funded programmes. A key risk in this regard is that conflicting agendas of various Somali actors fuels disjointed international

engagement, which in turn exposes donors, including the EU to a reputational risk of being perceived as partisan in efforts to establish political settlements, resolve conflicts and strengthen the state and security sector. This political and reputational risk is most acute where action by Somali authorities, notably in the security sector, might include abuses of human rights.

To reduce political and reputational risks in this regard, the EU has played a lead role in strengthening the coherence of international engagement with Somalia through the New Deal process that produced the Somali Compact and the EU continues to play a lead role in donor working groups and efforts to enhance monitoring of human rights and humanitarian law, in particular through a lead role in the security and justice working groups. With regards to human rights issues, close cooperation and support to the Somalia Human Rights Defenders Networks remain crucial as well as the willingness to raise such issues during political dialogue and include them in any applicable performance benchmarking.

**Inter-clan competition and conflict at all levels of Somali state and society presents a significant political and reputational risk** that aid interventions may inadvertently exacerbate conflict and cause harm. Inter-clan dynamics (as well as other inter-group dynamics and inter-personal disputes among elites) are fluid and constantly shifting as the peace-building and state-building process advances. Conflict sensitivity requires an ongoing and detailed analysis of these dynamics as well as ongoing review of the potential impacts of EU supported actions in order to avoid interventions that are perceived to be politicized or captured by a particular group in Somalia and to promote inclusion. The EU will maintain an up to date analysis of key populations and clan dynamics in areas of intervention and will promote conflict sensitivity within all actions. In addition, community participation, accountability and transparency will be promoted across programmes to assist in the prevention and mitigation of conflicts and ensure inclusion of the voice of marginalised groups. Capacity building for conflict sensitivity will also be promoted in all actions to strengthen the constructive role of public institutions, community-based organizations and the private sector in the resolution of conflict. Finally support for arbitration, combined with the threat of relocation of programmes, will be employed to incentivize conflict resolution.

**Weak governance and corruption pose significant fiduciary risks** to EU programmes. Weak leadership and capacity in nascent public sector institutions and some implementing partners, as well as a lack of access to many locations for routine monitoring increase the risk that resources may be diverted at a range of levels. The recent emphasis on increased international assistance to Somalia is challenged by the limited options for delivery and limited access for monitoring. The EU employs a number of measures to mitigate fiduciary risks, including limiting direct assistance to the government to programmes where robust monitoring arrangements are established (such as through UN and World Bank), investing in institutional capacity building for public financial management, conducting routine risk assessments, and commissioning independent programme reviews, evaluations and audits. As levels of assistance are increasing the EU is working closely with the Federal Government and international partners to design stronger monitoring arrangements, including remote monitoring systems for areas that are inaccessible for international staff due to insecurity. Actions are also designed to encourage risk sharing with partner agencies and government contributions to foster ownership of donor-funded programmes. Support for private sector and civil society dialogue is expected to help to counter regressive public policies. The risk of fuelling an 'aid economy' and associated corruption will be reduced through enhanced donor coordination and joint donor funding mechanisms, an emphasis on strengthening public financial management as well as greater investment in continuous and independent monitoring and evaluation mechanisms. The EU in particular has a strong responsibility with its leading role during the Compact negotiations in continuing its substantial support, which also attracts other donors.

**Natural disasters, notably droughts as well as floods, represent a further operational risk,** particularly to the achievement of food security and resilience programmes, through additional shocks to already vulnerable communities. Degradation or depletion of natural resources may also cause tensions in the society. To mitigate these risks, continuous informal and formal engagement with all stakeholders will be necessary, as will capacity building for disaster risk reduction and response with implementing partners, and maintaining flexibility to re-design or reschedule programmes or complement them with emergency activities. An emphasis on closer engagement with Somali authorities at the local level will promote multi-stakeholder collaboration on disaster risk reduction and will improve natural resources management. Moreover, programme-specific task forces will be formed among key donors to ensure greater oversight, partial earmarking of funds to enable flexible responses as well as effective policy or political dialogue with the Federal government.

### **3.6. Financial and policy commitments of Government**

The Somali Compact reflects the Somali Federal Government commitments and defines the mutual accountability partnership. The objectives and priorities of the Compact are closely linked to the Public Financial Management (PFM) Reform Strategy and Action Plan endorsed by the Federal Government of Somalia. Through this, the Government committed to strengthen PFM in order to enable the different levels of government to better manage financial resources, in a transparent and accountable manner. In this framework, the EU and World Bank are supporting the Federal Government to increase domestic revenue through a robust revenue collection and management system. The Government would therefore be in a position to complement through its own financial commitments to the policy areas in question in the near future.

### **3.7. Environmental risk assessment**

The proposed interventions will aim to pursue activities that offer development benefits and at the same time increase resilience to worsening climatic conditions, i.e. they have climate change adaptation benefits.

When needed, the appropriate type of environmental assessment (Strategic Environmental Assessment of Environmental Impact Assessment) for the focal sectors will be carried out: *See guidelines (<http://capacity4dev.ec.europa.eu/public-environment-climate/documents>)*

## **4. Measures in favour of civil society**

Civil society organisations (CSOs) have played a critical role during the conflict and in the absence of a central government in terms of service delivery in several areas. With EU support, capacities have improved to enable their active participation in the political, security and development agendas. In the light of the new political dispensation, CSOs will need to be supported to engage effectively in peace building, political processes, and service delivery and helping to ensure state accountability. In this regard and in line with the Cotonou Agreement and its Annex IV, an indicative amount of maximum EUR 14 million will be set aside for support to civil society organisations throughout the focal sectors. The ongoing work towards the adoption of an EU Road map for civil society engagement in Somalia will highlight the roles of civil society in the different sectors and will allow for a coordinated approach for an effective civil society mainstreaming within the NIP.

## 5. B-allocation

A B-allocation may be included in the NIP for unforeseen needs (specifically relevant for fragility situations). This allocation is at EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the NIP.

## 6. Support measures

### 6.1. Measures to support or accompany the programming, preparation or implementation of actions

A support facility (i.e. the Technical Cooperation Facility - TCF) which aims to support or accompany the programming, preparation or implementation of actions, may be foreseen in the programming through a specific allocation. Such a facility is not a focal sector and can therefore be programmed in addition to the maximum of three sectors. It is to be used for supporting activities of limited amounts. It may not be used neither for financing small projects in additional sectors to the maximum three sectors, nor for actions related to cross cutting issues. These should be financed within the sectors selected and, for ACP countries, within the specific allocation for support to civil society.

#### Operations support

EU support to Somalia is for the moment managed remotely from Nairobi. For the EU to be able to engage in policy dialogue, programme management and monitoring, a series of support interventions are needed. This includes a) air transport services and b) technical and administrative support.

#### a) Air transport services

**Justification:** There are no commercial air services operating in Somalia that are compliant with the requirements of the International Civil Aviation Organisation (ICAO). The EU flight, initially established by the Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO) in 1994, has continued to provide much needed air transport to Somalia. It is aimed at providing safe, reliable, efficient and cost-effective air transport capacity to support cooperation and continued engagement of the EU in Somalia.

As the nature of the EU engagement in Somalia has expanded from a mainly developmental to an increasingly political one and consequently a wider range of EU actors is requesting the use of EU flights, a cost-/asset-sharing mechanism or alternative solution to accommodate these requests needs to be reflected in any future air transport services programme. This has also been highlighted in the discussions among the relevant EU institutions/services and Member States on establishing an integrated EU approach in Somalia

**Intervention focus:** The objective will be: to facilitate access to Somalia for efficient implementation of EU support.

The main action will be to provide air transport services from Nairobi to Somalia and within Somalia to support the continuation of EU cooperation and engagement in Somalia.

## **b) Technical and administrative support**

**Justification:** Technical assistance and operational support are vital services for continued EU engagement in Somalia. The current field offices in Hargeisa in Somaliland, Garowe in Puntland and Mogadishu in Central and Southern Somalia have played an important role in ensuring successful implementation of EU-funded programmes and contributed towards establishing and maintaining constructive relationships with Somali counterparts. A higher presence in Mogadishu and potentially in other areas of Somalia is envisaged in order to strengthen dialogue with the post-transition government and institutions, and facilitate oversight for the security sector development work. Evaluations and studies improve the quality and relevance of EU support, provide updates to indicators and assess interim results and likely impact.

**Intervention focus:** The objective will be: strengthening quality of EU operations and engagement in the whole of Somalia.

The main actions include:

- Supporting the field offices to facilitate the implementation of EU assistance programmes as well as monitor and report on socio-economic, political and security developments;
- Expanding the EU presence in Mogadishu in a recognised and agreed safe and secured zone with a view of opening an EU Delegation;
- Commissioning studies, reviews and evaluations to inform on the relevance of EU engagement, new areas of on-going interventions and improve quality of programming.

### **6.2. Support to the National Authorising Officer**

As Somalia was not a signatory of the Cotonou Agreement until very recently, the ACP-EC Council has entrusted the EU with the role of NAO. Following Somalia's accession to the Agreement on 5 September 2013, a NAO capacity building programme in the appropriate ministry will be initiated to strengthen the relevant Somali institutions and prepare for a handover of the NAO role to the Federal Government of Somalia in the medium term. In the short-term, an EDF coordinator could be nominated to follow the EDF process from the Somali side. This approach takes into account Annex IV Art.35 of the Cotonou Agreement provision, according to which "The National Authorising Officer shall assume financial liability only for the executive tasks entrusted to him". Considering the current situation in Somalia, still characterised by conflict, political instability, absence of well-functioning public institutions and limited capacity to perform core state functions, this incremental option seems the only feasible one. The fiduciary risks associated to a transfer of powers are too high; hence this cannot be envisaged for the time being.

The EU Special Envoy for Somalia will maintain the functions of the NAO until the relevant Somalia authorities are capacitated to take on this role.

## **Attachments**

1. Country at a glance (i.e. macro-economic indicators and indicators derived from the MDGs, as well as possible other indicators relevant for the country, including risk indicators for disaster prone countries)
2. Donor matrix showing the indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds

### Attachment 1: Country at a Glance (\*)

Surface area (sq.km) <sup>12</sup>	2010	637,660.0
Total population (million) <sup>13</sup>	2011	9.56
Population growth (annual %) <sup>14</sup>	2010	2.3
Average per capita income (\$ PPP)	2005	226.0
Percentage of population living below \$1/day (PPP)	2002	43.2
Percentage of population living below \$2/day (PPP)	2002	73.4
Income inequality – Gini Index <sup>15</sup>	2002	39.7
Life expectancy at birth (years)	2010	51
Under-five mortality rate (per 1000 live births)	2010	180.3
Physicians per 100,000 people	2000-2004	4.0
Prevalence of HIV (% of population aged 15-49 years)	2009	0.7
Population with sustainable access to an improved water source (%)	2010	29.0
Population with sustainable access to improved sanitation (%)	2010	23.0
Primary school gross enrolment rate (%) <sup>16</sup>	2010	32.6
Secondary school gross enrolment rate (%)	2010	7.7
Internally Displaced Persons (millions) <sup>17</sup>	2013	1.1
Refugees (millions) <sup>20</sup>	2013	0.999
UNDP Human Development Index ranking (out of 163 countries)	2001	161.0

(\*) The main constrain to a substantial upgrade of the quality of information in Somalia is the lack of reliable data system that supports the humanitarian, or the development actions. The last Population census was carried out in 1985/1986 preceded with 1975 census; however no results were officially released from the last one. Development partners have made several individual attempts to reach reliable and acceptable figures by all concerned partners, on population size and distribution, but none of these attempts were materialized. The United Nation Population Fund (UNFPA), with funding from European Union, is current undertaking a "Population Estimate Survey" with a view to address this constrains.

<sup>12</sup> World Development Indicators <http://data.worldbank.org/indicator>

<sup>13</sup> RDP – note however that population figures are extrapolations, and are highly contentious

<sup>14</sup> World Development Indicators <http://data.worldbank.org>

<sup>15</sup> WB/UNDP 2002 Socioeconomic survey of Somalia

<sup>16</sup> Human Development Report 2011 (161), <http://hdr.undp.org/en/reports/global/hdr2011/download/>

<sup>17</sup> UNHCR Somalia Fact Sheet Nov 2013, <http://data.unhcr.org/horn-of-africa/regional.php>

**Attachment 2: Donor matrix showing the indicative allocations (EUR) per sector (\*)**

	Education	Governance	Security & Rule of Law	Health	Civil Society	Rural Development & Food Security	Water, Sanitation & Energy	Coordination & Logistics	Infrastructure
France			400,000	3,000,000					
Spain			1,000,000						
Belgium				500,000		4,750,000			
Germany						7,290,000			
Finland		1,000,000		2,088,900	3,312,716		2,000,000		
Sweden		8,935,359	2,222,144	8,176,614	725,121	1,169,550		935,640	
Denmark		41,500,000	12,800,000			10,800,000			
Italy		3,436,000	16,309,980	7,536,000		3,000,000		500,000	4,566,000
Netherlands	6,240,000	1,500,000	10,880,000		15,258,965	2,500,000			
UK	23,000,000	104,000,000		65,000,000		28,000,000		12,000,000	
European Commission	32,577,500	18,140,921	13,000,000	10,584,335	9,822,036	68,566,118	28,611,252	5,038,875	

(\*) The above figures relate to on-going multi-annual projects by EU and Member States as of August 2013.

Source: EU and Member States

### Attachment 3: Sector intervention framework

<b>Sector 1: State building and peace building</b>		
<b>Specific objective 1: To improve peace and security and foster governance</b>		
<u>Expected Results</u>	<u>Indicators</u> <sup>18</sup>	<u>Means of verification</u>
<p>a) Rule of law strengthened and access to justice expanded</p> <p>Basic security improved and the civilian role of the police is assured</p>	<p>a1) Number of police officers and judges recruited and trained to international standards (sex disaggregated)</p> <p>a2) Number of reports on human rights violations by the Somali national army and government-aligned security forces / increased number of violations followed up with proper procedures (sex disaggregated)</p>	<ul style="list-style-type: none"> <li>• Political stability and absence of violence Index<sup>19</sup></li> <li>• Rule of Law Index<sup>20</sup></li> <li>• UNDP program specific perception surveys, like in JPLG ( Joint Program on Local Governance) Human Rights Watch and Amnesty International Reports</li> <li>• UN Independent expert reports</li> <li>• UN HR Council report on Somalia</li> <li>• Human Rights Council Universal Periodic Review</li> </ul>
<p>b) Somalis benefit from democratic, more transparent and responsive governance</p>	<p>b1) Degree of alignment of budgetary processes with international standards including gender sensitivity</p> <p>b2) Degree of satisfaction/ confidence in public institutions (sex disaggregated)</p>	<ul style="list-style-type: none"> <li>• WB/Somali Federal Government joint PFM assessment 2013 and subsequent updates</li> <li>• Program specific surveys like JPLG ( see above)</li> <li>• Reporters Without Borders Press Freedom Index and NUSOJ reports &amp; publications.</li> </ul>
<p>c) Reconciliation and outreach is advanced at political and community levels</p>	<p>c1) Status of public political consultations around federal constitution (sex disaggregated)</p> <p>c2) Number of district authorities established and functioning under the federal system (sex disaggregated)</p>	<ul style="list-style-type: none"> <li>• UNSOM reports</li> <li>• New Deal PSG1 working group reporting</li> <li>• IBCTI monitoring instruments</li> </ul>

<sup>18</sup> Baselines will be included in the Action Fiche documents at the latest.

