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**THE FEDERAL REPUBLIC OF SOMALIA
JOINT IDA-IMF STAFF ADVISORY NOTE ON THE
NINTH NATIONAL DEVELOPMENT PLAN (2020–24)**

March 6, 2020

Macroeconomics, Trade and Investment Global Practice
Poverty and Equity Global Practice
Africa Region

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INTERNATIONAL DEVELOPMENT ASSOCIATION
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FEDERAL REPUBLIC OF SOMALIA

**Joint Staff Advisory Note on the
Ninth National Development Plan 2020–24**

Prepared by the staffs of the World Bank and the International Monetary Fund (IMF)

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March 6, 2020

I. OVERVIEW

1. **This Joint Staff Advisory Note (JSAN) reviews Somalia’s Ninth National Development Plan (NDP9), covering 2020–24.** The Cabinet of the Federal Government of Somalia (FGS) approved NDP9 on September 26, 2019, and the Ministry of Planning, Investment and Economic Development (MoPIED) subsequently published NDP9 on its website.¹ Somalia submitted NDP9 to the IMF and World Bank on October 15, 2019, to fulfill the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative’s poverty reduction strategy requirement.²

2. **Somalia has made noteworthy progress since 2012 to recover from decades of conflict and state fragmentation.** The 2012 Provisional Constitution established a federal political structure, including a parliament, the Federal Government of Somalia (FGS) and the Federal Member States (FMSs).³ Meanwhile African Union forces liberated the capital Mogadishu and other key strategic cities from terrorist groups. Since that time, the country has succeeded in rebuilding core state capabilities, and organized two democratic national elections in 2012 and 2017. Somalia has now reached the stage where it seeks to fully reengage the international community and is requesting debt relief through the HIPC Initiative.

3. **NDP9 is a nationally owned and comprehensive strategy for poverty reduction and inclusive growth.** The strategy is informed by an analysis of the drivers of poverty, which include political fragility, conflict, insecurity and lawlessness, and climatic shocks. This analysis was validated through extensive consultations with a wide range of stakeholders. Building on this, NDP9 presents a comprehensive strategy to reduce poverty in Somalia that is organized around the four pillars of inclusive politics, improved security and the rule of law, inclusive economic growth, and improved human development.

¹ The plan is available at <http://mop.gov.so/wp-content/uploads/2019/12/NDP-9-2020-2024.pdf>.

² “Under the proposed Enhanced HIPC Initiative, it is envisaged that a viable and comprehensive poverty reduction strategy be in place prior to the decision point.” IDA and IMF, “Heavily-Indebted Poor Countries Initiative: Strengthening the Link between Debt Relief and Poverty Reduction,” August 1999.

³ The FMSs are Galmudug, Hirshabelle, Puntland, Jubbaland, and South West States. In 1991, Somaliland declared its independence, which is not recognized internationally.

4. **NDP9 builds on lessons learned from past planning exercises and on the successes of the 2017–19 NDP (NDP8)—the first to be crafted by the Somali government since 1986.** Those preparing NDP9 aimed to correct deficiencies of planning as it was undertaken prior to the civil war. Contemporary analyses criticized pre-1991 NDPs on the grounds that they were not underpinned by a credible macroeconomic framework, they presented investment plans that lacked prioritization or supporting analysis, planning was divorced from budgeting, and plans lacked mechanisms for monitoring and evaluation.⁴ In stark contrast to pre-war development plans, the stated objective of the eighth and ninth NDPs is poverty reduction, and these NDPs also place a priority on addressing drivers of conflict and fragility. Those leading the development of NDP9 noted that limited alignment between national- and state-level plans hampered implementation of NDP8. They aimed to address this through greater stakeholder participation in plan preparation, especially at state and local levels. In addition, they worked to embed in NDP9 a strategic framework whose prioritization was grounded in analysis and refined through stakeholder consultation. Finally, they sought to avoid fragmentation by focusing NDP9 on four pillars, versus nine in NDP8.

5. **This JSAN offers feedback on NDP9 from the staffs of the IMF and World Bank.** It reviews the process for preparing the strategy, its poverty diagnosis and macroeconomic underpinnings, the main components of the strategy, and finally the plans for implementation. The JSAN presents staffs' views on priorities for strengthening the strategy and its implementation.

6. **Staffs consider that NDP9 exceeds the standards of a typical interim poverty reduction strategy.** Relative to standard requirements for interim strategies, NDP9's underlying analysis is deeper topics and policy discussions are broader, stakeholder consultations more extensive, and articulation of strategies are more comprehensive than has usually been required at the HIPC Decision Point. This JSAN identifies two areas for improvement that are critical for Somalia to satisfy the HIPC Completion Point requirement of at least one year's satisfactory implementation of NDP9: present information on the costing and related financing of planned interventions; and update the plan's underlying macroeconomic and fiscal framework.

II. PARTICIPATORY PROCESS

7. **The authorities developed NDP9 through a highly consultative, participatory process that ensured full country ownership.** They held public consultative meetings with civil society, private sector representatives, FGS and FMS line ministries, national and state parliamentarians, members of the judiciary, and development partners. Consultations proceeded through three distinct rounds that achieved strong participation throughout development of the plan by: (i) gathering stakeholder input on the nature and causes of poverty and on poverty reduction measures (January–March 2019); (ii) forging a consensus around proposed strategic priorities and interventions (May–June 2019); and (iii) validating the plan prior to Cabinet approval in (August–September 2019).

8. **The process was structured to build consensus and ownership at all levels of the federal system.** In each round, meetings with national-level stakeholders in Mogadishu were complemented by consultations at state and local levels. Starting at the concept stage in mid-2018, development of NDP9 was

⁴ See for example World Bank, "Somalia: Country Economic Memorandum" (January 1979), "Somalia: Towards Economic Recovery and Growth" (August 1985), "Somalia: Crisis in Public Expenditure Management" (March 1991), and "Somalia: From Resilience Toward Recovery—A Country Economic Memorandum for Somalia" (January 2006). It should be noted that pre-1991 NDPs were prepared in the context of a unitary state and aimed to direct a state-led economy.

overseen by the National Development Council, a body comprised of the federal and all five state planning ministries.

9. **The NDP9 document incorporates input received during consultations.** The issues raised in each round are presented in detail, both by stakeholder type and by region of the country. Stakeholder input is integrated into the situation analysis for each pillar of NDP9 and clearly informs each pillar's strategies.

III. POVERTY DIAGNOSIS

10. **The poverty diagnosis in NDP9 is informed by the Somali High Frequency Survey (SHFS), which is the main source of income poverty data in Somalia.** The SHFS was collected twice—in 2015 and 2017—by the World Bank in collaboration with the FGS Directorate of National Statistics. SHFS is a multi-topic household survey that offers detailed information on housing conditions, education, employment, access to services, security, displacement, gender, remittances, internal displaced population, and perceptions. It can be used to develop a multidimensional poverty indicator.⁵

11. **Staffs welcome the detailed poverty profiles and determinants in NDP9.** The document presents Somalia's poverty profile, spatial variations in living standards, drought impact, displacement, social protection, and remittances. As the two waves of SHFS were not comparable, for the most part, the analysis provided was a snapshot as adequate data for trend analysis was not available

12. **However, staffs caution that SHFS data have important limitations.** Neither wave of SHFS is nationally representative because data were not collected in highly insecure areas. Due to differences in coverage across the two waves, estimates of poverty rates are not directly comparable, and therefore, one cannot say how poverty evolved between 2015 and 2017. Staffs note further that the sustainability of this survey is questionable since the data were collected and processed by a private survey company hired by the World Bank.

13. **Finally, staffs note that no assessments of the poverty or distributional effects of past development policies or plans are available.** The lack of data has long hampered the ability of the government and partners to monitor progress, target appropriate interventions or design evidence-based policies. With support from development partners, NDP9 looks to strengthen the National Statistical System to monitor core social and macroeconomic statistics. (See Section VI. Implementation, Monitoring and Evaluation below for more information on statistical capacity building.)

IV. MACROECONOMIC POLICIES

Introduction

14. **The macroeconomic policy objectives of NDP9 are to promote economic growth in an environment of low inflation, sustainable fiscal and current account balances, and healthy foreign exchange reserves.** The staffs of the IMF and World Bank consider these objectives to be broadly appropriate. Macroeconomic stability and higher and more inclusive growth are preconditions for reducing poverty. Fiscal sustainability requires remaining current on debt service falling due after the HIPC Decision Point and

⁵ The microdata are publicly available on the website of the Directorate of National Statistics at <<http://micro-data.dns.org.so/>>.

implies avoiding any new debt before reaching the Completion Point. Somalia's de facto dollarization largely ensures price stability. However, building and maintaining a healthy level of foreign reserves by may prove a more challenging policy objective, given the current constrained macroeconomic environment and the authorities' lack of monetary and exchange rate policies and instruments. Additionally, the role of the financial sector development could be expanded upon to explain its potential to catalyze growth.

15. **Staffs welcome the macroeconomic framework presented in NDP9.** The framework is consistent with Somalia's historical trend and capacity to mobilize resources. Its growth outlook is appropriately conservative. The framework includes a gradual improvement in real economic growth from the base year of 2018 to 3.5 percent by 2022, representing only a small increase in real per capita income. Consumer price inflation is anticipated to decline from 3.2 percent in 2018 to 2.2 percent in 2022, which reflects inflation that is consistent with a dollarized economy. The fiscal framework indicates expectations of only modest surpluses or deficits during the period and is consistent with the authorities' commitment to fiscal discipline as a part of Somalia's IMF program. In addition, the authorities have instituted a buffer to mitigate the revenue volatility the FGS routinely faces. The current account deficit is expected to remain large at over 8 percent of GDP, reflecting a structural trade deficit that is financed by international grants, remittances, and foreign direct investment.

16. **The framework has become outdated, however, and staffs recommend updating it to incorporate greater support for poverty reduction and additional financing from development partners during the Interim Period.** The framework presented in NDP9 is grounded in a baseline scenario that does not reflect debt relief. The staffs of the IMF and World Bank are working with the authorities to revise the framework to reflect the more realistic scenario where Somalia reaches the HIPC Decision Point in early 2020. At that time, the country would gain access to additional grant financing, particularly from the World Bank and African Development Bank. This would support a higher growth trajectory in the medium- and long-term than shown in NDP9's current macroeconomic framework, together with associated changes in the medium-term fiscal framework and the balance of payments. The new framework should maintain a conservative approach to the new projections for growth but could reflect the experience of other countries that reached the Decision Point and have completed the HIPC Initiative process. It could also highlight possible upside surprises to the new baseline that may come from new sources of growth, such as the commercial fishing and petroleum sectors, and from the opening up of regional trade in the of Horn of Africa.

Monetary and Financial Sector Policies

17. **Financial sector regulation and supervision, as well as the anti-money laundering and counter-ing of financing of terrorism (AML/CFT) framework, are critical policy areas.** Staffs welcome NDP9's discussion of these financial sector reforms. They are critical for the financial system to support economic development and foster investment in a sustainable manner and for improving the environment for remittance flows. Staffs and authorities are using the Financial Sector Roadmap as a guide to financial reforms, which are now broadening beyond the banking sector to also include the mobile money and payments systems areas. An important part of the roadmap is the improvements in the organization and governance of the Central Bank of Somalia (CBS), which will be gradually modernized to meet the challenges of the growing financial sector, as well as the anticipated strengthening the Financial Reporting Centre, which along with the CBS and Ministry of Finance (MoF), is at the center of the AML/CFT agenda. Equally important will be the introduction of a digital identification system, which would not only

strengthen the know-your-customer dimension of Somalia's AML/CFT framework, but also facilitate citizens' interactions with the government.

18. **Staffs support the authorities' commitment to issuing new Somali shilling banknotes, while maintaining de facto dollarization.** Somali shillings make up only a small amount of money in circulation—only around 0.7 percent of annual GDP.⁶ Apart from a small number of notes printed before 1991, all currency in circulation is counterfeit. A key element of financial sector reforms outlined in NDP9 is therefore the issuance of new legitimate banknotes to stamp out counterfeiting activity. The new notes will represent only a small share of the money in circulation, as most transactions are conducted in dollars and the use of mobile money is prevalent. The new shilling notes will provide a more secure store of value and medium of exchange for those that need them to purchase necessities. It also has financial inclusion benefits for the most vulnerable in society who do not have dollar earnings nor access mobile phones to make payments—including internally displaced people (IDPs) and households in remote areas, and those in rural communities. These groups are disproportionately affected by the absence of legitimate notes. Nonetheless, staffs expect Somalia's economy to remain effectively dollarized for some time to come. The development of monetary and exchange rate policies and instruments as well as reserves management will need to be considered once the shilling is introduced but are likely to play a limited role in macroeconomic management in the early stages.

Fiscal Policy and Management

19. **The authorities should regularly update NDP's fiscal projections to keep them in line with the latest annual budget and medium-term fiscal framework (MTFF) of the MoF.** This will require consistent coordination between officials of MoF and MoPIED. Staffs have provided technical assistance to the MoF in revising the MTFF and macroeconomic framework to reflect expected conditions after reaching the HIPC Decision Point, including resumed debt service payments, the expected increase in grant financing, and the outcomes of the debt restructurings. The MTFF will be regularly updated based on new developments. It is expected to become embedded in the annual budgeting process—supporting budget preparation, providing constraints on budget expenditures, and instilling fiscal discipline. NDP9's revised fiscal projections should also reflect the quantitative performance criteria and indicative targets under the new three-year financing arrangement with the IMF that is expected to be approved at the HIPC Decision Point.

20. **Despite recent substantial progress, stronger revenue collection is needed.** Somalia's domestic revenue level is projected to grow to 4.5 percent of GDP in 2020. Although double its value in 2014, this is the lowest level in the world. Revenue mobilization reforms identified in the NDP9 document are broadly adequate, but a more granular presentation of revenue measures and their sequencing would be welcome. Staffs would also welcome measures to improve tax administration, including activities to be undertaken by the newly established Large and Medium-term Taxpayers Office, as well as improved collection at the port and airport. As plans are developed to implement the newly enacted Revenue Law, the impact should be incorporated into the MTFF and reflected in the NDP9.

21. **Continued public financial management (PFM) reforms would support the fiscal discipline, transparency, and accountability needed to implement NDP9.** The authorities have made significant progress towards more systematic and transparent budget planning and execution, better cash management and forecasting, and more transparent reporting. Continuous improvement in PFM systems, supported

⁶ In 2017, CBS estimated the value of shilling notes in circulation at around 766 billion shillings, equivalent at that time to around US\$33 million.

by regulations to operationalize the recently enacted PFM Law, would help to improve the efficiency of spending. More efficient PFM processes will be needed to handle the increased scale and complexity of development financing that Somalia should expect to receive after reaching the HIPC Decision Point. Moreover, the authorities will need to rebuild public investment management capabilities as spending on social programs and capital investment increases. It would also be beneficial for the FGS to begin moving to introduce programmatic budgeting over time, when PFM capacity has adequately improved to better align spending with NDP9 priorities.

22. **NDP9 correctly highlights that Somalia’s external debt is unsustainable.** The staffs welcome the government’s commitment not to engage in new external borrowing until debt falls to a sustainable level and capacity to repay improves. Even after receiving debt relief at the HIPC Completion Point, Somalia’s debt carrying capacity will be low. Any future borrowing should be carefully analyzed and aligned with Somalia’s future capacity to repay and with the objective of maintaining medium-term fiscal sustainability. Staffs stress that it is critical for the authorities to stay current on all their obligations falling due and not to accumulate any new arrears. The authorities will need to pursue a debt strategy that aligns the fiscal framework to this carrying capacity. As noted in the NDP9 document, strengthening the government’s debt management institutions will be important both during debt relief operations and for better debt management in the future. In this context, staffs encourage the authorities to strengthen the capacity of the Debt Management Unit by developing an action plan to swiftly improve its analytical, negotiation, recording, and reporting capacity.

23. **Finally, staffs welcome NDP9’s emphasis on fiscal federalism, which is a critical dimension of the fiscal framework and financing of NDP9 priorities.** As discussed below in Section V, staffs welcome the country’s efforts to assign spending and revenue functions across levels of government and to develop an equitable system of intergovernmental transfers. These fundamentally shape the resource envelope and the volume and composition of spending in the fiscal framework.

Financing and NDP9 Costing

24. **As acknowledged in the NDP9 document, the absence of cost estimates in the plan is a significant gap.** Filling this gap is a critical step toward implementing the plan and raising the necessary financing. Staffs acknowledge the challenges in this exercise, and the authorities have expressed the need for technical assistance to support the costing effort. FGS and FMS officials will consult with donors on this exercise. (See Section VI below for more information on the role of the states in NDP9 implementation.) Staffs appreciate the authorities’ effort to indicate priorities by showing the percentages of the fiscal space available in 2020 that would be allocated by NDP topics (see Table 26 on page 300 in the NDP9 document). Once the costing exercise for 2020–24 is completed, the staffs expect the authorities to prepare a supplementary 2020 budget that confirms how those percentages have been applied to the additional fiscal space generated by higher post-Decision Point inflows and provide a detailed costing estimate for the fiscal year 2021. The portion of that estimate that is expected to be on-budget will be made part of the 2021 budget. Indicative estimates for the other years of the NDP9 will be included in the FGS’s MTFF.

25. **Revisions to the Somalia’s aid architecture are important for implementation of NDP9, especially given the significant off-budget flows that greatly exceed aid channeled through the FGS budget.** Staffs support the authorities’ goal of improving the use, direction, and transparency of official development aid (ODA). This would increase the effectiveness and accountability of ODA and ensure its

consistency with NDP9's priorities. The authorities should carefully consider the new guidelines and operations and discuss them with ODA providers.

26. **Staffs also encourage ODA providers and other partners to provide timely and complete information on their activities in Somalia.** The interventions presented in NDP9 will rely heavily on external support for financing and project management, while federal and state governments build capacity to implement a full public investment program. Federal and state authorities must be able to incorporate information on externally financed activities into their planning and budgeting processes, as well as include data from these activities in monitoring of NDP9 implementation. Staffs suggest that the new processes for providing information to the authorities should aim to facilitate donors' efforts to respond to Somalia's urgent development needs.

V. REFORMS PROPOSED IN THE STRATEGIC PILLARS OF NDP9

Pillar 1: Inclusive Politics

27. **Pillar 1's objectives are to establish a functioning federal system that is embedded in a ratified constitution and that possesses the institutional capacity to carry out core state functions.** The pillar calls for finalizing the Federal Constitution of Somalia, ensuring that all state laws are harmonized with the constitution, and clearly delineating the division of labor across local, state, and federal governments. Resumption of the FGS-Somaliland dialogue is also an expected result of actions in Pillar 1.

28. **Fiscal federalism issues are at the core of this pillar.** The assignment of spending functions (including responsibilities for making investments in human and physical capital) is inextricably linked with the political authority that the final constitution will vest in each level of government. Similarly, the Inclusive Politics pillar includes plans for the efficient allocation of revenue raising powers and mechanisms for equitably sharing national revenue. Staffs welcome interventions proposed in this pillar to implement the Revenue Administration Law and harmonize tax systems in the country. They agree on the need for an equitable sharing of revenue from natural resources. These will significantly improve NDP9's fiscal framework and financing of NDP9 priorities.

29. **Staffs encourage the authorities to accelerate the pace of fiscal federalism reforms.** Efforts should be made to maintain the momentum created by the 2019 Fisheries Agreement and the agreement on expenditure guidelines. These both support the constitutional reform process and would put in place legal and institutional elements of fiscal federalism that, in many federal systems worldwide, are defined outside of constitutions. Staffs note the need to harmonize provisions in the PFM and Petroleum Laws related to natural resource revenue sharing, to address potential horizontal inequities in oil revenue-sharing arrangements, to ensure accountability over shared revenues, and to establish procedures for the FMSs to contribute to national economic policy development.

30. **Staffs also encourage the authorities to incorporate measures that increase transparency and accountability into NDP9.** Openness in budgeting, the use of taxes, and public sector performance would increase the legitimacy of the state. Transparency is also an important tool for reconciliation. Staffs note that transparency measures typically do not require large funding and could lead to increased tax morale and compliance.

Pillar 2: Security and the Rule of Law

31. **NDP9 identifies security and the rule of law as necessary conditions for economic and human development.** The document describes how terrorism, conflicts over water and other scarce resources, human trafficking, cyber-attacks, and illegal economic activities have contributed to poverty and fragility, undermined economic development, and resulted in environmental degradation. It notes accomplishments in improving PFM in the security sector, including the payroll verification and biometric registration of security personnel, the introduction of competitive bidding for rations contracts, and the adoption of more robust internal controls and audit systems. Pillar 2 presents a rich collection of interventions to be undertaken between 2020 and 2024 to increase the effectiveness of national army and police forces, reform justice and judiciary systems, improve women’s and other vulnerable groups’ access to justice, protect human rights, and reduce corruption. Staffs welcome the commitments in NDP9 to ensure that security and legal institutions address disadvantages experienced by women, IDPs, ethnic minorities, and other disadvantaged groups.

32. **Explicit prioritization and costing of interventions would facilitate implementation of this pillar.** Although the plan contains a proposal for sequencing interventions over 2020–24, the document presents strategies and interventions without a clear filter or prioritization matrix. The document could have reflected more on financial investments required under this pillar and on tradeoffs between investments in the security sector and investments in other sectors. The security sector chapter is structured mainly around specific actors (police, army, etc.), while the work is often cross-cutting in nature. Interventions might be grouped according to overall security sector reform themes to make NDP9 implementation more efficient. As NDP9 is implemented, authorities might give emphasis to security and rule of law reforms that provide confidence and trust in government systems and build the capability of emerging government structures.

Pillar 3: Economic Development

33. **Pillar 3 of NDP9 aims to broaden and sustain economic growth and provide greater employment opportunities by transforming traditional industries (e.g., livestock and crop production) and adapting them to climate change, while inducing growth elsewhere in the private sector.** Expected results include: (i) more resilient traditional livelihoods and food production systems; (ii) a policy and regulatory environment that is more accessible and attractive to investors and small businesses; (iii) a more diversified and future-fit economy; and (iv) reduced unemployment through the creation of work that is accessible to all levels of Somali society. The pillar proposes a broad set of interventions that include government investments in infrastructure and focuses on building the legal, regulatory, and institutional framework for private sector-led economic growth. Among these are the following actions:

- passage of foundational laws, including the Company Law (subsequently enacted in December 2019) and laws on insurance, intellectual property rights, and public-private partnerships;
- establishment or strengthening of regulatory bodies for banking, electricity, petroleum, and telecommunications; and
- articulation of sectoral strategies and master plans for energy, livestock, fisheries, urban development, and water.

34. **Staffs commend the authorities for the comprehensive analysis that underpins the strategies and interventions proposed in this pillar, and they welcome the pillar’s emphasis on promoting inclusive economic growth as a driver of poverty reduction.** Staffs acknowledge that “economic development” is inherently wide-ranging and all-encompassing—this pillar of NDP9 includes agriculture, livestock, energy,

petroleum, fisheries, transport, telecommunications, the financial sector, manufacturing, and construction. But they nevertheless encourage the authorities to focus and prioritize interventions in this pillar of NDP9 to ensure successful implementation. Staffs also encourage the authorities to build on the participatory process used to develop NDP9 by ensuring that reforms implemented in this pillar are developed through structured consultations between the public and private sectors, between the state and civil society, and between local, state, and national governmental bodies.

35. **Agriculture and livestock.** Staffs note the need for public sector investment and services in this area (e.g., in irrigation and disease control). Staffs also encourage the authorities to focus on measures to catalyze private investment in areas that have high growth potential and could meet demands of the expanding urban population, such as dairy, meat, and poultry. Complementary investments and reforms in transport infrastructure, financial services, production and marketing systems, adaptation to climate change and adoption of drought-resistance crops and seed, animal health treatment, forestry, water, and energy could support increased productivity in agriculture and livestock.

36. **Infrastructure and energy.** Substantial investments will be required to finance the rehabilitation of infrastructure. Considering the constrained fiscal environment discussed above, staffs recommend that the authorities avoid any new debt but rather explore innovative financing structures that prioritize private sector solutions, giving due regard to appropriate governance mechanisms, and minimize the use of scarce public sector resources. This is especially relevant for the infrastructure and energy sectors, where markets are traditionally conducive to private investment. Recognizing the positive political developments in the Horn of Africa, the authorities might explore the feasibility of investments along trade corridors that can support regional market integration. In the energy sector, staffs encourage market-led interventions that: (i) establish and or strengthen the transmission and distribution of electricity; (ii) ensure access by small and medium enterprises; and (iii) bolster renewable energy on a least-cost basis.

37. **Petroleum.** As noted by the authorities, developments in the petroleum sector offer substantial opportunities for Somalia but are also subject to risks, potentially including corruption, environmental degradation, and the inequitable sharing of both the benefits and costs of oil production. Staffs strongly encourage the authorities to—prior to opening the sector to commercial exploitation—finalize the legal and regulatory framework governing the oil sector, its fiscal regime (e.g., by enacting the Extractives Industries Income Tax Law), and natural resource revenue sharing arrangements. Staff also underscore the importance of issuing regulations to implement relevant provisions of the PFM Law on natural resource revenue management, including those that require transparent reporting of natural resource revenues in budgets and public sector financial statements.

38. **International trade.** Staffs would welcome more clarity on the organizational framework for negotiating trade arrangements, including the Continental Free Trade Agreement, accession to the World Trade Organization, and on establishing a National Trade Facilitation Council. They welcome the authorities' plans to improve the country's trade facilitation systems, including the proposed trade information portal, which would enhance transparency and could help to streamline trade logistics processes.

39. **Medium and small enterprises.** Formalization of businesses in Somalia and providing an environment that encourages small firms to grow into large firms would support job creation. Staffs note NDP9 could give greater emphasis to the need for business entry reforms (currently under implementation by the Ministry of Commerce and Industry) and possible interventions specifically aimed at encouraging growth by small enterprises.

Pillar 4: Human Development

40. **Pillar 4 focuses on building human capital and increasing resilience to shocks as the foundations for poverty reduction and promotion of shared prosperity.** Staffs concur with the analysis underpinning this pillar of NDP9, which shows that decades of conflict, state fragmentation, and environmental shocks have left Somalia with health and education levels that are amongst the lowest in the world. Staffs also note that the private sector and non-state actors currently provide most primary health, and education and social protection services—financed by household income, remittances, and foreign grants—and that reintroduction of public provision of these services will take place in a federal political system. These arrangements present unique opportunities and challenges. NDP9 addresses them with strategies and interventions that emphasize partnerships, standards, accountability mechanisms, and scaling up of pilot projects.

41. **Staffs agree with NDP9’s emphasis on developing foundations for service delivery, such as basic standards and regulations for non-state providers, and better coordination of humanitarian assistance.** These must be accompanied by strengthening direct service delivery for vulnerable groups and multisectoral interventions that include enhanced access to safe water and sanitation within the framework of progressively increasing financing and improved governance. Some key steps have already been taken, such as the approval of the National Social Protection Policy, the Education Sector Strategic Plan (2018–20), the new national education curriculum, and increased access to an Essential Package of Health Services. Staffs also agree with NDP9’s emphasis on women’s empowerment—with the reduction in the number of females undergoing female genital mutilation being a key indicator—and the special attention NDP9 gives to the needs of vulnerable groups, such as displaced persons.

Cross-cutting Issues: Climate Resilience and Legal Reform

42. **Staffs welcome that the authorities have identified building resilience to climate shocks as a cross-cutting priority and key theme of NDP9.** References to climate resilience and the 2018 Recovery and Resilience Framework (RRF) appear throughout the NDP9 document, and resilience is a particular focus in the Economic Development and Social and Human Development Pillars. Figure 15 (on page 69 of the document) is also helpful in emphasizing its cross-cutting nature and wide geographic scope, and in identifying the broad areas of intervention by non-governmental organizations, FMS, and FGS. The importance of this theme cannot be understated given the country’s vulnerabilities to drought, floods, and now locusts. The authorities could have brought out NDP9’s connections to the RRF more clearly, since it is currently spread out in various sectors, and the key messages from the RRF could have been more prominently discussed and highlighted.

43. **NDP9 also includes a challenging legislative reform agenda.** Many proposed interventions require new laws or amendments to pre-1991 laws to support Somalia’s transition to a federal state and a market economy. The constitutional reform process will result in the need for new legal reforms, as will the government’s plans to join the World Trade Organization (WTO) and East Africa Community.⁷ Somalia’s engagement with international partners adds an additional layer of complexity, through multiple programs of financial and technical assistance for legislative reforms on the one hand, and varying conditionality in these programs on the other (including the HIPC floating Completion Point triggers).

⁷ Somalia applied for WTO accession in December 2015. Preparing the Memorandum of the Foreign Trade Regime—which includes a detailed inventory of all laws, regulations, and policies related to international trade and investment—is the first task in the accession process. This step is routinely followed by an, often lengthy, process of revising the country’s legal framework to bring it in line with WTO rules.

Pursuing these reforms could tax the country's limited capacity. Staffs therefore recommend that the authorities develop and regularly update a prioritized Legislative Action Plan that assigns clear responsibilities and deadlines for their completion.

VI. IMPLEMENTATION, MONITORING AND EVALUATION

44. NDP9 adequately identifies the main implementation challenges facing Somalia, including those relating to internal capacity constraints and multi-level coordination, and it correctly identifies the need to adopt a budgeting strategy that integrates donor and domestic fiscal resources for the duration of the plan. Building on the experiences of NDP8 (see paragraph 4 above), the Implementation chapter of NDP9 proposes a set of government-driven aid, coordination, and oversight policies that aim to progressively strengthen capacities of the state. Staffs welcome the authorities' plan to establish a National Aid Policy, guided by a comprehensive set of implementation strategies: clear division of responsibilities between federal and state governments, joint coordination of service provision by government and partners, costing and prioritization, rolling out geographically-relevant interventions (within and/or across administrative jurisdictions), leveraging data for a results and learning-based management approach, and finally strengthening specific core government functions.

45. NDP9 envisions implementation at multiple levels of government and in coordination with non-state actors. FGS ministries will have primary responsibility for policy development, vertical coordination with FMSs, data collection and management, and monitoring. They will develop standard operating procedures for program development and implementation. FMS and Somaliland governments will produce state-level strategies and plans. State-level ministries will be primarily responsible for implementation of the initiatives by which national and state-level priorities will be met. States will also be responsible for localizing the sectoral plans prepared by federal line ministries. Under the recently approved national monitoring and evaluation strategy for NDP9, FMSs will provide quarterly, semiannual, and annual reports to MoPIED's Monitoring and Evaluation Directorate. Furthermore, NDP9 calls for continuing the collaboration with non-state actors, which for many years have been providing health, education, water, sanitation, and other services. NDP9 aims to increase the effectiveness of non-state actors by aligning their activities more closely to national and state priorities and linking their monitoring and evaluation activities to FGS systems of data collection and management.

46. The main causes of poverty and required interventions have been identified through two rounds of consultations, and staffs welcome NDP9's good summary of the drivers of poverty, vulnerability, and low resilience in Somalia. Proposed strategies, interventions, and outcomes in the four pillars are consistent with NDP9's analysis of the main causes of poverty, given the constraints imposed by data limitations. Staffs encourage the authorities to expand the logic of interventions and results embedded in NDP9 and refine implementation of NDP9 as more information becomes available through new or updated data sources.

47. Staffs encourage the authorities to pursue a delivery strategy that emphasizes geographic areas with maximum potential to address the underlying causes of poverty. An area-based approach for implementation will require efforts in setting regional targets for both outcomes and outputs. Beyond the prioritization obtained through rounds of consultations, more focused cause-effects analysis will provide clear guidance for implementation.

48. Staffs also stress the importance of integrating planning and budgeting. Annual budget preparation and execution processes must both reflect and contribute to NDP9's planning and implementation

strategies. Staffs encourage the authorities to use their priority matrix, which has been developed by MoPIED to prioritize NDP9 projects, to inform the projects that will be executed each year during the annual project planning process. Adequate costing—which is currently lacking in NDP9—will provide the inputs needed to mobilize donor resources and to plan and manage development spending. Information on the costed projects that emerge from this exercise should be shared with MoF to ensure they are captured in the annual budget exercise and reflected in the latest MTFF. Budget execution data from MoF will provide critical feedback information to refine plans. Annual work plans should balance the need to execute identified priorities versus financing constraints. They should also consider the contributions that quick wins make towards maintaining public support for reform.

49. **Staffs find that NDP9’s monitoring and evaluation architecture is well adapted to the initial needs of the plan, identifying outcome indicators at both plan and pillar levels, and setting baselines and identifying viable data sources for future measurements.** While recognizing institutional capacity constraints, defining targets through consultation is important to generate ownership in managing and operating the results framework. As stated in the NDP9 document, preparation for implementation must include ambitious annual and final targets, though strictly in line with organizational capacity and financial allocations in the short and medium term. As discussed above, the pillar-based approach to implementation will require setting regional targets for both outcomes and outputs. The public interventions agenda could be developed under existing institutional coordination mechanisms, such as the National Development Council, General Directorates meetings and Group Pillar discussion.

50. **Additionally, staffs recommend introducing a clear reporting mechanism to track the status of implementation at the levels of strategies and interventions, which may be used to prioritize and streamline delivery of the expected outcomes for each pillar.** The stated Sustainable Development Goals approach will help to frame NDP9 in the global 2030 agenda, and the current indicator matrices provide the highest layer of monitoring and evaluation analysis. Because most of these indicators will be updated yearly, and some less often, continuous tracking of the implementation of NDP9 will require developing indicators and targets at the output level (interventions/investments) to generate structured and regular progress reports (monitoring and evaluation) on the action plan for each pillar.

51. **Staffs welcome the commitment to include monitoring indicators in NDP9 on overcoming gender and social inclusion.** The NDP9 document states that “all program and policy data shall be gender-disaggregated, and all NDP9 interventions will include a gender analysis, and targets and indicators that are appropriately gendered” (page 109). NDP9 will also track statistics on levels of gender-based violence.

52. **The authorities are candid about data gaps that pose challenges for NDP9’s monitoring framework.** These gaps include data on household income and spending, consumer and producer prices, and production and investment components of the national accounts. Staffs note that the authorities are preparing a statistical capacity development project and are working closely with international partners (including the IMF and World Bank) to ensure sustained collection of these data by the government. Staffs encourage the authorities to also initiate regular and frequent collection of data on employment (disaggregated by gender and age). Finally, it is important to build capacity in FMS statistical bureaus. Staffs welcome the recent enactment of amendments the National Statistics Law, as well as the preparation of a statistical action plan that sets out a strategic plan to develop capacity and produce economic, financial, and social statistics.

VII. CONCLUSION, RISKS AND RECOMMENDATIONS

53. **The NDP9 document outlines a comprehensive assessment of Somalia’s development challenges and associated policies through a strong participatory approach, and it provides a realistic monitoring and evaluation framework.** The staffs of the IMF and World Bank believe that NDP9 provides an adequate framework to support sustained growth recovery and to reduce widespread poverty.

54. **NDP9 implementation, however, faces significant risks.** These stem from: (1) insecurity and national election uncertainty; (2) lack of policy prioritization, particularly on expenditure policy; (3) absence of full costing aligned with FGS and FMS fiscal frameworks; (4) absence of coherent aid policy strategy to catalyze and align large donors’ assistance to support the NDP9; (5) limited monitoring and evaluation capacity; (6) the perception of pervasive corruption and weak governance, which are likely to limit confidence and financing support; (7) absence of private sector-led development policy associated with policies to strengthen tax collection and the revenue base and public finance management, and (8) limited economic, financial, and poverty data, which hamper the development of coherent medium-term macroeconomic framework linking to poverty outcomes.