<sup>19</sup> World Bank Index that measures perceptions of the likelihood that the government will be destabilised or overthrown by unconstitutional or violent means, including domestic violence and terrorism.

<sup>20</sup> The Rule of Law Index is a World Bank Index that a composite of various survey results on the extent to which the public has confidence in and abides by the rule of law, in particular the quality of contract enforcement, the police, and the courts, as well as the incidence of crime and the reliability of the judicial system.

<b>Sector 2: Food Security and building resilience</b>		
<b>Specific objective 1: To strengthen resilience of Somali communities through support to productive sector, re-establishment of livelihoods and creation of sustainable employment opportunities</b>		
<b>Expected Results</b>	<b>Indicators<sup>21</sup></b>	<b>Means of verification</b>
<b>a) Food and nutrition security strengthened thanks to increased productivity of sustainable agriculture, livestock and fisheries sectors</b>	<b>a1) Percentage of chronic food insecurity</b> <b>a2) Stunting levels of &lt;5 years children (sex disaggregated)</b>	<ul style="list-style-type: none"> <li>• FSNAU<sup>22</sup> reports</li> <li>• FEWS-NET<sup>23</sup> reports</li> <li>• Statistics from the Ministry of planning and Agriculture</li> <li>• Evaluation reports</li> </ul>
<b>b) Incomes increased and stabilized at household level through promotion of access to markets and services</b>	<b>b1) Stability of food prices increased thanks to more constant food supply (measured by consumer price index)</b> Baseline: Pre-crisis consumer price index Target: Price index comparable to pre-crisis levels and possibly stable over at least 3 years. <b>b2) Km of roads rehabilitated with a gender sensitive approach</b>	<ul style="list-style-type: none"> <li>• FSNAU reports FEWS-NET reports</li> <li>• WFP and ICRC reports</li> <li>• Statistics from the Ministry of Planning and Agriculture</li> </ul>
<b>c) Livelihoods re-established through support to recovery and nutrition</b>	<b>c1) GAM (Global acute malnutrition) (sex disaggregated)</b> <b>c2) Percentage of population below poverty level (sex disaggregated)</b>	<ul style="list-style-type: none"> <li>• FSNAU reports</li> <li>• FEWS-NET reports</li> <li>• Statistics from the Ministry of planning and Agriculture</li> <li>• Evaluation reports</li> </ul>
<b>d) Support to economic growth through development of business environment and private sector</b>	<b>d1) Average household income levels</b> <b>d2) Number of jobs created (sex disaggregated)</b>	<ul style="list-style-type: none"> <li>• FSNAU reports</li> <li>• Statistics from the Ministry of planning</li> <li>• Evaluation reports</li> </ul>

<sup>21</sup> Baselines will be included in the Action Fiche documents at the latest.

<sup>22</sup> FSNAU is the Food security and Nutrition Analysis Unit of FAO

<sup>23</sup> FEWS-NET - The Famine Early Warning Systems Network.

<b>Sector 3: Education</b>		
<b>Specific objective 1: To support delivery of good quality education and training through a Sector-Wide Approach (SWAP)</b>		
<b>Expected Results</b>	<b>Indicators<sup>24</sup></b>	<b>Means of verification</b>
a) Increased access to good quality education for all children, youth and adults, including nomadic groups, people with special education needs and IDPs/refugees/returnees, with equal access for girls and women	<p><b>a1) Gross Enrolment Rate (GER) at primary and secondary education (sex disaggregated)</b> Target: Levels show an increase of at least 20% by 2020</p> <p><b>a2) Completion Rate in primary and secondary education levels (sex disaggregated)</b> Target: Increase of at least 15 % by 2020</p> <p><b>a3) Percentage of trained teachers using child-centred pedagogical methods (sex disaggregated)</b> Target: At least 70%</p>	<ul style="list-style-type: none"> <li>• Education Monitoring and Information System (EMIS) data</li> <li>• Joint Review of the Education Sector (JRES) reports/Aide Memoire</li> <li>• Impact Study Reports</li> <li>• Global Monitoring Reports</li> </ul>
b) Participation of youth and adults, also from vulnerable groups, in technical and vocational and training increased	<p><b>b1) Number of people trained, disaggregated by sex</b> Target: At least 6,000 youth are equipped with vocational skills, of which 50% are women by 2020</p> <p><b>b2) Number of TVET graduates in employment (sex disaggregated)</b> Target: At least 50% of TVET graduates are in employment (including self-employment) 6 months after graduation</p>	<ul style="list-style-type: none"> <li>• Education Monitoring and Information System (EMIS) data</li> <li>• Joint Review of the Education Sector (JRES) reports/Aide Memoire</li> <li>• Impact Study Report</li> <li>• Global Monitoring Reports</li> </ul>
c) Capacity of education institutions, administrations and systems strengthened	<p><b>c1) Public expenditure on education as a percentage of total public expenditure</b> Target: Increase by at least 15% by 2020</p> <p><b>c2) Percentage of government schools receiving regular supervisory visits</b> Target: At least 60% of government schools receiving regular supervisory visits by 2020</p>	<ul style="list-style-type: none"> <li>• EMIS data</li> <li>• Government budget statements</li> <li>• School supervisory reports</li> <li>• Project/NGO reports</li> </ul>

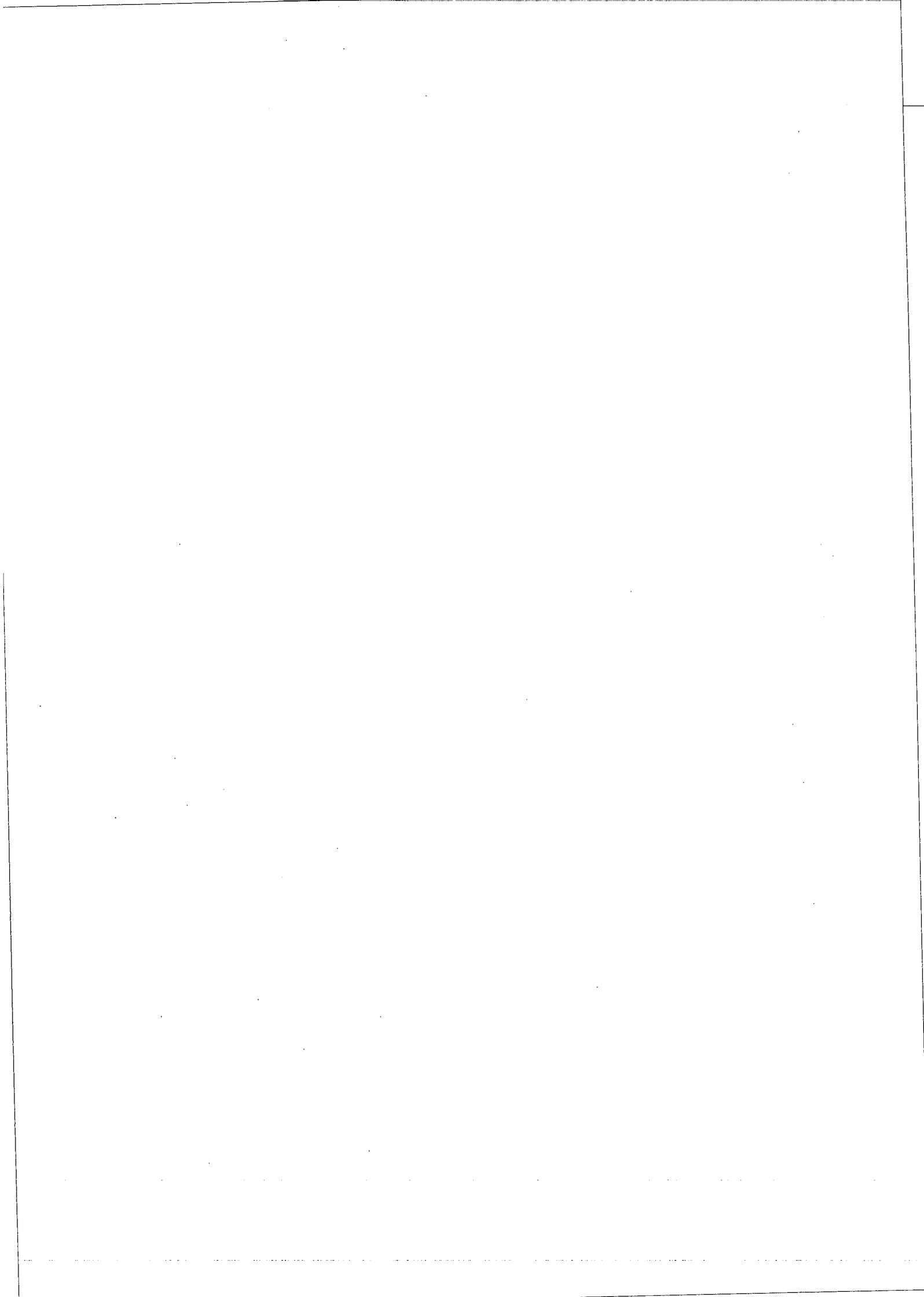
The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

<sup>24</sup> Baselines will be included in the Action Fiche documents at the latest.

**Attachment 4: Indicative timetable for commitments**

	<b>Indicative allocation</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>FOCAL SECTOR 1 – State building and peace building</b>	EUR 100M	45		30	25			
<b>FOCAL SECTOR 2 – Food Security and building resilience</b>	EUR 86M	35		30	21			
<b>FOCAL SECTOR 3 – Education</b>	EUR 60M	10		35	15			
<b>Cross-cutting: Measures in favour of civil society</b>	EUR 14M		10		4			
<b>Cross-cutting: Support measures</b>	EUR 26M	10	9		7			
<ul style="list-style-type: none"> <li>• Measures to support or accompany the programming, preparation or implementation of actions</li> </ul>								
<ul style="list-style-type: none"> <li>• Support to the National Authorising Officer</li> </ul>								
<b>B- allocation</b>	EUR 0							
<b>Total Commitments</b>	<b>EUR 286 M</b>	<b>100</b>	<b>19</b>	<b>95</b>	<b>72</b>			

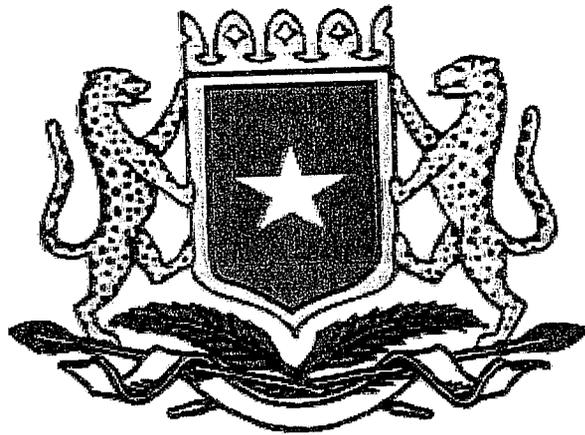
The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.



EN

Annex 1: The Somali Compact

The Federal Republic of Somalia



**The Somali Compact**

## Contents

<u>I. FRAMING THE SOMALI COMPACT</u> .....	3
<u>II. SOMALI PEACE AND STATEBUILDING GOALS</u> .....	4
<u>PSG 1: Inclusive Politics</u> .....	4
<u>PSG 2: Security</u> .....	5
<u>PSG 3: Justice</u> .....	7
<u>PSG 4: Economic Foundations</u> .....	8
<u>PSG 5: Revenue and Services</u> .....	9
<u>Cross-Cutting Issues</u> .....	10
<u>III. A NEW PARTNERSHIP FOR MORE EFFECTIVE INTERNATIONAL ASSISTANCE</u> .....	13
<u>The Somali Compact Partnership Principles</u> .....	13
<u>Humanitarian Principles and activities</u> .....	15
<u>The Somalia Development and Reconstruction Facility</u> .....	16
<u>IV. COMPACT ARCHITECTURE AND MONITORING ARRANGEMENTS</u> .....	17
<u>Mechanisms for Dialogue and Aid Co-ordination</u> .....	17
<u>Reporting and Monitoring Arrangements</u> .....	17
<u>V. SOMALILAND SPECIAL ARRANGEMENT</u> .....	19
<u>Framing the Somaliland Special Arrangement</u> .....	19
<u>Somaliland Peacebuilding and Statebuilding Priorities</u> .....	21
<u>PSG1: Inclusive Politics</u> .....	21
<u>PSG 3: Security</u> .....	22
<u>PSG 4: Economic Foundations</u> .....	22
<u>PSG 5: Revenue and Services</u> .....	23
<u>Cross-Cutting Issues</u> .....	24
<u>Delivery Instruments: Development Financing</u> .....	25
<u>Coordination and Monitoring Arrangements</u> .....	27
<u>ANNEX 1: RESULTS MATRIX OF SOMALI PEACE AND STATEBUILDING GOALS</u> .....	28
<u>ANNEX 2: RESULTS MATRIX OF SOMALILAND'S PEACE AND STATEBUILDING GOALS</u> .....	35
<u>ANNEX 3: Governance Structure of the Somalia Development and Reconstruction Facility (SDRF)</u> ....	41

***A new beginning for a sovereign, secure, democratic,  
united and federal Somalia at peace with itself and the  
world, and for the benefit of its people***

## **I. FRAMING THE SOMALI COMPACT**

This Compact is the result of an inclusive process to determine the priorities of Somalia for the next three years (2014-2016). The process, based on the Busan New Deal principles, was initiated in December 2012, by the Federal Government of Somalia (FGS) and the international community. In March 2013, the FGS and representatives of the Somali Federal Parliament, Somali civil society, the United Nations and the lead donor representative (European Union) established the High Level Task Force (HLTF) to guide and support this endeavour, on the basis of mutual accountability.

The priorities and principles presented in this Compact were developed on the basis of consultations with citizens, at the national level and with international partners. Citizens, civil society and parliament were consulted in Mogadishu, Baidoa, Galkayo and Garowe, culminating in a multi-stakeholder consultative meeting (September 2013) in Mogadishu, where validation of the Compact took place. The international community was part and parcel of providing support and input, through technical meetings, the HLTF and three Core group meetings (June, July and September 2013).