55. **This JSAN highlights the following recommendations:**

- Staffs emphasize that the authorities should update NDP9’s macroeconomic and fiscal framework and should publish cost and financing information on NDP9 interventions.
- Staffs welcome the authorities’ commitment to submit a supplemental 2020 budget soon after the HIPC Decision Point and to complete the NDP9 costing exercise by June 2020. The government’s proposed 2021 budget and supplementary 2020 budgets should incorporate revisions in expected financial flows associated with reaching the HIPC Decision Point and show how additional resources will be allocated towards realizing NDP9 priorities within the limits of the available fiscal space. This will ensure consistency between annual budgets, NDP9, and changes in economic and fiscal conditions.
- To limit the risk that debt becomes unsustainable again in the post-HIPC period, staffs encourage the authorities to develop and action plan to strengthen the capacity of the Debt Management Unit. Even if Somalia restores debt sustainability, any future borrowing decisions should be well analyzed and aligned with Somalia’s future capacity to repay while maintaining medium-term fiscal sustainability. Finally, staffs stress that it is critical for the authorities to stay current on all their obligations falling due and not to accumulate any new arrears.
- NDP9 could give more prominence to the objective of fighting corruption given its systemic importance in Somalia and prevailing negative perceptions. NDP9 currently focus on reducing corruption as one of many objectives under “Improved Security and Rule of Law” rather than as a cross-cutting issues. Greater attention to improving governance and fight corruption would be welcome. In this context staffs welcome the recent enactment of the Anti-Corruption Law and we encourage the authorities to swiftly establish the Anti-Corruption Commission and approve a National Anti-Corruption Strategy. In addition, the authorities are encouraged to step up other efforts to reduce the perception of corruption, ratify the United Nations, African Union, and Arab Conventions Against Corruption, and modernize key public institutions.

- Staffs encourage the authorities to develop a prioritized Legislative Action Plan that reflects the required legal reforms identified in NDP9 and is regularly updated as the authorities take on new commitments (e.g., HIPC Completion Point triggers).

56. **Staffs expect the authorities to include the cost and financing information and regular updates to NDP9's macroeconomic and fiscal framework in the Annual Progress Reports the FGS submits to the IDA and the IMF in the coming years.**

57. **Staffs will assess progress in implementing these recommendations and the evolution of risks in future JSANs based on these Annual Progress Reports; these JSANs will be shared with the IDA and IMF Boards.** Combined with annual monitoring data, this information would enable staffs to advise the IMF and IDA Boards of Executive Directors whether Somalia has satisfactorily implemented NDP9 for at least one year, in line with HIPC Completion Point requirements.



The Ministry of Planning, Investment and Economic Development

SOMALIA NATIONAL DEVELOPMENT PLAN 2020 to 2024

VOLUME 1: 15 October 2019

TABLE OF CONTENTS

LIST OF ACRONYMS USED	14
FOREWORD BY THE MINISTER	19
ACKNOWLEDGEMENTS	21
EXECUTIVE SUMMARY	22
CHAPTER 1: BACKGROUND	44
1. The National Development Planning Process	44
2. The Somalia Context	46
2.1. Geography and Demographics	46
2.2. Recent History	47
2.3. Conflict and Violence	48
2.4. The Economy	48
2.5. Macro-Economic Framework	50
2.6. Aid Flows and Remittances	53
3. Achievements and Lessons Learned from the 2017-2019 NDP (NDP-8)	55
3.1. Achievements	55
3.2. Lessons Learned	57
CHAPTER 2: OUTPUT FROM STAKEHOLDER CONSULTATIONS	61
1. Background to Round 1 Consultations	61
2. Overview of Consultation Output	62
3. Tabulation of Stakeholder Inputs	70
4. Round 2 Consultations	80
CHAPTER 3: SOMALIA POVERTY ANALYSIS	84
1. Measuring Poverty	84
1.1. Introduction	84
1.2. Sources of data	84
1.3. Methodology for measuring poverty	85
2. Monetary Poverty	86
2.1. Incidence	86
2.2. Depth and severity	87
2.3. Food consumption and hunger	88

3. The nearly poor	89
4. Limited economic opportunity and economic exclusion	90
5. Education	92
6. Standard of Living	93
7. Health (child mortality, nutrition),	95
8. The Multi-dimensional Poverty Index	95
9. Broadening the Dimensions of Poverty	96
9.1. A Secure Environment	97
9.2. Empowerment	99
10. Underlying and Immediate Causes of Poverty	100
11. An Integrated Look at Poverty – its causes and impacts	102
12. The Most Vulnerable Groups	104
13. Conclusion	104
CHAPTER 4: STRATEGY FRAMEWORK	106
1. Introduction	106
2. Principles	106
3. Somalia’s Development Goals	107
4. The NDP-9 Pillars	108
5. Cross-cutting imperatives	109
6. The Strategy Framework	110
7. Theory of Change	111
8. Linkages to Development Frameworks	113
8.1 Sustainable Development Dimensions	113
8.2 The Nexus	114
8.3 Growth pathways to poverty reduction	115
8.4 Mapping to the 2030 Agenda	117
8.5 Approach for Aligning Strategies and Interventions	118
CHAPTER 5: INCLUSIVE POLITICS (PILLAR 1)	120
1. Introduction	120
2. Situation Analysis	121
2.1. Current Status of Core Inclusive Politics Pillar Components	121
a) Federalism	121
b) Constitution Review Process (CRP)	122

c) Electoral System	123
d) Reconciliation and Restoration of Public Confidence	126
2.2. National Policies, Strategies, Legal Instruments and Institutional Frameworks and Gaps for the Development of the Sector	127
a) National Policies and Strategies	127
b) Legal Instruments	129
c) Studies, Reviews and Option Papers	132
d) Institutional Frameworks	132
2.3. Gaps for the Development of the Sector	133
3. Major Challenges, Opportunities and Lessons Learned	134
3.1. Major Challenges	134
3.2. Major Opportunities for the Sector Development	136
4. Lessons Learned	137
5. Strategies and Interventions	138
5.1. Rationale and Alignment	138
5.2. Strategic Objective:	139
5.3. Core Inclusive Politics Priority Strategic Interventions	139
a) Federalism and Decentralization	139
b) Constitution Review Process (CRP)	141
c) Fair and Credible Elections	142
5.4. Crosscutting Inclusive Politics Priority Strategies and Interventions	143
a) Reconciliation – National Reconciliation Framework (NRF)	143
b) Institutional Capacity Development	144
6. Prerequisites and Risks	145
7. Outcomes and Indicators	146
8. Pillar 1: Inclusive Politics 5 Year Action Plan	149
CHAPTER 6: SECURITY AND RULE OF LAW (PILLAR 2)	151
THE SECURITY SECTOR	151
1. Introduction	151
2. Status of the Security Sector	154
2.1. National Policies, Strategies, Legal Instruments and Institutional Frameworks and Gaps for the Development of the Security Sector	156
a) Policy and Legal Instruments of the Sector	156
b) Institutional Frameworks	157

2.2.	Gaps for the Sector Development	158
3.	Major Challenges, Opportunities and Lessons Learned	160
3.1.	Security Sector Challenges	160
3.2.	Opportunities	161
3.3.	Lessons Learned	162
4.	Security Sector Strategies and Interventions	163
4.1.	Rationale and Alignment	163
4.2.	Security Sector Strategic Objective	163
4.3.	Security Sector Interventions	163
a)	Priority Interventions for MoD	163
b)	Strategic Priority Interventions for MoIS	165
c)	Cross-Ministerial Interventions	165
5.	Preconditions and Risks	166
6.	Pillar Outcomes (Security)	166
	RULE OF LAW	167
1.	Introduction	167
2.	Situation Analysis	167
2.1.	Structure and Functions of the Judiciary	168
	Courts	168
2.2.	Ministry of Justice and Judiciary Affairs	169
2.3.	Legal Aid and Legal Awareness	169
2.4.	Alternative Dispute Resolution (ADR)	171
2.5.	Custodial Corps/Corrections	171
2.6.	Police Forces	172
2.7.	Stakeholder Consultations and Poverty Analysis	173
3.	Challenges and Opportunities	173
3.1.	Opportunities	173
3.2.	Challenges	174
4.	Strategies and Interventions	175
4.1.	Reforming the Justice System	175
4.2.	Improving the Corrections System	175
4.3.	Improving Equitable Access to Justice and Protecting the Most Vulnerable	176

4.4. Reforming the Judiciary - securing and improving access to justice and increasing public trust and confidence in the judiciary	176
4.5. Strengthening the Security Service Delivery Capacity of the Police Forces	177
5. Prerequisites and Risks	177
6. Pillar Outcome (Rule of Law)	178
6.1. Gender and Social Inclusion through Security and the Rule of Law	178
6.2. Governance and Security and Rule of Law	178
CHAPTER 7: ECONOMIC DEVELOPMENT (PILLAR 3)	182
1. Synopsis of Pillar 3	182
2. Overview of the Economy	183
3. Livestock	185
3.1. Structure of the sector	185
3.2. Situational analysis	186
3.3. Constraints to growth	187
a) Degradation and deforestation of rangelands	187
b) Shortage of feed and fodder	189
c) Water shortages	190
d) Lack of breeding programs	190
e) Weak veterinary services	190
f) Transboundary animal disease	191
g) Institutional capacity constraints	192
3.4. Value addition from animal products	192
3.5. Strategies	193
3.6. Interventions	194
4. Agriculture	194
4.1. Situational analysis	195
4.2. Constraints to growth	198
a) Low irrigation capacity	198
b) Poor soil fertility and pest and disease management	199
c) Lack of research and extension service	199
d) Limited mechanization	200
e) Poor road transport infrastructure	200
f) Limited processing capacity	200

g)	Institutional Constraints	201
4.3.	Value addition from crop production	201
4.4.	Strategies	202
4.5.	Interventions	202
5.	Fisheries	203
5.1.	Situational analysis	204
a)	Inshore Fisheries	204
b)	Offshore fishing	205
5.2.	Constraints to growth	205
a)	Artisanal fishing fleet	205
b)	Limited landing sites and onshore facilities	206
c)	Limited monitoring and enforcement capacity	206
5.3.	Value addition from fish	207
5.4.	Strategies	208
5.5.	Interventions	208
6.	Food security	208
6.1.	Overview of the data	209
6.2.	Strategies	211
6.3.	Interventions	211
7.	Infrastructure	211
7.1.	Situational Analysis	212
7.2.	Constraints to growth	214
7.3.	Transport sector	215
a)	Roads	215
b)	Ports	217
c)	Civil aviation	218
7.4.	Strategies (for all transport sectors)	219
7.5.	Interventions	219
8.	Energy	220
8.1.	Energy Sources	220
8.2.	Energy Prices	221
8.3.	Energy market reforms	222
8.4.	Strategies	223

8.5.	Interventions	223
9.	ICT sector	223
9.1.	Mobile service provision	224
9.2.	Market concentration	224
9.3.	Postal service	225
9.4.	Strategies	225
9.5.	Interventions	226
10.	Petroleum sector	226
10.1.	Situational analysis	226
10.2.	Policy principles for the emerging petroleum sector	227
10.3.	Strategies	228
11.	Financial sector	229
11.1.	Situational analysis	229
a)	Mobile money	229
b)	Remittances	231
c)	Banking	232
11.2.	Constraints to growth	234
11.3.	Strategies	235
12.	Manufacturing	235
12.1.	Situational analysis	235
12.2.	Constraints to growth	235
12.3.	Strategies	236
13.	Construction	237
13.1.	Situational analysis	237
13.2.	Constraints to growth	238
13.3.	Strategies	239
14.	The Informal Economy	239
14.1.	Situation analysis	240
14.2.	Incentivising business formalisation	241
14.3.	Strategy	242
14.4.	Interventions	242
15.	Trade	242
15.1.	Situational Analysis	243

15.2.	Access to WTO	244
a)	Benefits of accession	244
b)	Challenges ahead	245
15.3.	Strategies	245
16.	Employment	246
16.1	National Employment Policy	246
16.2	National Employment Framework	246
17.	Pillar 3: Economic Development 5 Year Action Plan	248
CHAPTER 8: SOCIAL DEVELOPMENT (PILLAR 4)		249
1.	Introduction	251
2.	Situation Analysis	253
2.1.	Human Capital Development	254
2.2.	Social and Human Development Strategy	256
2.3.	Health Sector and Clean Water and Nutrition	257
2.4.	Clean Water and Sanitation Services	258
2.5.	Nutrition	259
2.6.	Education and Training	260
2.7.	Social Protection	262
2.8.	Urban & Rural Planning	263
3.	Social and Human Development Challenges	264
4.	Strategies and Interventions	266
4.1.	Improved Governance – Cross-Cutting	271
4.2.	Disaster Risk Management and Administration	273
5.	Prerequisites and Risks	274
6.	Outcome	275
7.	Pillar 4: Social Development 5 Year Action Plan	277
CHAPTER 9: MACROECONOMIC AND FISCAL FRAMEWORK		278
1.	Introduction	278
2.	Monetary Policies and Financial Sector Reforms	279
3.	Fiscal Policy and Management	280
3.1.	Domestic Revenue Mobilization	280
3.2.	Public Expenditure Management	283
3.3.	Public Debt Management	286

3.4.	Fiscal Federalism and Intergovernmental Transfers	287
4.	External Sector	289
5.	Sectoral Policies	290
5.1.	Agriculture and Livestock	290
5.2.	Fisheries	291
5.3.	Oil and Gas	291
5.4.	Transport	291
5.5.	Telecommunications and ICT	291
5.6.	Manufacturing & Commerce	291
6.	Medium Term Developments (2019-2022)	292
6.1.	Introduction	292
6.2.	Risk analysis	292
6.3.	Medium-Term Macroeconomic Framework	293
6.4.	Growth Prospects	293
6.5.	Expenditure Prospects	293
6.6.	Revenue Prospects	295
6.7.	Budget Allocations by Sector	297
7.	Strategies and Interventions for the Macro-Economic Fiscal Framework	298
8.	Financing of NDP-9 Priorities	298
	CHAPTER 10: IMPLEMENTATION ARRANGEMENTS	305
1.	Introduction	305
2.	Implementation Framework	306
2.1.	Context	306
2.2.	Implementation strategy	306
2.3.	Cross-Cutting Policy Imperatives	309
2.4.	Institutional arrangements	312
2.5.	Technical assistance	312
3.	Relationship with international development partners	312
3.1.	Aid management and coordination	313
a)	Current arrangements	313
b)	The revised aid architecture	315
4.	The role of the private sector	316
	CHAPTER 11: RISK MANAGEMENT	318

1. Introduction	318
2. Risk Identification	318
3. Risk Mitigation	320
4. Next Steps	321
CHAPTER 12: MONITORING AND EVALUATION	323
1. Progress since NDP-8	323
2. Principles for the M&E Framework	324
3. 2030 Agenda	325
4. M&E Policy for Government	326
5. Directorate of National Statistics Strategic Plan (2018-2022)	326
6. Objectives, Roles and Responsibilities for Monitoring NDP-9	327
6.1. Statistics Function	327
6.2. Monitoring Function	327
7. M&E Plan	328
7.1. M&E FRAMEWORK at the Strategic Level (million US\$ where relevant)	330
7.2. Targets	332
7.3. Roadmap M&E Table (by Pillar)	332
8. Next Steps	339
8.1. Plans to Complete Data Gaps and Strengthen the Statistical Function	339
ANNEX 1: STAKEHOLDER CONSULTATIONS	340
ANNEX 2: IMPACTS AND COSTS OF THE CONFLICT IN SOMALIA	369
ANNEX 3: SDG Linked M&E Roadmap Table	370
ANNEX 4: DEMAND ELASTICITIES	396

List of Figures and Tables

Figure 1: Methodology for NDP-9	43
Figure 2: Cereal Production in Metric Tons; WB data.	47
Figure 3: Selected Economic and Financial Indicators	49
Figure 4: Annual Inflation by Commodity (2018)	49
Figure 5: Exports and Imports as a Percentage of GDP	50
Figure 6: External Position	50
Figure 7. ODA Trends in Somalia, 2004-18	52
Figure 8. Financial Flows as % of GDP, 2016-18	52
Figure 9: Causes of Poverty (Stakeholder)	60
Figure 10: Causes of Poverty (Region)	61

Figure 11: The four causes of poverty identified by the majority of stakeholders	62
Figure 12: Priority Interventions (Stakeholder)	63
Figure 13: Priority Interventions (Region)	64
Figure 14: Stakeholder Consultations on Poverty Interventions, by Sector	65
Figure 15: Map of Priority Interventions from RRF	Error! Bookmark not defined.
Figure 16: Cross Country Comparison	83
Figure 17: Poverty Incidence across urban and rural population	84
Figure 18: Poverty gap and poverty severity	85
Figure 19: Food consumption poverty incidence	85
Figure 20: Experience of hunger in the past 4 weeks	86
Figure 21: Effect of remittance on poverty	87
Figure 22: Household head literacy	90
Figure 23: Access to sanitation	91
Figure 24: Access to Water	91
Figure 25: Reasons for Displacement, and Cumulative Total, UNHCR-PRMN	94
Figure 26: Reasons for Displacement, UNHCR-PRMN	95
Figure 27: The Impact of Conflict and Drought in Somalia, data source: WB	95
Figure 28: Drivers of poverty, vulnerability and low resilience in Somalia	100
Figure 29: Priority Interventions by Region, DINA 2018	100
Figure 30: Strategy Framework NDP-9	107
Figure 31: Theory of Change	109
Figure 32: Dimensions of Sustainable Development	111
Figure 33: Nexus of Humanitarian, Peace and Development	112
Figure 34: Growth pathways	113
Figure 35: Pillars Working Together	114
Figure 36: Mapping Pillars to SDGs	115
Figure 37: National Security Policy	152
Figure 38: Land use systems in Somalia	193
Figure 39: Food Consumption Poverty	206
Figure 40: Areas of infrastructure needs	212
Figure 41: Somalia balance of trade, 2010-2018 Million USD	240
Figure 42: National Employment Policy Framework	245
Figure 43: Sources of Revenue (2015-2019)	280
Figure 44: Composition of Domestic Revenue (2015-2019)	281
Figure 45: Donor Budget Support	282
Figure 46: Expenditure by the FGS (US\$ Millions)	283
Figure 47: Composition of Expenditure	284
Figure 48: Recurrent Expenditure by Sector (% of Total)	285
Figure 49: Somalia's external public debt burden	286
Figure 50: Revenue Collection by FGS and FMS	287
Figure 51: FGS Budget Revenue Transfers to FMS (% of total transfers)	287
Figure 52: Economic and Financial Indicators	293
Figure 53: Medium term expenditures (2018-2022)	293
Figure 54: Medium term expenditures by category (2018-2022)	294

Figure 55: Medium Term Domestic Revenue (2020-2024)	295
Figure 56: Medium Term Domestic Revenues by Source (2020-2024)	295
Figure 57: Medium term sector budget allocations (2017-2022)	296
Figure 58: Budget Allocation by Sector (%)	297
Figure 59: Donor Funding of NDP8 Pillars	298
Figure 60: Somalia's current aid architecture	314
Figure 61: Aid architecture purpose	316
Table 1 Reported ODA	51
Table 3: Priority interventions mapped against causes and impacts of poverty	104
Table 4: Strategic Linkages for Causes of Poverty	110
Table 5: Relevant Policies and Strategies	124
Table 6: Relevant Legal Instruments	127
Table 7: Relevant Reviews and Options Papers	129
Table 8: Mapping of Inclusive Politics Institutional Actors at Two Levels	130
Table 9: Inclusive Politics Outputs, Outcomes and Indicators	144
Table 10: Relevant Ministerial Strategies	153
Table 11: Lead Ministries and Security Forces Under their Control	155
Table 12: Crop and livestock share of GDP in Somalia, (percent)	182
Table 13: Somalia Livestock Population Estimates (2018)	185
Table 14: Main crop production, 2012-2018	194
Table 15: Average yield of main crop of main crops, MT/ha	194
Table 16: Average price, quantity consumed, weekly and % food expenditure	207
Table 17: Ongoing Infrastructure Projects in Somalia	209
Table 18: Electricity Access Deficit in the Horn of Africa Region	220
Table 19: Players in Somalia's financial sector	226
Table 20: Selected financial sector indicators	230
Table 21: Trends in Acute Malnutrition Prevalence in Somalia	257
Table 22: Social Development Indicators	273
Table 23: Off-Budget Aid to Somalia	282
Table 24: BALANCE OF PAYMENTS IN SOMALIA, 2015–19 (PERCENT OF GDP)	289
Table 25: Macroeconomic and Fiscal Reform Strategies and Interventions	298
Table 26: Investment Budget for NDP-9 Year One	299
Table 27: Somalia: Selected Economic and Financial Indicators, 2016-2022	300
Table 28: Somalia Federal Government Operations (2016-2022) in US\$ Million	301
Table 29: Somalia: Federal Government Operations, 2016–2022 (Percent of GDP)	302
Table 30: Budget Allocation by Sector	303
Table 31: Surveys carried out by FGS	323
Table 32: Roadmap Indicator Table (by Pillar) - for review and completion periodically	332

LIST OF ACRONYMS USED

ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AMISOM	African Missions to Somalia
AML	Anti-Money Laundering
AS	Al-Shabaab
BRA	Benadir Regional Administration
BFC	Boundaries and Federation Commission
CAS	Comprehensive Approach to Security Executive Group
CBS	Central Bank of Somalia
CDF	Chief of Defence Forces
CE	Civic Education
CFT	Combatting the Financing of Terrorism
CRP	Constitutional Review Process
DDR	Disarmament, Demobilization and Reintegration Programme
DFID	Department for International Development
DINA	Drought Impact and Needs Assessment
DNS	Directorate of National Statistics
DP	Development Partners
DRM	Disaster Risk Management
ESSP	Education Sector Strategic Plan
EEZ	Exclusive Economic Zone
EU	European Union
F2F	Funding to Finance
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FGM	Female Genital Mutilation

FGS	Federal Government of Somalia
FMOAI	Federal Ministry of Agriculture and Irrigation
FMS	Federal Member States
FNTC	Federalization Negotiation Technical Committee
FPS	Federal Parliament of Somalia
FRS	Federal Republic of Somalia
FSNAU	Food Security and Nutrition Analysis Unit
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
HCI	Human Capital Index
HDI	Human Development Index
HPIC	Heavily Indebted Poor Countries
ICIRC	Independent Constitutional Review and Implementation Commission
ICT	Information and Communications Technology
IDP	Internally Displaced Person
IGAD	Inter-governmental Authority on Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
iPRSP	Interim Poverty Reduction Strategy Plan
JSC	Judicial Service Commission
JSP	Judiciary Strategic Plan
LSDS	Livestock Sector Development Strategy
MAF	Mutual Accountability Framework
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MFD	Maximizing Finance for Development
MFMR	Ministry of Fisheries and Marine Resources

MFTR	Memorandum on the Foreign Trade Regime
MIT	Modern Information Technology
MOCA	Ministry of Constitutional Affairs
MOD	Ministry of Defence
MOECHE	Ministry of Education, Culture and Higher Education
MOIFAR	Ministry of Interior, Federal Affairs and Reconciliation
MOIS	Ministry of Interior and National Security
MOHADM	Ministry of Humanitarian Affairs and Disaster Management
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOLFR	Ministry of Livestock, Forest and Range
MOPIED	Ministry of Planning, Investment and Economic Development
MPTT	Ministry of Post, Telecommunications and Technology
MPU	Maritime Police Unit
MPF	World Bank Multi-Partner Fund
MPI	Multi-Dimensional Poverty Index
MTEFF	Medium-Term Macroeconomic and Fiscal Framework
MTR	Mid-Term Review
NDC	National Development Council
NDP	National Development Plan
NIC	National Integration Commission
NIEC	National Independent Election Commission
NISA	National Intelligence and Security Agency
NPM	New Policing Model
NPS	New Partnership for Somalia
NTRC	National Truth and Reconciliation Commission
NSA	National Security Architecture
NSC	National Security Council
NSO	National Security Office

NSP	National Security Policy
NWoW	New Ways of Working
ODA	Official Development Assistance
OC	Oversight Committee
OECD	Organization for Economic Cooperation and Development
OPM	Office of the Prime Minister
PC	Provisional Constitution
PFM	Public Financial Management
PMP	Somalia Power Master Plan
PR	Proportional Representation
PRSP	Poverty Reduction Strategy Plan
PPP	Public-Private Partnership
PWG	Pillar Working Group
RRF	Resilience and Recovery Framework
RVF	Rift Valley Fever
SATG	Somalia Agriculture Technical Group
SDG	Sustainable Development Goal
SEU	Somalia Economic Update
SDRF	Somalia Development and Reconstruction Facility
SHFS	Somalia High Frequency Survey
SIF	African Union Somalia Infrastructure Fund
SMP	Staff Monitored Program
SNA	Somali National Army
SOMINVEST	Somalia Investment Promotion Agency
SOS	Somali Shilling
SP	Security Pact
SPVA	Somalia Poverty and Vulnerability Assessment
SPF	Somali Police Force
SSF	Somali Security Forces

SSR	Security Sector Reform
SWALIM	Somalia Water and Land Information Management
TDR	Traditional Dispute Resolution
TFG	Transitional Federal Government
TNG	Transitional National Government
TVET	Technical and Vocational Education Training
UN	United Nations
UNICEF	United Nations International Children’s Emergency Fund
UNIDO	United Nations Industrial Development Organization
UNMPT	UN Multi-Partner Trust Fund
UNSOM	UN Mission to Somalia
USAID	United States Agency for International Development
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WTO	World Trade Organization



FOREWORD BY THE MINISTER

It is with great pleasure that I present the ninth National Development Plan for Somalia. The prior NDP was a landmark document for our nation and this next version has built on its foundations and lessons learned, making NDP-9 a deeper and more optimistic plan.

Somalia has a long history of preparing National Development Plans, beginning in 1962. NDP-8, our most recent plan (2017-2019), carried the theme Towards Recovery, Democracy and Prosperity. I am happy to report that the nation indeed did make progress towards those aspirations, setting us on firmer ground as we launch NDP-9. However, for every two steps forward we have also experienced the occasional step back, as various climate, economic and security challenges have tested our resolve in the last three years. I am proud to report that our nation and its people have risen to these challenges with the help of our partners, deepening our resolve.

The current national development plan has been formulated to be compliant with the requirements for an interim Poverty Reduction Strategy Paper which will allow Somalia, as a participant of the Heavily Indebted Poor Countries (HIPC) Initiative, to apply for debt relief. The overarching objective of NDP-9, unlike prior development plans, is Poverty Reduction, an apt and meaningful objective when linked to debt forgiveness –the burden of carrying debt is a heavy one for our nation, not only today but as a crippling obligation placed on our children’s future.

NDP-9 has built on the solid foundation of prior NDPs, and lessons learned. The need for extensive consultations, to ensure the voice of all Somalis is reflected, was taken to heart. As a result the process involved 77 days of consultation with stakeholders – three rounds of discussions and workshops were held in seven regions, with representatives of each government and sector, with the Judiciary and with each Federal Line Ministry. These views on the causes of, and priority solutions to, poverty have shaped the strategy. NDP-9 has been owned and directed by the National Development Council, and was unanimously endorsed by Cabinet in September, 2019.

Equally taken to heart was the need for data and quantitative analysis. The poverty analysis relied heavily on the recent Somali High Frequency Surveys, conducted in partnership with World Bank and our government statistics function. The need for a robust poverty analysis, based on sound data, is a key requirement for iPRSP compliance and we are confident NDP-9 offers deep insights.

The results of the extensive consultations and poverty analysis led NDP-9 to establish three national priorities. These three, Inclusive and Accountable Politics; Improved Security and the Rule of Law; and Improved Economic Development, were found to be the pre-requisites to poverty reduction and government’s ability to capacitate itself to provide Social Development, and other government services.

The high-level rationale is straight-forward: national unity and trust demands a government capable of providing the services its citizens need for development, participation and thriving. In order to provide these services all levels of government must increase revenue, which in turn is dependent on economic growth and an established federal system providing for equitable tax revenue, transfers and fair distribution of resources and responsibilities. Each of these developments is dependent on reconciliation and a trusted system of inclusive politics, governed by law, which requires a strengthened Judicial system. Finally all are dependent on improved security; a peaceful nation.

Resilience is a key theme of NDP-9. Climate change and exogenous shocks are beyond the control of government, but not beyond its ability to better anticipate and manage. The poor in particular are the most vulnerable to shocks so if Somalia is to achieve its objective of poverty reduction it must be through its ability to invest in resilience.

The priorities are clear, and our strategies for poverty reduction and increased national resilience have been conclusively agreed. We are confident that investments in political stability, improved security and a stronger economy will deliver the positive impacts we, and the whole nation, are seeking. We have set a bold target for poverty reduction within NDP-9 and our citizens, particularly those living in vulnerability, are depending on steady and implacable progress towards NDP-9 goals.

Our ability to track progress against this plan is dependent on the availability of statistical data. This has been strengthened since NDP-8 but Somalia has still some way to go. NDP-9 offers a roadmap for closing data gaps and the Directorate of National Statistics has ambitious plans for important surveys to be completed. Monitoring progress will be on a much stronger footing in the near-term.

My acknowledgements and thanks are required and extend to a large cadre of partners, stakeholders, donors and team members. The effort put into NDP-9 was impressive and would not have happened without the able leaderships of President Mohamed Abdullahi Mohamed, Prime Minister Hassan Ali Khayre, Deputy Minister of MoPIED, Fahma Ahmed, Permanent Secretary of MoPIED, Abdikadir Adan, and the tireless work of the NDP-9 team and the Program Manager, Asad Yusuf. Somalia is in your debt.

Gamal Hassan

Minister of Planning, Investment and Economic Development

Federal Government of Somalia

ACKNOWLEDGEMENTS

The development of Somalia's Ninth National Development Plan has received tremendous support from a wide range of stakeholders, who willingly provided input and feedback, through consultations, workshops and reviews of prior drafts. Across the country, in every region, stakeholders from the Federal Member States, Benadir Regional Administration, Parliaments, and District councils were generous with their time and feedback. As well, many representatives of the private sector and civil societies met with us to provide their unique insights and suggestions, as did most of our international partners. This Plan has been made richer for your contributions. The National Development Council provided expert guidance and support at every step of NDP-9's formation and receive our thanks.

NDP-9 would not have been possible without the tireless efforts of the drafting team members: Abukar Sanei, Abdirashid Warsame, Mohamud Hussein, Sonkor Geyre, Howard Bell, Doreen Wilson and contributions from Marek Dabrowski, Ahmed Hassan and Selim Jahan. The facilitation of consultations, public outreach and strategic engagement with stakeholders would not have been possible without Muse Mohamed, Abdiqani Muse, Seid Mohamed, Cabdirashid Nuur, Maher Abdullahi, Adam Abyan and numerous other individuals. The final thanks and acknowledgement must go to the professional and unflagging leadership of the program manager, Asad Yusuf.

EXECUTIVE SUMMARY

The Federal Government of Somalia presents the ninth National Development Plan (NDP-9), 2020-2024, which provides the nation with a path leading to economic growth and reduction of poverty within the next five years.

Somalia has a long tradition of national planning, stretching back decades. The NDP-9 builds on the progress of and lessons learned from the eighth NDP (NDP-8), which is set to expire at the end of this year. Its goal is to reduce poverty and inequality through inclusive economic growth and employment, improved security and rule of law, and strengthened political stability.

Somalia's recent history of conflict is well-known. Less well-known, perhaps, is the development progress made by the country over the past seven years. In this regard, Somalia has taken important steps towards the establishment of a federal system of government and sound fiscal and monetary systems, which have supported moderate recent economic growth (approximately 3 percent GDP annual growth in 2018). A stronger government has been met with encouraging signs of community reconciliation and an enhanced capacity for local governance in many regions across the nation.

However, while these signs of development are hopeful, many challenges remain. Recent economic growth has not been enough to lift living standards significantly and poverty remains high. As a result, Somalia's key human development indicators are amongst the lowest in the world. Therefore, NDP-9 outlines an extensive poverty analysis diagnosing many of its root causes, including conflict, political instability, climate-related disaster and a still weak economy. Somalia also carries substantial international debt obligations, that threaten to hinder development and burden future generations.

The completion of NDP-9 as a compliant interim Poverty Reduction Strategy Paper (iPRSP) will allow Somalia to seek debt relief as part of the Heavily Indebted Poor Countries (HIPC) Initiative, which in itself will be a significant milestone in the country's process of poverty reduction. In line with the guiding principles for iPRSP, the NDP-9:

- Has been Somalia-driven and based on broad participation of Somalis through stakeholder consultations across regions;
- Has a medium to long-term perspective in terms of its developmental vision and strategic interventions;
- Is built on comprehensive multidimensional poverty reduction strategy with sustainable inclusive growth and economic diversification at its heart;
- Is results-focused, with a feasible and clear monitoring and evaluation framework, to ensure that limited resources available are allocated to those interventions with the largest potential impact.

As an interim PRSP, the scope for both development targets and government reform is more conservative in NDP-9 than it would be in a full poverty reduction plan. In this regard, the aims of NDP-9 are to show progress in the right direction in key national priorities. The intent, therefore, is to monitor and adjust

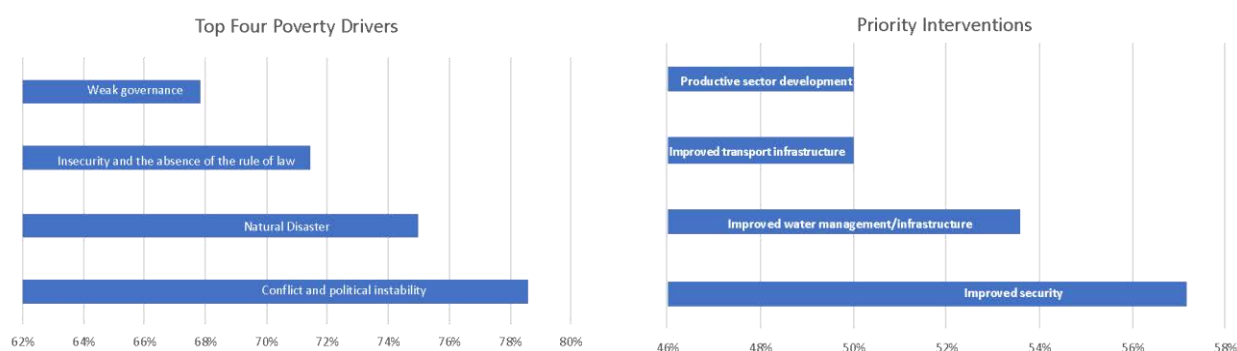
the plan, including baselines, targets and interventions, over its implementation and as data becomes available.

Stakeholder consultations

Several rounds of consultations were conducted, with the first, most extensive one in January and February 2019. Workshops were held in 5 Federal Member States (FMS), the Benadir Regional Administration (BRA) and in Mogadishu with representatives of the private sector, non-state/civil society organizations, state governments and members of the Parliament. Stakeholders were asked to identify both the root causes of poverty in their communities as well as the priority interventions by which they could be addressed. Though regional preferences were evident, particularly when addressing priority interventions, surprising consensus around the causes of poverty was observed among these disparate groups.

Drivers of Poverty

Though the list of poverty drivers was lengthy, over half of the stakeholders mentioned, among the key drivers of poverty, four issues, all of which are national and broad in nature: conflict and political stability; natural disaster; insecurity and the weak rule of law; and poor governance.



Interventions for Poverty Reduction:

Equally, when it came to priority interventions to reduce poverty, four thematic areas dominated the response: improved security & rule of law; productive sector development, improved transport infrastructure and improvement in water management (infrastructure).

The second round of consultations included the Somali National Development Council (NDC), which took account of stakeholder feedback and evidence from the analysis presented in the first draft of the NDP, and proposed three overarching national priorities: 1) inclusive and accountable politics; 2) improved security and the rule of law; and, 3) inclusive economic and employment growth. A full range of consultations were also held with the Directors General of federal line ministries in order to identify and map, within the framework of the NDP and the Government's Recovery and Resilience Framework, their five-year priorities, based on recent Road Map agreements with the Office of the Prime Minister.

Second and third round consultations were also held with Development Partners who, working with the Government, will continue to be important actors in meeting poverty reduction goals.

Poverty Analysis

Somalia faces a number of constraints in formulating evidence-based policies and plans, most important amongst which is scarce household and sectoral data. However, the National Directorate of Statistics (NDS) has made significant strides in the past few years. An innovative series of household surveys were conducted by the World Bank, in collaboration with the Government of Somalia, in 2015/16 and 2017/18. An analysis of the data from these High Frequency Surveys¹ (SHFS) formed the basis of the detailed poverty analysis for NDP-9.

The resulting picture of monetary poverty indicated that 69 percent of Somalis live under the international poverty line of \$1.90 a day (in 2011 PPP dollars). Disaggregated data, along with the levels of severity of poverty, indicate that internally displaced persons (IDPs), and the rural population (both agro-pastoralists and nomads) have the highest rates of monetary poverty. An additional 10 percent of the population live within 20 percent of the poverty line, making almost 80 percent of the entire Somali population vulnerable to external shocks such as natural disasters, conflict and economic disruption, however small. Remittances, which form a vital source not only of risk mitigation but also of investments, totalled US\$ 1.4 billion in 2018 and benefited up to 20 percent of the population, accounting for almost 37 percent of their estimated household expenditures.

Alongside monetary poverty, there are other less discernable aspects of deprivation. Poverty is multi-dimensional in nature, as demonstrated by multiple socio-economic outcomes, with health, education and living standard indicators all lagging regional and global averages. Maternal mortality ratios in Somalia are amongst the highest in the world, as are levels of childhood stunting and under-five mortality rates. Primary school enrollment is persistently low, averaging 33 percent nationally, with rural, nomad and female participation being the lowest.

Somalis experience deprivation in two additional dimensions: lack of physical safety and lack of empowerment. The first dimension has roots in both conflict and climate emergencies which have led to large-scale displacement and insecurity. Access to justice and the police present a mixed picture, with rural citizens relying mainly on traditional, clan-based protection and dispute resolution.

Lack of empowerment has led to exclusion, a feature of poverty that impacts three groups disproportionately, particularly when it comes to economic participation: women, IDPs and youth. Although the most current Population Estimate Survey² (PESS) was completed in 2014, estimates have been prepared for relevant demographic groups. Women, represent 56 percent of the population and generate up to 70 percent of household income, but are under-represented in the formal labour force. Somalia has a predominantly young population, with over 80 percent of estimated to be under the age of 35, enduring an unemployment rate of approximately 70 percent. As of 2017, almost 2.1 million (of an estimated 15 million) Somalis were categorized as internally displaced. For these three groups, poverty rates are high and socio-economic outcomes are substantially low. The result is significant inequality and

¹ World Bank has recently published the Somalia Poverty and Vulnerability Assessment (SPVA) report using this data and analysis.

² The government plans to conduct a Census within the lifetime of NDP-9 which will start with developing a census roadmap that will undergo a consultative and inclusive process.

lost opportunity. Location, along with cultural norms and clannism, are factors that deepen the consequences of exclusion.

The demographic shifts created by displacement have also changed the face of Somali lifestyles: displacement has predominantly been rural citizens to urban, usually in the aftermath of conflict or natural disaster. From a once predominantly rural population, Somalia is currently projected to be over 50 percent urbanized within the next six years – an issue that poses considerable challenges for public policymaking in the context of weak institutions and limited economic means, and in terms of coping with pressures from infrastructural needs resulting from rapid urbanisation.

The detailed poverty analysis presented in NDP-9 identifies the following groups as the most vulnerable: rural Somalis, including both agro-pastoralists and nomads; women; youth; other excluded groups, including persons with disabilities; and IDPs.

Strategy Framework

NDP-9 addresses the root causes of poverty and aims to improve the impacts of poverty experienced by households and individuals.

Analysis indicates that poverty in Somalia is driven by political fragility, conflict, insecurity and lawlessness, and exacerbated by climate emergencies. Political stability, security and the rule of law must improve to create the conditions in which efforts to support and climate proof economic growth can succeed. Social development is needed to fuel and sustain economic growth, through human capital development, social protection and disaster risk management. The poverty strategy for NDP-9 is therefore organized in four Pillars: Inclusive and Accountable Politics; Improved Security and the Rule of Law; Inclusive Economic Growth (including increased employment) and Improved Social Development. By focusing interventions in these four pillars, Somalia will be addressing the root causes of poverty. These organizing pillars align with the three national development priorities identified.

Cross-cutting policies (imperatives) are integrated into each pillar, representing an important strategy for both targeting and prioritizing interventions:

- a) Strengthen gender, human rights and other kinds of social equity
- b) Build the resilience of households, communities and the government
- c) Better manage Somalia's environment and its natural resources
- d) Prioritise durable solutions to long term displacement
- e) Strengthen the interface between humanitarian and development planning
- f) Make governance improvements a priority in each pillar



NDP-9 serves 1) as a roadmap for the FGS for interventions and investments over the next five years, 2) as a source of strategy and alignment for FMS plans, and 3) as a guide for development partners in their planning. The cross-cutting policy imperatives have been outlined not only as explicit features for pillar strategies, but also to inform and shape future programs and projects launched in response to the NDP.

The inter-dependence of pillars and their supporting strategies, requires that NDP-9 be viewed as iterative, concurrent and non-linear in nature.

Progress in one pillar is not dependent on the completion of a second pillar, but rather should be seen as mutually reinforcing programmes of action. An imperative for Somalia, and NDP-9, is to approach implementation as a multi-dimensional effort. In this way pillar-specific progress can be a spur to other pillar areas, accelerating poverty reduction across the planning period.

Poverty Reduction Strategy

Development and poverty reduction in Somalia are dependent on making progress on four causes of poverty and under-development: political fragility (inclusive politics), conflict (security and rule of law), weak economy (economic growth and employment), and community vulnerability (social development), all requiring a framework of strengthened governance. It must address these within the increasing frequency of climate events and community displacement.

Two factors significantly shape the interim poverty reduction strategy presented in NDP-9. One is the modest level of FGS revenue across the five-year plan, which will constrain the government investment plan. The other is the scope of the challenges and needs in each of the Pillar areas. The gap between resources and requirements will not be closed in five years. However NDP-9 outlines a phasing of priorities where early and dependent actions are taken in response to the opportunities available within the Pillar. Doing so will produce change quickly and in the right direction, and provide a foundation for future action. The interventions have also been chosen to reflect inter-Pillar dependencies, so that multiple Pillar benefits are realized with a single investment.

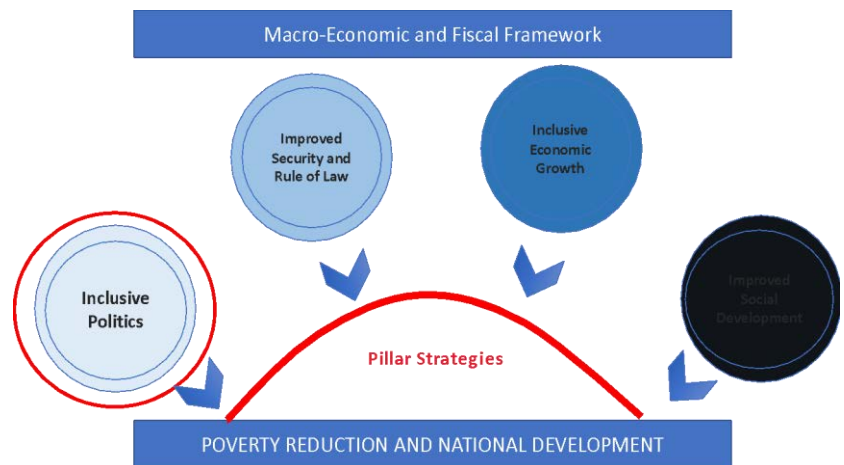
Inclusive and Accountable Politics and Reconciliation

The NDP-9 stakeholder consultations indicated a widespread belief that a lasting poverty reduction and economic growth is contingent on continued progress towards the creation of a stable and inclusive political system in Somalia. The NDP-9's analysis of poverty, and of the country's vital security sector,

confirm that effective and inclusive politics is a sine qua non for reducing insecurity, strengthening the rule of law, improving governance, and accelerating economic and social development.

Challenges highlighted in this Pillar include:

- An incomplete and ambiguous Provisional Constitution.
- A newly established Federal system arrangement that is only partly able to provide the legal and institutional frameworks for tax and customs collection, revenue and resource sharing, agreed roles and responsibilities, inter-regional trade, shared security and justice arrangements and fiscal federalism Institutional weakness that hinder effective governance, service delivery and citizen protection.
- Insufficient participation in the political process for some groups including minorities and women.



This Pillar's desired outcome is to make substantial progress towards a stable and peaceful federal Somalia with effectively decentralized, functional democratic system based on inclusive political processes.

In order to make progress towards this vision, and to address the Pillar challenges, the following strategies and interventions have been highlighted in NDP-9:

Deepening the Federalization Process: This strategy builds on promising progress and aims to deepen agreements between Federal Government of Somalia (FGS) and FMS stakeholders over important constitutional arrangements, including tax and customs arrangements, roles and responsibilities, improving inter-governmental relations, and the review and development of relevant laws and policies and regulations. Over the period of NDP-9 the goal is to formalize these agreements to such an extent that devolution of roles and responsibilities to FMS and local governments can take place.

Stabilization and Establishment of Local Governance: Communities rely on local government for the bulk of their services and support. Strengthening local government is a priority for NDP-9. This requires the drafting and enactment of a Local Government Act, the re-establishment of local/district councils, and the capacitation of its institutions. The most at-risk districts include those that are newly liberated from al-Shabaab. This strategy outlines interventions aimed at providing support to these areas in the form of community recovery projects. In both local government and FGS and FMS, Somali women are seeking greater representation in employment as well as in higher levels of political participation as outlined in the ratified Somali Women's Charter.

Finalization, Ratification and Implementation of the Constitution: The ratification of the Somalia Constitution is a fundamental milestone that is both a prerequisite and dependent on the formalization of a stable and agreed federal system and on the harmonization of laws and regulations. It also requires support and understanding from Somali citizens. Ongoing technical and legal reviews, public dialogues and awareness-raising will take place as early interventions, leading to parliamentary adoption and national constituent assembly ratification.

Preparation and Conduct of Fair and Credible Elections in 2020/21 and 2024: Preparation for these elections requires early investments in completing legal frameworks, including Election and Political Party laws, the official registration of Political Parties (to be completed in at least 9 regions) and the registration of all eligible Somali voters (in all peaceful regions). The participation of women and minority groups is an important objective.

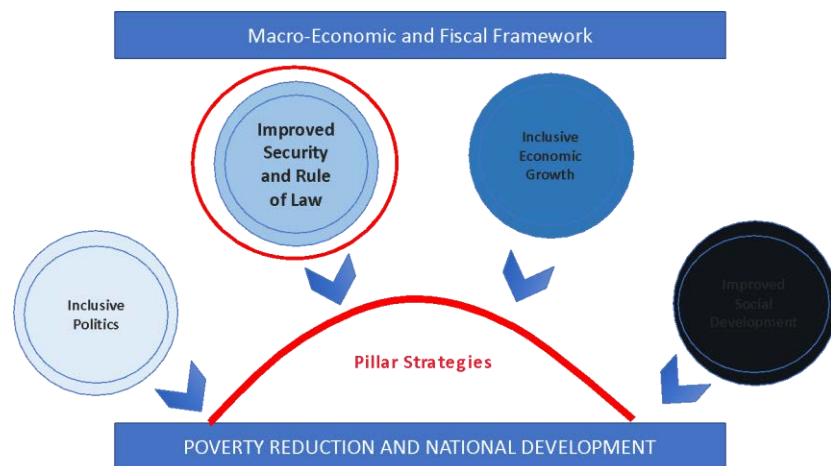
Two important cross-cutting imperatives are also outlined in this Pillar:

Implementing the National Reconciliation Framework/ Process (NRF/NRP): Reconciliation is fundamental to development and poverty reduction. Somalia has developed a National Reconciliation Framework and Process aimed at community healing. The NRF/NRP must now be devolved and operationalized at the local level.

Institutional Capacity Development: Crucial to community trust and development is the provision of fair and effective governance. It is a requirement that cuts across all Pillars. Pillar 1 outlines interventions for the strengthening of government capacity, including the operations of core government, local government, and relevant political institutions (such as the National Independent Election Commission). To support evidence-based policy making, data collection and monitoring will be an early focus.

Improved Security and the Rule of Law

Conflict and injustice significantly contribute to poverty as was highlighted by stakeholder consultations, research and the poverty analysis. Though a lack of both security and justice is a national issue, the costs of their absence impact vulnerable people disproportionately. A lack of security, or conflict over resources, touches everyday lives and restricts movement and economic opportunity. The rule of law is the framework for the provision of security, but the collapse of central government in 1991 and the subsequent civil war, brought about the disintegration of rule of law and Somalia's justice systems. The provision of security and the strengthening of the country's systems of justice, therefore, are considered urgent priorities for the NDP-9 both for developmental and poverty reduction purposes.



Highlighted constraints in this Pillar include:

- Inadequately unified, trained and equipped National Security Force, although significant progress has been made
- Ongoing threats of terrorism
- Emerging concerns from climate change (for example, water scarcity), an unprotected coastline and modern-day threats such as cyber-security
- Loss of judicial capacity and infrastructure, including insufficient enforcement capacity, exacerbated by severe underfunding
- Competing and unharmonized justice systems (traditional and formal), creating uneven access to justice and the judiciary system
- Outdated criminal and civil codes, accompanied by inadequate federal arrangements to provide independence of the judiciary
- A weakened system of judicial institutions, including corrections and, rehabilitation centres and orphanages.

The desired outcome for the Security Sector component of NDP-9 is the foundation of a security sector that serves the expectations of its citizens and the purpose of ensuring security and stability. The desired outcome for the Rule of Law and the Justice Sector reform is progress towards secure and equitable access to affordable justice and increasing public trust and confidence in the judiciary.

In order to make progress towards this vision, and to address the Pillar challenges, the following strategies have been highlighted in NDP-9, with the Security sector covered first:

Reforming and Strengthening the Security Sector

The programs and interventions within this sector are guided by the principles and guidelines of the Security Pact agreed by the Federal Government of Somalia (FGS) and international partners in May 2017. NDP-9 outlines progress made in the past two years under NDP-8 in terms of structural, operational and managerial transformation in the security sector and sets out proposals that build upon ongoing efforts in security sector reform (SSR).

- *Enhance the ongoing Integration of the Somali National Armed Forces (SNA)* –
- *Implementing the Security Sector Reform (SSR) Plan* – including establishment of Ministry of Defense (MoD) legal framework; implementation of registration and payroll reforms; and other milestones outlined in the Plan.
- *Implement the Somali Transitional Plan and the National Security Architecture* - Implement the core activities and phases of the transition plan, including stabilization of major towns
- *Strengthen the Capacity of the Ministry of Interior, Ministry of Defense and the Somali National Armed Forces in line with International conventions on Protection of Civilians, Gender and Human Rights.* – institutional strengthening of key Security Ministries, including Ministry of Internal Security (MoIS), MoD, and enhancing inter-ministerial cooperation
- *Enhancement of Maritime Security through the Establishment and Capacity development of Maritime Police Unit (MPU)*
- *Developing Cross-Ministerial Responses to Emerging Threats* - supporting the formulation and implementation of a Water Management Master Plan; establishment of Coast Guard and Navy; National Framework for Cyber Threats.

The provision of security is important for all Somalis, but it is especially important for women and IDPs. Somalia's Women's Charter outlines the threat of gender-based violence, and measures to counter this. The Durable Solutions Program outlines the threats and challenges faced by IDPs with suggested remedies in areas of security, but also in justice and in employment (covered later).

Strengthening the Rule of Law

Improving the Corrections System – priority interventions include reforming the Custodial Corps, Correctional Services and Prisons in compliance with International Human Rights standards. Proper segregation of prisons and corrections personnel, along with biometric, registration and payroll reforms are also targeted. Included in this strategy is the reform of rehabilitation centres and orphanages, supported by modern regulatory frameworks.

Reforming the Judicial System – completing and implementing the justice and corrections model for Somalia, including drafting, reviewing, amending and translating the key legislations for rebuilding the country and its judicial institutions. Capacity development of the judges, prosecutors and others is also required.

Reforming the Judiciary – The Ministry of Justice Strategic plan outlines a number of priorities including working with the relevant stakeholders for swift action on establishing the Judiciary Services Commission; investment in infrastructure, security, enforcement of judgements and fines and establishing a secure budget for the independent operations of this branch of government.

Strengthening the Security Service Delivery Capacity of the Police Forces – as outlined in the New Policing Model (NPM), many programs and interventions are ongoing, and will be further implemented including the continuation of the security institution reform process such as the review of Human Resources, payroll reform and financial procedure for the police force and all other security institutions, as well as the continuation of on-going integration and institutionalization of existing regional police forces.

Improving Equitable Access to Justice and Protecting the Most Vulnerable - securing and improving access to justice and increasing public trust and confidence in the judiciary through strengthening Legal Aid and modern public intake models to enhance access to justice for the most vulnerable. Alternative resolution

approaches, including administrative decisions, will be investigated to expedite the process. Efforts will be made to harmonize the parallel systems of traditional and legal resolution systems by reforming, modernizing and delivering effective Alternative Dispute Resolution (ADR) system as a means to fill the gap until such time that formal systems are in place on all levels of government.

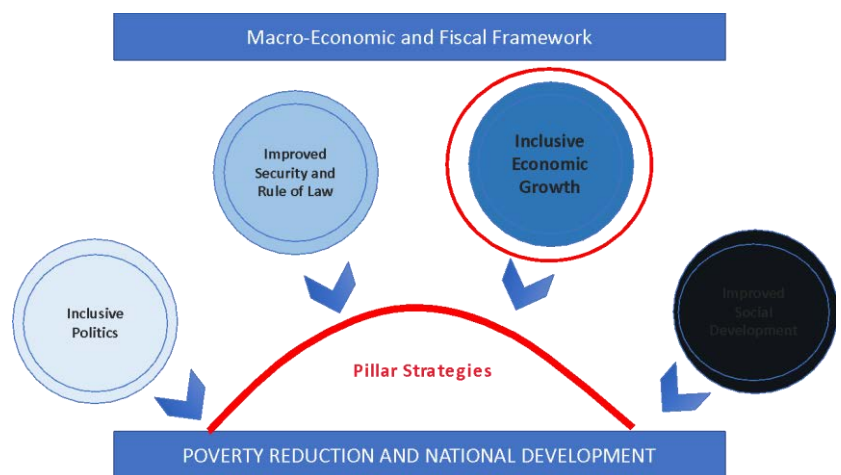
Two important cross-cutting imperatives are also outlined in this Pillar:

Embedding Human Rights – Somalia recognizes the value and power of operating within a framework of human rights and plans the integration of Human Rights into the Constitution Review Process, and the review of existing legislation for inclusion of Human Rights. Citizens will be empowered to demand and understand their rights, while ensuring security agencies understand and operationalize these rights.

Strengthening Anti-Corruption – this is a government-wide, indeed nation-wide, imperative. The intention is to strengthen national legislation and improve Somalia’s international standing. But it will also be operationalized within government standards of transparency and probity. Strengthening of Public Finance Management and the oversight by the Office of the Prime Minister, Central Bank and Ministry of Finance are important components.

Economic Development

At the heart of the economic strategy is a desire to transform the economy by improving the resilience of the traditional livestock and crop production industries to better meet the growing challenges from climate change, while at the same time inducing growth elsewhere in the private sector to broaden and sustain the growth and provide greater employment opportunities. Though all Pillars, working together, are required to make substantial progress in poverty reduction, it is within the Economic Pillar where the earliest and most promising impacts can be realized.



Somalia has been experiencing modest economic growth, reflecting the resiliency of its entrepreneurial spirit, but it has been insufficient to match population growth, or to provide sufficient employment for the young, the vulnerable and the poor. Economic growth is needed, but beyond mere economic growth, what is required is an equitable, formal and regulated market which provides inclusive employment opportunities. Wealth creation that favours only the advantaged will not suffice.

The main constraints to economic growth include:

- Economic growth has rebounded, but a 3 percent annual GDP growth rate is insufficient to match population growth
- Domestic revenue for the FGS is growing but is still low (US\$184 million in 2018) with the major part allocated to salaries (primarily security and administration).

- Tax and other government revenue are dependent on access, presence and control of ports of entry and commercial centres.
- Capital spending is a small fraction (less than 6% in 2018) of the FGS budget, which is insufficient to meet the infrastructures needs in post-conflict Somalia. In addition, there are limited resources to fund necessary spending on newly built infrastructure
- An undiversified economy, reliant on livestock and crops, is disproportionately exposed to climate risk and disaster, with resulting higher poverty and displacement rates for the rural population
- Food insecurity is linked to climate risks and leads to a national reliance on imports, creating a large imbalance between exports and imports and to poor nutritional outcomes for the vulnerable. In 2018 exports totalled US\$675 million, of which US\$409 million was livestock, while imports totalled almost US\$3.5 billion – much of it food.
- Unemployment rates among young adults and women are very high, with a mismatch between jobs and skills
- Conflict and climate disaster have led to substantial population displacement, creating pressures within IDP camps and their host communities, and high rates of IDP unemployment

Many opportunities exist within a range of sectors and industries, outlined in NDP-9. Some are traditional (agriculture and livestock); some have emerged in response to new technologies or need (telecommunications, mobile money, financial services), while others offer new promises (petroleum, fishing, light manufacturing, and the service industry). The need is great, the opportunities are wide, but Somalia's resources and capacity are limited, so NDP-9 outlines a feasible five-year economic strategy.

Government to play an increasing role in improving the functioning of market

Government will improve the business environment through effective reforms that positively affect policy, institutional, regulatory, infrastructure and cultural conditions that govern formal and informal business activities.

Enabling Business Environment – the vibrant private sector is an opportunity to be leveraged, but that requires government to play its role in establishing an enabling environment. Protection of Intellectual Property, property rights (IPR), Copyright, Trademark and other pieces of supportive legislation, with accompanying enforcement, are needed to encourage investment and innovation. The government will meet the standards laid out in the Doing Business Survey, including streamlining the processes needed to operate a business. On the one hand, it will develop an administrative and legal framework that is more responsive and accountable to the public and that limit the influence of special interests that otherwise would use public agencies to advance their interests rather than the public interest. On the other hand, government will support networking and business association through a Chamber of Commerce to build organisational capacity necessary to legitimately influence and shape public policymaking.

Regulating the Market – a level and safe playing field is required and one of a government's primary roles is to establish the legislation, regulations and oversight of industries to ensure they are competitive, fair, safe and monitored.

An early priority for government, therefore, exists within the economic governance agenda.

Investment in the Traditional Economic Strengths of Somalia to Promote Sustainable Production, Employment and Food Security

Traditional Economy – livestock and agriculture dominate the economy of Somalia, in terms of export, domestic consumption and employment. However, there are risks in remaining an undiversified economy, especially with the impacts of climate change on these sectors and the unpredictability of livestock and agriculture commodity markets. Investments linked to disease prevention, animal health and nutrition, improved crop productivity through better production methods and climate resilient techniques and the strengthening of value-chains, can deliver improved economic results in a sustainable way.

Employment - a focus on these industries provides early advantages: it creates large-scale employment opportunities, especially for four of the more vulnerable groups (rural, youth, women and IDPs) without a commensurate need for education or new skills training. It will also provide incentives for rural farmers and nomads to remain in place and stem and potentially reverse the flow of displacement.

Food Security – malnutrition levels are too high in Somalia, with mothers and young children suffering disproportionately. A significant portion of the household budget is spent on food while millions face the threat of starvation. The balance of payments for Somalia is skewed by the reality of food insecurity. Investments in the traditional sectors, particularly ones directed at new climate realities, will address these economic and household level risks.

Oversight and Investment in Supporting Utilities

Power Master Plan – with the collapse of government-provided utilities, including power, private sector providers sprang up to fill the void. The resulting production and supply of utilities in an unregulated market with no or little quality control and safety pose a considerable economic policy challenges. For example, Somalia has the highest electricity charges in the world, and as a result, Somali citizens use charcoal and wood, decimating the forest stock. Somalia has produced and is implementing a Power Master Plan which outlines plans to increase energy production, increase the supply of renewable energy, and for government to establish regulatory authorities and a legislative framework to improve the market efficiency.

Water Master Plan – the scarcity of water impacts at the household and community level, in health outcomes, as well as in the economy. Water is especially important in the traditional livestock and agriculture sectors and is often the source of conflict. An early priority, therefore, is the creation of a Water Management Master Plan. In this regard, stakeholders consultations across the country called for:

- Mobilisation of resource for large-scale investments in watershed management and infrastructure to mitigate the impact of extreme cycles of rainfall, floods and drought will be critical for the resilience of Somali livelihoods dependent on livestock; and
- Rehabilitation of the pre-war irrigation and flood control infrastructure in southern Somalia to improve supply of surface water availability to agriculture;

Diversification of the economy

Reforms and investments to enhance the economic contribution of a number of promising sectors including financial, telecommunication, construction and petroleum, as well as the expansion of international trade, are necessary to broaden growth, alongside the improved resilience and productivity of the traditional sectors.

Industry specific legislation and investment – there are a number of existing (fishing, ICT, financial services) and newly emerging (services, manufacturing and petroleum) sectors, which require specific legislation and support, in addition to the overall regulatory framework covered above.

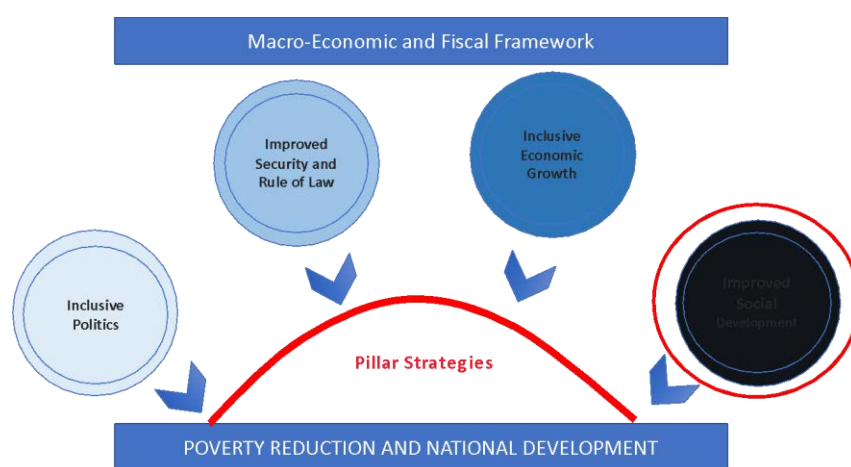
Enabling investment – this priority is tightly linked to the strengthening of the macro-economic framework and completion of Public Finance Management. External investors require confidence that they can invest funds in Somalia and realize a return. Equally the financial services industry must be capable of handling transactions while meeting the standards of anti-money laundering and anti-terrorist funding legislation. Mobile money, tied to developments in ICT, have provided support to Somali households through remittances, as well as some investment in small businesses.

Skills training – poor educational outcomes impact on the level of employable skills. Investment in TVET and other vocational training and apprenticeships will be offered, particularly to the disadvantaged, including youth and women. The Somali Women’s Charter outlines their expectations with regards to economic opportunities, and both Somali Women and Somali Youth have recently approved National Strategies which directly impact in this area. There are particular industries that favour female employment, such as fish processing, and small retail (especially in the informal sector).

Formalizing the Informal Sector – the extent of both informal businesses and their employment levels are unknown but they likely form the dominant part of the Somali economy. Part of the economic strategy is to formalize these businesses, offering them a framework of certainty through flexible regulation and tailored business services, offering greater protection from extortion, while benefiting from tax revenue. Linked to the initiatives within the enabling business environment covered above, the Somali government will look to incentivize the formalization of these businesses.

Social and Human Development

Stakeholder consultations and the NDP-9 poverty analysis consistently identified low levels of education and poor access to other basic public services (such as health, water and sanitation) as leading causes of poverty. As such these issues were identified as priorities for future government action and will be carried out within an overall strategy of Human Capital Development. In addition, 27 percent of the priority needs identified by the Government’s Recovery and Resilience Framework (RRF) concern the restoration and improvement of public services. The sustainable provision by Government of quality public services is central to Somalia’s poverty reduction strategy and for building resilience for Somali citizens to economic, conflict and environmental shocks.



The main challenges in this sector include:

- Social development spending is a small fraction of the FGS government budget (\$26 million US in 2018)– the gap between what is available versus what is needed exceeds the current budget by twenty-five to fifty fold
- Current education and health outcomes, especially for women and girls, threaten to limit the human development potential of the next generation, unless investments are made now
- These outcomes include one of the highest maternal mortality ratios in the world (732 per 100,000 live births), coupled with high fertility rates (6.7 births per woman) and low access to reproductive health
- Young children have high rates of stunting from malnutrition, a life-long impact which reduces their educational and economic thriving
- The current provision of education and health is dominated by private sector providers. This makes access out of reach for the very poor, who either do not receive these services, or do so through unsustainable humanitarian services
- Educational outcomes are low, with an average 33 percent enrollment in primary school, and 64 percent survival rates to Grade 5, and perhaps fewer than 30 percent of teachers have professional qualifications
- Health and school infrastructure is in urgent need of repair, rehabilitation or construction, with insufficient capital and O&M budgets
- Two-thirds of Somali households experienced at least one shock in 2018. The household level of poverty and vulnerability makes them especially susceptible to shocks, making social protection, including food security, particularly urgent.
- Somalia is rapidly urbanizing, due in large part to internal displacement, and may soon transition from a dominantly rural population to a city one. This has put pressure on the delivery of basic services, especially to IDP camps.

A range of priorities will be addressed within Health, Education and Social Protection. Two important principles frame these priorities:

- The government's ability to fund these sectors is beyond the scope of NDP-9's timeframe. A large strategic question remains: will Somalia choose to have these services delivered in future as a universal public service? Or will they choose to regulate the private sector providers while ensuring access, or will there be a hybrid model? It is premature to answer these questions. Rather, NDP-9 offers a focus on regulating the private sector while looking to engage with development partners to ensure provision to the vulnerable.
- Human Capital Development offers a powerful framework for strategic interventions, and MoPIED has supported a Human Capital Development Strategy focused on investments in education, training and cultural values.

Improving Health Access and Outcomes

Institutional Oversight and Strengthening – setting the legal and oversight framework is a priority, linked to strengthening the Health Management Information System, and institutional strengthening of the Ministry of Health, and state and municipal government health bodies and Ministries. Standards will be set and enforced for private sector providers, ensuring safety and hygiene standards are met.

Focusing on most pressing health challenges – Maternal and early childhood health outcomes are urgent challenges, including reducing malnutrition and childhood stunting, preventable diseases (including

increased immunizations), maternal health (including reproductive health), reduced levels of Female Genital Mutilation (FGM), and greater access to clean water and sanitation (in homes as well as in health clinics).

Focusing on the most vulnerable – Rural citizens along with IDPs, and those in newly liberated areas, have the least access to health care. Somalia will coordinate with development partners to ensure coverage. Government will partner with non-state providers to rehabilitate or construct health clinics and will increase distribution of Essential Health Service Packages.

Improving Education and Training

Education was identified as the priority social development sector by stakeholders and analysis.

Institutional Oversight and Strengthening – setting the legal and oversight framework is a priority, linked to strengthening the Education Management Information System, and institutional strengthening of the Ministry of Education, and state and municipal government education bodies and Ministries, and school boards. Standards will be set and enforced for private sector providers, ensuring professional and hygiene standards are met.

Focusing on education initiatives for the most vulnerable – low enrollment rates for primary and secondary schools, especially for girls and those in rural locations, must be addressed and improved. Recruitment of female teachers and reaching out to households to pursue them to send girls to schools may improve the baseline. So too will investment in school infrastructure, school water and sanitation facilities, and through improvements in security. Somalia will partner with development agencies to ensure provision for those who can't afford private schooling. Newly liberated areas will be a focus for schooling and health services.

A national framework of qualifications: continue to roll-out new standard curriculum, hire qualified teachers, or train existing unqualified staff, and establishment of National Qualifications Framework and Authority.

Target large cohort of youth: in consultation with employers, labor groups and private sector organizations, vocational training programs, with a particular focus on TVET, will be established to provide the technical and vocational skills needed for the labor market. In addition to TVET skills and apprenticeships, skill development in entrepreneurship and services will be encouraged.

Improving Social Protection

The newly approved Social Protection Policy of Somalia outlines the intentions of government to provide for greater social protection.

Priorities in the NDP-9 include:

Greater access to national identification documents – the provision of social protection programmes will require registration. Persistently low levels of Somali ownership of national identification requires an early intervention.

Progress on national policies, strategies and Charters protecting vulnerable groups – Somalia has made substantial progress in developing policies and plans focused on vulnerable groups and situations. These

include the Somali's Women's Charter; the National Youth strategy; Durable Solutions; Human Rights and Children's Rights; National Disability Act; FGM Act; the National Gender Policy; along with the Social Protection Policy. Implementation of these policies and enforcement of the legislation are important aspects of social protection.

Investigation of Social Protection Schemes – is dependent on government revenue being strengthened, but government will begin to investigate the shape of such schemes, which could include public work projects in times of disaster, to supplement lost income, particularly for rural citizens. Unconditional cash transfers are no longer supported by the Federal Government of Somalia in the context of development and conditional cash transfers will only be supported after robust national ID-systems are in place.

Improving Nutrition and Food Security – this is linked to interventions in the Economy Pillar and to the health challenges outlined above. But nutrition becomes especially critical during crisis events. The government will partner with development agencies to scale-up responses to climate shocks and drought to ensure the most vulnerable received enough quantity and quality food.

The importance of urban planning and providing services to an increasingly urban Somalia is highlighted in this Pillar chapter. This is linked to the governance cross-cutting issues below.

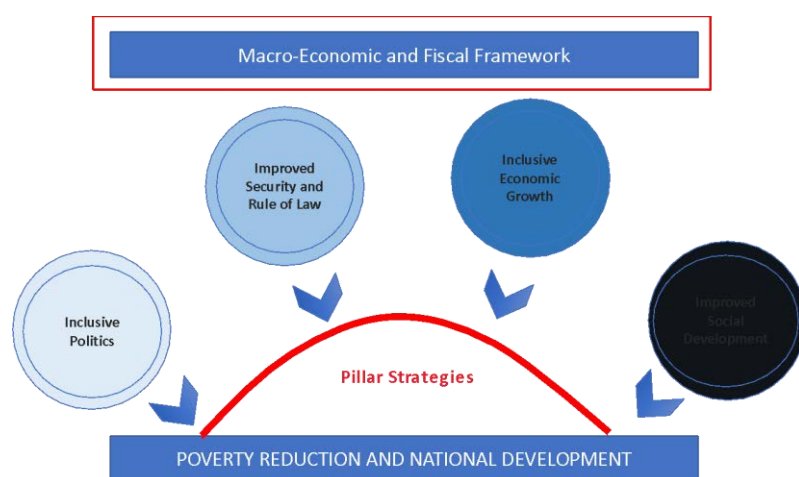
Two important cross-cutting issues feature in this Pillar

Strengthened Disaster Risk Management – The government has published a National Disaster Policy and will look to strengthen the Ministry of Humanitarian Affairs and Disaster Management. Establishment of early warning systems, integrating with existing systems, is an early priority

Strengthened Public Service Delivery – inherent in the provision of social and human development is the capacity of government to fund, and deliver, public services. This Pillar outlines early strengthening of the service delivery chain of government, with a focus at the local level.

Macro-Economic and Fiscal Framework

Though not a pillar, the macro-economic and fiscal framework of government is fundamental to the NDP-9. Its aim is to promote economic growth in an environment of low inflation, sustainable fiscal position, favourable current account and healthy foreign exchange reserves. Monetary and fiscal reforms lay the foundation for economic recovery and growth by promoting a sustainable medium-term macroeconomic environment. This in turn promotes infrastructure development, increased investments and exports; and by improving efficiency in labour markets will promote increased employment opportunities.



Monetary Policies and Financial Sector Reforms

Monetary policy in Somalia is weak because the economy is dollarized due to the lack of credibility of the Somali Shilling (SOS). The Shilling has not been issued since 1991, so the likelihood that the notes in circulation are counterfeits is high. A key aspect of financial sector reforms is therefore the introduction of a new currency to end counterfeiting of the Shilling. All the required legal and operational measures for the introduction of the new currency have been concluded. Introduction of small denominated currency (phase I of the reforms) has been held back by lack of funds and delay in putting in place frameworks and structures to support the process. Banknotes with larger denominations will be introduced in Phase II of the currency reforms.

Financial reforms are intended to build capacity of the Central Bank of Somalia (CBS) to carry out its mandate by strengthening its operational capabilities to (1) develop and implement independent monetary policy instruments and reserve management guidelines, and (2) regulate and supervise financial institutions within its jurisdiction. Legislation and regulations have been enacted to empower CBS to carry out its functions; the Bank has also been strengthened with the adoption of its new organizational structure in 2018. The FGS plans to recapitalize the CBS so that it can adequately perform its regulatory function. The CBS has made progress in enforcing international obligations on anti-money laundering and combating the financing of terrorism (AML/CFT).