The challenges that Somalia faces are complex, multifaceted and differ according to various political, social and regional contexts. The strategy to address these challenges and effectively lead Somalia on a path of recovery, development and durable peace, must include: focused and committed leadership, solid government structures capable of delivering basic services, peoples' trust, mediation and community participation, sound civic dialogue, and good and friendly international relations based on mutual respect.

The Somali Compact, a living document that reflects the ongoing process of transition and defines priority interventions to ensure the country stays on the path to long-term peace and statebuilding. The Compact lays a strong foundation for building reliable, transparent, accountable and functioning state institutions, respectful of the fundamental rights, freedoms and equality of its citizens. In this respect, the establishment of local and regional administrations and federal units, in the spirit of the provisional Constitution, are key milestones for a vibrant and stable Somalia.

The adoption of this Compact, which provides a new political, security and development architecture framing the future relations between Somalia, its people and the international community, embodies the spirit of our new partnership.

The Compact presents specific priorities drawn from the Six Pillar Programme of the FGS, and further defined through consultative processes. It also reflects Puntland's commitment to contribute to peaceful, just and productive life for the whole of Somalia and its top priorities, drawn from the Puntland's second Five-year Development Plan. The Compact incorporates a Special Arrangement for Somaliland, which represents Somaliland's PSG priorities and is the result of several consultations. These priorities are framed by the five Peacebuilding and Statebuilding Goals (PSGs) of the New Deal and represent agreement on what is required to move towards peace and recovery. It aims to foster the resilience of Somali people and institutions, restoring the Somali people's trust in the state and its ability to protect and serve their basic needs for inclusive politics, security, justice, an economic foundation and revenue and services, in full respect of human rights.

The Compact reinforces the dynamism of the Somali people and the linkages between the different layers of Somali society, the government and its international partners. It is a key political document that: strengthens the mutual commitments between the Federal Government and international partners; defines aid policy and principles; and sets out the framework for short and medium term sectoral reforms.

The Compact further recognizes the role women have played and will continue to play in community mobilization and peacebuilding in Somali society. It promotes their economic empowerment and participation in political and public decision making processes. The Compact also recognizes the need to address the development needs of the Somali population who are displaced inside the country, or returning from surrounding countries.

Ultimately, the success of this Compact will be measured by improvements in the lives of the Somali people. The August agreement with the Jubbas, the continued outreach to, and inclusion of, all regions and future Federal States, including Puntland, the September Vision 2016 conference and the conference of religious leaders, are all substantive contributions to this goal. The implementation of this Compact will facilitate the process of dialogue on the federal model of Somalia.

The immediate post-Brussels period will be key in translating commitments into actions; this will require refining identified milestones and broadening the national dialogue to ensure effective implementation of the Compact. The on-going Constitutional process and deepening of outreach and consultation must go hand-in-hand with the implementation and monitoring of the partnership principles. The establishment of the Somalia Development and Reconstruction Facility (SDRF) represents the preferred vehicle through which greater alignment of international aid, reduction of fragmentation and increased Somali ownership will be achieved.

## **II. SOMALI PEACE AND STATEBUILDING GOALS**

The Compact provides an overarching strategic framework for coordinating political, security and development efforts for peace and statebuilding activities over the next three years (2014-2016). Its priorities build upon existing plans and strategies of the government. The PSG objectives and priorities outlined below, as well as the associated milestones detailed in Annex A, will be the basis for aligning development partner<sup>1</sup> assistance behind the Government's vision.

### ***PSG 1: Inclusive Politics***

**Strategic Objective: Achieve a stable and peaceful federal Somalia through inclusive political processes.**

A peaceful and stable Somalia requires simultaneous progress in establishing inclusive political processes at different levels of society and promoting national and local level reconciliation. It also requires agreement on a political framework that allows for completing revisions to, and the adoption of, the Federal Constitution, culminating in the envisaged 2016

---

<sup>1</sup> The term development partner refers to bilateral and multilateral partners.

elections. These political milestones are the basis for creating the foundations for peace and recovery.

- *Priority 1: Advance inclusive political dialogue to clarify and settle relations between the federal government and existing and emerging administrations and initiate processes of social reconciliation to restore trust between communities.*

We aim to advance reconciliation and dialogue both at local and national levels. This is a critical priority for the emergence of a national political settlement and an important prerequisite for establishing functioning governance structures that foster inclusion and promote peace and reconciliation.

The FGS will facilitate an inclusive political dialogue for the establishment of regional administrations in all accessible areas, in line with the Provisional Constitution. This will pave the way for inter-regional dialogue to form federal states. Representatives from all segments of the communities in each region (women, youth, civil society organisations, traditional elders, religious leaders, Diaspora and business community) will have the opportunity to contribute to this process in their respective regions.

The FGS will initiate dialogue with these administrations and federal states to address critical issues: fiscal federalism and natural resource management; the role, functions and scope of the various administrations (political decentralization); and structure, mandate and deployment of various parts of the security sector.

In addition, it will be critical to initiate inclusive processes of reconciliation and healing between communities at the local level to restore trust through community dialogue and mediation. These processes will mobilize local capacities and institutions and will include appropriate participation and representation from women, youth, and disadvantaged groups. Concerted efforts will also be made to fulfill the 30 percent quota for women's participation in representative bodies as enshrined in the Garowe II Principles guiding the transition process.

- *Priority 2: Finalize and adopt a Federal Constitution by December 2015.*

We aim to advance the finalization and ratification of the Constitution in line with the timing and roadmap defined by the National Federal Parliament. A successful ratification by 2015 will require technical assistance and political consultations and negotiations on a range of contentious issues. This process should be informed by the outcomes of inclusive political dialogue between the federal government and regional administrations.

- *Priority 3: Prepare for and hold credible elections by 2016*

We will aim to create an electoral framework that will enjoy broad trust amongst all Somalis. Delivering on this priority will require the establishment of a functioning and independent election commission and the ratification of related legislation, including on political parties and voter registration. To ensure peaceful and broad-based participation, outreach and civic education efforts will be undertaken via a comprehensive public communications strategy. The electoral process must pay special attention to women's equal participation as candidates and voters.

## **PSG 2: Security**

**Strategic Objective: Establish unified, capable, accountable and rights based Somali federal security institutions providing basic safety and security for its citizens**

We aim to create a more secure, safer and accountable Somalia that: is able to maintain peace within its borders and with its neighbours; is increasingly capable of restoring and maintaining internal security; protects its civilians, with special attention to securing the rights of women, youth and children; increases equitable access to justice; contributes to the rule of law; applies human rights standards; adheres to international humanitarian law; and has accountable and financially sustainable security institutions. Civilian leadership and democratic oversight of the security sector are foundational principles enshrined in the Somali Constitution and are pivotal in the delivery of this strategic objective.

- *Priority 1: Strengthen the capacity and accountability of state security institutions to recover territory, stabilize and provide basic safety and security.*

There is an enduring requirement to properly pay, equip and sustain the Somali security institutions to enable them to deliver effective security alongside AMISOM and other partners. Immediate action in this regard is a condition *sine qua non* to sustain the current progress on security and needs to be developed in tandem with their ability to exercise effective command and control and the development of police capacity. The Ministry of Defense is responsible for the Armed Forces; the Ministry of Interior is responsible for both the Somali Police and the National Intelligence and Security Agency; the Ministry of Justice is responsible for the Custodial Corps. All these institutions are responsible for the delivery of security in line with the policies set out by their ministries, including a zero tolerance on gender-based violence, particularly sexual violence and exploitation, and other forms of abuse. The immediate requirements to achieve this have been identified and costed. In the long-term, expenditure on security will need to be part of a government-wide budgeting and planning process with a view to ensuring capacity investments that can be sustained. Finally, there is a need for legislation and institutional frameworks for accountability and oversight to be reviewed and updated.

- *Priority 2: Integrate security forces into federal institutions*

We aim to ensure that security forces are moving towards a more unified structure and are creating increasingly cohesive entities. Security forces are seeking to extend governmental authority through unified command and control of regional security forces, whilst starting to integrate those forces, including clan militias, into national security structures. This continues to require a political process, particularly through Parliament, involving close consultation and agreement to determine the appropriate roles of local, regional and federal authorities.

- *Priority 3: Implement a national programme for the treatment and handling of disengaged combatants.*

The National Programme on Disengaged Combatants establishes a comprehensive process through which fighters in Somalia can disengage in line with international law and human rights, whilst also addressing support to the substantial number of currently disengaged fighters. Both these elements directly support the FGS's 'Action Plan to End the Recruitment and Use of Children in Armed Conflict', and will take into account the needs of women and girls associated with armed groups. The five components (reception, transition and processing, judicial procedures, rehabilitation and reintegration, and communications and outreach) will assist in setting the necessary conditions to reduce the influence of extremism within Somali society.

- *Priority 4: Develop an effective maritime security strategy within the framework of the Maritime Resource and Security Strategy.*

The Somali Maritime Resource and Security Strategy provides the framework to allow the FGS to adopt a thematic ministerial approach to the maritime dimension. It provides the mechanism for the identification of specific needs in the areas of maritime law enforcement, maritime security, maritime safety, maritime response/recovery, and links maritime governance with the maritime economy. The strategy will guide the establishment of appropriate security structures and institutions, leading to the development and expansion of the utilization of maritime resources in support of the services and revenue PSG, thereby addressing the needs of the Somali people.

### **PSG 3: Justice**

**Strategic Objective: Establish independent and accountable justice institutions capable of addressing the justice needs of the people of Somalia by delivering justice for all.**

This overarching objective was defined by the FGS and other relevant stakeholders in the framework of the National Strategic Plan for Justice Reform (2013-2015). It addresses the need to establish, maintain and enhance justice institutions based on a sound legal framework compliant with human rights, ensuring access to justice and quality delivery of justice for the people of Somalia, and increasing people's confidence in the justice system.

- *Priority 1: Key priority laws in the legal framework, including on the reorganisation of the judiciary, are aligned with the Constitution and international standards.*

We aim to establish a sustainable and resourced Legal Policy and Drafting Unit within the Ministry of Justice (MoJ), which is composed of well-trained experts on law-making, is gender-sensitive, and upholds the Convention of the Rights of the Child and principles of juvenile justice. This unit will undertake and oversee a review of the existing legal framework and ensure its coherence with the Constitution and international standards, resulting in the adoption and promulgation of priority laws based on comprehensive policies, consultations, budget and impact assessments. This will include a revised law on the organization of the judiciary, on the establishment of the Constitutional Court, and the establishment of the Judicial Service Commission. These processes should uphold principles of gender equality and equity, and should advance the prevention of sexual and gender based violence.

- *Priority 2: Justice institutions start to address the key grievances and injustices of Somalis.*

We aim to increase the capacity of justice providers to better address the most prevalent post-conflict grievances (including land disputes, sexual- and gender-based violence and serious criminal cases) throughout the country. This will entail the establishment of regional courts, as foreseen by the Constitution, and other justice institutions (including the MoJ, the attorney general's offices, state prosecution offices and prisons), setting up a functional case management system, the payment of regular salaries to all justice and correction actors, and the provision of training for all justice and corrections actors recruited on the basis of merit and gender sensitivity. Security will be guaranteed for justice actors and justice institutions through a well-trained specialized protection force.

- *Priority 3: More Somalis have access to fair and affordable justice*

We aim to ensure that all Somalis have increased access to affordable or free legal services. This will require a comprehensive access to justice and legal aid policy on which there has been adequate consultation (inter alia, with civil society) and which will lead to an access to justice law or policy, that clearly spells out the access to justice and legal aid mechanisms for the country. It will include sustainable funding considerations and how the FGS will

gradually assume responsibility for financing legal aid to eligible persons. The capacity of the MoJ to provide legal aid will be supported through the establishment of a dedicated legal aid unit. Mobile courts will expose citizens to the formal justice system. A legal awareness campaign will also lead to basic understanding by the majority of Somali citizens of the formal and traditional justice systems.

## **PSG 4: Economic Foundations**

**Strategic Objective: Revitalize and expand the Somali economy with a focus on livelihood enhancement, employment generation, and broad-based inclusive growth.**

The economy has a critical role to play in Somalia's statebuilding and peacebuilding processes. Employment generation can help build trust in government and encourage social cohesion. A growing economy can generate critical revenue to support public service delivery and build the legitimacy of public institutions. An improved economy, with a vibrant private sector, can also increase opportunities for peace and reduce conflict. This is achieved through broad-based and inclusive engagement of the population, including the diaspora, in productive activities, and the generation of employment. In addressing the identified priorities within this PSG, due attention will be given to the enabling environment to improve women's access and opportunities to engage in profitable income generating activities whilst seeking to address key impediments to their participation in the economic sphere. The objectives, priorities, and actions of this PSG are closely linked to the Federal Government's Economic Recovery Plan (ERP).

- *Priority 1: Enhance the productivity of high priority sectors and related value chains, including through the rehabilitation and expansion of critical infrastructure for transport, market access, trade, and energy.*

We aim to support the rehabilitation of critical infrastructure, deliver quick early recovery projects, and to provide prioritized support to the productive sectors, specifically agriculture (farming, livestock and fisheries). Action to support rapid infrastructure rehabilitation and early recovery projects will create direct and indirect jobs and free up the movement of goods and services. We will also take action to support the development of longer-term public infrastructure projects through an infrastructure needs assessment and plan. This priority also focuses on developing appropriate, consensus-based, and transparent regulatory frameworks in key sectors, including the financial sector, so that the state can support an enabling environment for the private sector.

- *Priority 2: Expand opportunities for youth employment through job creation and skills development.*

We aim to generate opportunities for young people that are positive alternatives to participating in violence and conflict. Somalia's large young population suffers from a lack of education and from extreme rates of unemployment and youth are major actors in conflict, constituting the bulk of participants in militias and criminal gangs, including Al-Shabaab. The actions to be taken within the timeframe of the Compact will focus on promoting income-generating activities, implementing short-term labour intensive employment projects and skills development programmes, and building the capacity of institutions that provide quality skills development and training.

- *Priority 3: Promote the sustainable development and management of natural resources by developing legal and regulatory frameworks and building capacity in key Natural Resources Management (NRM) institutions.*

We aim to ensure that Somalia's natural resources are properly managed and that the first steps are taken towards establishing consultative processes for dialogue on natural resource revenue-sharing, within the context of a broader discussion on intergovernmental fiscal relations. This priority and related actions recognize that the country's natural resource base is currently the backbone of the economy but also could be a driver of conflict and increase vulnerability, both economically and politically, at local and regional levels. We will take action under this priority aim to set up legal and regulatory frameworks to: ensure sustainable environmental and natural resource management; develop technical options for natural resource revenue-sharing; and to build the capacity of key natural resource management institutions.