Fiscal Policy and Management

The aim of the fiscal reform agenda is to enhance revenue mobilization, expenditure controls, and transparency and accountability in the management of public resources. Implementation of the reforms has improved in recent years; and this has led to increased domestic revenues, realistic national budgets, and improved execution of the budget. These results have improved the predictability and credibility of the budgeting processes.

Although the reforms have increased revenue collection, domestic revenues remain very low; and at 4.0 percent of GDP ranks among the lowest in the world. Total domestic revenue is projected to cover only 63.2 percent of recurrent expenditure in 2019 leaving the rest of the budget to be financed through donor support. Overreliance on donor finance is a prominent feature of the FGS budget.

On the expenditure side, compensation of employees and purchase of goods and services account for the largest share expenditure. Little resources are allocated to capital spending and transfers to FMS. This expenditure pattern is mirrored at the sector level where administration and defence and security sectors receive the highest budget allocations, while economic and social services get meagre allocations. As domestic revenue increase the FGS will raise budget allocations to economic and social services sectors to enhance service delivery and to finance development projects.

External Debt Management

In 2018 Somalia's outstanding total external debt was estimated at US\$4.7 billion, of which US\$4.5 billion were in arrears. The largest debt is owed to bilateral creditors, followed by multilateral creditors. Reconciliation of data on external debts has been a challenge since most of the relevant records got lost during the conflict. Progress has been achieved in this area with 100 percent of Multilateral and Paris Club debt reconciled, while reconciliation of Non-Paris Club debt is at about 95 percent. The government is confident that reconciliation of all external debt will be completed by April 2020.

External debt arrears have made it difficult for Somalia to get financial assistance from international financial institutions. The FGS is therefore seeking debt relief under the HIPC Initiative. After the IMF Executive Board endorsed SMP IV as meeting the Upper Credit Tranche (UTC) standards for debt relief, the process toward reaching Decision Point has commenced. The government is confident that the process will be concluded by early 2020, enabling the debt relief process to start.

Fiscal Federalism and Intergovernmental Transfers

The 2012 Provisional Constitution (PC) introduced a federal system of governance, but did not provide clear legal and institutional structures for managing fiscal federalism. It also neither assigned functions to each level of government nor provided an institutional framework for intergovernmental relations. On the distribution of revenues, the PC provided that it would be agreed between the FGS and the FMS, but the subject remains an ongoing process. These issues are being addressed through the FGS/FMS Intergovernmental fiscal forum (IGFF) established to harmonize taxes and address related issues, such as harmonization of fiscal, budget and accounting frameworks, and revenue sharing. Under the IGFF, FGS and FMS have agreed on sharing of natural resources and fisheries, and on revenue-sharing. The Government is reviewing models of fiscal federalism that could be adopted for Somalia. The Government will further clarify functional assignments of FGS and FMS, mechanisms for revenue sharing, management of natural resources and borrowing powers for consideration during the ongoing review of the Constitution under the Constitutional Review Process.

Medium Term Developments (2019-2022)

Medium term economic and fiscal framework provides five-year estimates of national incomes, prices and public finances. Rising domestic demand, remittances, and donor inflows and consolidation of peace and security are expected to drive growth in the medium-term. Real GDP is projected to grow at 2.9 percent in 2019 and at 3.2 percent in 2020; and at 3.5 percent thereafter to 2024. Over this period, inflation is projected to decline from 3 percent in 2019 to 2.7 percent in 2020 and to stay flat for the rest of the NDP-9 period.

In the medium-term prudent expenditure management will be applied, including implementation of pay reforms and expenditure controls to ensure operations and maintenance costs remain within budget. Non-salary expenditures required to support the security sector will be financed from external aid. Payments for expenditure arrears mostly related to unpaid salaries and allowances totaling US\$ 65.4 million will be given priority. Given a balanced budget policy, expenditures will be reallocated, where possible, in favour of activities important for effective implementation of NDP-9.

Total expenditures are projected to rise from US\$340.1 million 2019 to US\$363.6 million in 2020 and US\$ 436.5 million in 2022. The main expenditures will continue to be compensation to employees and purchase of goods and services; with expenditures on capital and transfers remaining at low levels.

In the medium-term, the main sources of domestic revenue will be customs duties, followed by sales tax on Khat, and income tax on government wages and salaries. The government will increase tax revenues by reforming tax administration, expansion of the tax base, and customs reforms. In this respect, the Federal Government will issue licenses to businesses to obtain information for assessing tax liabilities of the companies. Grants will continue to be a major source of revenue, contributing between 45 and 46 percent of total revenue over the 2019 and 2022 plan period.

Budget Allocations by Sector

Sector budget projections indicate the level of ambition in financing NDP sector priorities. Overall, in the medium-term domestic revenues and on-budget donor support are not sufficient to scale up reallocation of budgets within sectors towards key NDP9 priorities, such as the social sector and capital spending. Administration, defence and security sectors will continue to receive the largest budget allocations over the 2019-2022 period. However, allocations to projects and the social sectors will rise over time.

Aligning Donor Resources to NDP9 Priorities

Since the FGS budget can only finance recurrent expenditure with little funds left for development, alternative sources of funding must be identified for implementation of NDP-9 priorities. In this regard, it is recommended that donors are approached to align their ODA expenditures to NDP-9 priorities. This would require an agreement with the donors on a mechanism for monitoring their financing and implementation of some the plan priorities; and a modality for evaluating the impact of the support. The process would have to start with the costing of all the interventions (priorities) of NDP-9.

Government Investment Plan

Somalia has significant constraints and strengths, which shape the priorities for investment by the government for NDP-9. Each Pillar area outlines the sectoral background and analysis, along with specific pillar challenges, strategies and interventions, prioritized and sequenced across the five-year plan. These national constraints and opportunities have shaped the short-term government investment plan, with the most significant the very low level of available government resources.

Opportunities

Somalia has a number of strengths and opportunities to leverage on for an overall national development strategy.

- Remittances have totalled US\$1 billion or more over each of the past four years, and represent 20 percent of GDP. More importantly, they represent a lifeline to vulnerable and poor households. Poverty is estimated to be five percentage points lower in households receiving remittances, with the major part of the remittance funding household expenditures, particularly food.
- The capacity of the FGS, particularly in core and central agencies, is being strengthened. This includes the Office of the Prime Minister, the Ministries of Finance, Planning, Investment and Economic Development, amongst others. Line Ministries have strengthened their strategic planning capacity. And the Directorate of National Statistics has several pipeline surveys either underway, or in planning stages, marking important developments in strengthening national statistics. Several important policies and treaties have been ratified, including Rights of the Child, Women's Charter for Somalia, policies on employment, national statistics, youth, and others.
- Ongoing negotiations and agreements are strengthening the federal system in Somalia, arrangements which are critical for national development. Increasing sub-national transfers are an indication of a strengthened federal system.
- Equally, efforts to bring peace across Somalia have been bearing fruit, with conflict-driven displacements trending lower.
- Economic inclusion of women and the youth, both representing majorities in the Somali population, becomes an exciting opportunity. Even modest improvements in the labour force

participation, health, education and mortality rates will lead to measurable improvements in the GDP growth and the lifting of households out of poverty.

- The final opportunity is perhaps the most strategic one, certainly in the short-term. The resilience of the private sector has been a feature of Somali development across turbulent decades. An entrepreneurial spirit has persisted in the midst of conflict and institutional collapse. The private sector has filled the vacuum and is now a dominant provider of education, health, utilities (such as telecommunications and energy) and transport. However with the private sector largely unregulated, this leaves provision of services, and entrepreneurial opportunities, uneven, with those unable to pay facing the risk of being left behind.

NDP-9 outlines a four-pillar strategy, with a list of interventions in each pillar significantly longer than can be achieved by government means. However they form important planks in the poverty reduction strategy and Somalia will rely on development partners in joint action over the five-year plan.

Short-term strategy

In choosing where to target investments, NDP-9 made some choices based on ongoing support from development partners. These include:

- Significant efforts and funding have been directed towards Security Reform and Inclusive Politics. These are both important pre-conditions for successful development, but partnerships and plans are well underway.
- The funding gap between social development needs and currently available resources is enormous and beyond the scope of this plan to close. Those who can afford to buy these services from the private sector are doing so; those who cannot afford these services can, depending on location, find them from alternative providers (Development Partners, CSOs, Community Schemes, etc).
- Economic development and employment are identified as a primary objective for NDP-9, with early and strategic investment from the government. The intent, however, is not unequal growth, or jobless growth, but rather inclusive employment-generating growth targeting the most excluded and vulnerable where possible.

Though the overall strategy is to leverage opportunities and address challenges, the particular short-term strategy for NDP-9 economic development is three-fold:

- Creating an enabling environment for the private sector, to promote increased growth, increased employment and increased competition
- Building government's capacity to increasingly play its role, in terms of regulation, enforcement, fair playing field, regional trade, resiliency and transparent operations, within a sound macro-economic framework
- Ensuring through collaboration between the government and its development partners, that the excluded and vulnerable are empowered participants.

Budget

The Government investment plan for the first year of known budget resources that are unearmarked are allocated as follows:

Strategy	Intervention	Budget
Enabling Business Environment	Legislation, Regulations, Capacity Development in FGS	PENDING

	Improving Macro-Economic framework	PENDING 5%
Establishing Regulatory Framework	Hiring and training of enforcement personnel; regulatory monitoring systems; investment in judicial services, establishment of Commercial Court Improving oversight of financial services to better facilitate remittances Fiscal Federalization	PENDING PENDING PENDING 25%
Infrastructure	Power Master Plan Strategic Infrastructure Water management projects (including river management and irrigation)	PENDING PENDING PENDING 50%
Pre-requisite investments	Statistical Function Monitoring & Evaluation National Identification provision	PENDING PENDING PENDING 20%
TOTAL for 2020		PENDING 100%

Since the Government Budget cycle is nearly completed at the time this plan is finalized, full alignment between NDP-9 priorities and Government Budget will be sought starting with fiscal year 2021. The table above will be completed as soon as the 2020 Government budget is ready, before it goes to the parliament for approval.

Monitoring and Evaluation

In order to monitor progress of NDP-9 a number of principles were established, based on lessons learned from NDP-8, to mitigate the risks of the M&E plan:

1. To limit the baseline data, and targets, to metrics explicitly endorsed by government and nationally collected. In this way progress against the plan can be monitored in a sustainable manner.
2. To limit the initial M&E framework to a small number of strategic baselines and targets linked to high level objectives.
3. To present a secondary “pipeline” table as a road-map for development for the statistical function in government. The M&E Framework outlines baseline indicators by Pillar area and provides an indication, where possible, on when the baseline data will become available.

4. To make institutional strengthening not only a key component of the M&E plan but of the national development plan itself.
5. To map all indicators, pipeline and current ones, to SDG indicators. The choice to use localized SDG targets allows the NDP-9 to be aligned to a common global framework, making alignment of funding and interventions straight-forward with the added benefit of simplifying reporting.
6. To not establish targets in the first iteration of the M&E Strategic Framework. This is based on two limiting factors: costing of NDP-9 was limited to a one-year time frame, and the budget was limited to the first year. Meaningful targets in most areas were not possible given these constraints. Macro-Economic targets have been included, however, based on the agreed three-year projections with the International Monetary Fund (IMF).

Though targets have not been established for many of the strategic indicators, the intention is to monitor progress against the baselines on a regular basis (minimum every year, but within six months of publication) to track whether progress is going in the right direction. Once trends have been confirmed, and spending increased in priority strategies, meaningful targets can be established by government. NDP-9 has set an aspirational five-year poverty reduction target. The goal is to reduce the number of individuals living under \$1.90 a day by 20% within five years.

Next Steps

After receiving the Government Budget for 2020, the government investment plan will be completed. It will also include a mapping exercise of earmarked government expenditure and how it is aligned with NDP-9 priorities.

Donors will be approached to align their ODA expenditures to NDP-9 priorities. This exercise has 2 objectives: (1) map existing projects and assess their degree of alignment with the NDP-9 priorities and (2) alignment of future ODA expenditures.

Finalisation of costing of all strategic objectives of the NDP-9 with a provision that this will be updated annually in conjunction with government budget approval.

The Somaliland Development Plan will be included/merged in the NDP-9.

State Strategic Plans will be drafted in alignment with the National Development Plan.

CHAPTER 1: BACKGROUND

1. The National Development Planning Process

Somalia has a long tradition of short- and medium-term development planning. Since 1962, eight National Development Plans were formulated and implemented. The current and eighth National Development Plan (NDP-8) will expire in December 2019. The intention of Somalia's ninth National Development Plan (NDP-9), 2020-2024, therefore, is to build on the achievements of NDP-8 and to provide the Government of Somalia with a clear path that will lead to significant poverty reduction among the Somali population.

Underlying its preparation has been the need to ensure that the NDP-9 is compliant with the demands of the interim Poverty Reduction Strategy Paper (PRSP) process. Such iPRSP-compliance is a key step towards the clearing of national debt arrears and requires that the national development planning process reflects a number of fundamental principles. First and foremost, national development planning must be country-owned and based on a process of broader participation and consensus-building that delivers a comprehensive poverty context analysis sufficient to inform the future government and international partner interventions and so to ensure the desired development results and outcomes. National development planning should also link policy, planning and budgeting; identify national development objectives and priorities; improve the effectiveness of public expenditures leading to efficiency gains in public finance; harmonize development financing; and promote accountability and transparency through strong monitoring and evaluation.

Preparation of NDP-9 has therefore been guided by these requirements and in doing so has opened up space for input by all major stakeholders, including civil society organizations, private sector representatives, women's groups, and direct and indirect representatives of the most disadvantaged social groups. Special efforts have been made to reach the most vulnerable parts of the population, such as the internally displaced and the persons living with disabilities. Based on the stakeholder input and a thorough review of available documentation and sources of data, an analysis of poverty and vulnerability in Somalia was conducted, which provides the foundation upon which the NDP-9 is constructed.

From the analysis, a poverty reduction strategy was formulated, consisting of three national development priorities – elaborated in respective Pillars -- and a set of principles and policy imperatives that bind the priorities into a strategic whole. Implementation, monitoring, aid coordination and accountability arrangements were then devised and placed within a framework of macroeconomic and budgetary projections for the planning period, which ground the NDP-9 in Somalia's expected economic and fiscal realities.

A schematic representation of the process followed during the NDP-9 preparation is shown below in Figure 1.

NDP 9 Methodology

Two principles: 1) Based on lessons learned from NDP 8; 2) iPRSP compliant



Figure 1: Methodology for NDP-9

The diagram encapsulates the methodology taken by the NDP process and is iterative. Each draft has been based on deepening the consultations and analysis, and further refined of the Theory of Change, with interventions and needed implementation arrangements becoming more clarified.

Along with 192 other UN member states, Somalia has adopted the 2030 Agenda for Sustainable Development Goals (SDGs), and NDP 9 has aligned and mainstreamed the SDGs and reflects the 2030 Agenda Principles.

The three principles include universality, integration and leaving no one behind. Universality means that the Agenda is based on a set of principles, values and standards which are applicable in all contexts. Integrated means development must be coherent especially in the social, environmental and economic perspectives. Leaving no one behind means development which reaches the most vulnerable. The NDP 9 and its priorities reflect each of these principles, particularly as it focused on multi-dimensional poverty alleviation to the most vulnerable in the nation.

Somalia is a member of the g7+, a collaborative network of twenty fragile and post-conflict member countries. Facing common challenges in implementing the 2030 Agenda for sustainable development, the network seeks to share lessons, best practice and resources, based on the following New Deal principles:

1. Inclusive Politics to be fostered to reconcile and resolve conflicts
2. Security to be established for all people
3. Access to Justice
4. Economic Foundations through the generation of sustainable employment
5. Capacity development to generate and deliver Revenue and Services

These principles play an important role for NDP-9 in prioritizing amongst the many urgent needs for the Somali development. It is tempting to believe that progress on the 2030 Agenda should be delayed until post-conflict development has taken place but g7+ nations have recognized the power of bringing the

SDGs to bear within development plans, even while acknowledging the special challenges they face. As a result of efforts by this group SDG 16 was included in the final 17 SDGs. SDG 16 is squarely focused on Peace, Justice and Strong Institutions, themes strongly reflected in NDP-9. Priorities, roadmaps and the M&E framework are mapped against, and integrated with, the SDG framework and each of its development targets.

2. The Somalia Context

2.1. Geography and Demographics

Somalia, on the Horn of Africa, the easternmost country of the continent, extends from just south of the Equator northward to the Gulf of Aden and occupies an important geopolitical position between sub-Saharan Africa and the countries of Arabia and southwestern Asia. The Somali capital, Mogadishu, is located just north of the Equator on the Indian Ocean.

Somalia is a country of geographic extremes. The climate is mainly dry and hot, with landscapes of thorn-bush savanna and semidesert; the inhabitants of Somalia have developed equally demanding economic survival strategies. Apart from a mountainous coastal zone in the north and several pronounced river valleys, most of the country is extremely flat, with few natural barriers to restrict the mobility of the nomads and their livestock. It is estimated that almost half of the Somali people follow a mobile way of life, pursuing nomadic pastoralism or agro-pastoralism³.

According to the 2014 Government of Somalia and the UN Population Estimation Survey, Somalia's population in 2014 was 12.3 million. Like many countries in sub-Saharan Africa, that population is predominantly young with 75 percent of it estimated to be under the age of 30, and almost 50 percent under the age of 15⁴. Somalia is also rapidly urbanising and, according to the 2017-2018 Somalia High Frequency Survey, has 40 percent of the population residing in urban areas, including Mogadishu with 10 percent while nomadic pastoralists make up 26 percent and agro-pastoralist communities 23 percent. In 2014, it was estimated that 9 percent of Somalia's population had been displaced by conflict and natural disaster and resided in IDP settlements⁵.

Population growth over the past 20 years is estimated to have fallen from 3.4 percent to 2.9 percent, reflecting a decrease in fertility rates in this period from 7.7 births per woman to 6.7. On this basis, the current population is estimated to be around 14.3 million.

As of early 2019 2.4 million people in Somalia – about 17 percent of the population – are estimated to be displaced⁶ primarily due to conflict and climate-related conditions. In addition, some 877,000 Somali refugees live in neighbouring countries, making them one of the largest refugee population in the world⁷. The return of refugees to Somalia has increased in recent years, in part due to discussions around the future of the Dadaab Refugee Camp in 2016, but the numbers remain relatively low: around 52,000 are thought to have returned since 2014, of which 29,000 returned during the first half of 2017⁸.

³ Population Estimation Survey, 2014, Government of Somalia and United Nations

⁴ Ibid

⁵ Ibid

⁶ UNHCR estimates 2.4 million in its early 2019 reports

⁷ UNHCR, 2018

⁸ UNHCR, 2018

2.2. Recent History

Historically, the Somali people have been governed by a decentralized system, of the customary and religious laws and informal institutions of the pastoral or agropastoral communities in the Horn of Africa. While political and social organizations were kinship-based and governed by an uncoded law of collective liability, the system was later paired with European models of formalized, individual-based law and institutions, with which customary law continued to operate in parallel to some degree. The effects of and variation in the colonial rule—impacted originally by the French, the British, or the Italians—continue to influence Somali society even today. In particular, geographical boundaries, and with them nationhood and belonging, were defined by the independence decision in 1960 of the Somali Republic, leaving large minority Somali communities residing in neighbouring states.

Since the collapse of the Siad Barre regime in the early 1990s, the politics of Somalia have been shaped by popular rejection of a centralized state coupled with a lack of consensus on what form the state should take. During this period there was a proliferation of clan and local militia groups organized around personal, family, and sub-clan relationships. As militias evolved, they became self-financing by controlling infrastructure and taxing markets, though without any legal basis. Where local political settlements have been brokered successfully, personal security and socioeconomic stability have prevailed. For example, Puntland in the northeast has had its own constitution and political administration since 1998 but is a champion of a federal Somalia of which it is a part. In another example, Somaliland has likewise its own constitution and administration and declared itself a separate state, a declaration not recognized internationally or by Somalia which considers it an autonomous region.

Finding a political settlement that supports a stable central government has been a core challenge for Somalia. In 2000, a Transitional National Government (TNG) was launched but failed to establish legitimate institutions and effective security measures. In 2004, a new interim government, the Transitional Federal Government (TFG), was established under the auspices of the Inter-Governmental Authority on Development (IGAD). The TFG was largely sustained by the African Union's deployment of a peacekeeping mission, the African Mission to Somalia (AMISOM), in 2007, at a time when Al-Shabaab (AS) was becoming a significant factor. In 2012, after a devastating famine, the Federal Government of Somalia (FGS) emerged from the Provisional Constitution adopted in 2011.

Since 2012, there has been significant political progress. Federal institutions are being established. State formation has progressed significantly with the emergence of new Federal Member States (FMS) in Jubbaland, South West, Hirshabelle, and Galmudug, in addition to the existing Puntland⁹. Several constitutional bodies necessary for consolidation of the transitional period are now in place. Transparency has increased and accountability for the use of resources has improved significantly¹⁰.

In February 2017, Parliament elected Mohamed Abdullahi Mohamed as President, marking the second peaceful transition of power in Somalia since 2012. The election was followed by appointment of a cabinet and renewal of the partnership with the international community. This New Partnership for Somalia (NPS), agreed at the London Conference in May 2017, redefined the country's relationship with the international community to respond to the political, security, and economic needs set out in the 2017-2019 National

⁹ Bilateral arrangements between Somaliland and Somalia are the subject of dialogues, the last of which was held in 2015. Proposals have been made to restart discussions, as yet unsuccessfully.

¹⁰ Somalia Economic Update, World Bank (2018)

Development (NDP-8). The constructive engagement of the IMF and successful reviews of the Staff-Monitored Program (SMP) indicate growing confidence in the state institutions emerging under this reform-oriented administration.

2.3. Conflict and Violence

Conflict in Somalia is complex and in the eyes of many observers has tended to define the country's recent history. Most conflicts revolve around scarce resource availability and access, which are exacerbated by exogenous shocks such as droughts and other climate related shocks.

Al Shabaab (AS), the terrorist group plaguing Somalia for more than a decade now, capitalizes on local conflicts and injects new energy in its waning campaign against the emerging formal institutions in Somalia. The impact of AS on the security situation in Somalia is substantial, where more than half of all incidents are connected to AS. Indeed, the increase in AS related incidents outpaces the overall decline in security incidents seen since 2013¹¹.

Box 1: Al Shabaab

Arising in 2005 as an enforcement group for the Union of Islamic Courts, AS's power and reach grew with the 2006 fight against the Ethiopian army in parts of the country. At its peak between 2009 and 2011, AS had effective control over most Somalis in major urban areas and over key sources of revenue. In 2011, AS restricted humanitarian access to many areas hit with one of the worst droughts in Somalia's history, causing the death of almost a quarter million Somalis. After the 2011 AMISOM-supported offensive, AS evolved from a governing, territory-holding force to an insurgency-style terror group waging largescale attacks against government and civilian targets in Somalia and the region as well as international forces and organizations. At present, AS is still capable of conducting attacks on security and political targets, and against both urban and rural civilians, collecting illegal taxes, extorting business people, force-conscripting children as fighters, and running a parallel system of justice in its rural stronghold areas.

2.4. The Economy

Despite the civil conflict and the devastating impact of the 2016-2017 drought, the Somali economy was estimated to have grown at 2.5 percent in 2017, while in 2018, Somalia's GDP was estimated at 2.8 percent. The economy was propped up in part by remittances after the large-scale emigration of skilled Somalis. Remittances grew from a negligible amount in 1990 to approximately US\$1.4 billion or over 25 percent of Somali GDP in 2018¹². However the modest GDP growth is not keeping pace with population growth (2.9 percent¹³) reducing per capita income during the same time period.

Diaspora remittances provide a lifeline for large segments of the population, exceeding both international aid flows and foreign direct investment (FDI). Remittances in 2018 were conservatively estimated at US

¹¹ ACLED (2018)

¹² Somalia Economic Update, World Bank (2019)

¹³ World Bank Country Framework Partnership Document, 2018.

\$1.4 billion, keeping pace with the growth of GDP¹⁴. Remittances augment household income and create a buffer against shocks. While some are invested (largely in residential construction), most are spent on consumption (often on education and health services).

Somalia's economy is highly dollarized, leaving the Central Bank of Somalia (CBS) with no monetary instruments to regulate the national currency. The last official Somali shilling note was printed in the early 1990s and the stock of shillings consists of a mix of official and counterfeit banknotes accumulated over the years. To facilitate the introduction of a new currency, as planned under the current IMF Staff Monitored Program (SMP), the CBS is substantially enhancing its governance and capacity to manage the financial sector and the monetary policy¹⁵.

On the expenditure side, GDP is dominated by private consumption and imports. In 2014 household consumption, financed by remittances, was equivalent to over 100 percent of nominal GDP, with food and beverages accounting for about 60 percent. The ratio of exports to GDP is about 14 percent but imports account for more than 67 percent of GDP, creating a large trade deficit, financed mainly by remittances and international aid¹⁶.

Agriculture's (including livestock and crop production) share of GDP has risen significantly from its pre-war level of about 62 percent to possibly 75 percent. Before the civil war, the crop subsector was the second largest contributor to GDP and exports, after livestock. It remains crucial for food security, but its contribution to the economy is much smaller than it was, as over the past three decades, the volume of cereal production has declined by almost 60 percent from its 1989 peak.

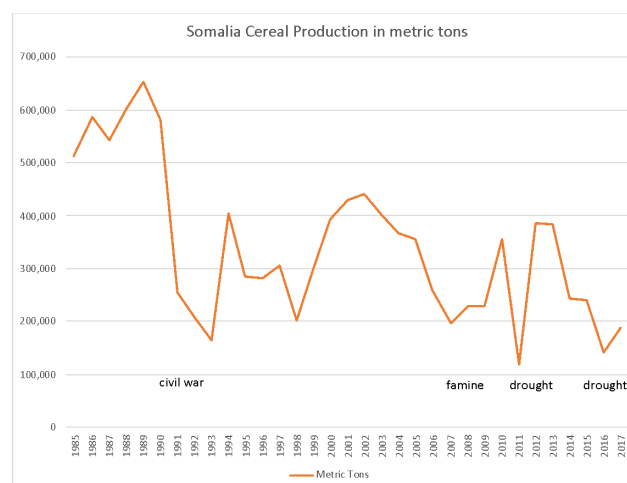


Figure 2: Cereal Production in Metric Tons; WB data.

The state-owned food processing industry has disappeared, further contributing to the decline of the subsector. As a result, livestock remains by far the largest agricultural export category, having risen by a factor of almost 10 between the late 1980s and the mid-2010s. Nonetheless, because of the recent drought and a renewed import ban by Saudi Arabia, the volume of livestock exports fell in 2016 and in

¹⁴ Ibid

¹⁵ World Bank

¹⁶ Ibid

2017¹⁷. Fishing has a significant potential in the economy but a lack of regulation is leading to unsustainable (and illegal) over-fishing. Efforts to re-establish manufacturing and other private sector businesses are hampered by the lack of regulation, legislation and presence of corruption. Somalia has the lowest ranking of any country in the World Bank's Doing Business Survey in 2017.

Several economic activities, among them telecommunications, money transfer businesses, livestock exports, and localized electricity services, have been growing. However they are largely unregulated, and dominated by private providers.

International trade has grown steadily over the past six years. Aggregate data from trading partner countries shows that imports reached \$3.3 billion in 2013 and are estimated to have been \$3.7 billion in 2015. For Somalia, Qat, a mild narcotic plant, is the second largest imported product after sugar. The main sources of imports are Ethiopia, Kenya, and China. Exports are estimated to have almost tripled in the six years to 2013, reaching US \$779 million in 2013. Livestock continues to dominate exports, followed by charcoal, fish, and hides and skins¹⁸. However, more recent trade data suggests that sesame may now be the country's second largest export, after livestock.¹⁹

Traditional livelihoods have been put at risk with the increased cycle of droughts, and loss of livestock and crops. Youth in particular have low rates of labour force participation.

2.5. Macro-Economic Framework

It is evident that following the inauguration of the FGS in 2012 the economy began an upward growth trajectory reaching 3.5 percent in 2015. This positive development was however disrupted by the 2016/17 drought which caused debilitating famine and humanitarian crisis leaving thousands of households internally displaced. The economy slumped to 1.4 percent in 2017, but has since rebounded and is projected to register real growth rate of 2.9 percent in 2019 and 3.2 percent in 2020 (Figure 3). In the medium-term the performance of the economy will be constraint, however, by the persistent insecurity in most parts of the country, lack of social cohesion and uncertainty associated with the impending elections.

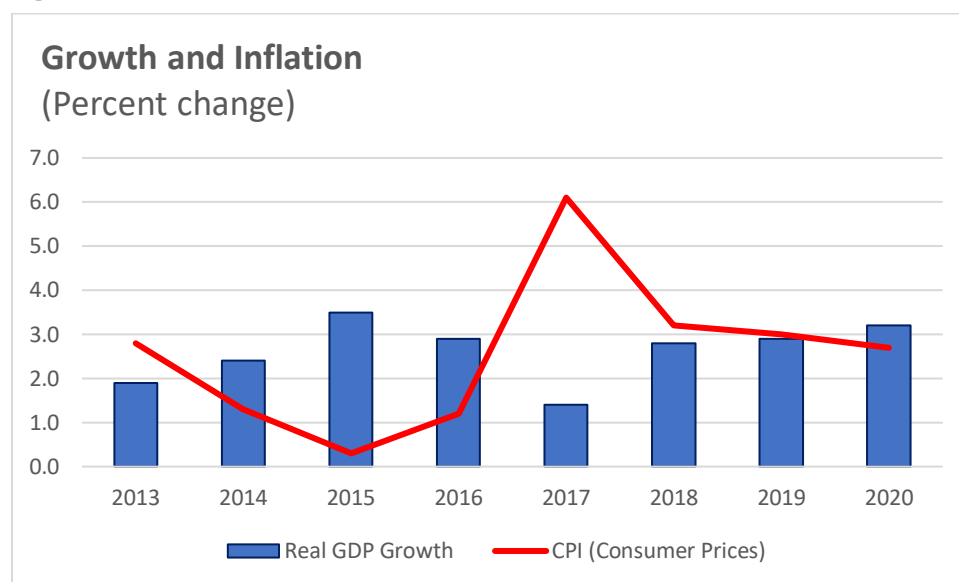
Reflecting the growing economy, inflation began to decline after 2012, reaching 0.3 percent in 2015, but rose to 6.1 percent in 2017 as a result of high food prices before declining to 3.2 percent by the end of 2018 as the impact of 2016/17 drought receded. It is projected that inflation will decline further to 3.0 percent by the end of 2019. The basket of goods and services used to estimate CPI for 2018 are shown in Figure 4. The high prices of clothing and footwear, food and beverages, and restaurants and hotels are moderated by the negative prices of tobacco and narcotics and health. Of note however is that Somalia's average annual inflation has been in single digits since 2012 and this is projected to hold in the medium-term. It should also be noted that inflation rates are derived from CPI data obtained only in Mogadishu and therefore do not fully reflect price dynamics in the whole of Somalia.

¹⁷ Ibid

¹⁸ UN Comtrade, 2017

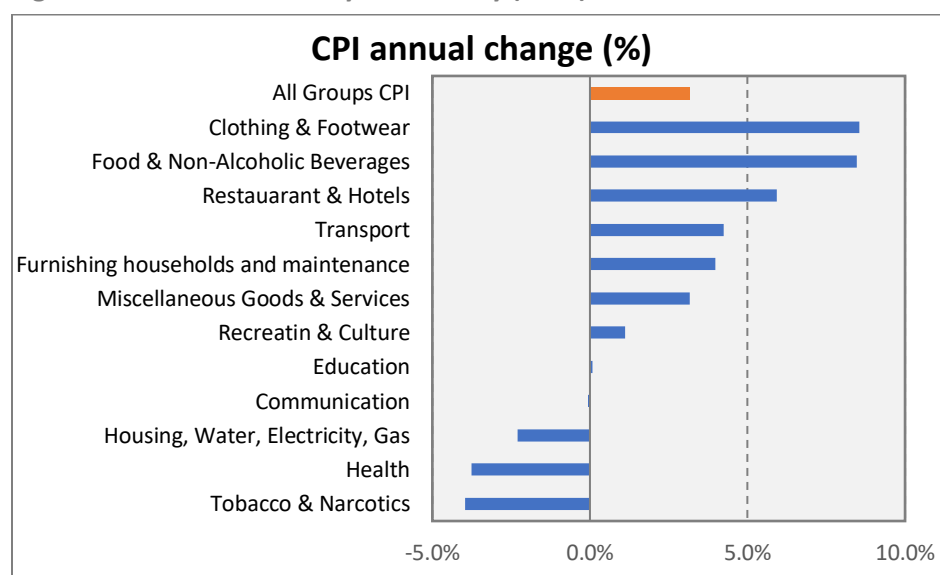
¹⁹ Rebuilding Resilient and Sustainable Agriculture in Somalia, World Bank and FAO (2018)

Figure 3: Selected Economic and Financial Indicators



Source: Data from the Ministry of Finance of the Federal Government of Somalia

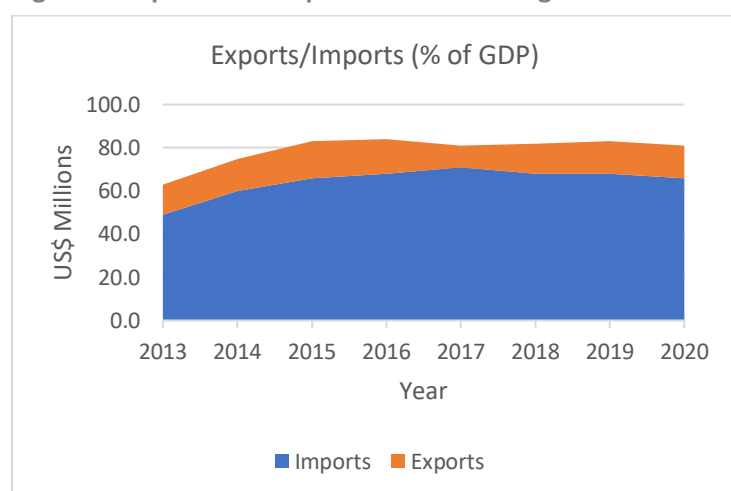
Figure 4: Annual Inflation by Commodity (2018)



Source: IMF and Authorities

Over the medium-term macroeconomic stability is expected to continue, with most fundamentals projected to improve. Exports are projected to recover with increased agricultural production, while imports are expected to slow down (Figure 5) as the impact of drought-related relief food and materials return to pre-drought levels.

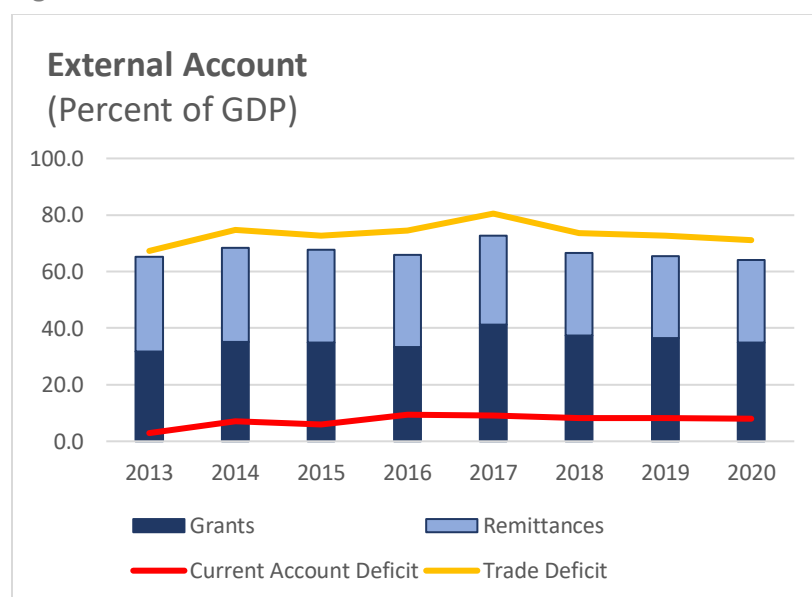
Figure 5: Exports and Imports as a Percentage of GDP



Source: Data from IMF and Authorities

The external position indicates trade deficits declining from 2017 confirming faster increase of exports relative to imports. Current account balance has hovered around 8 percent of GDP after 2017 and is financed by grants and remittances (Figure 6). Growth of exports and investments in the medium term will act as the main development accelerators, and together with improved business climate and stable internal and external macroeconomic balances, will open up opportunities for higher living standards.

Figure 6: External Position



Source: Data from the Ministry of Finance of the Federal Government of Somalia

Somalia's economic growth is driven by private consumption that is mainly financed by remittance inflows from the Diaspora. On the supply side, the main drivers of growth are transport, communication and construction. A good example is the aviation industry where there are over 20 daily flights to and from Kenya to Mogadishu every day indicating that trade in travel services is significant in Somalia.

Other major contributors to the economy are agriculture, livestock, and financial and telecommunications services. Although lack of data makes it difficult to estimate the exact contribution of these sectors to Somalia economy, it is generally agreed that services and agriculture/livestock form the largest share of GDP. The country's mobile money sector is vibrant and if supported by appropriate legal framework could potentially drive economic growth and increase resilience in Somalia.

2.6. Aid Flows and Remittances²⁰

Somalia received almost US\$ 2 billion in official development assistance (ODA) annually in 2017 and 2018, nearly doubling previously seen levels (Table 1).²¹

Table 1 Reported ODA

<i>Reported ODA, 2017-19</i>			
<i>US\$ m</i>	2017	2018	2019
<i>Humanitarian</i>	1312	1100	222
<i>Development</i>	725	869	678
<i>Total ODA</i>	2037	1969	900

Total ODA for the previous six years (2012-2016) averaged US\$ 1.1 billion a year, with a fairly even split between development and humanitarian spending each year (The 2017 increase in ODA was driven largely by the surge of drought relief. Donors provide a record US\$ 1.3 billion in humanitarian aid, which made up 64 percent of total ODA delivered that year. The frontloading of humanitarian support in 2017 likely played a significant role in averting famine in Somalia.

In 2018, the high level of total ODA was maintained by a 20 percent increase in development aid (from US\$ 725 million to US\$ 869 million), while total humanitarian aid fell by 16 percent from US\$ 1.3 billion to US\$ 1.1 billion).

Figure 77).

The 2017 increase in ODA was driven largely by the surge of drought relief. Donors provide a record US\$ 1.3 billion in humanitarian aid, which made up 64 percent of total ODA delivered that year. The

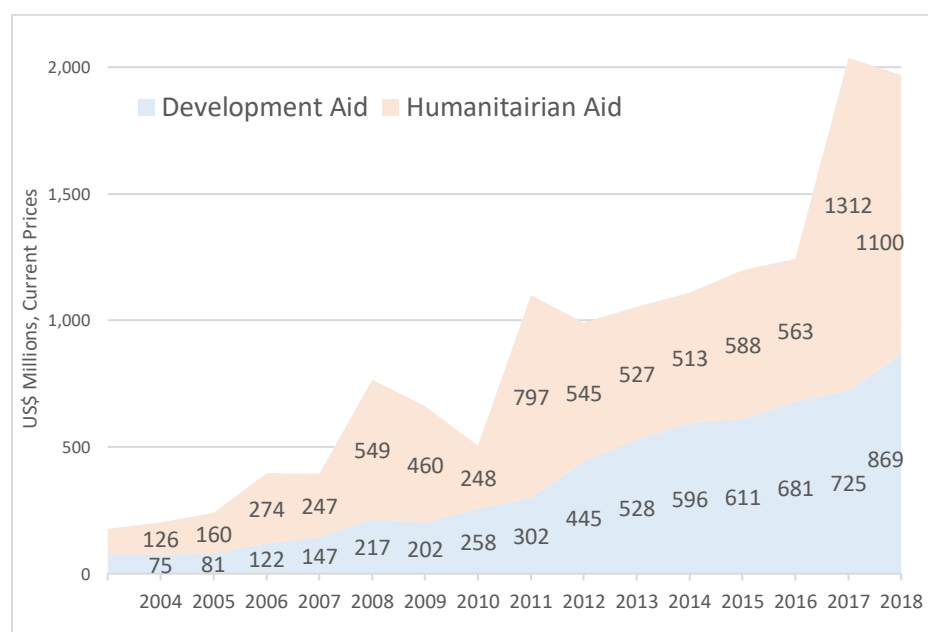
²⁰ Preliminary analysis of aid flow data based on 2018 aid mapping exercise, draft report prepared by the Federal Government of Somalia with support from the World Bank and United Nations, February 2019

²¹ 2017 totals have been revised upwards from the 2018 aid flow report, accounting for additional humanitarian aid drawn from the OCHA Financial Tracking Service.

frontloading of humanitarian support in 2017 likely played a significant role in averting famine in Somalia.²²

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Figure 7. ODA Trends in Somalia, 2004-18²³



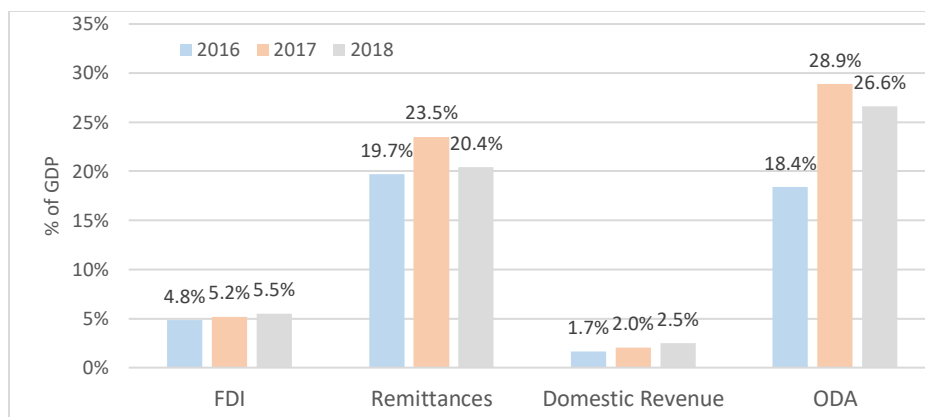
Somalia remains highly dependent on aid and remittances. The ODA to GDP ratio in 2018 was 26.6 percent. Inflows of Foreign Direct Investment (FDI) are rising as is domestic revenue collected by the Federal Government; however, relative to GDP, their levels remain low at 5.5 percent and 2.5 percent respectively in 2018. ODA combined with remittances comprised more than 50 percent of GDP in 2017.

Figure 8. Financial Flows as % of GDP, 2016-18²⁴

²² Whereas humanitarian aid also surged in response to the 2011 drought, levels of support did not increase until after a famine was declared. In comparison, humanitarian flows as of April 2017 (US\$ 614 million) had already exceeded the previous year's total (US\$ 563), demonstrating a significant frontloading of support that enabled a scale up of famine prevention activities.

²³ 2015-18 data drawn from annual Aid Flow Mapping exercises (envelope reporting) and OCHA FTS. Data for 2006-2013 extracted on 8 January 2019 from the OECD Dataset Aid (ODA) disbursements to countries and regions [DAC2a]: <https://bit.ly/2nbi6Sj>.

²⁴ Only FGS domestic revenue included in this figure. If revenue collected in the Federal Members States were included, the % for domestic revenue would be higher.



3. Achievements and Lessons Learned from the 2017-2019 NDP (NDP-8)

As previously noted, NDP-9 builds in part on the achievements of NDP-8, which itself was the first exercise in national development planning undertaken in Somalia since the collapse of the central government in 1991. Thanks in large part to the 2016 consultation process, and the inclusivity of document drafting, at the time of the NDP-8 launch in early 2017, awareness of the national planning process was high and buy-in from stakeholders and partners was achieved. As a result, NDP-8 has enjoyed a high level of legitimacy and is recognised by all national stakeholders and international partners. At the time of writing, NDP-8 is still very much in play and is serving as the developmental rallying point that it was intended to be.

In December 2018 the FGS through the Ministry of Planning, Investment and Economic Development (MOPIED) commissioned a mid-term review (MTR) of NDP-8. Drawing on the MTR, the following summarises the key achievements and lessons that are emerging from the current NDP-8 process.

3.1. Achievements

Considerable progress has been seen under NDP-8 at a number of levels. The transition from the Somali Compact/New Deal to the New Partnership for Somalia (NPS) perfectly reflected Somalia's progress under the Federal Government and the country's evolving and maturing relationship with the international community. The continued work and effectiveness of the Somalia Development and Reconstruction Facility (SDRF), and the establishment of the Somalia Partnership Forum at its apex, is an achievement realised under NDP-8 that is of lasting importance for the country.

Under its nine technical pillars, progress is being made towards intervention milestones and targets, although this is uneven and, in some cases, quite limited. Of utmost importance in this regard is the coincidence of the first year of NDP-8 implementation with the 2016-2017 drought that impacted the lives of 6 million Somalis, including the displacement of over 900,000²⁵, and, according to the Government's Drought Impact Needs Assessment, generated recovery needs estimated at US\$ 1.7 billion. The fact that the famine that almost resulted from the drought was prevented is testament to the Government's leadership at a time of national crisis, the generosity of the Somali Diaspora communities, and the

²⁵ Pg 21, World Bank Country Partnership Framework Document, 2018

international community that was able to mobilise large-scale resources. Nonetheless, a number of achievements stand out and should be noted.

Under the **Social and Human Development Pillar**, health services continued to be maintained through the framework of the Somalia Essential Services Package, which since 2016 has lowered mortality and morbidity resulting from cholera, measles and other communicable diseases, and maintained Somalia's polio-free status. In addition, the burden of malaria has been reduced considerably as a result of a range of government-led interventions.

In the education sector, the Education Sector Strategic Plan has been completed, a new primary school curriculum rolled out across the country, and a national school leavers' examination put into place.

Despite the impact of the drought, progress is being made towards increasing water supply coverage, which now stands at 40 percent of the population (up from 35 percent in 2016).

Finally, under human development, notable progress is being made towards the NDP-8 targets concerning youth integration, which includes the formation of a National Youth Council and the rolling out of a work plan for the implementation of the national youth policy.

Under the **Economic Growth Pillar**, progress in the agriculture and livestock sectors was seriously constrained by the 2016-2017 drought. This was reflected in Somalia's relatively slow economic growth during 2017 (2.3 percent). Nonetheless, with the support from the international community, the Government is leading efforts to accelerate the recovery of the national livestock herd and rainfed agriculture, and to put in place stronger disaster prevention and response planning. Another important milestone was the signing by the FGS and FMSs of agreements for revenue sharing and licensing of the national fishery in Somalia's Exclusive Economic Zone, and for oil and mineral resource sharing.

The Resilience Pillar has seen important contributions made by a number of NGOs and UN consortia, and Government has published a national social protection policy. Most recently, the Government's Resilience and Recovery Framework (RRF), which identifies national and state level needs/priorities and accompanying financial and institutional frameworks for its operationalisation, was launched.

Under **the Building Effective Institutions Pillar**, implementation by the FGS of fiscal policy has improved markedly. As a result, domestic revenue mobilization has increased, budgets have become more realistic, and budget execution has improved. Importantly, a new Statistics Law is under review by the national Parliament, and a national statistics strategy has been finalised. At the state level, FMSs have made progress towards establishing the organisational structures, mandates and staffing needed for effective governance. FMSs are also undertaking an annual workplan exercise for the first time since 1991.

Tangible progress has been made under **the Inclusive Politics, Security and Rule of Law Pillar**. A Roadmap for inclusive politics, which outlines priorities and functions of different institutions to achieve targets in federalism, the constitutional review and the national electoral process, has been adopted by the FGS. As a result, the constitutional review process was launched, and agreement reached on the electoral model to be used for the national election in late 2020. In February 2019, a validation workshop on the proposed National Reconciliation Framework was held by the Ministry of Interior, Federal Affairs and Reconciliation (MOIFAR). Other achievements include the completion and publication of a voter registration feasibility study, and the provisional registration of political parties, pending the enactment of the Political Parties Act.

Finally, through its **Comprehensive Approach to Security, the Government**, with ongoing support from AMISOM and its international partners, important progress has been made towards the establishment of a national security architecture. Important policies and plans have been completed, including Operational Readiness Assessments, while biometric registration has been ongoing and is scheduled for completion by end of 2019. Coordination across government and with partners has been strengthened, and functional strengthening has taken place, including establishing financial and procurement guidelines.

3.2. Lessons Learned

Against this set of achievements under NDP-8, important lessons have been learned that inform the content of the NDP-9.

Stakeholder and partner participation. A clear lesson to have emerged from NDP-8 relates to the limited nature of stakeholder and partner participation that took place in 2017 during the plan preparation. FMS consultations did take place, and they contributed to a raising of awareness of the planning process at the time. But they were short and were carried out in only a limited number of locations, and two years later the MTR found only limited alignment between FMS planning and NDP-8, and low levels of public awareness of the NDP process.

Development partners engaged quite late in the process and in a manner that resulted in inputs being fragmented and projectized and informed more by partner priorities than by any national agenda.

To correct this shortcoming, substantial efforts have been made during the preparation of NDP-9 to engage stakeholders and partners more fully ahead of the formulation and finalisation of plan content. The details of these consultations are covered in the next Chapter.

Scope and ambition of the NDP. There is widespread agreement that NDP-8 is overambitious in its scope, particularly when set within Somalia's highly fragile context. The number of the NDP-8 pillar components is nine, which is too many to provide a clear statement of strategic intent and exceeds the capacity of federal and state government and their development partners to operationalise, coordinate and measure progress towards milestones and targets. Although much has been achieved, as a result of this over-ambition only modest progress is being made towards many of the targets contained within NDP-8, and the likelihood is that some will not be reached before the end of the plan in December 2019.

The Government concludes that this over-reach was driven by the fragmented and projectized input from stakeholders and partners, which was incorporated into the nine NDP-8 Pillars without reference to a clear Government-owned framework that set out the country's development goals and strategies by which those goals would be reached.

Informed by this experience, NDP-9 is shaped by a strategy framework. The framework, which itself is derived from a rigorous analysis of poverty and its causes in Somalia, and by inputs from a comprehensive stakeholder consultation process, sets out the NDP's development goals which are limited to three, and the policies to be implemented by NDP-9 in pursuit of these focused priorities. The content of the NDP-9 Pillars – the sector-level objectives and strategies – is then formulated with reference to the framework. These sector-level objectives have been aligned to Line Ministry priorities and the 2019 Roadmaps, which in turn were limited to their top three priorities.

NDP costing. Related to the problem of scope and prioritization, a shortcoming of the NDP-8 was the lack of costing of the planned interventions. This was due in part to the fragmented, projectized nature of input to the plan, but also to the unavailability of appropriate costing standards at the time.

The ability to cost remains a challenge linked to a lack of historical benchmarks, capacity and the modest budget available for government investment. The approach taken by NDP-9 is to allocate the budget available in year one, with the intention to review and complete future budgets as resources become more available and the costing base more sure.

The lesson carried into the NDP-9 is that, in addition to the need for costing standards, costing itself must be done at a strategic or programmatic level in a way that allows those standards to be applied and alignment established with projected government and partner financial projections.

Government coordination. The MTR revealed that NDP-8 implementation has been hindered by the challenges of coordination within the Government of Somalia; that is, vertical coordination between FMS/BRA and FGS ministries, and horizontal coordination between FGS ministries, departments and agencies and indeed within individual ministries. Moreover, the MTR found that neither federal ministry nor FMS government plans and budgets were strongly aligned with the NDP-8.

To some degree, the coordination challenge between state and federal government is an expression of the political tensions that inevitably arise between the two during the process of state building and the development of federal institutions. That is, political tensions have sometimes tended to be played out at the technical level. A part of the challenge, therefore, is to delink the technical from the political. This process will be led by the federal and state level ministries of planning, which have already established strong working relationships at the level of Director General, and supported by the National Security Council and National Development Council, which bring together federal and state governments at the ministerial level.

However, contributing to the coordination challenge are frequent changes in senior personnel in both Federal and State Governments, including at the DG level, and the use by both of short-term consultants to fill in staffing-gaps. Such personnel management practice, combined with the Government's under-developed data management capacities, lead to discontinuities and a lack of institutional memory that constrains effective coordination and collaboration. At the time of writing, efforts are underway to improve horizontal and vertical communication within government.

Intra-government coordination will also be supported and enhanced by the fuller consultation process that has underpinned the preparation of NDP-9, and that will continue throughout its implementation. Such consultation will result in both higher levels of stakeholder awareness and appreciation of the national planning process, and greater recognition of and identification with the goals and priorities it contains. However, it should be noted that consultation processes in Somalia are expensive, and during the NDP-9 implementation, less-costly means, including teleconferencing, will be explored.

Aid coordination architecture. Aid coordination in Somalia is conducted by and through the Somalia Development and Reconstruction Facility (SDRF), established in 2014 as the architecture of the New Deal-Somali Compact. In early 2017, following the national election and the expiry of the New Deal, the SDRF was carried over and adapted to the needs of the New Partnership for Somalia (NPS) and NDP-8.

In many respects, the SDRF continues to perform a vital aid coordination function for Somalia, proving a set of multi-stakeholder forums through which partnership is strengthened, development programming identified and funded, and mutual accountability promoted. However, at the technical/working level – consisting of the nine Pillar Working Groups (PWGs) -- it has struggled to perform consistently. According to the MTR, the PWGs are viewed by government representatives to be largely driven by partner priorities and overly focused on project funding from the three SDRF Trust Funds. Perhaps for this reason government participation in the PWGs has been uneven, and the SDRF has not been as effective as it might have been in terms of supporting federal-state coordination.

Going forward with NDP-9, the SDRF and its PWGs will continue to be at the centre of aid coordination in Somalia, but efforts will need to be made to address the shortcomings identified by the MTR. A smaller number of Pillars is likely to help in this regard, as will a further clarification of PWG mandate and membership.

Use of country systems. Over the past two years, important strides have been made in Somalia towards the use of country systems (UCS) by the development partners, which itself is a reflection of improvements made by government in its public financial management. The MTR reported that in 2017 nearly 15 percent of development assistance (not including humanitarian aid) was delivered on-treasury, up from 4 percent in 2015.

However, the preliminary analysis of 2018 aid flows²⁶ shows that the share of aid delivered on-treasury decreased to 10.5 percent in 2018. According to the Federal Ministry of Finance, the decline was due to a decrease in budget support delivered on treasury from Saudi Arabia and Turkey. The OECD DAC donors increased their contributions of on-treasury aid channelled through multilateral instruments.

The World Bank Multi-Partner Fund (MPF) was the largest channel through which donors provided aid on treasury in 2018. Through government-implemented projects, the fund disbursed US\$ 38.1 million through the treasury in 2018. From 2014-2018, the MPF has disbursed a total of US\$ 117.6 million on treasury. The MPF donors include the European Union, United Kingdom, Norway, Germany, Sweden, Denmark, Switzerland, the World Bank State and Peace-building Fund, Finland, the United States of America and Italy.

The EU signed an agreement with Somalia in October 2018 to provide EUR 100 million (US\$ 114 million) in budget support over a period of 2.5 years. US\$ 13.3 million in budget support were delivered in 2018 under the new agreement.

This increase in on-treasury support is important progress, but the figures nonetheless compare poorly with other countries of similar status. The government therefore intends that NDP-9 will build on these improvements and further increase the use of country systems for development assistance.

Institutional capacity limitations. A final important lesson taken from NDP-8 implementation – which relates to the lessons concerning plan scope and ambition – is that Somalia’s institutional environment remains at an early stage of development, and currently lacks the capacities needed to carry forward an

²⁶ Preliminary analysis of aid flow data based on 2018 aid mapping exercise, draft report prepared by the Federal Government of Somalia with support from the World Bank and United Nations, February 2019

ambitious and wide-ranging development agenda. In addition to shortfalls in the number and capability of personnel, the problem of capacity refers to the systems normally used by the government. For example, Somalia has a very weak data and statistics management capacity, which would ordinarily underpin much of the work undertaken in a national development plan. As a result of its weak human resource base and poorly developed systems, the Government of Somalia lacks the institutional memory upon which most organisations depend.

Therefore, in preparing the NDP-9 and in identifying and developing priority interventions, the government has kept the issue of capacity and feasibility very much at the front of its thinking. Institutional capacity building will be an important theme that cuts across the content of NDP-9. However the building of capacities in Somalia will be a process that spans many national development plans, and as such constrained institutional strength must be considered a limiting factor for NDP-9.

CHAPTER 2: OUTPUT FROM STAKEHOLDER CONSULTATIONS

The Government of Somalia is committed to ensure to the extent possible that citizens engage in the preparation of NDP-9 through an iterative process of consultation. Such consultations are an essential part of the planning process and inform the Government's understanding of both effects and root causes of poverty, and the formulation of the plan's poverty reduction strategy.

Consultations for NDP-9 took place across three rounds. The first round (C1), conducted in January and February 2019, focused exclusively on obtaining input from Somali stakeholders on the causes of poverty and appropriate responses to these. Its output is summarized in this chapter, with the full results available in Annex 1. The second round (C2) has been conducted in May and June 2019 and was an opportunity for Somali stakeholders to respond to the first draft of NDP-9, and for the development partners to engage with the plan preparation process and to influence the plan content. The output of C2 has further shaped the content of the second draft of NDP-9. The third and final round (C3) allowed senior Government stakeholders (FGS and FMS) to review and endorse the content of the third draft of NDP-9 ahead of its finalisation and presentation to the Cabinet.

1. Background to Round 1 Consultations

The first round of consultations (C1) engaged both national-level and federal member state (FMS) stakeholders. The consultations were conducted first in Mogadishu for national-level stakeholders in January 2019, and subsequently for the five FMSs and Benadir Regional Administration (BRA), as follows:

- Hirshabelle, in Jowhar from 10 to 15 February
- Jubbaland, in Kismayo from 14 to 19 February
- Southwest State, in Baidoa from 17 to 22 February
- Galmudug, in Cadado from 22 to 27 February
- Puntland, in Garowe from 26 to 31 March
- BRA, in Mogadishu on 07 March

The purpose of the first round of consultation was to inform the analysis of poverty (see Chapter 3) prepared by the NDP-Secretariat in the Ministry of Planning, Investment and Economic Development (MoPIED). As noted, the analysis of poverty is a key element of NDP-9 and will be the base from which the plan's programme and policy content is derived.

In each location consultation meetings were held with four groups of national stakeholders, namely:

- Civil society
- The private sector
- Federal Government or FMS line ministries
- Representatives of the National Parliament or FMS Assemblies

All 4 meetings followed a similar format, which consisted of presentations by the MoPIED team of the NDP-9 planning process, and the multi-dimensional description of poverty that MoPIED proposes to use

in the plan²⁷. Through a mix of plenary discussion and group work, meeting participants were asked to consider a number of questions that will be addressed by the NDP-9 poverty analysis:

- What are the main characteristics of poverty in Somalia, and is the proposed description of multi-dimensional poverty useful?
- What are the main causes or drivers of poverty in Somalia?
- What are the outcomes of poverty in Somalia?
- What strategies are used by Somalis to cope with poverty?
- What actions should the Government take to reduce poverty?

The remainder of this section presents summary accounts of the consultations held in Mogadishu and with the five Federal Member States and the Benadir Regional Administration, and a graphical presentation and tabulation of the main issues identified by each of the stakeholder groups.

2. Overview of Consultation Output

The following charts summarize the results of stakeholder consultations, by type of stakeholders and by regions. As discussed above, the results were consistent across most stakeholders, with a consensus around the top four or five drivers of poverty. Interventions showed more variation by stakeholder, and by region, indicating opportunities to tailor interventions to best suit local contexts.

²⁷ Poverty here consists of 4 dimensions of deprivation: monetary; living standard; education; water and sanitation.

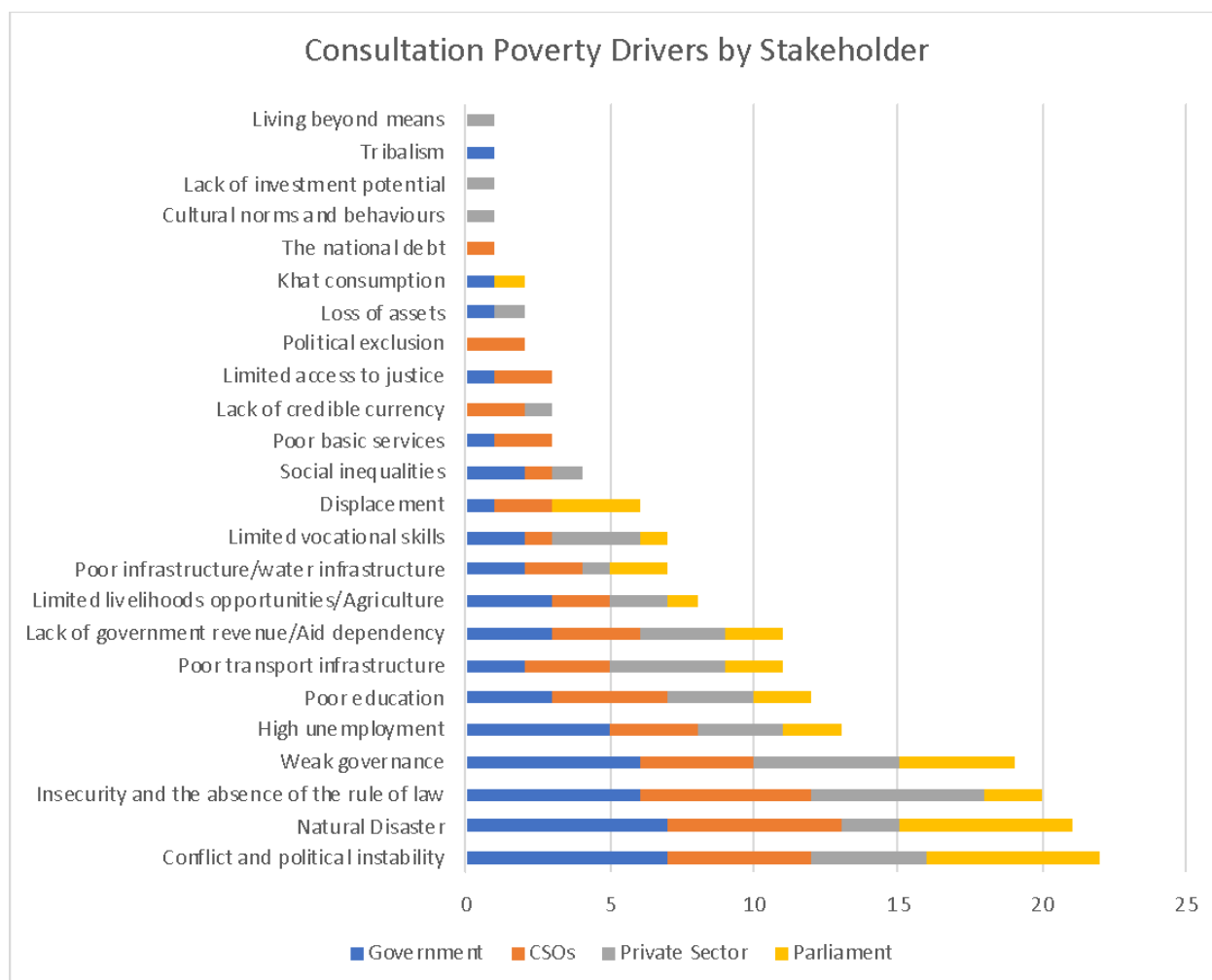


Figure 9: Causes of Poverty (Stakeholder)

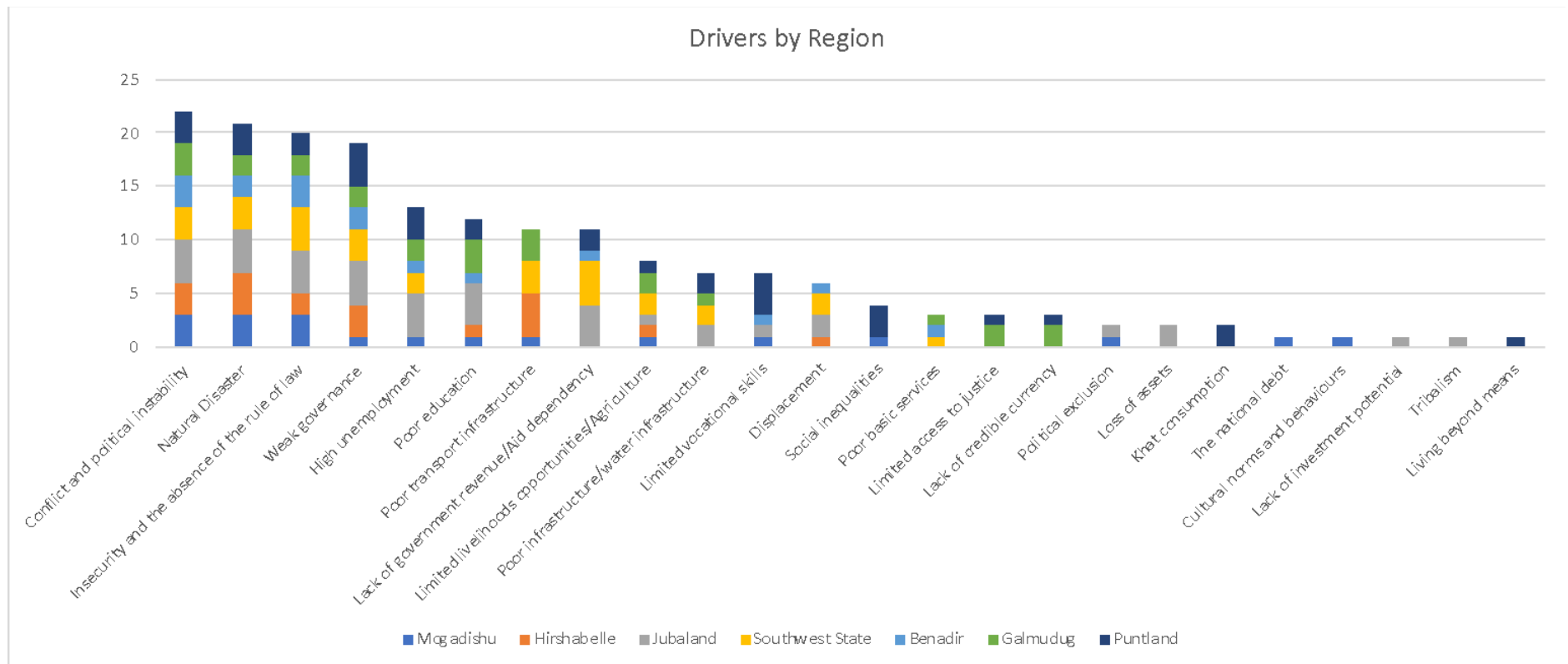


Figure 10: Causes of Poverty (Region)

Only four drivers were mentioned by a majority of all stakeholders:

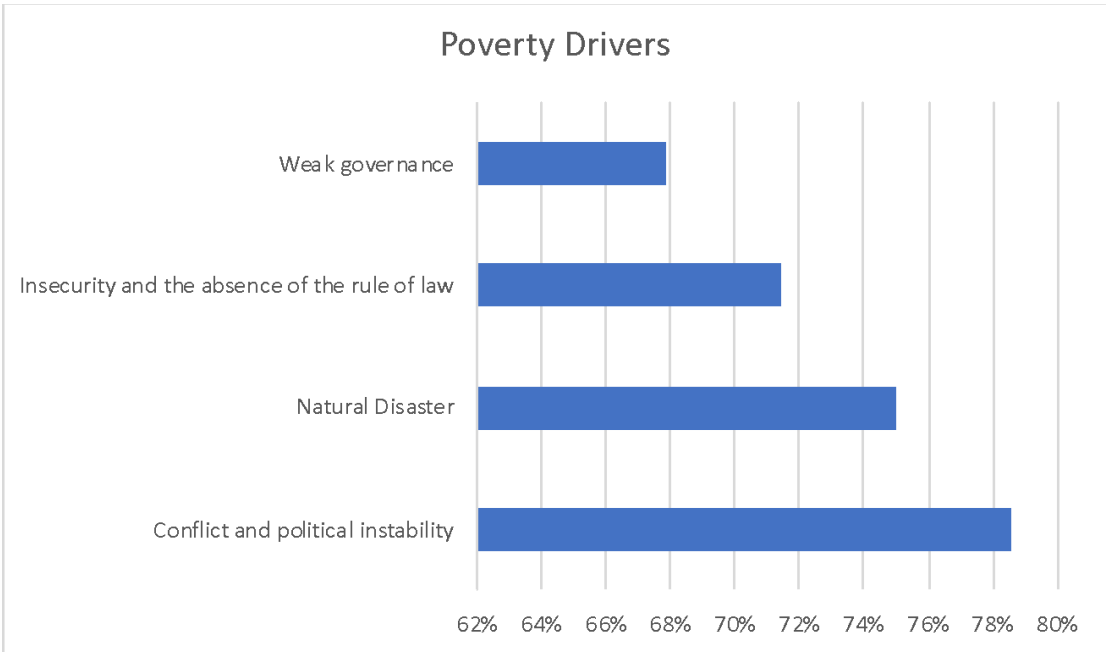


Figure 11: The four causes of poverty identified by the majority of stakeholders

It is interesting to note that the tendency of all stakeholders, irrespective of constituent group or location, was to identify large, national themes as causes of poverty, rather than focusing on the traits of households or individuals. The challenge of inclusive development lies in addressing these complex and multi-faceted constraints. As will be noted later in this plan, the challenges are made even more complex because of the entwined nature of these drivers. Natural disaster impacts on governance (and made worse by weak governance) which spawns competition and conflict over resources, which in turn impacts on security levels and economic activities, with the repercussions amplifying across these themes.

In addition to the causes of poverty, stakeholders provided input into desirable interventions targeted at reducing poverty. The following charts summarize their responses.