## **PSG 5: Revenue and Services**

**Strategic Objective: Increase the delivery of equitable, affordable, and sustainable services that promote national peace and reconciliation amongst Somalia's regions and citizens and enhance transparent and accountable revenue generation and equitable distribution and sharing of public resources.**

The objectives and priorities of this PSG are closely linked to the ERP and Public Financial Management (PFM) Reform Strategy and Action Plan. The focus is on increasing service delivery, with special attention to building the resilience of the most vulnerable communities, whilst at the same time laying the foundations for sustainable public expenditures by promoting transparent and accountable revenue generation and improving public financial management systems and institutions and the legitimacy of the government. Delivering on these priorities will help to increase trust in Somalia's public institutions. The priorities and actions recognize that the provision of most services in Somalia by non-state actors and NGOs will continue, but should increasingly do so under the umbrella of the government. The priorities also highlight the need to promote harmonization of regional and federal revenue generation programmes, and to clarify the roles and responsibilities for service delivery between the different levels of government.

- *Priority 1: Increase the provision of equitable, accessible, and affordable social services by creating a regulatory environment that promotes decentralized delivery and prioritizes key investments that extend and increase access to services.*

We aim to clarify service delivery frameworks and prioritize key investments to expand and increase access to key social services. We will take action to support progress towards key goals outlined in the FGS's social sector planning documents, including expanding gender responsive basic health, nutrition, water and sanitation and hygiene, and social work, to all regions within federal and regional government service delivery frameworks. It will also provide access to education for an additional one million children by 2016.<sup>2</sup> Our action will recognize the centrality of non-state actors in service provision, but also the role that service delivery plays in building state-society trust and increasing the legitimacy of public institutions. During the 2014-2016 period, the government will, among other actions: focus on establishing service and delivery standards; build partnerships with non-state and/or private actors; increasingly cover the costs of basic service delivery; strengthen capacity of

---

<sup>2</sup> Indicator from the go-to-school programme. There are currently around 400,000 in school in South Central, 150,000 in Somaliland, and 100,000 in Puntland. Of the 1 million (500:300:200 allocation), 900,000 children unfunded at an approximate estimated cost of USD 117 million.

local authorities; and clarify the process for the delegation of service delivery, between the different levels of government.

➤ *Priority 2: Enhance transparent and accountable revenue generation*

We aim to increase government revenue, while at the same time building trust among Somali citizens and the business community that revenue generated through taxation is used for the public benefit. Currently, the capacity of the FGS to collect taxes and customs is weak, tax administration is subject to corruption and lacks clear and effective mechanisms of accountability, and revenue collection authorities are not clear for each tier of government. We will also take action under this priority to build the capacity of civil society and media to hold all tiers of government accountable for its revenue generation activities and to promote dialogue between the regions and the federal government to work toward harmonization of revenue generation programmes.

➤ *Priority 3: Strengthen PFM to enable the different levels of government to better manage financial resources in a transparent and accountable manner, in support of national priorities.*

We aim to build robust PFM systems and processes, which will be essential to build more effective institutions that are able to support the provision of basic public services to the people of Somalia. This priority addresses grievances and perceptions of the Somali public which result in reduced trust and confidence in state institutions, in turn threatening the statebuilding process. The actions under this priority, aligned with the PFM Reform Strategy and Action Plan, focus on addressing the lack of reliable information regarding public finances and ensuring that spending for social services is as indicated in approved budgets. They also seek to build the capacity of PFM institutions and staff and contribute to the IFIs re-engagement process.

## **Cross-Cutting Issues**

**Gender:** Throughout the history of Somalia, women have played an important role in community mobilization and peacebuilding, including in sustaining their families during, and in the aftermath of, conflict. However, the prevalence of religious and clan-based systems, coupled with the impact of protracted conflict and humanitarian crises, contribute to the circumscribed status of women in Somali society. The PSG priorities and principles outlined within the Compact must endeavour to contribute to enhancing the role women play in Somali society as peacebuilders, as economic actors, and as figures central to the promotion of community stability and social cohesion. Key interventions outlined within this Compact will need to ensure equitable participation of women, youth and other marginalized groups in national political processes, and should respond directly to the acute challenges contributing to sustained gender disparities across multiple sectors. This Compact will seek to address contributing factors perpetuating gender inequality through strategic priorities under all PSGs, including emphasis on improved participation in political and decision-making fora, access to justice and protection from sexual and gender-based violence, economic empowerment, and access to basic services such as health and education, particularly for the most vulnerable populations e.g. female-headed households. We will strengthen a government-led gender coordination mechanism, which includes representatives from the UN and donors, to ensure effective coordination of gender efforts across sectors.

**Capacity Development:** Capacity development is a key enabler for the implementation of

this Compact. Whilst capacities are weak across Somali society and institutions, the immediate objective is building core public sector capacities. This is essential if Somalia's public institutions are to meet the expectations of the Somali people and collectively deliver on the Compact's peacebuilding and statebuilding priorities. It is also a pre-condition for the FGS's efforts to support functioning public authorities at all levels of government. Capacity development will require dedicated support to a number of core functions, including centre of government, civil service management, and public sector capacities, as well the coordinated roll out of basic cross-cutting administrative systems.

Strengthening public sector capacities will require a two-track approach that responds to immediate needs whilst ensuring that improvements are sustainable. This will be achieved through the injection of advisors to fill urgent capacity needs, and the implementation of sustained strategies to support human resource and institutional development. This approach will be led by the FGS and supported by dedicated funding to each of the tracks and strong links to the overall Compact funding and coordination architecture.

All partners will be required to adhere to a set of principles which will be set out in a code of conduct in recognition of the the urgent need for a step up in the scale, coherence and quality of all capacity development activities.

**Bringing tangible results to people:** The long-term objective of re-building citizen-state relations can only be achieved by building confidence and trust in public institutions and through broad-based and inclusive consultative processes with the participation of an empowered civil society and Somali citizens. In the short-term the state needs to deliver tangible and visible peace dividends to all Somali citizens. In recognition of this challenge, the FGS has developed a stabilization strategy which is composed of four critical strands covering security, reconciliation, basic service delivery and the establishment of government authority by setting up interim administrations at district and regional levels. The four critical strands of the stabilization strategy are closely aligned with priorities under the five PSGs. In consultation with partners, the FGS has developed priority programmes for each of these strands which are in the final stages of endorsement by the government. These programmes will kick-start implementation of the first phase of the Compact at the local level. They should be enacted immediately, leading to action plans for priority geographic areas. These action plans will be developed jointly by the government and partners, through the envisaged coordination mechanisms for stabilization, by December 2013, for implementation in early 2014. Over time and as the New Deal Architecture is established, a process will be initiated to transition the stabilization programmes and structures into overall implementation plans and mechanisms under the PSGs.

**Respect of human rights:** Sustainable peace and development will require a human rights sensitive approach across all of the PSG priorities in the Compact, including through the promotion of access to justice, human-rights sensitive legislation, security sector reform and addressing past injustices and violations. Particular focus must be given to the protection of the rights of the most vulnerable groups, such as IDPs, women, children and elderly. It will require targeted promotion and protection of human rights through the establishment of a human rights commission and strengthening of existing mechanisms, in line with the Post-Transition Human Rights Roadmap for Somalia for 2013-2015.

**External relations:** The crisis in Somalia has had spillover effects internationally not least in the areas of terrorism, piracy, trafficking and refugees. A critical challenge for the FGS is to work with international partners to address both threats emanating from Somalia and ensure that international partners are supportive and constructive for peace, stability and development in Somalia.

### **III. A NEW PARTNERSHIP FOR MORE EFFECTIVE INTERNATIONAL ASSISTANCE**

The Somali Compact presents a new beginning in the joint partnership between the Somali people and the international community. It embeds the need for close coordination of the political, security and development spheres.

Aid plays a critical role in the implementation of the Compact, representing a significant proportion of public expenditure to help achieve the peacebuilding and statebuilding priorities that have been collectively agreed. It is therefore crucial that government and development partners work harder than ever to improve the effectiveness of development assistance in Somalia and demonstrate that aid contributes to peacebuilding and statebuilding results.

This will require a paradigm shift in the way aid is provided away from “business as usual” to more innovative, flexible and risk-taking approaches based on the principles of the New Deal and international commitments on aid effectiveness.

At the heart of this renewed partnership are a set of partnership principles and mutual commitments, and the establishment of the Somalia Development and Reconstruction Facility (SDRF). The SDRF is a critical element of the joint vision to achieve greater alignment of international financing with the Compact priorities, reduce the fragmentation of aid, and increase Somali ownership and leadership of the transition process.

#### ***The Somali Compact Partnership Principles***

The FGS and development partners pledge to uphold the partnership principles and to adhere to the mutual commitments detailed below. These principles will guide all international assistance provided to Somalia and will shape the design of aid operations. The Government and development partners will monitor progress towards the achievement of these commitments on both sides.

##### **1. Development is Somali-owned and Somali led**

- Within the framework of the Compact and on the basis of the ERP, as well as existing sector strategies and plans, the government will finalise a costed and integrated plan with support from the international community. This plan will be designed to meet the requirements of an Interim-Poverty Reduction Strategy Paper by January 2014.
- Government will continue consultations and dialogue with Somali people, regions and Federal Members States on the implementation of the Compact and the finalization of the costed and integrated plan.
- Government will identify and develop a limited number of top priority flagship programmes. These will support the implementation of key Compact priorities, increasingly financed through

the SDRF. The number, areas and sequencing of flagship programmes will be identified by December 2013.

## **2. Aid is aligned with overall Government priorities and sector policies and plans**

- Development partners align their current and future support with the priorities articulated under the Compact framework and according to guidelines on alignment prepared by the government in consultation with development partners by January 2014.
- Development partners will articulate how their country strategies are aligned with government priorities identified in the Compact and sector policies and plans.

## **3. Aid operations are designed and delivered in partnership with government institutions**

- New aid operations will be designed in partnership with the responsible government institutions.
- Services delivered by NGOs or the private sector on behalf of the government will fall under a government-led framework agreement, and will increasingly be contracted by the government as it builds its capacity.
- Development partners will give visibility to government's role in development programmes and refrain from over-branding their activities.
- Development partners will avoid parallel Project Implementation Units (PIUs). Any new PIUs will be set up in line with guidelines to be developed by government in consultation with the development partners by March 2014.

## **4. Aid is provided in line with the government budget cycle and helps to strengthen government Public Financial Management (PFM) systems**

- By 2016, 66% of external financing will be recorded in the government's budget documentation using the government's chart of accounts (consistent with the Paris Declaration).
- Government and development partners will move towards joint fiduciary risk and diagnostic work on PFM and other country systems. This will provide the basis for dialogue between government and development partners on the use of country systems.
- On the basis of agreed benchmarks, development partners will seek to increase the overall share of aid funding that is channelled through the national budget and uses country systems.<sup>3</sup>

## **5. Aid is channelled through preferred instruments of the government**

- To support the transition towards the increased use of the SDRF as a preferred channel, performance indicators and benchmarks regarding SDRF delivery and the implementation of the PFM Reform Action Plan will be jointly developed. These indicators will be monitored and discussed within the SDRF governance structure.
- Development partners will reduce the number of parallel funding channels per PSG and gradually increase the amount of aid channelled through priority funds under the SDRF as mutually agreed benchmarks are met. Development partners commit to align all aid modalities to Compact priorities and principles.
- The SDRF will also provide a platform for policy dialogue, regardless of the funding channel used by development partners hence enabling their alignment with sector policies and plans.

## **6. Aid supports institutional capacity development**

- Government will develop a framework for cross-government capacity development to strengthen core government functions with clear priorities identified, by December 2013.
- Government and development partners will develop guiding principles ("a code of conduct") for the provision of external support to capacity development, monitor its implementation and discuss progress at regular high-level dialogue meetings.

---

<sup>3</sup> The increasing use of the national budget, through increasing capacity of Government controls, will allow the FGS to build the capacity and efficiency of its Public Financial Management (PFM) planning and other country systems and will enhance its accountability to the public.

- Development partners and government will ensure sector programmes include capacity development and institution building components and follow guiding principles on capacity development.
- Government and development partners will agree on guidelines for the use of technical assistance, including international technical assistance as well as national technical advisors (NTA), specifically formulating guidelines for salary-top ups for government employees and remuneration and salaries for NTAs by December 2013.

#### **7. Aid is provided in a coherent and coordinated way and fragmentation is avoided**

- Government will clarify the mandates, roles and responsibilities of government institutions in relation to aid management activities, establish aid coordination mechanisms by December 2013, and ensure strong leadership of these in line with the coordination architecture outlined below.
- Development partners will support, use and respond to aid coordination as described in the Compact and will identify a lead donor for co-chairing sector working groups. The roles and responsibilities for lead donors will be defined in Terms of Reference.
- Development partners will work with government to agree on a strategy for PSG/sector-based division of labour with criteria and a timeline to avoid fragmentation and reduce the number of sectors in which a donor is active by mid-2014.
- To reduce fragmentation, development partners will make greater use of delegated co-operation and channel aid through the SDRF.

#### **8. Aid is transparent and predictable**

- Aid channelled through priority funds under the SDRF uses a common format for financial and progress reporting, making it easy to aggregate information. Over time, this common reporting format will also be applied to bilateral programmes and instruments outside the SDRF.
- Government will strengthen its Development Assistance Database (DAD) which will be the premier source of information on development assistance to Somalia. This system should be simplified to enable greater use by all partners. All development partners working in Somalia will regularly report their development assistance information, fostering the use and gathering of sex and age disaggregated data, in this system. Development partners will also agree with government the scope of other flows to be reported.
- Development partners will implement their Accra, Busan and New Deal commitments to provide rolling 3-5 year forward expenditure and/or implementation plans. These will include at least indicative resource allocations that the FGS can integrate into its medium-term planning and macro-economic framework.

#### **9. Aid is provided in a conflict sensitive manner**

- Government and development partners will cooperate in ensuring that their interventions are designed in a conflict-sensitive manner, through the use of context analysis and regular monitoring, to reduce the risk that aid unintentionally contributes to the escalation or sustainably of violence. Particular attention must be paid not to increase economic and political inequalities.
- Development partners and government agree to develop a proposal for a grievance redress/ombudsman mechanism which allows complaints related to aid operations to be filed and heard.

### ***Humanitarian Principles and activities***

The Government and partners are fully committed to the humanitarian principles of humanity, neutrality, impartiality and operational independence endorsed in General Assembly resolutions 46/182 and 58/114. The Government reaffirms that it will help facilitate full humanitarian access to people in need wherever in Somalia they are found and will not interfere with humanitarian actors' neutrality, impartiality and independence from political, economic and military processes.