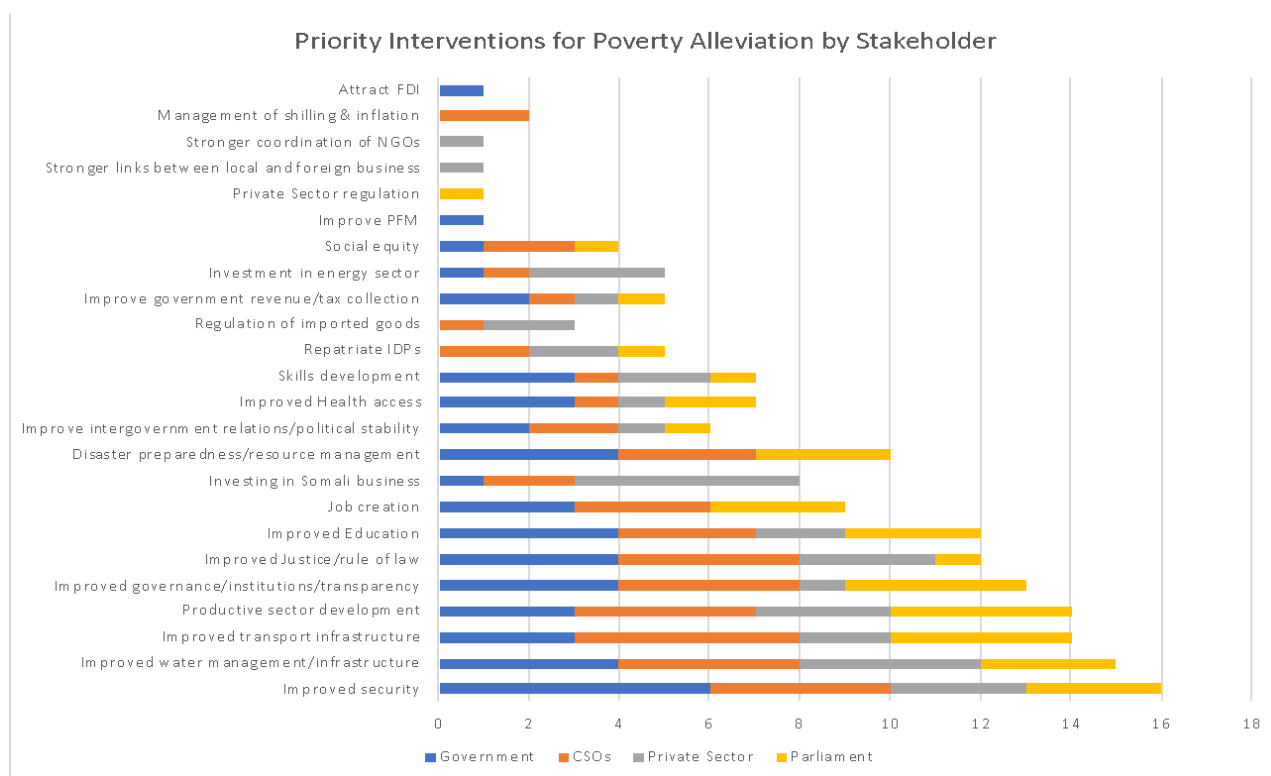


Figure 12: Priority Interventions (Stakeholder)

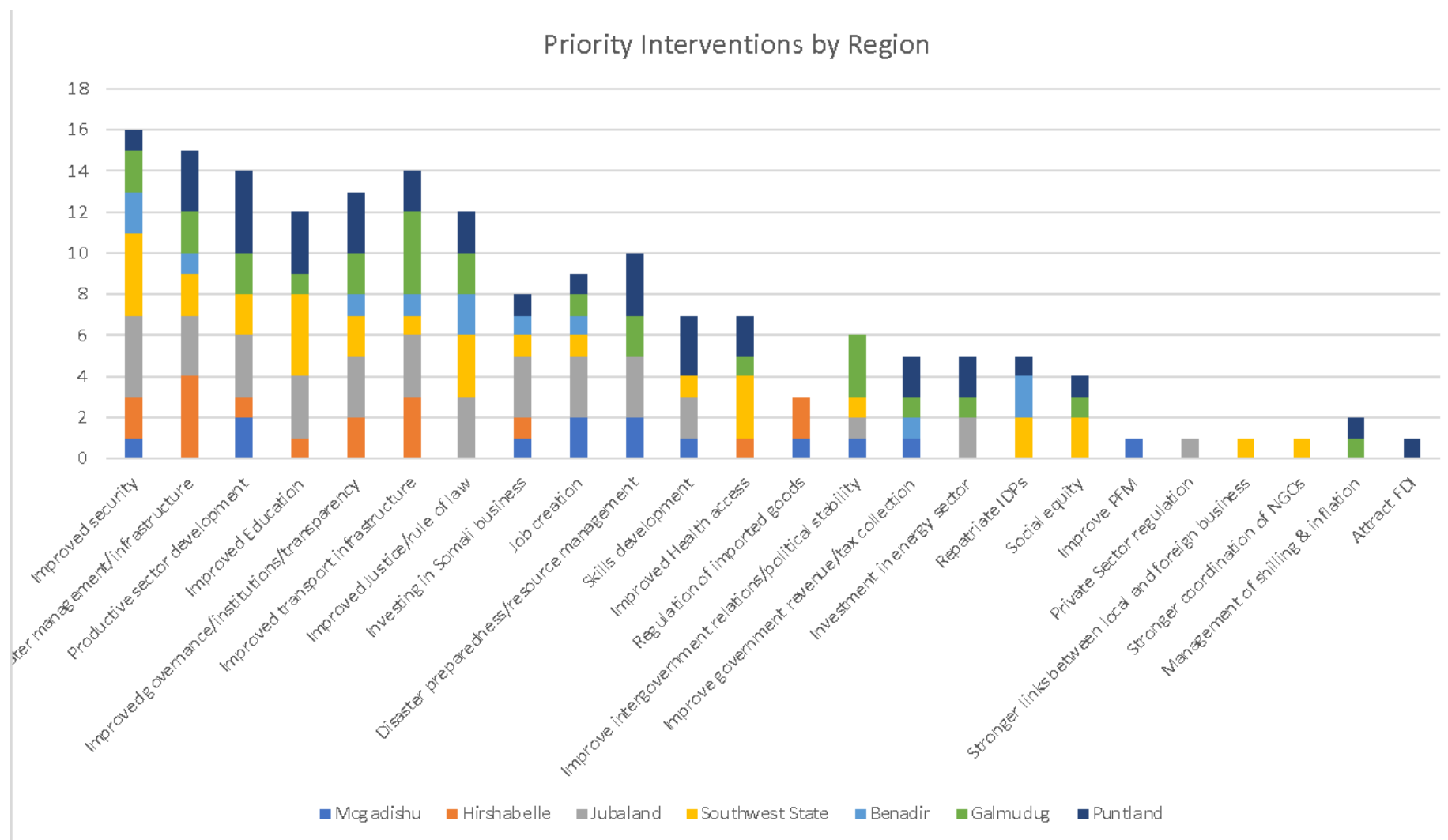


Figure 13: Priority Interventions (Region)

Though there is obvious consensus, more variations of desired interventions are demonstrated in the intervention charts than in the drivers of poverty discussions. For some the care of IDPs ranks the highest, for others it is the job creation, and for some it is the investment in infrastructure which is important to their region or city. A consolidation of interventions under themes, or sectors, reveals:

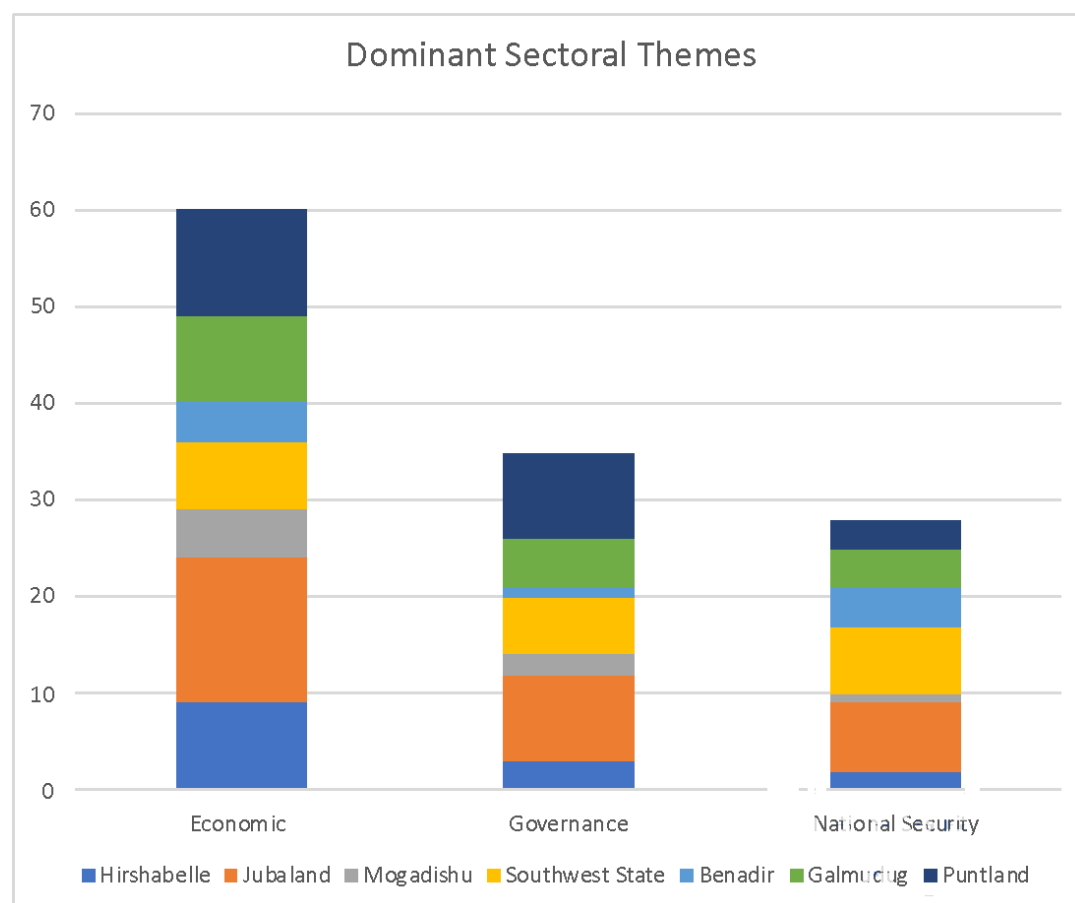


Figure 14: Stakeholder Consultations on Poverty Interventions, by Sector

The dominance of economic interventions partly reflects the range of possible interventions within this sector, with variations shown region by region. Within the governance cluster, the majority of participants cited improving the delivery of public services, including education and judicial services, though overall improvement of governance in terms of institutional effectiveness and transparency was also a dominant response. The lower relative result of improving national security should be interpreted by the tendency of fewer specific interventions being raised by participants. While economic interventions would elicit a number of specific projects and suggestions, when it came to security the stakeholders tended to offer only one intervention, which was to improve security. Thus a low number of interventions in this area shouldn't be interpreted as being of low priority to participants. As demonstrated above improving security was one of the dominant suggestions for action.

These results align with the overall development priorities of regions as identified through the Government's 2018 Recovery and Resilience Framework (RRF) – see Figure 15 below -- particularly when it comes to priority economic growth potential and infrastructure investments.

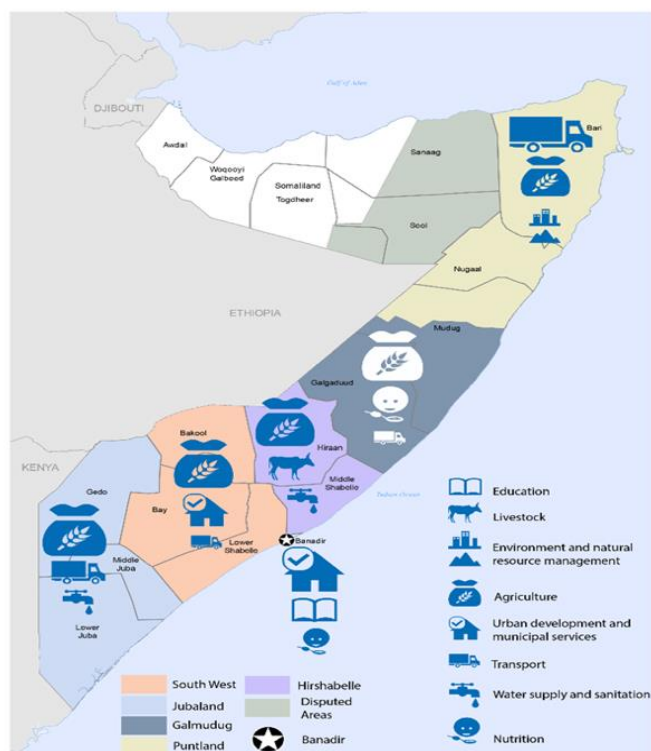


Figure 15: Map of Priority Interventions from RRF

The regional voice in shaping economic interventions is a consultation result worth noting. The population displacement of the past five years has witnessed a shift from rural settings into urban camps. The regions most impacted by displacement have identified urban development as the most pressing response to local poverty, while rural locations highlight agricultural investment and related infrastructure.

The following section presents the consultation inputs in tabular detail, with Annex 1 providing the full compilation of discussions

3. Tabulation of Stakeholder Inputs

	CIVIL SOCIETY	PRIVATE SECTOR	GOVERNMENT OFFICIALS	MEMBERS OF PARLIAMENT
NATIONAL STAKEHOLDERS (MOGADISHU)				
Causes of poverty	Environmental vulnerability Conflict and political instability Insecurity and the absence of the rule of law The national debt Weak governance Political exclusion	Poor transport infrastructure Insecurity Poor education Limited vocational skills Cultural norms and behaviours	Conflict and insecurity Environmental degradation High unemployment Limited livelihoods opportunities Social inequalities	Conflict and insecurity Repeated exposure to natural disaster
What should be done?	Discussion didn't include suggested solutions but focused on the causes of poverty	Investing in and promoting Somali-owned business Regulation of imported goods Strengthened government revenue base through development of tax collection systems	Security Environmental management Disaster preparedness and risk management Resolution of political tensions between federal and FMS governments Strengthening of governance through capacity building for public financial management Employment creation Skills development Productive sector development (agric, livestock, fisheries)	Build capacities for disaster risk management and strategy development Productive sector development (agric, livestock, fisheries) Employment creation However, the plan should be affordable and within Somalia's means – it should not rely on external funding

			Raise awareness in government of NDP-9	
HIRSHABELLE				
Causes of poverty	<p>Frequent flooding of Shabelle river</p> <p>Upstream over-use in Ethiopia</p> <p>Poor road infrastructure</p> <p>Rural insecurity</p> <p>Weak governance, corruption</p>	<p>Degraded transport infrastructure</p> <p>Rural insecurity that increases cost of transport and reduces regional competitiveness</p> <p>Outbreaks of animal pest and disease</p>	<p>Insecurity driven by political instability</p> <p>Weak governance & a lack of essential services</p> <p>Recurrent drought</p> <p>Repeated flooding caused by poor management of the Shabelle river</p> <p>Degraded transport infrastructure</p> <p>Limited employment opportunity</p> <p>Low levels of education and skills</p>	<p>Insecurity and the public's fear of insurgents</p> <p>Poor management of Shabelle river</p> <p>Recurrent drought</p> <p>Displacement</p> <p>Degraded transport infrastructure</p> <p>Poor governance and local administration, and the lack of institutional capacity</p>
What should be done?	<p>Management and desilting of Shabelle river</p> <p>Repair old water infrastructure</p> <p>Improve road infrastructure</p> <p>Develop agric & fisheries potential</p>	<p>More effective management of Shabelle river</p> <p>Limit import of rice and encourage the local purchase of relief food</p> <p>Promote business growth ("industrialisation")</p> <p>Employment creation</p>	<p>Strengthen security</p> <p>Manage the Shabelle river</p> <p>Strengthen transport infrastructure</p> <p>Improve access to education</p> <p>Improve access to health</p>	<p>Strengthen security</p> <p>More effective management of Shabelle river</p> <p>Strengthen transport infrastructure</p> <p>Strengthen local governance & institutional capacities</p>

	Strengthen local leadership and institutional capacities Procure relief supplies locally			
JUBALAND				
Causes of poverty	Unemployment Drought Poor environmental and natural resource management Insecurity Poor governance and the mismanagement of aid resources Insufficient government revenues Low levels of education Lack of economic activities/production Political instability Poor infrastructure Social inequality Displacement (as a result of the above)	Unemployment Conflict and insecurity Weak governance and corruption Low levels of education and skills Natural disasters and an absence of disaster preparedness planning Limited markets for livestock and local produce A lack of investment in productive potential Dependency on foreign aid	Insecurity Natural disaster, including drought Dependency on foreign aid Injustice Unemployment and a lack of vocational skills Low levels of education Lack of infrastructure Poor governance and corruption Tribalism Loss of assets, including livestock Displacement (as a result of the above)	Insecurity and conflict Natural disasters, such as droughts and flood Aid dependence Injustice Unemployment and a lack of vocational skills Low levels of education Displacement (as a result of the above)
What should be done?	Strengthening peace and security	Employment creation through agricultural development	Strengthening security and the rule of law	Strengthening of security

	<p>Enforcing justice and rule of law</p> <p>Increasing local economic production</p> <p>Investing in and marketing of national/local commodities (e.g. bananas)</p> <p>Improving access to quality education</p> <p>Promoting political stability and national unity</p> <p>Promoting good governance and fighting corruption</p> <p>Prioritizing infrastructure development (roads, ports and airports, agriculture and industries)</p> <p>Creating employment opportunities and building vocational skills</p> <p>Managing natural resources more effectively</p> <p>Strengthen national and state planning for poverty reduction</p>	<p>schemes and infrastructure rehabilitation</p> <p>Support and promote investment in small businesses and equality in employment</p> <p>Strengthen vocational skills</p> <p>Strengthen the security sector and access to justice</p> <p>Strengthen governance by tackling corruption, tribalism, favouritism and nepotism</p> <p>Improve access to clean water, housing, healthcare services and education</p> <p>Invest in the energy sector</p> <p>Invest in agriculture, livestock and fisheries</p>	<p>Reconstruction and rehabilitation of infrastructure</p> <p>Improving governance and fighting corruption</p> <p>Better management of risks and natural disasters, such as droughts and floods</p> <p>Employment creation</p> <p>Vocational skills training</p> <p>Investing in local production and markets</p> <p>Building awareness on how to utilize natural resources</p> <p>Improving access to affordable (free) quality education</p> <p>Improving access to clean water and clean energy</p> <p><u>Kismayo</u></p> <p>Water & sanitation</p> <p>Waste management</p> <p>Urban infrastructure</p>	<p>Reconstruction of infrastructure, such as roads, highways, ports and airports</p> <p>Proactive management of natural disasters</p> <p>Employment creation</p> <p>Improved access to education</p> <p>Increasing local agricultural, livestock and natural resource productivity</p> <p>Strengthening private sector accountability</p>
SOUTHWEST STATE				
Causes of poverty	<p>Conflict and insecurity</p> <p>Recurrent drought</p>	<p>Weak governance & local administration</p> <p>Problematic political structures</p>	<p>Conflict and security</p> <p>Unemployment</p>	<p>Conflict and insecurity</p> <p>Frequent natural disasters – floods and droughts</p>

	<p>Enforced displacement resulting from the above</p> <p>Aid dependency (caused partly by NGOs working only in urban centres)</p> <p>Degraded traditional water resources</p> <p>Irrigation canals destroyed or in disrepair</p> <p>Poor condition of roads</p>	<p>Conflict and insecurity</p> <p>Weak systems of justice</p> <p>Degraded road infrastructure</p> <p>Degraded water supply infrastructure</p> <p>Unemployment (esp youth)</p> <p>Aid dependency & role of NGOs</p>	<p>Weak systems of justice</p> <p>Weak governance and corruption</p> <p>Natural disaster (droughts and floods)</p> <p>Poor disaster preparedness and management</p> <p>Limited access to and/or degraded public services (health, education, etc)</p> <p>Coping strategies like displacement, remittances and aid create dependency</p>	<p>Poor road infrastructure</p> <p>Poorly maintained river beds and irrigation canals</p> <p>Few employment opportunities</p> <p>“Deskilling” of younger generation</p> <p>Aid dependency</p> <p>Weak local agric and livestock productivity – made worse by aid handouts</p> <p>Displacement (pushed by insecurity & drought, pulled by aid handouts)</p>
What should be done?	<p>Improve security</p> <p>Resettle and support IDPs to rural areas</p> <p>Ensure justice and equity (social and economic)</p> <p>Increase access to free, high quality education</p> <p>Repair agricultural and water infrastructure</p>	<p>Strengthen security forces and systems of justice</p> <p>Strengthen governance – building the link between government and community</p> <p>Increase and strengthen local agricultural and livestock production</p> <p>Help create markets for local produce</p> <p>Promote the development of technical and vocational skills</p> <p>Support linkages between local and foreign business</p>	<p>Strengthen security and capacity of armed forces</p> <p>Strengthen capacity of local institutions for good governance</p> <p>Increase access to affordable essential services</p> <p>Support political reconciliation between different communities</p>	<p>Strengthen security</p> <p>Restore systems of justice</p> <p>Strengthen governance - re-establish trust in public institutions & leadership</p> <p>Create (youth) employment opportunities</p> <p>Increase access to free or affordable education and health</p> <p>Rehabilitate irrigation canals and river channels, and other water resource infrastructure</p>

		<p>Improve road infrastructure</p> <p>Improve access to essential services</p> <p>Support IDPs to resettle and re-establish agriculture</p> <p>Stronger oversight & coordination of NGOs</p>		Resettle and support IDPs in homes of origin
GALMUDUG				
Causes of poverty	<p>Insecurity</p> <p>Limited access to justice</p> <p>Poor roads infrastructure</p> <p>Low levels of education and skills</p> <p>Recurrent drought</p> <p>Unavailability of Somali Shilling</p>	<p>Insecurity and conflict</p> <p>Poor roads infrastructure</p> <p>Lack of health and education services</p> <p>Inadequate water resources</p> <p>Unemployment</p> <p>Weak governance & corruption</p> <p>Absence of development of productive sectors</p> <p>Unavailability of Somali Shilling</p>	<p>Conflict</p> <p>Recurrent drought</p> <p>Poor roads infrastructure</p> <p>Weak governance & disaster preparedness planning</p> <p>Weak economy and limited employment opportunities</p>	<p>Political instability and conflict</p> <p>Climate change & recurrent drought</p> <p>Environmental degradation</p> <p>Low levels of education</p>
What should be done?	<p>Political stability and reconciliation</p> <p>Strengthen security</p> <p>Rebuild economic infrastructure (roads, ports, airports)</p> <p>Job creation</p>	<p>Strengthen security</p> <p>Local reconciliation</p> <p>Strengthen rule of law</p> <p>Rebuild economic infrastructure (roads, ports, airports)</p>	<p>Institution building – strengthen government capacity needed to enforce the rule of law</p> <p>Increase government revenues for improved public services & disaster preparedness</p>	<p>Political stability and reconciliation</p> <p>Productive sector (livestock) development</p> <p>Rebuild roads infrastructure</p> <p>Strengthen governance for improved service delivery</p>

	<p>Strengthen governance to improve access to services and effective disaster preparedness</p> <p>Invest in small businesses</p> <p>Better management of local currency (Somali Shilling)</p>	<p>Develop water resource infrastructure (tube wells)</p> <p>Affordable electricity/energy</p>	<p>Productive sector (livestock & fisheries) development</p> <p>Strengthen economic infrastructure (roads, ports, water, airports)</p> <p>Develop water resource infrastructure (tube wells)</p> <p>Increase gender/social equity</p>	<p>(health, education, water supply)</p>
PUNTLAND				
Causes of poverty	<p>Recurrent drought and disasters</p> <p>Poor natural resource management, including fisheries</p> <p>Low productivity of agriculture, livestock and fisheries</p> <p>Cost of living inflation</p> <p>Weak governance, corruption and nepotism, poor leadership</p> <p>A weak justice system</p> <p>Social inequities – e.g. gender & disability</p> <p>Low government revenues and the impact of this on public services</p>	<p>Low levels of skills in the workforce</p> <p>A culture of dependency</p> <p>People live beyond their means</p> <p>Corruption in public sector</p> <p>Social and economic inequities</p>	<p>Insecurity (both on land and in coastal waters)</p> <p>Limited opportunity for employment</p> <p>Unskilled workforce</p> <p>Khat consumption</p> <p>Weak systems of justice</p> <p>Weak infrastructure</p> <p>Poor governance and corruption</p> <p>Poor political leadership</p> <p>Recurrent drought and desertification</p> <p>Low levels of literacy</p> <p>Economic (resource) inequity</p>	<p>Recurrent drought</p> <p>Conflict in Sool and Sanaag</p> <p>The consumption of khat</p> <p>Lack of skills in modern agriculture</p> <p>Fisheries resources are unprotected</p> <p>Limited institutional capacity in the public sector</p> <p>Weak infrastructure</p>

	<p>Limited employment opportunities</p> <p>Low levels of education</p> <p>Unskilled workforce</p> <p>Insecurity and tribal conflict</p>			
What should be done?	<p>Strengthen governance – fight corruption, improve leadership and increase government revenues</p> <p>Strengthen systems of justice</p> <p>Strengthen disaster preparedness and management</p> <p>Increase access to essential services – health, education, water</p> <p>Strengthen social justice and equity</p> <p>Strengthen economic policy and tackle inflation</p> <p>Invest in small industries and increase access to micro-finance</p> <p>Develop ports and roads infrastructure</p> <p>Invest in renewable energy</p> <p>Invest in agric, livestock and fisheries production</p>	<p>Improve water resource management (rainwater)</p> <p>Invest in the energy sector</p> <p>Strengthen systems of education</p> <p>Strengthen domestic production and marketing</p>	<p>Reduce insecurity</p> <p>Strengthen systems of justice</p> <p>Employment creation</p> <p>Skills development/training</p> <p>Increase access to essential services (health, education, housing, water, etc)</p> <p>Strengthen governance (all of the above)</p> <p>Attract foreign investment to induce economic growth</p> <p>Invest in agric, livestock and fisheries as a means of increasing production and employment</p> <p>Strengthen infrastructure</p> <p>Environmental management and conservation</p> <p>Improved disaster management and preparedness</p>	<p>Infrastructure rehabilitation and development</p> <p>Restocking of livestock</p> <p>Training/skills building in modern agric techniques</p> <p>Protect and modernise the fisheries sector</p> <p>Water resources management – and other environmental management measures</p> <p>Better exploitation and management of natural resources (oil and minerals)</p> <p>Resettlement of IDPs to rural areas</p> <p>Skills/employment training</p> <p>Strengthen governance through increasing civil awareness and demand for policy action</p>

	<p>Make available vocational skills training</p> <p>Improve natural resources management</p>			Develop a strong aid policy and address growing culture of dependence
BENADIR REGIONAL ADMINISTRATION				
Causes of poverty	Recurrent drought and insecurity that drives displacement	<p>Insecurity</p> <p>Weak system of justice</p> <p>Poor infrastructure</p> <p>Corruption & nepotism</p> <p>Conditions do not support small business</p> <p>Unskilled workforce</p>	<p>Insecurity</p> <p>Political instability & conflict</p> <p>Unemployment</p> <p>Corruption</p> <p>Natural disaster</p> <p>Exclusion/disempowerment</p> <p>Displacement & migration</p> <p>Customs (e.g. early marriage)</p> <p>Low levels of education</p>	
What should be done?	<p>Comprehensive NDP to address burning issues – poverty, insecurity, displacement, unemployment, underinvestment</p> <p>Improve security</p> <p>Integrate or resettle IDPs</p> <p>Provide quality health services</p> <p>Provide employment and vocational skills training</p>	<p>Address insecurity</p> <p>Invest in local production to nurture small business</p> <p>Job creation</p> <p>Address growing number of IDPs residing in main urban centres</p>	<p>Improve security</p> <p>Strengthen justice</p> <p>Improve governance</p> <p>Improve tax collection and revenue management</p> <p>Repair urban infrastructure</p> <p>Reduce political instability</p> <p>Increase production</p>	

	<p>Employment creation</p> <p>Strengthen the system of justice</p>		<p>IDP relocation</p> <p>Employment/skills creation</p> <p>Free education</p> <p>Promote investment</p>	
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4. Round 2 Consultations

The second round of consultations launched on 5 May 2019 with a meeting with the National Development Council. A presentation on the first draft of the plan was followed by a discussion on developing themes, particularly those derived from stakeholder consultations.

The objective of the meeting was to solicit direction from the NDC on the national priorities that should be the focus of NDP-9. One of the lessons from NDP-8 was the need to narrow the breadth of both the strategies and the interventions.

The direction given was to focus on three national priorities:

- i. Inclusive and Accountable Politics and Reconciliation
- ii. Improved Security and the Rule of Law
- iii. Inclusive Economic Growth

This direction was based on the solid consensus demonstrated in Round 1 consultations, much of which focused on the need for improved security and improved economic growth. The need for political stability was also a strong consultation theme, and NDC recognized that progress in inclusive politics is an important precondition, or dependency, for progress in other priorities.

Some discussion was held on whether governance should be included or replace one of the three priorities, but ultimately it was concluded that governance was an important horizontal aspect of all the priorities.

A second consultation was held on 19 May 2019 with the DGs of FGS. A presentation of the first draft was followed by a discussion on the identification of priority interventions, aligned to the three national priorities and located within the four pillar chapters.

The methodology was based on an adapted SDG Accelerator and Bottleneck Assessment guide published by UNDP as a support tool for the 2030 Agenda. Participants were taken through the methodology and provided guidance and criteria by which to suggest priority interventions. The results of this exercise informed the interventions outlined later in the NDP.

Other consultations completed in June included workshops with Private Sector participants (held June 23, 2019) and representatives of CSOs and non-state actors (June 24, 2019), and the Budget, Finance and Planning Committee of Parliament (June 25, 2019), where the first draft and national priorities were discussed within the context of poverty reduction.

Feedback from the first workshop with private sector participants focused on addressing constraints for economic growth. Their points included:

- Investment in infrastructure development as a priority; infrastructure development as key to job creation; and job creation contributes to improved security.
- Leading role and potential of the private sector in job creation.
- Development/strengthening of cooperatives in the fishery sector (job-creation).
- Development and enactment of investment, insurance and copyright laws.
- Establishment of legal/regulatory framework for controlling business monopolies.
- Development of quality control policies, laws and institution.

- Poverty as the main driver of conflicts.
- Challenges of the private sector: poor governance, lack of infrastructure, costly power/lack of alternative sources of affordable energy, and lack of protection for domestic production from imports.
- Shift in cooperation modalities between Somalia and its development partners through the NDP as the guiding policy framework with which all development interventions must be aligned and enhanced coordination role of MOPIED.

Stakeholder participants from CSOs/NSAs raised the following key points:

- Availability and access to safe and clean drinking water for all the people.
- Management of drought and floods including river management (river bursts).
- Vocational skills training and job creation for the youth.
- Establishment of the Constitutional Court.
- Human development to improve lives and wellbeing of the people.
- Economic growth through increased productivity of the productive sector and promotion of small-scale industries which leads to employment generation.
- Infrastructure development.
- Banks which finance/provide loans for the development of small-scale factories.
- Civic education and raising public awareness on federalism.
- Water management through water policies and construction of dams.
- Inclusive politics and good governance.
- Need for policy to guide cash transfer programs.
- Need for a law which governs FGS-FMS relations (the Constitution).

Finally the Parliament Committee members provided the following feedback:

Table 2: Feedback from Parliamentarians

	Security and Rule of Law	Economic Growth	Inclusive Politics	Social Development & cross-cutting issues
Challenges	<p>Security is the crucial issue Poverty</p> <p>Lack of inclusive politics and reconciliation</p> <p>Federalism (thorniest political issue)</p> <p>Lack of public trust/confidence</p>	<p>Lack of legal and regulatory frameworks and banking systems</p> <p>Inability to export local products such as salt and fish to neighbouring countries</p> <p>Problem of water management is one of the biggest challenges</p>		

Requirements	Security is the crucial issue Security sector – technical know-how, equipment and assets (e.g. bomb/explosives detection devices, etc.)	Livestock export – livestock is backbone of the economy and food security; need for clear government policies for the livestock sector development	Realization of inclusive politics is a prerequisite for security and rule of law, and economic growth	Capacity development for the civil servants of the various FGS Ministries
	Emphasis on security – specific security agenda and action points	Construction abattoirs and slaughter houses	Census – to facilitate registration of citizens/voters	Health for both people and livestock – necessary
	Reform of the justice sector	Promotion of domestic trade	Federalism will be decided by the Somali people through referendum, however, has thus far become a source of division/tension	Government service delivery (basic service provision) – very important
	Security and development nexus	Establishment of Letter of Credit (LC) bank guarantee systems	One national goal and unity of people	IDPs – part of war economy – need interventions to address the issue
	Rwandan style local justice/reconciliation process – Gacaca courts (NRF)	Job creation	Establishment of local government structures/councils	
	Capacity development and rationalization of the security forces	Nutrition and food security	Reconciliation and cohesion/cooperation between local governments and people	
		Development and reconstruction of schools	Fundamental human rights (inclusion) vital for the constitutional review process	
		Development and reconstruction of infrastructure – roads	Resumption of FGS-Somaliland dialogue and resolution of the Somaliland issue – priority for Somali unification	
		Technical skills training/education – need for specific agenda	Multi-layered reconciliation at all levels including intra/inter-regional	
		Poverty reduction		

Further consultations are scheduled to take place with Development Partners and FMS stakeholders based on the second draft of the NDP.

Further consultations were held as follows on the third draft of NDP-9.

- Jubaland: 24-28 August
- Hirshabelle 28-31 August
- South West 28-31 August
- Development Partners: 3 September

Stakeholders provided feedback, comments and suggestions to strengthen the structure and content of the draft.

CHAPTER 3: SOMALIA POVERTY ANALYSIS

The following chapter presents a description of poverty in Somalia, an analysis of the underlying causes and drivers of poverty, based on available sources of data, and drawing on the range of experience of the government and its development partners, along with stakeholder consultations. This description and analysis, coupled with the output of comprehensive national consultations, forms the foundation of NDP-9 upon which future poverty reduction policies and related interventions conducted by government and its development partners are formulated to alleviate poverty in its multiple dimensions.

1. Measuring Poverty

1.1. Introduction

Poverty is examined on a multi-dimensional basis. Beginning with measures of monetary poverty, the report goes on to examine multi-dimensional poverty, as measured in four dimensions: monetary; education; health; and living standards (based on quality of housing and access to sanitation and water). In addition to these four dimensions, the chapter examines broader vulnerabilities associated with poor Somali households with additional “missing dimensions²⁸” of poverty. A framework of underlying causes, intermediate causes and impacts of poverty is presented.

The multi-dimensional nature of poverty in Somalia is such that very few households or individuals are not deprived in one or more defined dimensions. They form the basis for the poverty reduction interventions required by NDP-9, as outlined in subsequent Pillar chapters. The most evident demonstration of the impacts of multi-dimensional deprivation is located in the internally displaced people (IDPs), one of the most vulnerable group within the nation. As of early 2019 almost 17 percent²⁹ of the Somali population are displaced – the emergence of another threatened drought this year could swell these numbers more.

1.2. Sources of data

Analysis of multidimensional poverty requires reliable data sources, ideally from multiple sources, and appropriate analytical capacity. Unfortunately, available data sources in Somalia are relatively few, and the existing ones tend to be either of limited scope or of a short time-frame.

The description of poverty presented below draws heavily on household surveys on living standards conducted by the World Bank in collaboration with the Government of Somalia in 2015/2016 and 2017/2018³⁰. Somalia High Frequency Surveys (SHFS) are the most developed source of poverty-related data available currently, although constraints in geographic access and limited time duration of these surveys mean that they provide only partial “snapshots” rather than a dynamic picture of poverty and living standards that evolves over time. Nonetheless, Wave 1, and in particular Wave 2 of the SHFS contain detailed information on household economic conditions (including asset levels and consumption), education, employment, access to services, security, displacement and perceptions that allow an

²⁸ University of Oxford, Oxford Poverty and Human Development Initiative (OPHI)

²⁹ UNHCR data 2019

³⁰ Somali High Frequency Survey - December 2017, Wave 2, <http://microdata.worldbank.org/index.php/catalog/3181>

objective assessment of poverty to be made. Other data sources acceptable to the Government of Somalia are used to augment the SHFS data especially in comparison to previous periods.

Finally, this poverty analysis was also informed by the first round of national and sub-national consultations that took place from January to March 2019, as described in Chapter 2, allowing it to benefit with Somali perceptions on poverty.

1.3. Methodology for measuring poverty

The long practice of measuring poverty through monetary value (income per capita) does not adequately present the full picture of poverty. The Human Development Index (HDI) was created in 1990 to capture three additional dimensions of required development: achievements in health, education and living standards (as measured by the Gross National Income per capita). In 2012, Somalia's HDI stood at 0.285, which was lower than the SSA average of 0.389, but higher than those of Mozambique, Burundi, Congo and Zimbabwe.

However the methodology of measuring HDI does not allow latitude for Somalia's context, where there is a paucity of data to accurately measure the HDI. Nevertheless many studies and measures paint a compelling picture of the face of Somali poverty. In this context the poverty analysis examines deprivations within the four dimensions of poverty: Monetary Poverty, Education, Health and Living Standards. The approach taken is to enrich the existing data with other studies and stakeholder feedback on the impacts of poverty within these dimensions and to extend the analysis beyond the traditional HDI definitions into a multi-dimensional examination of Somali poverty.

Drawing on the results of the 2017/2018 SHFS, the measurement of monetary poverty in this analysis uses the international poverty line, which was introduced in the 1990 World Development Report, and which currently stands at a daily value of \$1.90 per person (2011 purchasing power parity, or PPP). The underlying assumption is that people need to have minimum level of income to afford basic living standards such as being nourished, having access to health and basic education and so forth, at a specific date and place. That minimum level of income, which is called the poverty line, can be viewed as cost of attaining a basic living standard³¹. Given the poverty line, the following measurements of poverty can be determined:

- The incidence of poverty (or headcount index) estimates the proportion of the population (or households) living below the poverty line;
- The poverty gap (how far below the poverty line a person or a household is – also known as depth of poverty) captures the average shortfall in income of the population living below the poverty line;
- Squaring the poverty gap (the severity of poverty) gives an indication of inequality among the population living below the poverty line, in other words a measure of the severity of deprivation of those living in absolute poverty;
- Finally, a food consumption measure of poverty considers the total consumption of each household, relative to the national average expenditure on food items only. A food consumption measure of poverty identifies those households that cannot afford average food consumption, even if they were to allocate all their expenditure to food items only.

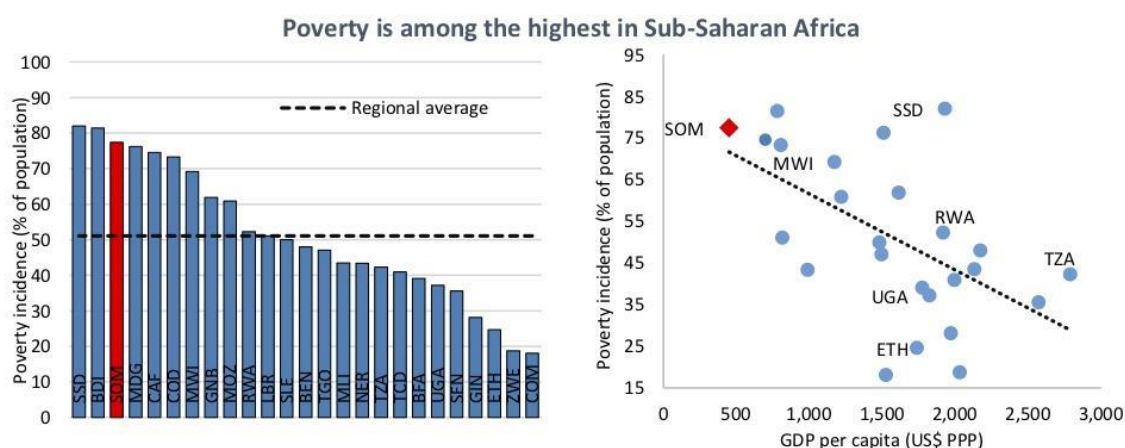
³¹ Martin Ravallion (2016), *The economics of poverty*, Oxford University Press

2. Monetary Poverty

2.1. Incidence

Analysis of the 2017-2018 SHFS revealed that 77 percent of Somalis currently live below the international poverty line of \$1.90 per capita, per day (2011 PPP), which is the third highest in the region (see Fig 1). However, if data for Lower Juba region -- where enumerators have not been able to access the target households for face-to-face interview and therefore satellite imagery data has been used to estimate poverty -- is excluded, the figure falls to 67 percent³². Using the estimate based on the satellite data, Somalia has the third highest poverty incidence in the region, after South Sudan and Burundi, whereas the 67 percent estimate would place Somalia the 7th poorest country after Malawi. As demonstrated in Figure 16, underlying this high poverty rate are low levels of economic activity, reflected in a per capita gross domestic product (GDP) of \$535³³.

Figure 16: Cross Country Comparison



Source: Somalia Poverty and Vulnerability Assessment 2018

Poverty is widespread across Somalia and is consistently high (averaging 69 percent) among nomadic pastoralists, agro-pastoralists, residents of IDP settlements and residents of Mogadishu. Poverty in urban areas other than Mogadishu is lower in comparison (60 percent). High levels of poverty incidence in Mogadishu, which would normally be expected to reflect the benefit of greater economic opportunity and better access to services found in urban areas, may be attributed to the large number of IDP settlements within the city. This variation is illustrated in Figure 17.

³² Government has recently agreed a figure of 69%

³³ Somalia Economic Update, World Bank (2018). Note that the remainder of the document reports latest per capita GDP figures following a debasing of GDP estimates by World Bank, using estimate of \$1.26/day from Wave 2 of the SHFS to compute 2017 consumption, and adjusts this by changes in the annual CPI to compute nominal values for other years.

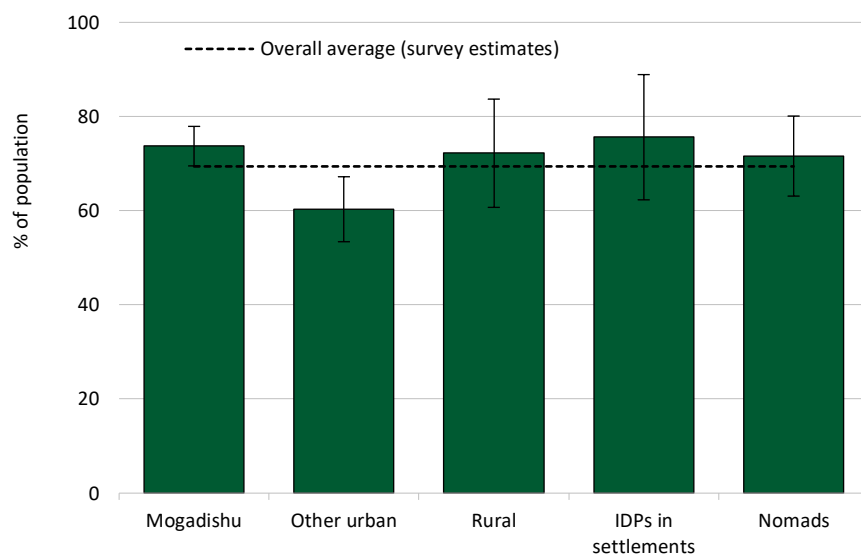


Figure 17: Poverty Incidence across urban and rural population

(Source: Somalia Poverty and Vulnerability Assessment)

In terms of regional variation, the data suggests that poverty incidence is highest in the north of the country – Togdheer, Sanaag and Bari regions -- and in the southwest – Middle Juba, Gedo and Bay regions.

2.2. Depth and severity

Recent survey data shows that poverty in Somalia is both widespread and deep (as measured by the poverty gap³⁴). Estimates show that the average poverty gap in Somalia is 29 percent (Fig 18), which suggests that the average income level of a poor Somali household is 71 percent of the international poverty line. However, rural households (pastoralist and agro-pastoralist) and IDP households appear to be particularly vulnerable in this regard, with a poverty gap assessed at 34 percent, compared to Mogadishu (27 percent) and other urban areas (24 percent). The poverty severity index reinforces these findings (Fig 18). The average poverty severity index is 15 percent, pointing to inequalities among the poor. These inequalities are concentrated in rural areas and IDP settlements, compared to Mogadishu, other urban areas and pastoralists.

³⁴ See earlier definition

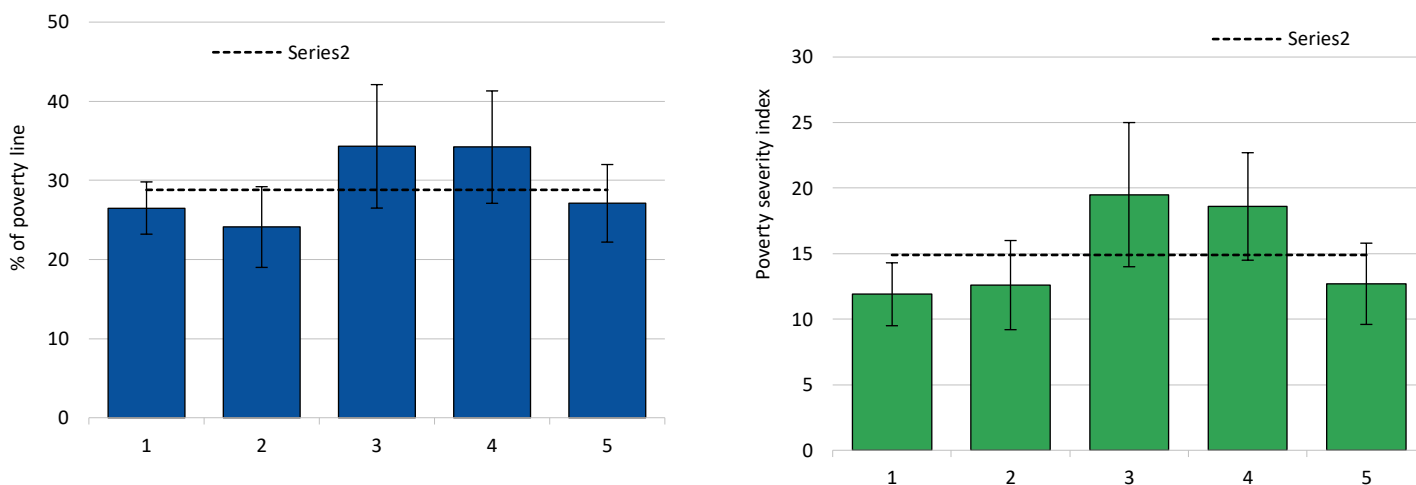


Figure 18: Poverty gap and poverty severity
(Source: Somalia Poverty and Vulnerability Assessment)

2.3. Food consumption and hunger

As noted, food consumption poverty arises when household's consumption falls below average expenditure on food items across regions. The national incidence of food consumption poverty (i.e. people reporting to have not been able to buy food in the past week due to lack of financial resources) is 49 percent. This means that one in every two Somalis is unable to meet their food needs. In absolute terms, over 6.2 million³⁵ people are food poor using the 2014 population estimates. Incidence of food consumption in Mogadishu and nomadic populations are close to the national average. Rural agro-pastoralist and IDP settlements experience a significantly higher incidence of food consumption poverty (close to 60 percent in both cases), while incidence in urban centres other than Mogadishu is considerably lower (40 percent). These findings are presented graphically in Fig 19, below.

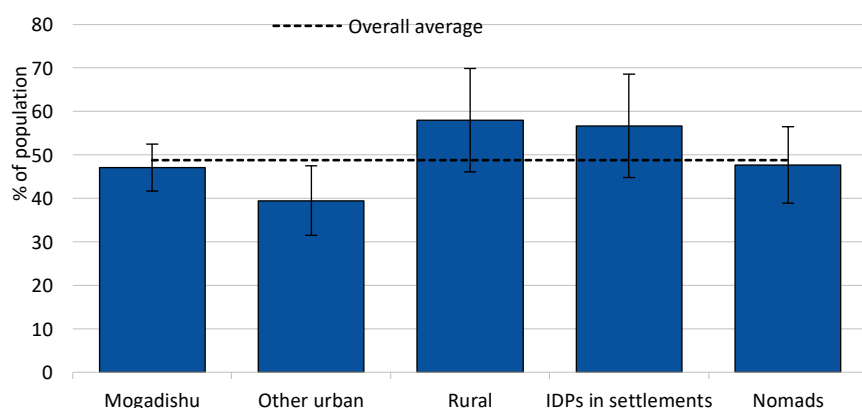


Figure 19: Food consumption poverty incidence

(Source: Somalia Poverty and Vulnerability Assessment)

³⁵ Based on a projection of the 2014 Somalia Population Estimation Survey

Perhaps surprisingly, the SPVA showed that the experience of hunger is weakly correlated with whether a household is poor or non-poor, and with whether a household is female-headed or male-headed. This may be due to strong solidarity and kinship relationships among Somalis, which allow poor to access some social support at a time of severe hardships. Consistent with the incidence of monetary poverty, a stronger correlation of the household experience of hunger was found with location (urban, rural, IDP settlement, etc), displacement, remittances and exposure to drought. These findings are summarised in Figure 20, below.

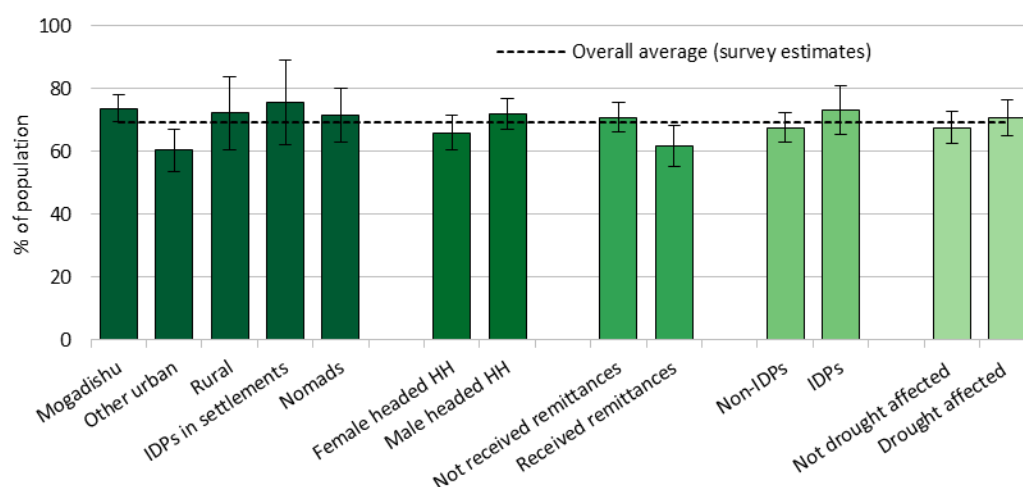


Figure 20: Experience of hunger in the past 4 weeks

(Source: Somalia Poverty and Vulnerability Assessment)

3. The nearly poor

The above analysis of monetary poverty demonstrates that 69 percent of people in Somalia live below the international poverty line, and that 49 percent of Somalis are unable to meet average food requirements, even if they spend all their income on food. Moreover, the analysis tells us that poverty in Somalia is deep, with the daily income of an average poor Somali being only 71 percent of the international poverty line of \$1.90. Such extreme poverty represents great vulnerability among the majority of Somalis to the shocks – drought, displacement, poor health, loss of income or assets – to which they are repeatedly exposed. Put simply, it takes very little perturbation in the lives of the very poor to get them to a point where they just do not have the means to survive. Meagre livelihoods fail, food consumption drops still lower, malnutrition rates suddenly rise, and resistance to infectious disease falls and disaster ensues.

However, it is also important to point out that a large part of the population is understood to have consumption levels just above the poverty line; they are “nearly poor”, which makes them also vulnerable to recurrent shocks, if not to the extent of the extremely poor. In this regard, the 2017-2018 SHFS found that 10 percent of the non-poor population have total daily consumption expenditure within 20 percent of the poverty line of \$1.90 per day per capita. This measure of vulnerability is more prevalent in urban centres than within pastoralist and IDP groups. Quite obviously, non-poor populations closer to the poverty line are more likely to fall into poverty when exposed to economic and/or other shocks as result of declining consumption.

The relationship between vulnerability and livelihood systems in Somalia is less clear. Pastoralism is a livelihood system that is adapted to the rigours and vagaries of arid climates, and in general pastoralist groups have well developed strategies for coping with drought. Similarly, livelihood diversification by agro-pastoralist households increases resilience and the ability to withstand shocks. However, in Somalia in recent years both pastoralist and agro-pastoralist livelihood systems have been weakened by repeated drought and ongoing conflict; both have become extremely vulnerable and during the 2016-2017 famine was only narrowly averted in the worst hit areas of the north of the country (predominantly pastoralist) and of the southwest of the country (predominantly agro-pastoralist).

Factors that work against vulnerability and increase resilience in Somalia are relatively few. In this regard, remittances from the Somali diaspora are one vitally important aspect of resilience for many households (Figure 21). For example, it has been assessed that poverty is 5 percentage points lower in houses receiving remittances than in households that do not (62 versus 67 percent). Furthermore, there is a strong correlation between remittances and a range of other measures of poverty, including food consumption poverty. 1 in 5 Somali households³⁶ receive remittances and rely on them heavily, with remittances representing 37 percent of household expenditures. This creates poverty risks on two fronts: non-recipient homes are more likely to be poor, while recipient households are at risk of dropping further into poverty should the remittance be reduced or stopped. Analysis³⁷ indicates that recipient households would be unable to significantly replace loss through labour market income. Urban households are more likely to receive remittances, with rural and IDP households much less likely.

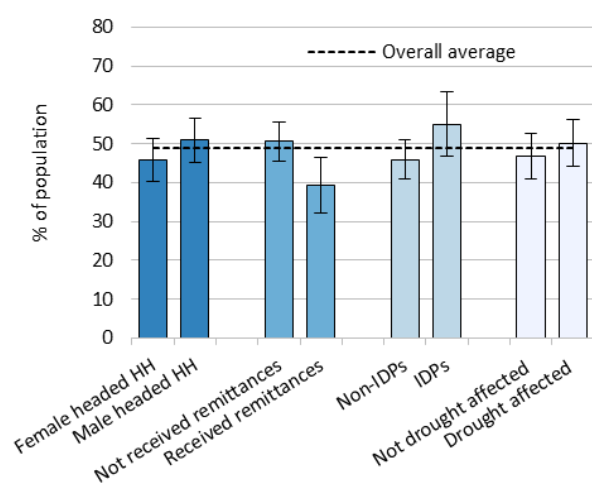


Figure 21: Effect of remittance on poverty

(Source: Somalia Poverty and Vulnerability Assessment)

4. Limited economic opportunity and economic exclusion

Monetary poverty is tightly linked to lack of household income, whether through unemployment or loss of economic assets. Three groups are most vulnerable to economic exclusion: youth; women; and IDPs.

³⁶ Pg xii, Somali Poverty Profile; World Bank; 2017

³⁷ Ibid, pg xiii

Though not disaggregated in the data, anecdotal information indicates that persons with disabilities are included

Despite the economic growth that Somalia has recently recorded, there are still limited economic opportunities especially for the youth. According to the Population Estimation Survey for Somalia (PESS) carried out between October 2013 to March 2014, out of the total population of 12.3 [million] 45.6³⁸ percent of the Somali population was below the age of 15 and 81 percent was below the age of 35, which reveals a youth bulge³⁹. This is an indication that the youth is the largest segment in the Somali population. However, the majority of the young population is unemployed.

The poverty level among the youth is mainly visible in rural areas where access to employment is very limited. When averaged out across all geographical locations youth unemployment is estimated at 68 percent.⁴⁰

Moreover, recent survey conducted by the International Organization for Migration (IOM) states that 72 percent of the unemployed youth were actively looking for a job (shaqodoon), whereas the other 27 percent reported feeling discouraged⁴¹. The survey also reports that since the end of al-Shabaab's occupation of the main urban cities, companies have opened or reopened, and several private actors called this period a "revival."⁴² As the country is recovering from a civil war, the major economic activity that is visible is in the construction sector especially in urban areas.

Furthermore, there are social exclusion challenges or poor business environment that hinder economic opportunities for the youth. Due to lack of effective system that enforces the employers for a fair process, small companies do not advertise jobs, but they rely only on relatives, close friends and clan elders to identify candidates⁴³. Moreover, lack of education and financial resources are other two main challenges that limit economic opportunities for the youth.

Women are under-represented in the labour force. They form 56 percent of the population in rural Somalia, the area hardest hit by natural disaster, conflict and displacement. A World Bank study estimated that they might represent 70 percent⁴⁴ of household income earners and yet face higher barriers to employment. This includes more adverse health outcomes, and exclusion from economic participation and access to capital. Land rights, inheritance rights and legislative restrictions are some of the exclusionary barriers. The fertility rate of 6.7 children per female, high mortality rates during childbirth (732 per 100,000 births), and low use of contraception (6 percent)⁴⁵ create adverse conditions for economic inclusion, as well as poor outcomes across a host of measures.

³⁸ As it is documented in the National Youth Policy and reported by the Somali National Development Plan, 2017-2019, the youth is defined the ages between 15-35. However, the age group that experiences poverty incidence that is looked at by the Somali Household Family Survey (SHFS) is the youth aged between 14-24

³⁹ United Nations Population Fund, 2014, "Population Estimation Survey for Somalia,"

⁴⁰ Somalia Household Family Survey, Wave II, 2017-2018, "Youth Poverty Incidence,"

⁴¹ IOM, 2016, "Youth, Employment and Migration in Mogadishu, Kismayo and Baidoa,"

⁴² Ibid

⁴³ Ibid

⁴⁴ pg16 World Bank Country Partnership Framework Document, 2019-2022

⁴⁵ Data provided by National Directorate of Statistics

The IDP group is economically marginalized having delinked themselves from clan protection, economic assets and facing precarious conditions within (increasingly) urban camps. Lacking access to livelihoods or remittances, they are ranked amongst the poorest in Somalia. Evidence from consultations suggests that, once moved to IDP camps, a displaced household is likely to be trapped in perpetual poverty—the humanitarian support received, often in the form of protracted cash transfers and food assistance, crowds out any incentive for a household to return to their the original livelihood even if the conditions that caused the displacement no longer exist. Global Trends in Forced Displacement, a 2015 UNHCR report, indicates that the number of displaced individuals experiencing protracted stays is increasing. The flows of migrants make an average length of time difficult to calculate, but many refugees and IDPs have been displaced for decades.

5. Education

There is a well-documented relationship between poverty, education and literacy. Put simply, the more educated a person is, the less likely he or she is to be poor.⁴⁶ This understanding was borne out by the results of the 2017-2018 SHFS, which found that poor households have a 6 percent smaller proportion of literate members than non-poor households.

As shown in Figure 22 below, nationally, Somalia has a 50 percent adult literacy rate, with higher rates found among young people (62 percent within the 16-19 year age group), and in urban populations (79 percent in Mogadishu and 68 percent in other urban centres). IDPs and agro-pastoral populations have lower literacy rates (57 and 45 percent respectively), while nomadic pastoralists have the lowest literacy rate (16 percent). For all population groups, literacy is higher for men than for women. Counterintuitively perhaps, poor and non-poor households were found to have similar literacy rates, but the portion of literate members is higher in non-poor households (49 percent) than in poor households (43 percent).

In Somalia, primary school enrolment (ages 6-13), an important social development indicator, tends to be low (33 percent), which compares unfavourably with other low-income sub-Saharan countries⁴⁷.

Moreover, many Somali children start primary school late due to the perception by parents that children aged 6-9 years are too young to attend school. Net enrolment figures show that children enrolling in school do so much later than the usual 6 year age, and enrolment increases during the 10-19 year age range. This seems to be a social phenomenon driven by many Somalis believing that school should more properly start at a later age. Distance from school and safety do not seem to be significant factors.

⁴⁶ However, the 2017-2018 SHFS also found that the education of the household head is correlated with age, gender and remittance, but not correlated with household poverty.

⁴⁷ Pg 13, Somali Poverty Profile, WB; 2017

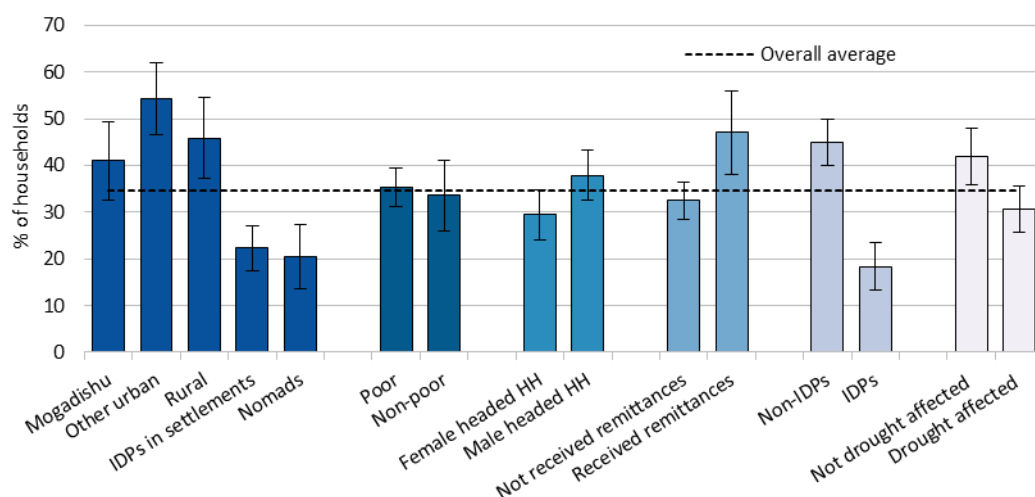


Figure 22: Household head literacy
(Source: Somalia Poverty and Vulnerability Assessment)

The 2017-2018 SHFS also found that primary school enrolment is the highest in urban areas and that the boys and girls are equally likely to enrol. However, in secondary schools, girls are less likely to enrol than boys, perhaps reflecting the pressure on girls to assume domestic responsibilities at an early age.

Importantly, it was found that school enrolment is correlated with the literacy of household heads -- pointing to a “virtuous cycle” leading away from poverty – and with remittances.

6. Standard of Living

The 2017/2018 SHFS revealed a strong correlation between poverty and the quality of housing. Poor households are more likely to have a floor of mud or wood, less likely to have a sheet metal roof, and equally likely to use charcoal or wood cooking stoves. Less than half (43 percent) of Somali households have a floor of mud, wood or other material while the majority have a roof of metal sheets (57 percent). Majority of the households in all urban areas live either in apartments or shared houses while 17 percent of IDPs squat in dwellings owned by others. The poor households (46 percent) are more likely than the non-poor households (37 percent) to have a roof of mud, wood or other material.

Similarly, almost 50 percent of Somali households have access to improved sanitation, which is higher than found in other low-income sub-Saharan countries. Again, not surprisingly, poor and nomadic households are less likely to have access to improved sanitation (Figure 23).

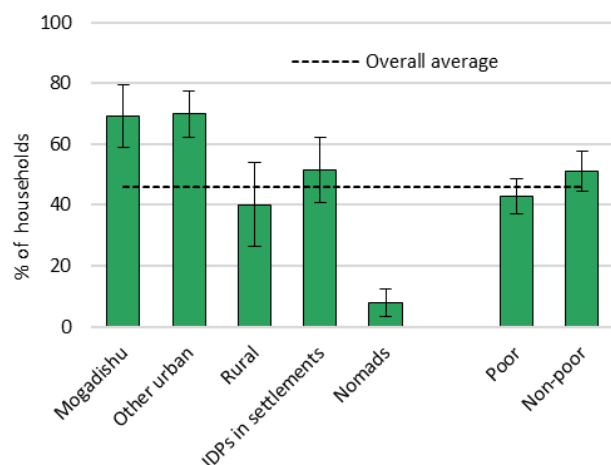


Figure 23: Access to sanitation
(Source: Somalia Poverty and Vulnerability Assessment)

Access to improved water supply is third important poverty correlate, and in this regard the 2017-2018 SHFS found that 77 percent of all Somalis enjoy such access. As for sanitation, this level of 50 percent access compares favourably with other low-income sub-Saharan countries. It is however strongly skewed by high levels of access in Mogadishu and other urban areas, and masks low levels of access by rural and nomadic households. Interestingly, there is little difference in access to clean water between poor and non-poor households, pointing out the strong spatial aspect of this correlation (Figure 24).

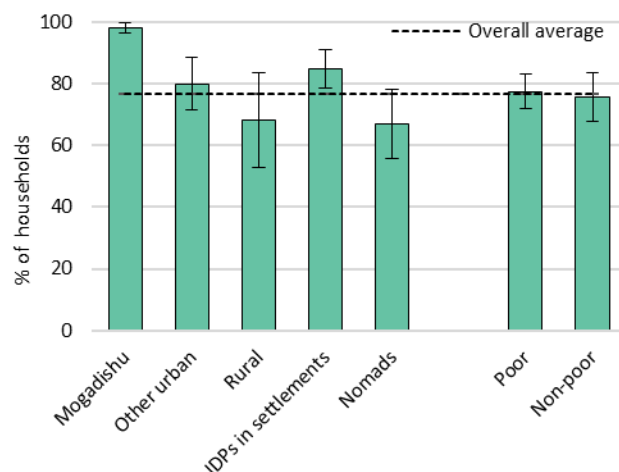


Figure 24: Access to Water
(Source: Somalia Poverty and Vulnerability Assessment)

Other significant poverty correlates include access to electricity, which like water is concentrated in urban areas, where coverage exceeds 80 percent. Importantly, however – and unlike access to clean water – access to electricity is strongly correlated with poverty, with only 47 percent of poor households enjoying access, as compared to 61 percent of non-poor households.

Finally, under access to services, the 2017-2018 SHFS found that only 40 percent of the population have access to a health centre or clinic within 30 minutes of their household, while the figure is 34 percent for access to markets. Due to the nature of their livelihoods, pastoralist households are least well served in this regard. As for clean water supply, access to health services and functioning markets is not correlated with poverty, suggesting a strong spatial association.

7. Health (child mortality, nutrition),

Child mortality and nutrition are important factors in the multidimensional poverty analysis, although difficult to quantify in the absence of national census and demographic health surveys. Using the SHFS data, 50 percent of the population (6.2 million) faced acute food insecurity based on the Integrated Phase Classification (IPC) for food insecurity in 2017 with 2.4 million people facing acute malnutrition. About 300,000 children below five were acutely malnourished during the same period. The vulnerable rural, nomadic and IDP populations remain at risk of falling into acute food insecurity given the high prevalence of hunger among themselves. Chapter 7 examines environmental and market shocks linked to the underlying food insecurity.

Access to health facilities is likely to avert loss of lives especially to pregnant mothers and children below five years. In 2017, rural residents had less access to health facilities followed by IDPs and urban residents, respectively. Almost 4 in 10 IDP women, less than 2 in 10 urban women and 7 in 10 rural women who gave birth in the last two years did so at home. Therefore, the likelihood of a woman giving birth at home rather than in a maternity clinic, maternal and child health centre, or hospital may be correlated to child mortality.

Births attended by skilled health staff are a key strategy to reduce maternal deaths. This is in addition to a range of interventions before, during and after pregnancy to ensure the health of the mother and the child are good. According to SHFS, the probability of a pregnant IDP woman assisted by a skilled health attendant is less than their urban counterparts but more than the rural residents. A nurse, midwife, or doctor assisted half of IDP women to give birth in the last two years of the survey⁴⁸ compared to 8 in 10 urban women and 3 in 10 rural women. The need for skilled health workers is paramount in the fight against high mortality rates. Somalia is the sixth worst country in the world for maternal mortality rates (732 per 100,000 live births).

8. The Multi-dimensional Poverty Index

The Somalia National Human Development Report in 2012 estimated the Multidimensional Poverty Index (MPI), which captured both the incidence of poverty and the average intensity of deprivation, to be 0.47,⁴⁹ with 82 percent of Somalis to be poor across the three non-monetary dimensions of education, health and living standards. Multidimensional poverty was concentrated in nomadic areas (0.62) and the rural areas (0.52), where the access to basic needs was limited compared to urban areas (0.30). Six years later, similar and persistent poverty levels are revealed in the SHFS analysis.

Analysis of data from Wave 2 of the SHFS indeed confirms that Somali people experience poverty in multiple dimensions. In this regard, it is estimated that 90 percent of households are deprived in at least

⁴⁸ 2016 & 2017

⁴⁹ MPI measures both the incidence and intensity of the deprivations within the index. The index is based on the same three dimensions of the HDI (health, education, and living standards)

1 of the 3 dimensions. It is further estimated that, nationally, 77 percent of households are deprived in 2 or more of the 3 dimensions. Breaking this figure down, it is revealed that the experience of multidimensional poverty (2 or more dimensions) ranges from 49 percent of households in Mogadishu to 100 percent of households among the nomadic pastoralist population. An estimated 92 percent of rural agro-pastoralist households experience multidimensional poverty, while the figure is 85 percent in IDP settlements, and 53 percent in urban areas other than Mogadishu.

Within this analysis, perhaps unsurprisingly it is found that deprivation in multiple dimensions is consistent with monetary poverty; in other words, the monetary poor are more likely to be deprived in other dimensions. Furthermore:

- Multiple deprivations are correlated with literacy and the gender of the head of household (female headed households tend to be monetarily less poor than male-headed households)
- Male headed HH are more likely to be multiply deprived
- Larger households with more dependents are associated with deprivation in education
- Households headed by a literate member are less likely to be deprived in every dimension

From this analysis it can be concluded that there is a strong relationship between the gender and educational status of household heads and poverty. This relationship highlights fundamental social and economic inequalities that will need to inform poverty reduction efforts carried forward under the NDP-9.

9. Broadening the Dimensions of Poverty

Using traditional dimensions within the MPI, the analysis above provides an empirical basis for measuring the nature of household poverty in Somalia and points to a number of household and individual impacts of poverty. The data from the Wave-2 SHFS indicates that poor households in Somalia suffer from:

- A lack of sufficient revenue/income, linked to high unemployment
- A lack of access to education, health, and other basic living necessities

The Oxford Poverty and Human Development Initiative (OPHI), the group responsible for developing the MPI and publishing worldwide results working with UNDP each year, has proposed an additional five “missing dimensions” of poverty measurement. These include Quality of Work; Empowerment; Safety; Social Connectedness and Psychological Well-being.⁵⁰ Research is underway on how these dimensions could feature in national and regional household surveys or censuses.

The data from the Wave-2 SHFS does not provide data on these missing dimensions, but nonetheless they are important considerations for reducing the impacts of poverty on vulnerable Somali households.

In this spirit the NDP has broadened discussion about the nature of poverty in Somalia to include two further deprivations. Stakeholder consultations, research studies and additional sources of data point to these two vulnerabilities, which must also be considered in this analysis of multi-dimensional poverty. The majority of poor Somali households suffer from:

⁵⁰ Website OPHI; www.ophi.org.uk

- A lack of physical safety
- A lack of empowerment

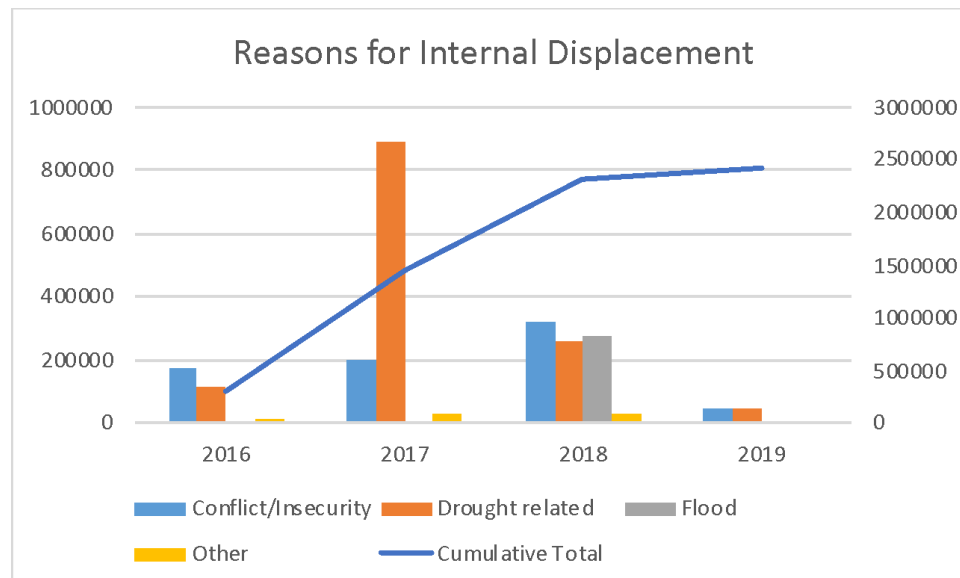
These are examined in turn, both in terms of impacts on households and individuals (immediate causes of poverty) but also in terms of the immediate and underlying causes of poverty. A lack of physical safety is examined in terms of violence (both large-scale conflict and inter-personal violence and crime) as well as food insecurity; while empowerment is examined on two fronts: lack of justice and social and gender inequalities.

9.1. A Secure Environment

Lack of physical safety for Somali communities comes primarily from two root causes: conflict and natural disaster, in the form of drought (and associated famine) and floods. Many of Somalia's poor have been impacted by both disturbances, exacerbating the impacts of poverty.

Data from UNHCR-PRMN provides a breakdown for the primary reasons for displacement amongst IDPs. Four years ago the fear, or consequences, of conflict dominated displacement patterns, while drought and, to a lesser extent, floods have been predominant since 2017. The IDP population is now estimated at over 2.4 million, while 2019 threatens further drought and displacement with an increase in conflict displacement in the early months. The migration has predominantly been from rural to urban locations, creating urban slums with a host of poverty and development challenges.