The humanitarian situation in Somalia has continued to improve gradually since the famine in 2011, largely due to consecutive good rains and the ongoing delivery of assistance. However, the gains are fragile and the needs remain enormous. A foundation of the ongoing transition from crisis to early recovery and sustainable development therefore is the 2013-2015 humanitarian strategy, which focuses on both life-saving needs and programming to build up communities' ability to cope with future drought and other shocks. The Government and partners are fully committed to working to invest in the resilience programming that is necessary to break the cycle of crisis.

### ***The Somalia Development and Reconstruction Facility***

The FGS and development partners agree to establish the Somalia Development and Reconstruction Facility (SDRF) as a centrepiece of the New Deal partnership and in order to enhance the delivery of effective assistance to all Somalis. Closely aligned with the Somalia Compact principles, the SDRF will serve as a mechanism for the FGS to oversee and guide the diverse activities of its development partners. The SDRF establishment will be pragmatic and gradual, allowing for a steady transition towards full operational effectiveness, based on capacity and performance. In line with the Constitutional framework, the SDRF can channel resources to the Federal unit level. It will develop an agreed mechanism to ensure the engagement of regions. The key objectives of the SDRF will be to:

- align resources behind critical Somali priorities determined and agreed in this Compact and ensure follow-up and monitoring of their delivery;
- develop sustainable institutional capacity within Somali authorities by putting Somali institutions in the lead;
- facilitate a transition towards the full use of country PFM systems by establishing and strengthening those systems, starting with the national budget framework;
- increase the transparency and accountability of the delivery and management of international assistance in Somalia; and
- reduce transaction costs by pooling funds and adopting harmonized results reporting.

**SDRF Windows:** The SDRF will bring together several funds (“windows”) under a common governance framework. This will ensure (a) coordination across activities, (b) wide coverage of the PSGs, and (c) a combination of instruments that can deliver on urgent needs as well as laying the foundations for longer-term institutional development. The windows would be administered by technical agencies in areas based on comparative advantage: the UN, the World Bank, the African Development Bank, and the administrator of the Special Financing Facility (SFF). All window administrators will agree on their operating procedures with the FGS and development partners to ensure compatibility with the principles of the SDRF. The windows will ensure that technical work on design and delivery is undertaken with federal and regional institutions at the technical level as appropriate.

In its first phase, the SFF will cover critical recurrent costs of government and small-scale rehabilitation and employment generation, while also initiating the use of country systems in alignment with the PFM Reform Strategy and Action Plan.

Development partners and the FGS recognize that the establishment of the SDRF will initially run in parallel to on-going activities, funds and programmes. However, the SDRF will aim to facilitate coordination and information sharing on existing activities through its governance framework, including those funded outside the Facility. Over time, financing may

increasingly transition towards the SDRF framework as a preferred channel (as outlined in Compact Principle 5), based on the track record of the SDRF.

**SDRF Governance:** To avoid an overly complex structure and to lower transaction costs, the SDRF would share its governing bodies with the wider aid coordination architecture. The main SDRF governance arrangements will include a high-level Steering Committee and a Technical Secretariat as outlined in the next section.

**SDRF Monitoring:** The SDRF will establish a robust mechanism for reporting and monitoring the performance of participating funds against PSG priorities and for managing risks. To ensure visibility across funding instruments, the Technical Secretariat will develop common reporting standards for implementation and results and will prepare periodic progress reports for the SDRF governance and the broader aid coordination bodies.

## **IV. COMPACT ARCHITECTURE AND MONITORING ARRANGEMENTS**

To support the delivery of the Somali Compact the FGS and development partners will jointly set up an architecture for regular dialogue and coordination and a mechanism to monitor and review progress in Compact implementation.

### ***Mechanisms for Dialogue and Aid Co-ordination***

To advance regular strategic dialogue and manage international assistance in Somalia the government and development partners agree to establish the following mechanisms:

- The **High Level Partnership Forum** which will be the main platform for dialogue and policy discussions on Compact implementation and a central mechanism for strategic co-ordination and information-sharing. The High Level Partnership Forum will meet quarterly and at least once a year at ministerial or senior officials level with development partner participation from headquarters.
- The **SDRF Steering Committee** which will provide strategic oversight and guidance for the SDRF and the implementation of the New Deal Compact, including commitments related to policy, financing and aid delivery.
- The **FGS & Development Partner Groups** which will provide a technical forum for sectoral policy formulation, planning and programmatic co-ordination.

A Technical Secretariat will be set up to support the proper functioning of the SDRF Steering Committee and the High Level Partnership Forum, and to advance day-to-day work on financing, aid effectiveness and co-ordination, monitoring and reporting.

### ***Reporting and Monitoring Arrangements***

To monitor progress in the implementation of the Somali Compact the government and development partners agree to establish a monitoring framework with the following components:

1. Monitoring **peacebuilding and statebuilding outcomes**. This will allow government, civil society and development partners to assess the achievement of development outcomes using the PSGs and related priorities as a framework (in line with the New Deal). Specific indicators for monitoring peacebuilding and statebuilding progress will be developed by the Technical

Secretariat under the guidance of the SDRF Steering Committee by December 2013.<sup>4</sup> To the extent possible, indicators will be disaggregated by area, age, sex and social groups.

2. Monitoring **progress against key PSG milestones** set out for each priority and detailed in the Compact policy matrix. Monitoring will be based on qualitative progress reports to be prepared by the FGS & Development Partners Groups. The Technical Secretariat will liaise with FGS & Development Partners Groups to compile and prepare regular reports to be reviewed by the High Level Partnership Forum. To the extent possible, the reports will have a specific section on monitoring the progress of women and girls' participation and access.
3. Monitoring of **government and development partner performance** individually and collectively in moving towards the partnership principles and commitments outlined in the Compact. Specific indicators for monitoring these commitments will be developed by the Technical Secretariat under the guidance of the SDRF Steering Committee by December 2013. By March 2014, the Technical Secretariat, with independent support, will conduct a baseline assessment. Reports on partner performance will include a specific section on how they ensure women and girls' equal participation in all interventions.

An **annual review of progress** on all of the above will take place at a high-level meeting to be held by December 2014, and subsequently every year. The meeting will review progress in overall Compact implementation, update PSG milestones, assess resource requirements and renew national and international commitments.

---

<sup>4</sup> Indicators will be developed drawing on the global Peacebuilding and Statebuilding indicators endorsed by the International Dialogue on Peacebuilding and Statebuilding.

## **V. SOMALILAND SPECIAL ARRANGEMENT**

### **Framing the Somaliland Special Arrangement**

Somaliland's unique development trajectory has evolved out of a process of more than 20 years of grassroots peacebuilding and statebuilding, forged in relative isolation from other development contexts characterising the region. Over time, a complex and resilient institutional structure has taken shape in which modern institutions, traditional and religious authorities, the private sector and civil society work together in order to effectively ensure peace, stability, freedom against piracy and terrorism, economic growth, the delivery of basic services, the protection of livelihoods and social development. Since the ratification of the Somaliland Constitution by popular referendum in 2001, Somaliland's development path has been led by five democratically-elected governments, with the House of Elders (*Guurti*) playing a traditionally-mandated role in maintaining peace, order and cultural integrity.

The Somaliland Special Arrangement lays out a way forward for institutionalising on-going Somaliland processes and initiatives within an overarching and equal partnership between the Somaliland government, its people and the international community. It is underpinned by a need to protect and build upon Somaliland's development gains, as a means for maintaining and expanding upon security and economic prosperity throughout the Horn of Africa. The Somaliland Special Arrangement represents an important element of a larger shift in approach to development partner engagement.

The Somaliland Special Arrangement is a separate and distinct part of the Somali Compact. The Somaliland Special Arrangement is the sole framework for engaging with Somaliland's development process under the New Deal partnership. The simultaneous endorsement of the New Deal principles was conducted in the spirit of the 13 April Ankara Communiqué signed by the Government of Somaliland and the Federal Government of Somalia as part of their on-going dialogue process, in which the two sides agreed to work together to encourage greater and more effective international development assistance. While the two arrangements were developed through separate processes and will be implemented using separate government systems and mechanisms, their concurrent and mutually reinforcing implementation will help to ensure greater cooperation, trust and goodwill between all Somali people.

### ***Somaliland's Vision 2030 and the Somaliland Special Arrangement***

The Somaliland Special Arrangement is based on Somaliland's Vision 2030. It has been developed under the leadership of the Somaliland Ministry of National and Planning and Development (MoNPD) in consultations with Somaliland stakeholders, including the National Planning Commission (NPC), line Ministries, Civil Society Organisations (CSOs) and implementing partners.

The overall vision, as outlined in the Somaliland Vision 2030, is to create "A Stable, Democratic and Prosperous Somaliland Where the People Enjoy a High Quality of Life."

As the Vision 2030 states, "The government is determined to achieve economic prosperity and social wellbeing for its people while consolidating the nation's accomplishments in building stability, maintaining security and developing democratic institutions. Our aim is to create an empowering environment where all citizens feel that they have a stake and a role to play in national development." The Vision 2030 sets out a roadmap to:

- Enable Somaliland to take ownership of its development agenda;
- Inspire Somaliland and its leadership to mobilise resources and overcome development challenges to attain a higher standard of living;
- Guide development partners to align their assistance with Somaliland's priorities and aspirations;
- Provide a framework upon which Somaliland's strategies and implementation plans will be anchored.

In order to make progress towards the Vision 2030, a five year development plan for Somaliland for the period 2012-2016 was developed through a challenging, but rewarding process, which involved consultations across different stakeholder groups, including government and non-state actors, central and regional actors. The overall objective of the plan is to address and overcome the structural and institutional development constraints which Somaliland faces, and to achieve social and economic transformation towards the attainment of national prosperity.

The pillars of Somaliland's Development Plan correspond to the five Peace and Statebuilding Goals (PSGs) of the New Deal in the following manner: the Governance Pillar corresponds to PSG 1 (Inclusive Politics), PSG 2 (Security) and PSG 3 (Justice); the Economic, Infrastructure and Environment Pillars correspond to PSG 4 (Economic Foundations); and the Social Pillar corresponds to PSG 5 (Revenue and Services).

The priorities and corresponding milestones covered within these five PSG areas were derived directly from a wide range of assessments and evaluations conducted by the government and international partners over the past several years. In developing the Somaliland Special Arrangement, these assessments were consolidated and taken into consideration through a PSG lens by those Somaliland government and civil society representatives leading the Somaliland Special Arrangement drafting process. Somaliland has been fortunate enough to draw on extensive prior background material, including a number of sector strategies and assessments, which are already structured to address the overall development framework—the Somaliland development plan—and has informed the Somaliland Special Arrangement.

### ***Approach to the Somaliland Special Arrangement***

The Somaliland Special Arrangement will serve as a strategic framework for development partners to engage with identified priority areas of Somaliland's development plan. As a living document, the Somaliland Special Arrangement highlights targeted milestones that are specific enough to guide policy dialogue, project development and planning, while allowing enough flexibility for a changing contextual environment.

The Somaliland Special Arrangement will also provide the framework for improving international assistance to Somaliland by setting out a set of partnership principles, preferred financing modalities and mechanisms for coordination and monitoring.

Prioritisation and programming efforts currently underway to implement the Somaliland development plan, will serve as the starting point for kick-starting implementation under the New Deal framework. Further dialogue and planning will take place through the mechanism identified in the Somaliland Special Arrangement, in order to translate strategic priorities and milestones outlined in the document into concrete and tangible results.

## **Somaliland Peacebuilding and Statebuilding Priorities**

Somaliland has undergone three prioritisation processes since 2011. The latest intensive exercise involved the prioritisation of the development plan in 2013, in preparation for financing of the Somaliland Development Fund by the NPC, which includes civil society. Ministries, Departments and Agencies identified priorities and continued to develop concrete sector strategy frameworks and priority projects based on prior discussions at regional and district levels and technical input from CSOs, UN agencies and implementing partners. Additionally, for the first time, through an intensive data collection process led by the MoNPD, the government has a better understanding of estimated external resource flows in 2013, which has helped to inform government resource allocation.

These prioritisation processes have consistently identified targeted areas that fall within Peace and Statebuilding Goals (PSGs 1, 3, 4 and 5).

The Somaliland Special Arrangement has focussed its attention on those areas where support under a New Deal framework will be most important. PSG 2 is not included in the Somaliland Special Arrangement. Although further gains in the security sphere is seen as a high priority for maintaining Somaliland's peace and stability, Somaliland's long-standing security cooperation with development partners means that this area is already being robustly supported, (and it is anticipated that this will continue) in comparison with other PSGs. Furthermore, the security sector receives a significant portion of resources allocated directly by the Somaliland government. On the other hand, a past neglect of economic foundations is addressed within the Somaliland Special Arrangement by inscribing an added focus on this sector. The Annex outlines in more detail the proposed milestones for each of the priorities.

The Somaliland government will continue to consult stakeholders through various fora, including regional and district meetings, under the leadership of the MoNPD and relevant line ministries. The findings will then be reported back and factored into future planning processes and the implementation of Somaliland's peacebuilding and statebuilding priorities.

### ***PSG1: Inclusive Politics***

**Strategic Objective: Build a politically stable and democratic Somaliland that adheres to the principles of good governance**

Somaliland has transitioned out of the phase of reconciliation within Somaliland and reached a stable political settlement. It is now working to consolidate democratic systems and constitutional dispute resolution mechanisms, to enhance their strength and resilience. Traditional forms of authority and local spaces for participation must be further harmonised with state-level governance systems to ensure accountability and deepen bottom-up inclusivity, especially among women, youth, marginalized communities and under-represented regions of Somaliland.

While legitimate electoral systems and legislative structures are in place, their role as primary sources of stability and political legitimacy are dependent upon the institutionalisation of standardised voting processes and effective multi-party representation. Strengthening the government-society partnership will foster an enabling environment that promotes accountability and oversight through a vibrant, pluralistic and engaged civil society and media. While there have been significant gains, there are challenges that need to be addressed

to move to the next stage of development. Two key priorities have been identified to help achieve the strategic objective:

- *Priority 1: Strengthen electoral processes and practices by reforming the electoral system in key areas, including addressing gaps in representation, such as those faced by women and marginalized communities; conducting voter registration; and developing mechanisms for judicial and public oversight.*
- *Priority 2: Increase parliamentary accountability and responsiveness to the public by developing mechanisms that promote strategic communications, transparency, constituent outreach, coalition development and accountability to party platforms.*

### **PSG 3: Justice**

**Strategic Objective: Improve access to an efficient and effective justice system for all**

An effective administration of the justice system is critical to maintaining and enhancing peace, security, economic development and political stability in Somaliland. As with most institutions, the justice sector has suffered immense destruction, in terms of physical structures and human capital. While some progress has been made towards rebuilding the justice system, there remain challenges to the establishment of a fair, transparent, efficient and credible system. The government launched a Justice Sector Reform Strategy in 2013, in line with the Somaliland development plan. However, its implementation requires a solid financing strategy complemented by specialized, high-quality technical support. Reform interventions must focus on demonstrating results delivering on the targets set out in the Justice Reform Strategy. Three key priorities have been identified:

- *Priority 1: Strengthen the capacity of the courts through extensive training and the provision of required equipment to ensure that they can carry out their core functions.*
- *Priority 2: Clarify the roles and responsibilities of law making bodies and strengthen their institutional capacity including the capacity to prioritise and draft legislation that is harmonised with the existing body of laws.*
- *Priority 3: Promote a more responsive and accessible justice system that protects the human rights of all.*

### **PSG 4: Economic Foundations**

**Strategic Objective: Strengthen the management of Somaliland's natural, productive and human resources, and create an enabling economic and financial environment to maximise economic growth and participation in the regional and global economy.**

The priority given to the productive sector is based on the Government's recognition of its potential for contributing to economic growth, employment generation, poverty reduction, and economic diversification. Livestock exports, including raw hides and skins (export of slaughtered animals was introduced only recently), represent about 50% of GDP and 80% of foreign currency earnings<sup>5</sup>. The importance of infrastructure, roads in particular, for

---

<sup>5</sup> Somaliland Ministry of Finance, Annual Figures and Trade and Finance, 2012.

economic development and access to social services has also been recognised. There is a critical need to develop the financial sector to support increased investment opportunities, as well as access to finance. The Somaliland Food and Water Security Strategy (FWSS) of 2012 bases its approach on the understanding that cultivating the productive sectors (agriculture, livestock and fisheries), water and natural resources has the potential for not only addressing poverty, but also broadening the economic base and creating employment. Environmental protection and the development of renewable sources of energy for both household consumption and for larger scale commercial purposes have also emerged as key priorities. Finding solutions to address Somaliland's clean energy needs are critical to dealing with impacts of climate change, deforestation, and environmental degradation, and also fit within Somaliland's current economic potentialities. The importance of good management practice for mineral resources and extractive industries in Somaliland is also clear. The six key priorities are:

- *Priority 1: Develop and implement an investment strategy for public and productive infrastructures, including roads, water, irrigation, markets, ports, and energy.*
- *Priority 2: Strengthen investment in productive sectors, particularly agriculture, livestock, and fisheries; create a legal framework to enable economic growth (including establishing property rights and land registration mechanisms).*
- *Priority 3: Building efficient credit, investment and insurance institutions that contribute to economic growth and higher living standards.*
- *Priority 4: Generate employment, including through the development of vocational and technical training, and establish a special business fund for young entrepreneurs.*
- *Priority 5: Develop and implement a comprehensive and integrated environmental management strategy that addresses desertification, promotes alternatives to charcoal as an energy source, and protects land, water, forest and coastal resources.*
- *Priority 6: Put in place an affordable energy plan and policy that takes Somaliland from dependence on imported fuel to a greater use of its own abundant natural resources.*

## **PSG 5: Revenue and Services**

**Strategic Objectives: Build public service capacity to raise revenues, manage resources and ensure the provision of streamlined quality services in an accountable and transparent manner that guarantees inclusiveness and equity.**

Somaliland is largely dependent upon a narrow set of custom taxes which generate approximately 75% of domestic revenue. Based on GDP estimates, central government revenues as a proportion of GDP are approximately 8%.

There is increasing awareness across Somaliland society that bad governance and corruption pose a serious risk to the creation and institutionalisation of effective governance, economic growth, and socio-political stability. In response, the government has been reviewing the effectiveness of past efforts to support Public Financial Management (PFM). Through a government-led consultative process, a Road Map for PFM Reform has been developed and will be presented to donor partners for technical and financial support. Similarly, the government has also recognized that "most public institutions are not adequately equipped to

deliver services effectively and efficiently.” Many institutions do not have clear terms of reference for their mandate and functional structure. The government has established a Public Sector Reform Committee to identify a way forward. The three priorities are:

- *Priority 1: Establish an appropriate and effective system of public financial management based on the PFM Road Map that includes strengthening the budget process, establishing a chart of accounts and enhancing public procurement.*
- *Priority 2: Promote the equitable distribution and access to basic services both through both the use of clear service delivery mechanisms and standards, as well as the clarification of roles and responsibilities of the central and local authorities and service delivery providers.*
- *Priority 3: Create a merit based and equitably distributed civil service that delivers high quality basic services and security for all Somaliland citizens.*

### **Cross-Cutting Issues**

Somaliland’s development plan contains a number of explicit and implicit crosscutting themes to be integrated into planning and implementation processes across all pillars. Further crosscutting themes address the relationship and impact of the development partnership in terms of relationship and engagement with society.

**Gender mainstreaming:** Fostering a positive and inclusive role for women will be a paramount consideration in all aspects of SSA implementation. Gender priorities are identified across the development plan but due to limited resources the government has not been able to implement the identified programs. Women’s groups have played an important part in promoting development, social cohesion, secure livelihoods, peacebuilding and community stability throughout Somaliland’s history. However, entrenched power imbalances continue to be pervasive within Somaliland’s socioeconomic environment. This contributes to gender inequality and inadequate representation of women within the political sphere. Interventions made within the New Deal framework must contribute to ensuring equitable participation of men and women as economic and political actors, and should respond directly to the structural challenges contributing to sustained gender disparities across all of the PSG priority areas. Gender mainstreaming will be built into projects, programming and sector strategies, and progress in this area will be assessed as a specific theme through the joint aid coordination and monitoring mechanisms.

**Strengthening citizen-state relations:** A two-tiered approach to civic engagement will be fostered in which formal participation and inclusion within democratic processes will be complemented with the promotion of political spaces where civil society engagement, freedom of ideas and assembly, proactive advocacy, and community-led development activities can flourish. Popular ownership of government-led development initiatives are derived primarily from established democratic processes, such as elections, which provide mechanisms for promoting legitimacy, accountability, responsiveness and popular representation within Somaliland’s governing institutions. At the same time, grassroots development approaches, in line with Somaliland’s traditional community-based governance structures, will be promoted in all planning, implementation, joint coordination and monitoring processes to ensure effective participation, accountability, transparency and responsiveness by all citizens on a daily basis.

**Protection of human rights:** Peacebuilding and the strengthening of institutional effectiveness will only be sustainable and legitimate if the human rights of the Somaliland

people are upheld. The enactment of the Somaliland National Human Rights Commission Law in 2010 represents a positive indication of Somaliland's commitment to protecting human rights. This theme must also be enshrined directly within the Somaliland Special Agreement planning and implementation process. The Human Rights Commission and non-state human rights organizations will be encouraged to provide reports and assessments to aid coordination, monitoring and evaluation forums. Their findings and proposals will both serve as measures to ensure accountability to human rights principles compatible with international law, and help guide future programming.

## **Delivery Instruments: Development Financing**

The Somaliland budget continues to grow in line with increasing revenues; from USD 47 million in 2010 to USD 125 million in 2013. But the budget continues to fall well short of the financing requirements of the Somaliland development plan, meaning that the government remains highly dependent on external resources. This section identifies a set of operating principles and preferred financing modalities to guide development partner engagement in Somaliland.

### ***Partnership Principles***

The Somaliland government and development partners re-commit to the principles agreed at the High Level Fora on Aid Effectiveness in Paris (2005), Accra (2008) and Busan (2011), including the New Deal TRUST principles. Based on these global commitments, all development partners pledge to respect the following principles:

- Full ownership by the Somaliland government and people over the design, delivery and monitoring of development partner-financed activities in Somaliland;
- Adherence to “do no harm” principles: Somaliland’s peace and stability, while proven to be resilient and deeply-entrenched, remain vulnerable to external shocks and internal threats. Interventions through the Somaliland Special Agreement must be underpinned by an adherence to conflict sensitivity in order to ensure that statebuilding processes and policy reforms mitigate rather than exacerbate the conditions for violent conflict. Particular attention must be paid to reducing economic and political inequalities;
- Greater willingness to accept and manage risks, including the risk of non-engagement with Somaliland, and the importance of using Somaliland-specific and conflict-sensitive approaches to engagement;
- Alignment of international assistance with the government’s strategic priorities articulated in the development plan, related sector strategies and the Somaliland Special Arrangement;
- A harmonised approach which ensures horizontal coordination and a good division of labour between international agencies – avoiding duplication and wasted resources;
- A common effort to ensure development partner funds build and strengthen Somaliland capacity and institutions in line with Somaliland’s Public Sector Reform strategy and PFM Road Map.<sup>6</sup>
- A focus on strengthening Somaliland’s public finance management system and supporting the Somaliland government in adopting an Open Budget Initiative. In turn, the Somaliland government strongly commits to implement the priorities set out in the PFM Road Map developed by the Somaliland government and to define realistic benchmarks with development partners.

---

<sup>6</sup> The government of Somaliland led the development of the PFM Road Map which reviewed past programs on PFM through a process of rigorous negotiation with PFM stakeholders to ensure buy-in, which was previously lacking.

- Based on the achievement of jointly agreed benchmarks international assistance will increasingly be channelled through Somaliland's systems.
- Transparency and predictability of international assistance in Somaliland, including through the use of the DAD<sup>7</sup> (or other appropriate aid management tool), by reporting aid on Somaliland's budget and by making publicly available reports, data and knowledge products related to development partner interventions and programmes.
- Dedicated support to building the statistical and monitoring and evaluation capacity of the Somaliland government to ensure that peacebuilding, statebuilding and development outcomes and results are tracked. All externally funded interventions should have a monitoring and evaluation component that allows government to take part in joint monitoring activities.

On the basis of these principles, the Somaliland government and development partners will develop a set of more specific commitments and benchmarks, and monitor progress towards the achievement of these (as described below).

## ***Financing Arrangements***

Financing arrangements for the Somaliland Special Arrangement will support a gradual and performance-based transition to increased ownership and alignment of government institutions, with the ultimate objective of providing the environment suitable for budget support. In line with New Deal Principles, Somaliland and development partners will build on funding modalities such as the Somaliland Development Fund (SDF), the preferred financing mechanisms, or develop new external funding modalities like the SDF that make greater use of government systems and processes to ensure greater alignment with Somaliland priorities, lower transaction costs, better value for money for partners, and sustainable results.

The current arrangements for external financing rely on **intermediary institutions** to administer funds and implement programs and projects, mainly outside government structures. It is recognised that such arrangements cannot fully support the development of sustainable institutional capacity, Somaliland ownership and the basis for mutual accountability between government and development partners.

Development partners and the Government of Somaliland therefore agree to undertake a **joint evaluation** of the current funding mechanisms, particularly those of particular concern to Somaliland stakeholders, by mid-2014, to determine how scarce resources can provide better value for money, ensure that current parallel systems and processes (e.g. budget classification and bottom-up and top-down development planning) are harmonised, and tangible sustainable results delivered. Recommendations from this joint evaluation will be presented to the High Level Aid Coordination Forum to ensure the findings are implemented.

The government and development partners will work towards budget support modalities in the longer term, recognizing that this is the government's preferred mode of external financing. In the interim, the Somaliland Development Fund (SDF), and mechanisms that use the same approach, will be the preferred financing modality.

The Somaliland Development Fund is based on the principle of government ownership and leadership. In the SDF, the government establishes its own priority programs and projects, which the SDF, managed by a private firm, implements. Additional objectives of the SDF are to build the core

---

<sup>7</sup> The effectiveness of DAD as an aid information management system will be reviewed in mid-2014 to see if both the Government and development community should look to alternatives.

capacity of the Government of Somaliland to plan, prioritise, allocate resources in an accountable and transparent manner, based on principles of inclusiveness, participation and non-discrimination. The SDF was established by the DANIDA and DFID in 2012, with the Government of Somaliland and is based on the principles of the New Deal.

Where donors cannot join the SDF, a limited number of other Multi-Partner Trust Funds can be established if they are: multi-sector or sector-based; aligned with the development plan's priorities; use government systems. Such funds should be aligned as much as possible with government priorities and aligned with the Somaliland Special Arrangement operating principles and coordination modalities.

Stand-alone projects may also be considered but should be based on Somaliland-priorities, coordinated with government programs, and follow the principles set out in the Somaliland Special Arrangement. Such projects can take the form of either multi-lateral, bilateral, private or public-private partnerships, as well as the funding mechanisms utilised by non-traditional partners, including regional sources, non-OECD sources, Diaspora Investment Funds, Private Sector Investment, and Zakat.

## **Coordination and Monitoring Arrangements**

### ***Aid Management and Coordination***

To strengthen their partnership the Somaliland Government and the international community will strengthen the existing structure and related mechanisms for joint planning, coordination, monitoring and reporting. The coordination architecture will consist of the following bodies and mechanisms:

- The **National Planning Commission (NPC)** has played an integral role in development planning and guiding strategic decisions regarding government and development partner financing in 2013. The NPC will continue to lead the prioritization and monitoring efforts set out under the Somaliland Special Arrangement. This forum will also focus on inter-ministerial coordination and risk management on the government's side. Risk management will include working with development partners on developing joint risk-management strategies. The NPC consists of 15 ministers, the Governor of the Central Bank of Somaliland and representatives from parliament, academia, and civil society and meets every two months.
- The adjusted **High Level Aid Coordination Forum (HLACF)** will provide the platform to review and discuss NDP/PSG priorities and budgets, jointly assess progress against priorities, discuss assessments on aid effectiveness, and findings of joint monitoring missions or reports. The HLACF will be co-chaired by the government and a development partner (donor) and will be held at strategic points along the Somaliland budget process (late February and October). A Somaliland Special Arrangement Steering Group will be formed from the membership of the HLACF.
- The **Inter-sectoral Forum**, which consists of the sector chairs and co-chairs, meets once every three months to provide updates and exchange information on crosscutting issues.
- The existing **Sector Coordination Forums** role will expand to being responsible for jointly coordinating the development of work-plans, including joint assessments, monitoring and reporting at the sector level. Sector Forums meet once every two months, meetings are co-chaired by a Minister selected by the NPC, from the relevant sector and a development partner representative, based on a no-objection from the NPC. To demonstrate development partner's commitment to the New Deal Principles, development partners and senior officials from implementing partners will participate in the Sector Forums in person or through videoconference

as a less-preferred option.<sup>8</sup> This level of direct development partner engagement is key to address the current problem of parallel structures in Nairobi and in Somaliland, fragmentation of efforts, the weakness of some of the Sector Coordination Forums.

The government of Somaliland and development partners agree to a joint monitoring framework covering the following key elements:

- **Joint monitoring of peacebuilding and statebuilding outcomes based on mutually-acceptable indicators** to be jointly developed by government and international partners. This process will build on ongoing data collection efforts underway in Somaliland and will aim to build Somaliland's statistical system.<sup>9</sup>
- **Joint monitoring and evaluation of programmes and projects** at agreed times against agreed milestones in the Somaliland Special Agreement. Monitoring and Evaluation reports will be coordinated and prepared jointly by the MoNPD together with the Sector Coordination Forums (or associated Sub-Sector Working Group) with technical support by the Lead Donor of each Sector Coordination Forum. The National Planning Commission and the High Level Aid Coordination Forum will review the monitoring and evaluation reports. A standard reporting format and schedule will be developed to reduce transaction costs for all stakeholders and ensure reports are submitted on time.
- **Monitoring of government and development partner's performance** in moving towards the partnership principles and commitments outlined in the Somaliland Special Arrangement. Specific indicators for monitoring these commitments will be developed by a working group to be established within the High Level Aid Coordination Forum by December 2013.
- The High Level Aid Coordination Forum will conduct an **annual review of progress** in terms of overall Somaliland Special Arrangement implementation, update PSG milestones, assess resource requirements and renew international commitments. The meeting will take place in October so as to be aligned with the government's budget process.

---

<sup>8</sup>Video conferencing infrastructure will have to be costed in and financed to ensure implementation of aspects of the partnership principles.

<sup>9</sup> Current data collection efforts include a Household Survey, an Enterprise Survey and an on-going Population Estimation Survey. Data is also being collected to develop the first ever Gross Development Product."

# ANNEX 1: RESULTS MATRIX OF SOMALI PEACE AND STATEBUILDING GOALS

<b>PSG1: INCLUSIVE POLITICS</b>			
<b>STRATEGIC OBJECTIVE: Achieve a stable and peaceful Somalia through inclusive political processes</b>			
<b>Priority 1: Advance inclusive political dialogue to clarify and settle relations between the federal government and existing and emerging administrations and initiate processes of social reconciliation to restore trust between communities</b>			
<i>Milestones:</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. National reconciliation commission established and peacebuilding and reconciliation programmes developed	2014		
2. Inclusive consultations on the establishment of administrations conducted in at least 10 regions and administrations established	2014		
3. Inter-regional dialogue on the formation of federal states initiated	2014		
4. Annual conference on political dialogue with the executive head of states of existing and emerging administrations convened by the FGS (first in 2013, until 2015)	2014		
5. Decision on the federal model reached	2015		
<b>Priority 2: Finalize and adopt a Federal Constitution by December 2015</b>			
1. Review and Implementation Commission established and MoU between Oversight Committee and Review Commission agreed	2014		
2. Boundaries and Federation Commission established	2014		
3. Proposal for public consultations developed by Review Commission and approved by Oversight Committee	2014		
<b>Priority 3: Prepare for and hold credible elections by 2016</b>			
1. Legislation on electoral process and voter registration drafted and presented to parliament	2014		
2. National independent electoral commission with operational work plan and strategy established	2014		
3. Legislation on political party formation drafted and passed by parliament	2014		

4. Comprehensive communication and civic education strategy on political participation and reconciliation developed	2014		
<b>PSG2: SECURITY</b>			
<b>STRATEGIC OBJECTIVE: Establish unified, capable, accountable and rights based Somali Federal security institutions providing basic safety and security for its citizens</b>			
<b>Priority 1: Strengthen the capacity and accountability of state security institutions to recover territory, stabilize and provide basic safety and security</b>			
<i>Milestones</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. Mechanisms to pay, train, equip and sustain the police and military established	2014	MINS <sup>10</sup> MOD	UN to coordinate with international partners
2. Improved command, control and communication of security organisations in support of recovered areas established, as directed by the district and regional committees	2014	NSC, MINS, MOD, MOJ <sup>11</sup>	UN to coordinate with international partners
3. National Security Commission established	2014	Parliament	
4. Legal and institutional frameworks reviewed and updated for oversight, fiduciary and operational accountability, to ensure regulated, effective and disciplined security institutions	2014	NSC	UN to coordinate with international partners
<b>Priority 2: Integrate security forces into Federal Institutions</b>			
1. Dialogue, outreach and communication process with clans/militias established	2013	MINS (lead), Parliament, Local Authorities, Traditional Leaders, Civil Society	UN to coordinate with international partners
2. Procedures for screening, vetting, induction, registration and enlistment established and initiated for those reconciled with the Federal Government	2014	MOD (lead) NISA	AMISOM UN
3. Minors programme activated, as covered in priority 3, for the reception and handover of children separated from armed groups	2013		
<b>Priority 3: Implement National programme for the treatment and handling of disengaged combatants</b>			
1. Transitional facilities/centres as defined by the National programme established	2014	MINS (Lead), MOD, MOJ, MOPSD <sup>12</sup> , MOCI	UN, AMISOM, IOM

<sup>10</sup> Ministry of Interior and National Security (MINS), Ministry of Defence (MOD)

<sup>11</sup> Ministry of Justice (MOJ)

2. Appropriate system to try high profile disengaged fighters established	2013	MINS (Lead), MOD, MOJ, MOPSD, MOCI	UNSOM, AMISOM, IOM
3. Programme that guarantees minimum protection for children, as defined by the Geneva Convention, and implements the International 'Action Plan to end the recruitment and use of Children in Armed Conflict' established	2013	MINS (Lead), MOD, MOJ, MOPSD, MOCI	UNICEF
<b>Priority 4: Develop an effective maritime security strategy within the framework of the Maritime Resource and Security Strategy</b>			
1. Somali 'Maritime Security and Resource Strategy' ratified	2014	NSC Parliament	UN and international partners
2. FGS maritime coordination mechanism established to oversee development and delivery of federal maritime strategy	2014	NSC	UN and international partners
<b>PSG 3: JUSTICE</b>			
<b>STRATEGIC OBJECTIVE: Establish independent, accountable and efficient justice institutions capable of addressing the justice needs of the people of Somalia by delivering justice for all</b>			
<b>Priority 1: Key priority laws in the legal framework, including on the reorganization of the judiciary, are aligned with the Constitution and international standards</b>			
<i>Milestones</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. Legal Policy and Drafting Unit established and operational	2014	MOJ	UN in coordination with international partners
2. Constitutional Court and the Judicial Service Commission established and functioning	2014	MOJ, Cabinet, Parliament, Judiciary	UN in coordination with international partners)
3. Existing legal framework including on the organisation of the judiciary and witness and victim protection reviewed	2014 (subject to publicised legislative agenda of Parliament)	MOJ, Parliament, different line ministries	UN in coordination with international partners
<b>Priority 2: Justice institutions start to address the key grievances and injustices of Somalis</b>			
1. Judicial training institute established and regular refresher trainings for all MoJ staff, judges, prosecutors, lawyers, criminal investigators and correction personnel in their respective areas provided	2014	MOJ, Judicial Service Commission, Custodial Corps, Lawyers' Associations	UN in coordination with international partners
2. Justice and corrections actors are increasingly recruited based on merit and receive regular	2014	MOJ, MOF, OPM, Judicial Service	Specific partner commitment

<sup>12</sup> Ministry of Public Service Development (MOPSD), Ministry of Communication & Information (MOCI)

salaries		Commission, MOE	
3. Resourced and secured regional courts established with the extension of mobile courts, attorney generals offices, prisons, and Bar/Lawyers' Association offices in 5 regions	2014	MOJ, Judicial Service Commission, Custodial Corps, Lawyers' Associations	UN in coordination with international partners
4. A court protection force responsible for court security is recruited and trained as part of increased justice security infrastructure	2014	MOI, MOJ, Judicial Service Commission	UN with international partners
<b>Priority 3: More Somalis have access to fair and affordable justice</b>			
1. Widespread consultation on the policy on access to justice and legal aid conducted	2014	MOJ, Lawyers' Association, civil society	UN with international partners
2. Access to justice/legal aid policy (or law) adopted	2014	MOJ, Lawyers' Association, civil society	UN with international partners
3. Legal awareness campaign directed at all Somali people implemented in Mogadishu and surrounding districts	2014	MOJ, OPM, judiciary, Ministry of Information, Lawyers' Association, civil society, Parliament	UN with international partners
4. Bar/Lawyers' Association which includes Somali women lawyers, human rights experts and paralegals established or strengthened in priority regions and providing legal aid services, including through NGOs, to those in need, prioritizing vulnerable groups with costs to be gradually reimbursed from public funds	2014	MOJ, Lawyers' Associations, civil society	UN with international partners

#### PSG4: ECONOMIC FOUNDATIONS

**STRATEGIC OBJECTIVE: Revitalize and expand the Somali economy with a focus on livelihood enhancement, employment generation, and broad-based inclusive growth**

**Priority 1: Enhance the productivity of high priority sectors and related value chains, including through the rehabilitation and expansion of critical infrastructure for transport, markets access, trade, and energy**

<i>Milestones:</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. Productive sectors (agriculture, livestock and fisheries) diversified and value chains strengthened	2014		
2. Two ERP Flagship programmes on <i>Rapid Rehabilitation of Infrastructure</i> and on <i>Productive Infrastructure</i> developed based on broad-based consultations and feasibility studies completed	2014		
3. Growth strategy with components on youth employment, business enabling environment, and medium- to long-term infrastructure planning	2014		

prepared and agreed between different regions			
<b>Priority 2: Expand opportunities for youth employment through job creation and skills development</b>			
1. ERP Programmes on short-term labour intensive employment and demand driven skills development developed and implemented and begin to generate jobs	2014		
<b>Priority 3: Promote the sustainable development and management of natural resources by developing legal and regulatory frameworks and building capacity in key NRM institutions</b>			
1. A draft proposal for a country-specific legal and regulatory framework for natural resource management prepared and presented to the parliament	2014		
<b>PSG 5: REVENUE AND SERVICES</b>			
<b>STRATEGIC OBJECTIVE: Increase the delivery of equitable, affordable, and sustainable services that promote national peace and reconciliation amongst Somalia's regions and citizens and enhance transparent and accountable revenue generation and equitable distribution and sharing of public resources</b>			
<b>Priority 1: Increase the provision of equitable, accessible, and affordable social services by creating a regulatory environment that promotes decentralized delivery and prioritizes key investments that extend and increase access to services</b>			
<i>Milestones:</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. First phase of the "go-to-school" programme implemented, including the restoration of basic education, rehabilitation and construction of schools, teacher recruitment, and training and teacher incentives			
2. First phase of the Health Strategic Sector Plan (HSSP) implemented, including the expansion of 3 of the 5 core essential packages of health services			
3. Social protection strategy developed, and social worker workforce established			
4. Functional assignments among ministries and between local, regional, and the FGS are formally established for existing service-delivery policies and programmes as step towards the development of a regulatory framework for service delivery			
<b>Priority 2: Enhance transparent and accountable revenue generation</b>			
1. A robust Revenue Mobilization Strategy that will incorporate strong transparency and accountability, in line with ERP, has been developed and fully financed	2014		
<b>Priority 3: Strengthen PFM to enable the different levels of governments to better manage financial resources in a transparent and accountable manner in support national priorities</b>			

1. A Standard Chart of Accounts developed and used to structure and present both the budget and financial statements in a clear and understandable manner, and a Treasury Single Account established in the Central Bank through which all revenue collections and authorized payments are made with regular bank reconciliations	2014		
2. PFM Education and Training Programme, including PFM Training Centre under MoFP to provide training to the cadre of PFM practitioners on a sustained continuous basis, developed and fully financed in line with the ERP and PFM Strengthening Initiative	2014		

**Cross Cutting: CAPACITY DEVELOPMENT**

**STRATEGIC OBJECTIVE: Strengthen basic sectoral and core government functions in support of the establishment of a responsive, inclusive and accountable public sector**

**Priority 1: Improve capacity of central Government institutions to coordinate and lead structural reform and policy harmonisation process**

<i>Milestones:</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. Systemic review of roles of responsibilities of different government institutions completed and updated structure of key FGS institutions developed	2014		
2. Basic review of administrative procedures, systems and structures completed in selected government institutions and administrative reform programme formulated and agreed	2014		

**Priority 2: Strengthen core public sector and civil service management functions in key domains**

1. Up-to-date record of all civil servants their place of work and their qualifications developed	2014		
2. Review of the civil service legal framework and institutional structures for the management of the civil service completed	2014		
3. Civil service classification and revised pay and grading structure developed and enacted	2015		

**Priority 3: Strengthen cross Cutting and Sectoral Public Sector Capacities through dedicated support**

1. A capacity injection programme established and under implementation for priority institutions	2014		
2. Coordination structure to coordinate and support the improvement of public sector management capacity across government established and operational	2014		
3. Priority logistics assessment of selected administrative buildings completed and integrated rehabilitation programme of selected government	2014		

premises developed			
<b>Cross Cutting: BRINGING TANGIBLE RESULTS TO PEOPLE</b>			
<b>STRATEGIC OBJECTIVE: To deliver tangible and visible peace dividends to all Somali citizens</b>			
<i>Milestones:</i>	<i>Delivery Date</i>	<i>Responsibilities (government)</i>	<i>Support (dev. partners)</i>
1. Four stabilization programmes endorsed and discussion with development partners on alignment behind these programmes	2013		
2. Action plans for agreed geographic priority areas Finalized	2013		
3. Implementation of agreed workplans initiated	2014		

## ANNEX 2: RESULTS MATRIX OF SOMALILAND'S PEACE AND STATEBUILDING GOALS

Most of these milestones are aligned with existing strategies of sector strategy frameworks in Somaliland. In some cases, there are project concepts that have already been developed which then need to be developed into full proposals.

The approach to meet these PSG Milestones for 2014 is:

- By scaling up existing results-focused programmes that are aligned with country systems to reduce fragmentation through “topping up” additional financing, or;
- Establishing new windows through existing or new funds;
- Proposing new milestones based on establishing new programmes that are not currently financed, but presents a gap.
- Evaluating existing financing mechanisms to ensure the Government of Somaliland and development partners do not do “more of the same”, when current implementation modalities do not represent value for money or deliver results; and seek alternatives to either restructure such programmes or find alternative delivery mechanisms.

PSG 1: INCLUSIVE POLITICS		
STRATEGIC OBJECTIVE: Build a politically stable and democratic Somaliland that adheres to the principles of good governance		
Priority 1. Strengthen electoral processes and practices by reforming the electoral system in key areas, including addressing gaps in representation, such as those faced by women and marginalized communities; conducting voter/civil registration; and developing mechanisms for judicial and public oversight		
Milestones	Responsibilities (government)	Support partners (dev. partners)
<ol style="list-style-type: none"> <li>1. Forum on electoral reform in Somaliland involving stakeholders from across Somaliland to address areas of public concern held by mid-2014</li> <li>2. Voter/civil registration for mid-year 2015 parliamentary and presidential elections carried out by end 2014</li> <li>3. The capacity of political parties to develop policy platforms and respond to popular concerns strengthened by Q3/2014</li> </ol>	Lead: National Electoral Commission	USAID, EU, DFID, DANIDA, Norway Others TBD
Priority 2. Increase parliamentary accountability and responsiveness to the public by developing mechanisms that promote strategic communication, transparency, constituent outreach, coalition development and accountability to party platforms		
<ol style="list-style-type: none"> <li>1. The composition and capacity of parliamentarians and their committees (especially in terms of legislative review and oversight processes) reviewed by mid-2014 and appropriate development programme designed and priorities implemented by end 2014</li> <li>2. The capacity of parliamentarians to consult with and represent their constituencies on issues of public concern scaled up in all regions by end 2014</li> </ol>	Lead: Parliament	USAID Others TBD
PSG 3: JUSTICE		
STRATEGIC OBJECTIVE: Improve access to an efficient and effective justice system for all		
Priority 1: Strengthen the capacity of the courts through extensive training and the provision of required equipment to ensure that they can carry out their core functions		

<i>Milestones</i>	<i>Responsibilities (government)</i>	<i>Support partners (dev.)</i>
<ol style="list-style-type: none"> <li>Ongoing review of Penal Code strengthened by ensuring the draft meets international standards, by end 2014 and revision of Criminal Procedure Code initiated and completed by mid-2014. Reform process supported by at least 4 public consultations for comments on the revisions of the Penal and Criminal Procedure Code by end 2014</li> <li>An appropriate case management system (manual and automated options) that meets minimum standards developed by mid-2014 and by rolled out in at least one model court by end 2014</li> <li>Appropriate mandate, governance for the Somaliland Legal Training and Resource Centre (SLTRC) agreed by mid-2014, and Secretariat trained and equipped by end 2014</li> </ol>	<p>Law Reform Commission - support Criminal Justice Sector (AGO, Courts, Custodial Service &amp; Independent Lawyers)</p> <p>MOI, Supreme Court &amp; AGO</p>	<p>EU and UK Government</p> <p>Others TBD</p>
<ol style="list-style-type: none"> <li>Somaliland principles of judicial independence (based on Bangalore principles) currently being drafted, adopted by mid-2014</li> <li>Competence of the Higher Judicial Council (HJC) strengthened with the creation of nomination guidelines and processes by mid-2014. Capacity of HJC and its secretariat strengthened through training on its core responsibilities by end 2014</li> <li>Fair and transparent process for receiving public complaints against the judiciary established by end 2014 (in line with recently adopted Code of Conduct for judicial officials)</li> </ol>	<p>Lead: High Judicial Council</p>	<p>EU and UK Government</p> <p>Others TBD</p>
<ol style="list-style-type: none"> <li>A justice sector facilities plan and a financing strategy, taking into account proper standards for service delivery that safeguards the rights and security of all, developed by mid-2014</li> <li>At least 1 model district court in regions with priority need established with proper staffing, equipment and systems and procedures by end 2014</li> </ol>	<p>Lead: Higher Judicial Council</p>	<p>EU and UK Government</p> <p>Others TBD</p>
<ol style="list-style-type: none"> <li>An appropriate IT master plan including a financing plan for justice sector entities across Somaliland developed by mid-2014</li> <li>At least the model court and one other court, and the headquarters of the MoJ equipped with ICT systems by end 2014, including appropriate software packages and training</li> </ol>	<p>Lead: Ministry of Justice for other justice sector actors and HJC for Courts</p> <p>Support: ICT Commission</p>	<p>EU and UK Government</p> <p>Others TBD</p>
<p><b>Priority 2: Clarify the roles and responsibilities of law making bodies and strengthen their institutional capacity including the capacity to prioritise and draft legislation that is harmonised with the existing body of laws</b></p>		
<ol style="list-style-type: none"> <li>A comprehensive legal reform strategy developed by mid-2014, identifying prioritised and sequenced plan for legal reform</li> <li>A stakeholders meeting held to adopt a comprehensive policy on legislative drafting by Q3/2014</li> <li>The Law on the Organisation of Judiciary Act clarified by mid-2014</li> <li>A lead independent institution that provides legal technical advice to ensure proposed laws are harmonised and consistent with the existing body of law identified by Q1/2014</li> <li>Capacity development on legal drafting, integrating international best practice with the Somaliland legal system, planned and commenced by end 2014</li> </ol>	<p>Lead:</p> <ol style="list-style-type: none"> <li>Law Reform Commission</li> <li>Office of the Solicitor General</li> </ol>	<p>EU and UK Government</p> <p>Others TBD</p>
<p><b>Priority 3: Promote a more responsive and accessible justice system that protects the human rights of all</b></p>		
<ol style="list-style-type: none"> <li>The mobile court scheme scaled up with increased investment in human and other resources to at least three priority regions/districts by end 2014</li> </ol>	<p>Lead: High Judicial Council</p> <p>Support: Lawyers Association</p>	<p>EU and UK</p> <p>Others TBD</p>

2. The Public Defender's Office in order to respond to the massive need for indigent defence established in at least the model court and two other courts by end 2014	Lead: High Judicial Council Support: Lawyers Association	EU and UK Others TBD
3. A high-level conference to develop a strategy to reform prison management organised through support to the Somaliland Custodial Corps by mid-2014	Lead: Ministry of Interior	EU and UK Others TBD
4. Construction of two new prisons with women and juvenile sections with appropriate support and rehabilitation of detainees (one in Hargeisa and the other in Bura) commenced by end 2014 with a view to completion by mid-2015		

#### PSG 4: ECONOMIC FOUNDATIONS

**STRATEGIC OBJECTIVE:** Strengthen the management of Somaliland's natural, productive and human resources, and reatean enabling economic and financial environment to maximise economic growth and participation in the regional and global economy

**Priority 1: Develop and implement an investment strategy for public and productive infrastructures, including roads, water, irrigation, markets, ports, and energy**

<i>Milestones</i>	<i>Responsibilities (government)</i>	<i>Support partners (dev.)</i>
1. Transparency of existing policy for natural resource development improved by 2014 (especially in relation to extractive industries)	Lead: Ministry of Mining, Energy and Mineral Resources	Norway
2. A Somaliland infrastructure (including roads, ports, water, and energy) investment strategy developed and targeted priorities implemented based on a realistic financing strategy by end 2014	Lead: Ministry of Public Works Support: Ministry of Commerce and International Trade, Ministry of Agriculture, Ministry of Livestock, Ministry of Fisheries	EU and WB Others TBD
3. Current regional economic integration plans evaluated and improved (based on comparative and competitive advantage) by mid-2014	Lead: Ministry of Commerce and International Trade	DFID

**Priority 2: Strengthen investment in productive sector, particularly agriculture, livestock, and fisheries, and create a legal framework to enable economic growth (including establishing property rights and land registration mechanisms)**

1. Sector strategies for crop diversification, livestock and fisheries reviewed and developed by 2014	Lead: Ministry of Agriculture and Ministry of Livestock	IGAD Others TBD
2. The Natural and Environment Research and Disaster Preparedness Authority (NERAD) Early warning, food reserves, and other response mechanisms and systems developed by mid-2014		
3. The capacity of existing agriculture/livestock extension systems built by end 2014		
4. Based on the existing Food and Water Security Strategy, as well as the Agriculture and Environment Sector Strategy Frameworks, agricultural seed security program established by end 2014		
5. Adaptive research and linkages with regional bodies such as IGAD and other regional bodies focused on research and development on food and water security strengthened through at least two South-South exchanges and agreements by end		

2014		
<b>Priority 3: Building efficient credit, investment and insurance institutions that contribute to economic growth and higher living standards</b>		
1. Outstanding issues on regulatory framework of the financial sector resolved by mid-2014	Lead: Central Bank	SOMPREP II (2011-2015); World Bank, DFID and DANIDA
2. Supervisory and regulatory functions within the Central Bank to comply with international norms fully built by end 2014	Support: Parliament	
3. Trade officials trained in trade negotiations for regional market integration (IGAD, Ethiopia etc.) by end 2014	Lead: Ministry of Commerce and International Trade	DFID
4. Best options for the development of economic and free zones in Berbera established by end 2014	Lead: Ministry of Commerce and International Trade	DFID SOMPREP II (2011-2015); World Bank
5. One Stop Business Registration Centres established and operational in Hargeisa, Berbera and Burao by mid-2014	Lead: Ministry of Commerce and International Trade	SOMPREP II (2011-2015); World Bank, DFID and DANIDA
6. One Stop Shop Investment Office established and operational in Hargeisa by mid-2014	Lead: Ministry of Commerce and International Trade	Others TBD
<b>Priority 4: Generate employment, including through the development of vocational and technical training, and establish a special business fund for young entrepreneurs</b>		
1. Current curricula for vocational and technical trainings in the productive sectors developed by end 2014	Lead: Ministry of Youth and Ministry of Education  Support: Ministry of Industry, Ministry of National Planning and Development, Ministry of Labour and Social Affairs, Ministry of Trade and Investment	TBD
2. Model Public-Private Partnership agreements that expand (youth) employment and reduce poverty created by mid-2014		
3. Short-term labour intensive employment opportunities and small-scale economic activity in each region of Somaliland that create safety nets for vulnerable populations in both urban and rural contexts identified by mid-2014 and scaled up by end 2014		
4. Job centres established in Borama, Berbera, Burao, Las Anod and Erigavo by end of 2014		
5. Somaliland Youth Business Fund established by mid-2014		DFID/DANIDA/World Bank Others TBD
<b>Priority 5: Develop and implement a comprehensive and integrated environment management strategy that addresses desertification, promotes alternatives to charcoal as an energy source, and protects land, water, forest and coastal resources</b>		
1. The 2011-2015 Environment Strategic Plan and National Environment Policy programs initiated by mid- 2014	Lead: Ministry of Environment	Others TBD
2. One wildlife national park and four seasonal reserves established by end 2014	Support: Ministry of Water, Ministry of Fisheries	EU
3. Building on the 2004 Somaliland Water Policy, Strategy, build three 200,000cubic meter hafir reservoirs by end 2014		TBD
4. The use of alternatives to charcoal as sources of energy for both domestic and commercial use evaluated by end 2014		
5. A promotion program for the use of alternatives to charcoal is established, and production of efficient charcoal stoves is supported and subsidized by end 2014		

6. Three forest nurseries and a national indigenous plants arboretum is established		
7. A coastal and marine resources research centre is established by end 2014		
<b>Priority 6: Put in place an affordable energy plan and policy that takes Somaliland from dependence on imported fuel to a greater use of its own abundant natural resources</b>		
1. A multi-disciplinary team for energy planning and security in Somaliland based on e.g. Ethiopian and Djibouti experiences established by mid-2014.	Lead: Ministry of Energy and Mineral Resources  Support: Hargeisa Electricity Authority	TBD
2. A feasibility study on the establishment of a national electricity grid for Somaliland developed by end 2014		
3. A national research centre on renewable sources of energy to develop best options for Somaliland established by end 2014		
4. The feasibility study on a five megawatt wind farm for Hargeisa completed by end 2014		
<b>PSG 5; REVENUE AND SERVICES</b>		
<b>STRATEGIC OBJECTIVE: Build public service capacity to raise revenues, manage resources and ensure the provision of streamlined quality services in an accountable and transparent manner that guarantees inclusiveness and equity</b>		
<b>Priority 1: Establish an appropriate and effective system of public financial management based on the PFM Road Map that includes strengthening the budget process, establishing a chart of accounts and enhancing public procurement</b>		
<i>Milestones</i>	<i>Responsibilities (government)</i>	<i>Support partners (dev.)</i>
1. Budget classification harmonised and a chart of accounts in accordance with international standards developed in time for 2014/15 budget	Lead: Ministry of Finance  Support: Accountant General, Auditor General, Customs, Ministry of National Planning and Development, National Tender Board, Ministry of Interior (for local governments)	World Bank/DFID  AfDB
2. A policy based budgeting and a medium-term expenditure framework established for 2014/15 budget		
3. Public procurement transitional plan implemented by mid-2014		
4. An independent revenue authority established by end 2014		
5. A computerized national tax system developed by end 2014		
6. 6 external audit reports submitted to parliament by end of 2014		
<b>Priority 2: Promote the equitable distribution and access to basic services through both the use of clear service delivery mechanisms and standards, as well as the clarification of roles and responsibilities of the central and local authorities and service delivery providers</b>		
1. Joint review of existing decentralisation programmes to determine value for money, and results completed by mid-2014	Lead: Decentralisation Committee chaired by Vice President  Support: Ministry of National Planning and Development, Ministry of Interior, Ministry of Health, Education, Water and Sanitation, Local Governments,	EU, DFID, DANIDA, SIDA, Switzerland, Norway
2. Decentralized service delivery models developed through supporting a government-led process for key services such as health, education, water and sanitation, ensuring equitable distribution and access, with clarified and responsibilities for the central, regional, local authorities and service providers by end 2014		TBD

	Ministry of Labour and Social Affairs	
3. Service delivery standards set for key services such as health, education, water and sanitation, and strengthen the regulatory capacity of the relevant authorities by end 2014	Ministries of Interior, Health, education and water	EU/DFID to lead
4. A national plan drawn from existing provisions in the NDP and other strategies to address gender and the needs of minority groups across all priorities, with well-defined targets developed by end 2014	Lead: Ministry of Labour and Social Affairs	TBD
5. Develop a special development program in priority areas such as health, education and water for Sool and Sanaag regions to address inequity in development and bring such services up to level with other regions developed by mid-2014	Lead: Ministry of Health and Ministry of Education	EU in Education and DFID in Health
6. A concrete financing strategy to address gaps in tertiary services, particularly in health and education (as set out in Health and Education Sector Strategies), ensuring issues of equitable access developed by end 2014	Lead: Ministry of Health and Ministry of Education	EU in Education and DFID in Health Others TBD
<b>Priority 3: Create a merit based and equitably distributed civil service that delivers high quality basic services and security for all Somaliland citizens</b>		
1. Cabinet and parliament approve Civil Service Reform and Public Finance Management Reform by end 2013	Lead: Public Sector Reform Cabinet Committee	DFID and EU Others TBD
2. Quality functional review of at least three ministries and public agencies completed by end 2014		
3. The implementation of the Somaliland Civil Service and Public Finance reforms funded and supported by Q1/2014	Support: Civil Service Commission	
4. A clear strategy to deliver demand-led results-focused capacity development services across the public sector developed by mid-2014		

# ANNEX 3: Governance Structure of the Somalia Development and Reconstruction Facility (SDRF)

## SDRF Governance Structure