Figure 25: Reasons for Displacement, and Cumulative Total, UNHCR-PRMN



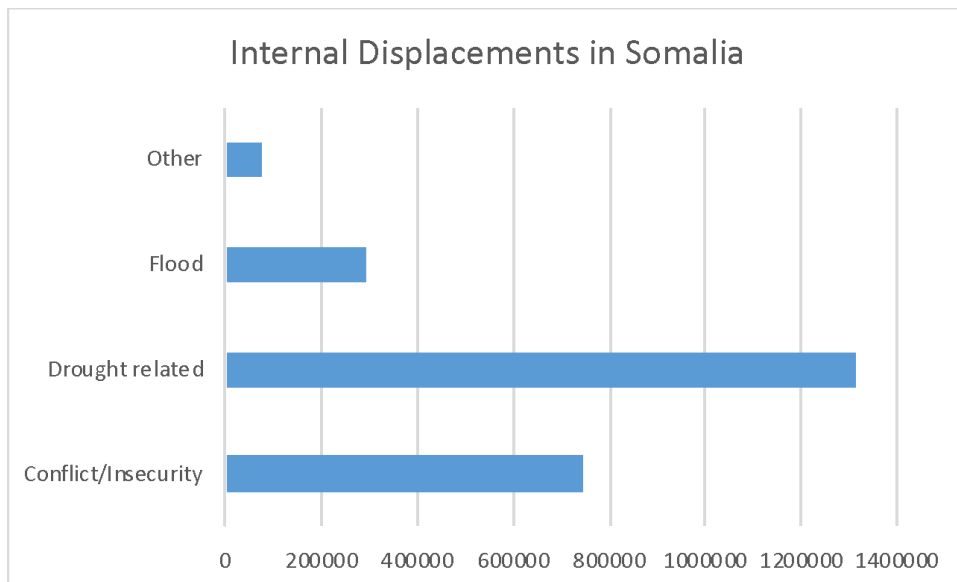


Figure 26: Reasons for Displacement, UNHCR-PRMN

Another cost of conflict and drought is borne by the economy. The economic and human impact of conflict and drought is reflected in the productive sector output and the graph below provides the trend in production of cereal crops as an illustrative example.

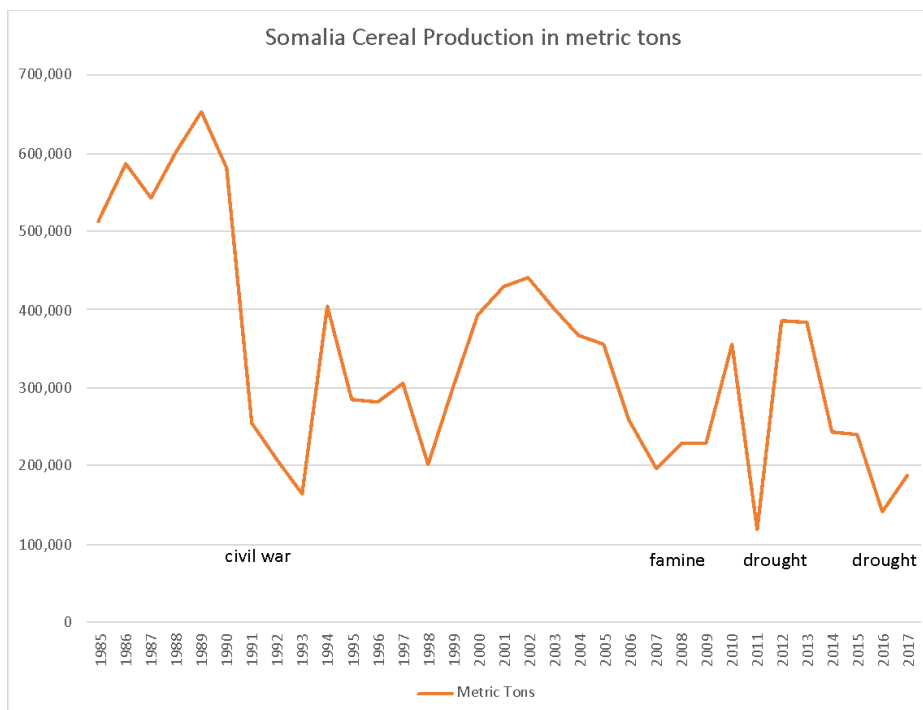


Figure 27: The Impact of Conflict and Drought in Somalia, data source: WB

The loss of productivity coincides with both conflict and natural disaster, and speaks to the underlying community suffering, food insecurity and subsequent displacement. Virtually all major economic activities were disrupted by the civil war, which led to the collapse of agriculture, manufacturing and related activities, particularly impacting poor people, since almost two-thirds of employment opportunities originated from these and related sectors.

Conflict, together with the systematic onset of recurring disasters (e.g. floods and droughts), which only perpetuate competition over resources and conflict dynamics, has led to a complex protracted crisis in Somalia which has created widespread displacement, poverty and vulnerability. The conflict has also had a detrimental impact on economic growth in Somalia by limiting revenues and public investment in human and economic capital. In addition, the risk of disasters and conflict has undermined private investment in agriculture, resulting in a poor business environment, and high levels of unemployment⁵¹.

Large-scale conflict is not the only source of violence facing Somali citizens. Rates of violence and crime have increased at the community and inter-personal level, particularly impacting IDP communities and women. Over 14,000 gender-based violence reports were filed by Somalis between January 2015 and June 2016, with the majority female IDPs (73 percent -78 percent of reports).⁵² Over 20 percent of these cases involved children under the age of 17. One study indicates that 36 percent of women experience inter-partner violence. These numbers reflect an under-reporting – those outside IDP camps have fewer opportunities to report violence, probably doubting their ability to receive justice from a collapsed institution, including both police and judicial services. Given the large increase in IDP numbers, the rate of violent crime is also likely rising.

9.2. Empowerment

Empowerment is the characteristic of a society where members have the voice and the agency to pursue goals they value. A lack of empowerment is evident when one has no voice to change things, and when significant barriers exist to prevent access to necessities of life. One such mark of lack of empowerment is the uneven access to justice.

The absence of strong institutions to deliver justice and the rule of law is a key underlying driver of poverty and vulnerability in Somalia. There have been periods in the last twenty years when Somalis have been relatively safe compared to others; in turn, there are regions where crime and violence are much lower than others. However, recreating the institutions, including criminal justice structures to ensure the rule of law, will take time as well as resources.

Disputes are resolved by a variety of means, and the application of justice is contingent on an individual's socio-economic status. In seeking to resolve contests over land and property ownership, access to natural resources, family and contractual disputes, Somalis are more likely to choose informal institutions using customary law, known as *xeer*, rather than public institutions. Some \$10.5 million is spent on formal provision of justice services each year in a sector that is lacking in a strategic approach to linking customary and formal laws and institutions, as well as unclear 'federal' relations and functions.

⁵¹ Somalia: an overview of poverty, vulnerability and financing, Development Initiatives (DI), 2016

⁵² Pg 20, World Bank Country Partnership Framework, 2019-2022

Security actors are governed by weak institutions, reflective of a fragile state, in which the delegation of power to a central 'public authority' is fundamental to the political contest. Such little 'public' capacity is compounded by international partners that can be disjointed and tend to focus on immediate operational priorities, as opposed to a longer-term strategy for the sector. At the level of the FGS, civilian ministries and legislature have little capacity to engage; there is thus little accountability of public spending throughout the budgetary cycle. Security and the rule of law are therefore key considerations for Somalia's national development.

The lack of access to justice is not the only evidence of a lack of empowerment in Somalia. As discussed earlier in the plan, social and gender disparities are evident in all of the measures of poverty. Women's health, mortality, employment and crime outcomes are worse than men's in almost every dimension. Youth unemployment is comparatively high. IDPs, removed from clan safety nets, are measurably more disadvantaged.

Stakeholders in Chapter 2 align with the view that insecurity and lack of access to justice represent key drivers for poverty. The top four identified drivers of poverty included Conflict and Political Instability (78 percent of participants); Natural Disaster (75 percent); Insecurity and Lack of Rule of Law (71percent) and Weak Governance (68 percent).

10. Underlying and Immediate Causes of Poverty

According to the World Bank⁵³, key manifestations of conflict-induced poverty that contribute to worsening poverty rates and insecurity typically include: (i) weakness of the state and its inability to meet the needs of the poor; (ii) destroyed infrastructure and decreased production, affecting livelihoods; (iii) climate of insecurity deterring investors and the delivery of public goods; (iv) exacerbated regional disparities and urban-rural divisions; (v) deteriorated education and health services; (vi) increased overlap of ethnic (clan) and economic divisions; and (vii) increased numbers of vulnerable people, including orphans, widows, handicapped, IDPs, and refugees.

Poverty diagnostics in the conflict-affected environment of Somalia typically identifies more or less all of the above types of factors or key manifestations. Layered on top of these key manifestations is the climate-change fueled environmental degradation leading to large-scale famine, displacement and death.

Moreover, Somalia's prolonged violent conflict directly and indirectly affects the four dimensions of poverty used in the foregoing analysis and initial NDP-9 stakeholder consultations⁵⁴: monetary poverty (the international poverty line \$1.90/person/day); living standards (in terms of housing and access to electricity and fuel for cooking); level of education; and access to water, sanitation and health services. However, unlike the other three dimensions, it is difficult to establish a direct correlation and/or causal relationship between conflict and monetary poverty in Somalia without reliable quantitative data.

The destruction of employment opportunities and property has pushed many families into destitution. The generally insecure and risk-laden environment has discouraged business investment and economic growth. The gradual dismembering of government institutions has led to the disappearance of public and private services and opportunities to engage with society. Besides, the emergence of predatory groups

⁵³ Towards A Conflict-Sensitive Poverty Reduction Strategy, A Retrospective Analysis, Second Edition, Social Development Department, Document of the World Bank, June 1, 2007

⁵⁴ NDP-9 C1 consultation guideline 10 December 2018

expropriating financial and productive assets has precipitated a major collapse of the economy. The direct threat to life has pushed many people to flee Somalia or become IDPs.

The costs of this civil war are immeasurable in terms of lives lost and displaced, as well as the destruction of public and private infrastructure and property. According to Necrometrics, around 500,000 people are estimated to have been killed in Somalia since the outbreak of the civil war in 1991. IOM, in the 2014 study, estimates that since 1991, over a million Somalis have been forcibly displaced internationally and another 1.1 million displaced internally. As cited above, the number of internally displaced now exceeds 2.4 million.

Therefore, the prolonged conflict and political instability of almost three decades largely destroyed the country's physical and socio-economic infrastructure, the government apparatus as well as the security institutions. The enduring nature of the conflict has generated extreme poverty, vulnerability and complex set of political and social grievances that remain a threat to the country's stability.

The collapse of the state institutions rendered basic social services such as healthcare and education almost non-existent⁵⁵, along with the collapse of judicial institutions creating a vacuum of community policing, recourse to justice and leading to a large increase in violence.

In the absence of local reconciliation, disputes among political entities over borders and territory, natural resources as well as clan tensions over control of nascent administrations persist. These divisions have resulted in some of the country's deadliest armed conflicts. These include the conflict in and around Gaalkacyo between Galmudug and Puntland administrations that displaced around 70,000 people in 2016, and the long-running conflict in the Sool and Sanaag regions involving "Somaliland", Puntland and the self-declared Khatumo State. Such conflicts have the potential to endanger the viability of the broader federal state project.

Al-Shabaab (AS) remains undefeated and capable of destabilizing Somalia. Recourse to political assassinations and asymmetric complex terror attacks against both hard and soft targets has increased since 2013 and are a major source of insecurity in Mogadishu and across Somalia. In 2016, over half of all civilian casualties reported were attributed to AS. The group exploits local clan grievances and takes advantage of government corruption and failure to provide rule of law and basic services to Somalis. In the last year and a half, offshoots aligned ideologically, if not practically, with ISIL have emerged, further complicating the security situation. AS is also known to recruit, abduct and use children and youth, posing a challenge for Somali and international forces combating the group.⁵⁶

A tabulated summary of the impacts and costs of the conflict in Somalia is provided in Annex 2. An estimated \$1.5 billion per year is spent by international partners on peacekeeping, counterinsurgency and support to the Somali security sector. This figure is much larger if one accounts for the international maritime anti-piracy measures. With regard to domestic resourcing, in 2014 and 2015 the FGS spent \$67.5 million and \$44 million respectively on security (representing 45 percent and 33 percent of the national budget). Numerous other informal armed groups and militias also raise millions of dollars in predatory 'taxes' on Somalis each year to pay for themselves. The amount of money spent on peacekeeping and

⁵⁵ Africa Development Bank Group, Somalia Country Brief 2013-2015, OREB Department, March 2013

⁵⁶ UN Strategic Framework Somalia 2017-2020

international maritime anti-piracy measures can go a long way in developing in the country if security was restored.⁵⁷

11. An Integrated Look at Poverty – its causes and impacts

As demonstrated above, multi-dimensional poverty in Somalia impacts the majority of poor individuals and households with the following attributes:

- Monetary poverty, linked to lack of income and livelihoods
- Violence
- Lack of education
- Lack of health
- Low living standards
- Injustice
- Food insecurity
- High vulnerability, low resilience

As indicated earlier, most of the poor in Somalia suffer from multiple deprivations and, indeed, these deprivations are not independent. Monetary poverty exacerbates lack of health and education, particularly in a country where state institutions collapsed and the provision of services comes at a price. Low living standards leads to poor health outcomes, which jeopardize employment.

The purpose of the NDP-9 is to address the most pressing issues of poverty and target interventions, which address multiple causes of poverty. The constraints of both government capacity and resources require a plan, which is strategically targeted at the most vulnerable, and at the most catalytic level.

The immediate manifestations of poverty above are driven by intermediate and underlying root causes of poverty. Application of a cause and effect analysis, supplemented by stakeholder views, creates a flow-chart of drivers of poverty, shown in Figure 28.

In this diagram the impacts of poverty identified in our analysis are gathered on the right, as manifestations of poverty at the individual or household level. Intermediate drivers causing these impacts are identified in a cascading set of drivers, leading to four underlying root causes.

The schematic, however, belies the complexity of poverty and the multi-faceted range of challenges facing Somali households. The relationships are not linear but rather multi-faceted and reinforcing, as well as unique to location. The challenges of Puntland are not the challenges of Mogadishu, and the challenges of an IDP household are not the same as those of the nomad family. Figure 29, below, from the 2018 Recovery and Resilience Framework, demonstrates the variation in priority interventions desired by regional stakeholders.

⁵⁷ Security and Justice Public Expenditure Review for Somalia, UNSOM and World Bank (2017)

Figure 28: Drivers of poverty, vulnerability and low resilience in Somalia

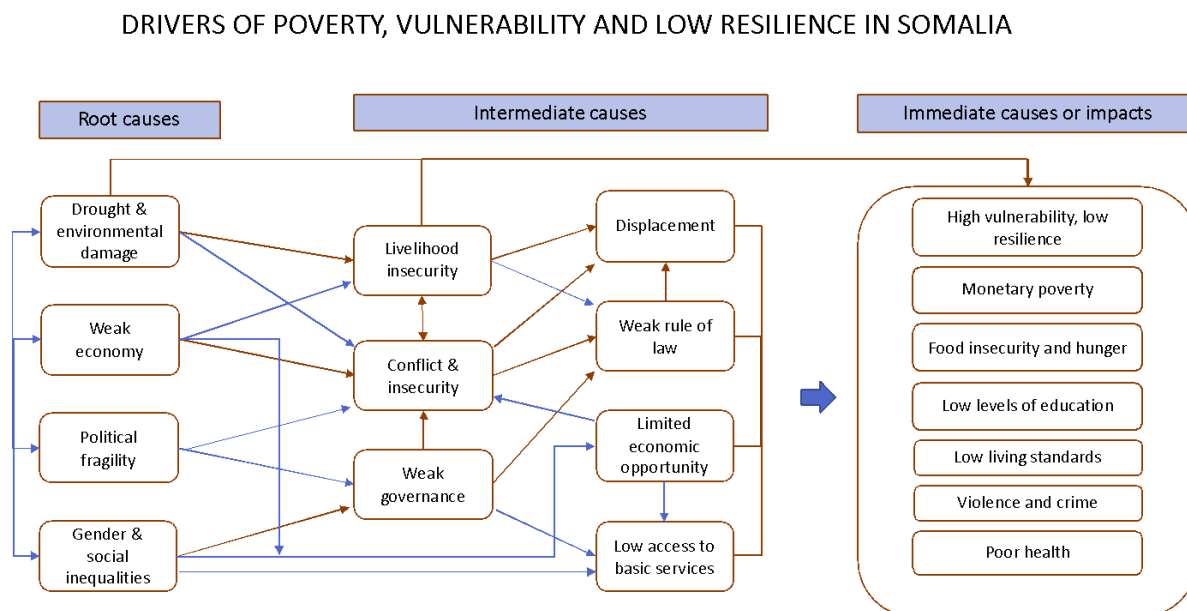
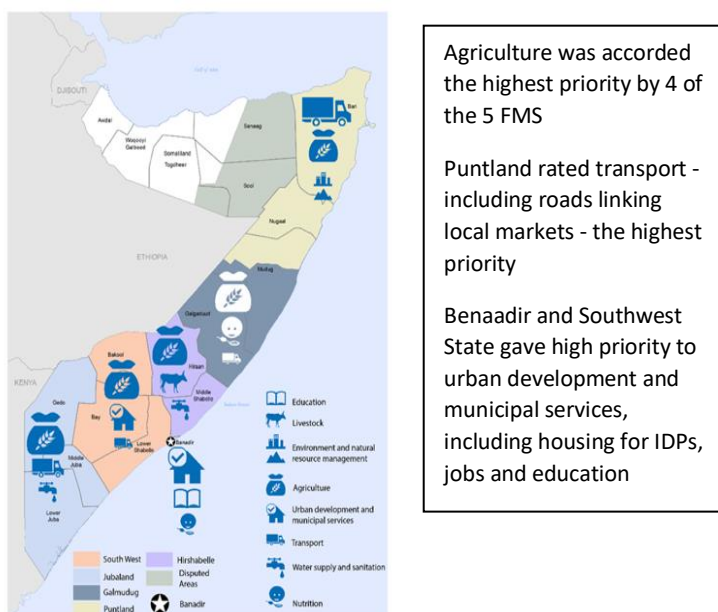


Figure 29: Priority Interventions by Region, DINA 2018



12. The Most Vulnerable Groups

With an overall monetary poverty rate of about 70 percent, and with over 90 percent of households in Somalia being deprived in at least one dimension of poverty, it is challenging to identify those in need of most help.

However within the data it becomes apparent that the following groups are consistently the most vulnerable:

- IDPs (primarily focused within urban settings)
- Women
- Youth
- Rural poor (including nomadic and agro-pastoralists)
- Persons of disabilities

Inclusive development and a pro-poor development strategy must have answers focused on these groups.

13. Conclusion

The complexity of poverty, and its causes, in Somalia are at the heart of NDP-9. Many strides have been made in the last decade in poverty alleviation through recognition that multi-dimensional poverty requires a multitude of actors and interventions to “surround” the community. Interventions in justice work hand-in-hand with interventions in education, employment, transportation and safety. The most strategic interventions will serve multiple purposes – for instance water management infrastructure will provide economic benefits alongside environmental sustainability, conflict reduction, strengthened governance and reduced exclusion.

The challenge for the NDP-9 is three-fold: 1) identify the key priorities to be addressed at a national level; 2) tailor interventions to local priorities and 3) deliver services and interventions through the multiple layers of government.

The aim of the NDP is to provide a framework of poverty reduction with which State and Local governments can align their local plans.

Having identified the drivers of poverty, through data analysis and stakeholder consultations, Chapter 4 outlines the poverty reduction strategy and targeted interventions.

A forward-looking National Development Plan must therefore formulate a coherent anti-poverty strategy aimed to go beyond the alleviation of current poverty to prevent or reduce future poverty. Such strategy requires going beyond a simple cataloguing of who is currently poor and who is not, to an ex ante assessment of households’ vulnerability to poverty, considering future possible shocks. In the absence of sufficient assets or external support to draw upon to smooth consumption, such shocks may lead to irreversible losses, such as distress sale of productive assets (e.g. land and livestock), reduced nutrient intake, or interruption of education that permanently reduces human capital locking the affected households in perpetual poverty. In this regard, the focus on vulnerability to poverty serves to highlight the distinction between ex-ante poverty prevention interventions and ex-post poverty alleviation interventions. The challenge of NDP-9 therefore includes not only the elimination of persistent and endemic deprivation, but also the removal of vulnerability to sudden and severe destitution among a large

proportion of the Somali population⁵⁸. This requires developing a framework to understand the pathways through natural disasters impact on Somali household livelihood and then identify appropriate policy levers to use to shocks from the disasters.

⁵⁸ Sen, A. (1999), A Plan for Asia's Growth, Asia Week, October 8, 25. Available at: <http://www.asiaweek.com/asiaweek/magazine/99/1008/viewpoint.html>

CHAPTER 4: STRATEGY FRAMEWORK

1. Introduction

This section of the NDP-9 sets out the principles and strategies that shape the NDP-9's policy and programme content. It is formulated in light of (a) the analysis of poverty in Somalia, including a review of underlying causes, set out in Chapter 3, and (b) the stakeholder inputs obtained during consultations conducted by the Federal Government of Somalia – described in Chapter 2 -- that ensure the NDP-9's content is grounded in and informed by the experience and aspirations of the Somali people.

The stakeholder consultations and poverty analysis in Chapters 2 and 3 point towards need for a multi-dimensional approach to lifting Somali citizens from poverty, transitioning the country from aid dependence to sustainable social and economic development, and delivering much needed improvements in security and the rule of law. In other words, no single intervention, nor “one-size fit all” approach, will be successful in improving living standards for all Somalis. Rather, a sustained, multi-dimensional effort will be needed that addresses key aspects and causes of deprivation through strategies and interventions tailored to the specific needs and desires of all communities and constituent groups.

2. Principles

In formulating Somalia's poverty reduction strategy, a number of “constants” – or principles – have been agreed. Principles are the underlying characteristics of the NDP-9 and are demonstrated by all its constituent processes and elements: analysis, consultation, policies and programmes, financing, implementation, monitoring and evaluation. They are what defines the NDP-9, and are summarised as follows:

National ownership: the NDP-9 reflects the priorities of Somali citizens and, notwithstanding external assistance received during its preparation, is primarily a product of Somali institutions.

Stakeholder inclusion: the content of the NDP-9 represents the voice and aspirations of all stakeholders, as understood through a comprehensive process of consultation. Stakeholders here include Somali civil society and interest groups, Somali media, Somali religious leadership, Somali academia, Somalia's commercial sector, district, State and Federal Government institutions, and Somalia's international partners.

Transparency and Accountability: all the processes of the development and implementation of the NDP-9 will be transparent and all those responsible are accountable to stakeholders.

Sustainability: the NDP-9 is based on meeting the needs of today without risking the needs of the future. Implementation of the NDP-9 poverty reduction strategy will have lasting positive impact in the lives of Somali citizens.

Feasibility: the NDP-9 recognizes constraints and leverages strengths; its goals can be realised with available resources.

Technical excellence: in formulating and implementing its poverty reduction strategy, the NDP-9 will draw on and be informed by national and international good practices, and shall employ methods and approaches that have been shown to deliver results.

3. Somalia's Development Goals

In addition to being multi-dimensional, any effective poverty reduction strategy must be feasible. In this regard, within the NDP-9's 5-year time frame and likely resource availability it is certain that poverty in Somalia will not be eradicated. But it can be reduced significantly if the growth strategy is pro-poor and limited resources are targeted carefully in areas that are most likely to yield impact. Choices will therefore need to be made as to which of the many possible interventions should be prioritised within Somalia's poverty reduction strategy.

With this in mind, the Government's National Development Council (NDC)⁵⁹ considered the likely effect on the causes of poverty and their associated impacts of the wide range of interventions (policies and programmes) proposed during the first round of stakeholder consultations. These interventions are summarised against the main causes and impacts of poverty and vulnerability identified in Chapter 3, in Table 2 below.

Table 3: Priority interventions mapped against causes and impacts of poverty

Causes of Poverty	Interventions prioritised by stakeholders
Conflict	Reduce insecurity across Somalia and to strengthen citizens' access to an equitable and affordable system of justice
Weak rule of law	
Weak governance impacting on access to basic services	Improve access by Somali citizens to health, education and other essential services, including social protection systems in times of extreme need by strengthening institutional capacity Making policies gender-sensitive and undertaking strategies for women's empowerment
Gender and social exclusion	
Lack of political inclusion	Strengthen the effectiveness of political processes in Somalia, thereby increasing inclusiveness and reducing violent conflict
Recurrent drought and climate change	Strengthen Somali institutions' commitment and capacity for effective political and environmental governance
Environmental degradation	
Mismanagement and corruption	
Population displacement	All four objectives
Lack of employment	

⁵⁹ The National Development Council has the responsibility of bolstering economic growth and job creation, is chaired by the President (alternate is the PM) with Ministry of Finance, Planning, the Central Bank Governor, Federal Member states as additional members of this Council. There will be five Somali and international economists who will advise the government in the council.

Economic exclusion	To accelerate job-creating economic growth and build economic inclusion, with particular emphasis on creating opportunities for young people
Pertaining to all drivers: poor institutional health and lack of domestic revenue, with dependence on unsustainable foreign aid	To strengthen Somali institutions' capacity for effective governance

The process, which is described in more detail in Chapter 2, allowed the NDC to propose 3 overarching national priorities: political stability, improved security, and economic growth. The proposed national priorities were validated during a second round of stakeholder consultation and articulated as 3 national development goals for the period 2020 to 2024, as follows:

1. To increase political stability
2. To reduce insecurity and strengthen the rule of law
3. To foster economic growth

The NDP-9 will be evaluated in terms of its progress made towards these 3 development goals, as described in Chapter 13, M&E Framework.

4. The NDP-9 Pillars

Analysis indicates that poverty in Somalia is driven by political fragility, conflict, insecurity and lawlessness, and exacerbated by climate emergencies. Political stability, security and the rule of law must improve to create the conditions in which efforts to support and climate proof economic growth can succeed. Social development is needed to fuel and sustain economic growth, through human capital development, social protection and disaster risk management. The poverty strategy for NDP-9 is therefore organized in four Pillars: Inclusive and Accountable Politics; Improved Security and the Rule of Law; Inclusive Economic Growth (including increased employment) and Improved Social Development. By focusing interventions in these four pillars, Somalia will be addressing the most significant root causes of poverty. These organizing pillars align with the three national priorities identified.

- **Pillar 1: Inclusive politics** – strategies and interventions that strengthen the effectiveness of political processes in Somalia, thereby increasing inclusiveness and reducing violent conflict
- **Pillar 2: Security and the rule of law** – strategies and interventions that reduce insecurity across Somalia and to strengthen citizens' access to an equitable and affordable systems of justice
- **Pillar 3: Economic development** – strategies and interventions that accelerate inclusive growth across the sectors of the economy, with particular emphasis on creating opportunities for women and young people
- **Pillar 4: Social development** – strategies and interventions that improve access by Somali citizens to health, education and other essential services, including social protection systems in times of extreme need (drivers include information from HDI data on health, living standards and education)

In this way, each Pillar of the NDP-9 contains a set of strategies, to be conducted nationally and at the FMS-level, that will contribute towards the attainment of the 3 national development goals. Under the 4 Pillar chapters, the interventions are described in some detail and costed out within the fiscal parameters of the macro-economic and fiscal framework, presented in Chapter 10. Note that the strengthening of governance and institutional capacities is treated as an integral part of each Pillar, rather than something to be treated separately (see cross-cutting imperatives, below).

The national priorities, as the term suggests, have national relevance and their implementation is expected to benefit the whole of Somalia, at all levels. However, it is also understood that their pursuit, with limited available resources and lack of capacities, will inevitably leave some priorities expressed at the FMS-level during the consultation process either unaddressed or only partly addressed. Therefore, a vital companion to the NDP-9 will be a set of FMS strategic plans that reflect both the rolling out of national priorities at the state level, and the pursuit of other urgent FMS development needs not addressed through the national priorities and Pillar strategies.

The majority of FMSs already have in place such strategic plans and, during the implementation of NDP-9, these will be updated to align with the Pillar strategies as well as those identified at the state level.

5. Cross-cutting imperatives

Clear as the national development priorities are, there is an opportunity to make the NDP-9 whole greater than the sum of its 4 constituent Pillars. The principles described above make an essential and important contribution in this regard, but more is needed. Therefore, the NDP-9 also identifies a number of “imperatives” that will both inform and bind together the four Pillars. These are often called “cross-cutting issues”, but the Government of Somalia is aware of the tokenism that can sometimes become associated with such a label, and because of this chooses a more assertive term that demands attention and accountability. Imperatives are not options or choices, and in this case, they are the essential warp onto which the programming responses to the NDP-9 goals are woven.

Six such imperatives shall inform and shape all interventions undertaken by government and its development partners under the rubric of the NDP-9.

- a. **Strengthen gender and other kinds of social equity:** Interventions and programme objectives will focus on reaching the most disadvantaged and vulnerable social groups. Particular attention will be paid in this regard to women and girls’ equity and empowerment. To this end, all programme and policy data shall be gender-disaggregated, and all NDP-9 interventions will include a gender analysis, and targets and indicators that are appropriately gendered.
- b. **Build the resilience of households, communities and government:** Risk identification and management form a core aspect of all interventions. It is for this reason that poverty was not limited to a monetary definition but was broadened to include other dimensions which impact on households, communities and government. Supporting plans such as the RRF outline how Somali resilience can be developed across the dimensions of poverty, ensuring that households, communities and governments do not lose the gains made and can withstand future shocks.
- c. **Better manage Somalia’s environment and natural resources:** An equilibrium between economic and environmental development and choices between present and future generations must be struck, with environmental degradation as one of the most dominant drivers identified in the

poverty analysis. Somalis recognize that their future prosperity and development is tightly linked to today's effective resource management.

- d. **Prioritise durable solutions to long term displacement:** Somalia's IDPs are the group most deeply impacted by drivers of poverty; no part of their lives is untouched. Progress towards poverty reduction will require the targeting of this most vulnerable group. It follows that an important overall metric for the success of this plan will be the return, resettlement or integration of IDPs.
- e. **Strengthen the interface between humanitarian and development planning:** The NDP 9 outlines a transition or continuum plan, from almost total dependence on external humanitarian and peacekeeping services, to a future where Somali governments and stakeholders are fully capable of meeting their own needs. During this transition and continuum, it is critical that government works in partnership with the planning efforts of international donors, aid organizations and others. The mapping and mainstreaming of SDGs provide a basis for this interface and partnership. The goal of the NDP is One Vision, One Plan, where all partners can locate themselves within the national vision.
- f. **Governance** – NDP-9 strategies and interventions will include activities that strengthen Somali institutions' capacity for effective governance.

6. The Strategy Framework

The foregoing – the NDP-9 principles, the development goals and FMS level strategic plans, the 4 Pillars and their constituent interventions, and the cross-cutting imperatives – forms the strategy framework at the heart of the NDP-9 poverty reduction strategy. The framework can be summarised in the tabular presentation shown in Figure 30, below.

4 Pillars under which strategies and interventions are organised				
6 cross-cutting imperatives that help ensure NDP-9 addresses the needs of the most vulnerable	Inclusive politics	Security & the rule of law	Economic Development	Social Development
Strengthen gender and other kinds of social equity				
Build the resilience of households, communities and government	Strategies and interventions that will strengthen:			
Better manage Somalia's environment and natural resources				
Prioritise durable solutions to long term displacement				
Strengthen the humanitarian-development nexus				
Strengthen Somali institutions' capacity for effective governance				

Figure 30: Strategy Framework NDP-9

Note that other state level interventions required by FMS strategic plans are not detailed out and costed in the NDP-9.

7. Theory of Change

While the overall strategy framework shows how the component parts of the NDP-9 poverty reduction strategy relate to one another, the theory of change summarises the conceptual argument by which the proposed interventions will deliver Somalia's 3 development goals and significant poverty reduction.

In words, the theory of change says the following: the overriding development challenge facing Somalia is widespread and extreme poverty, which stems from a number of underlying and intermediate causes, and which impacts people's lives in a number of ways. Within the 5 year time frame of the NDP-9, and available resources, analysis suggests that the problem of poverty can be most effectively addressed through a range of policy and programme interventions. These interventions are identified by using the "accelerator and bottleneck" methodology⁶⁰, informed by the six cross-cutting imperatives, and organised under 4 sectoral pillars. Given a number of assumptions concerning variables and externalities with probable impacts bearing on Somalia, a range of intermediate outcomes will result from the Pillar interventions, which taken together will deliver Somalia's 3 development goals. Realisation of the 3 development goals will result in the desired impact of the NDP-9, which is a significant reduction in poverty and strengthened resilience of vulnerable households, communities and institutions.

Schematically, the theory of change can be represented as shown in Figure 31.

The remainder of the NDP-9 document elaborates this Theory of Change, along with the required Implementation, Fiscal Framework, Aid Coordination and Monitoring and Evaluation needed to ensure execution. However, some important linkages to global development are outlined next.

⁶⁰ https://www.undp.org/content/dam/undp/library/SDGs/English/SDG_Accelerator_and_Bottleneck_Assessment_Tool.pdf

Figure 31: Theory of Change

The Problem	Interventions	Intermediate Outcomes	Outcomes	Impacts
Multi-dimensional poverty, driven by numerous underlying and intermediate causes, and impacting on the lives of the poor in different ways (See Figure 28 in Chapter 3)	<p><u>Pillar 1: Inclusive politics</u></p> <p>Deepen federalism; Extend local level stabilization and governance; Complete constitutional reform; Conduct free & fair national electoral processes; Build national reconciliation; Strengthen institutions</p>	<ul style="list-style-type: none"> • Respectful and mutually beneficial federal-sub-federal relations • Reduced inter-regional and clan-based conflict • Greater political inclusion and community reconciliation • Effective decentralization • Effective institutions supporting political processes 	<p><u>National Development Priorities</u></p> <p>Increased political stability</p> <p>Reduced insecurity</p> <p>Stronger rule of law</p> <p>Increased economic growth</p>	<p>Significantly reduced poverty</p> <p>Strengthened resilience of vulnerable households, communities and institutions</p>
	<p><u>Pillar 2: Security & the rule of law</u></p> <p>Reform of Security Forces, including police; Reform Judiciary, including police; Embedding of Human Rights and provision of equitable access to justice to the most vulnerable.</p>	<ul style="list-style-type: none"> • Professional, representative and trusted Security Forces • Professional, representative and trusted judiciary, and judicial institutions • Protection of human rights • Most vulnerable have equal access to justice • Greater government transparency 		
	<p><u>Pillar 3: Economic development</u></p> <p>Rehabilitate and expand infrastructure; improve resilience of food production systems; diversify the economy; strengthen natural resource management; create an enabling environment for economic growth and promote international trade.</p>	<ul style="list-style-type: none"> • More resilient food production • Improved economic infrastructure • Lower levels of unemployment • Higher levels of FDI • Higher numbers of SME start ups • Improved regulation of private sector for fair, safe and transparent marketplace • Sustainable development of marine and offshore NRs 		
	<p><u>Pillar 4: Social development</u></p> <p>Improve access to health, education, clean water & sanitation; Strengthen social protection & food security safety nets; Strengthen institutional capacities for DRM and public service delivery</p>	<ul style="list-style-type: none"> • More equitable access to quality basic services • Reduced levels of displacement • More effective and accountable public service delivery and oversight institutions • Improved human capital development • Strengthened government ability to predict, prevent and respond to humanitarian need 		
	<p><u>Macro-economic & Fiscal Framework</u></p> <p>Strengthen monetary and fiscal policies and financial services oversight</p>	<ul style="list-style-type: none"> • Improved fiscal & monetary management • Strengthened fiscal framework • Improved confidence in government • Effective institutions supporting the economy 		

8. Linkages to Development Frameworks

8.1 Sustainable Development Dimensions

Table 4, below, maps the content of Table 3 from the beginning of the Chapter to the 5 organising Pillars of the NDP-9, and to the four Sustainable Development Dimensions.

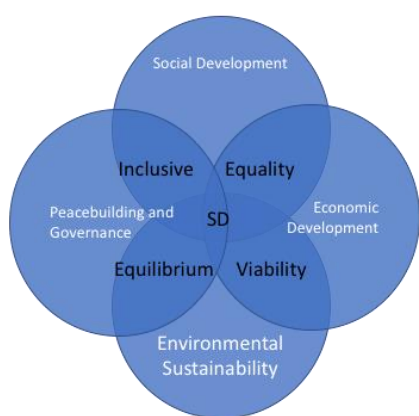
Table 4: Strategic Linkages for Causes of Poverty

Causes of Poverty	What must be done	Organizing Pillars	Sustainable Development Dimensions
Conflict	Reduce insecurity across Somalia and to strengthen citizens' access to an equitable and affordable system of justice	Security and the Rule of Law	Peacebuilding and Governance
Weak rule of law		Security and the Rule of Law	Peacebuilding and Governance
Weak governance impacting on equitable access to quality basic services	To improve access by all Somali citizens to health, education and other essential services, including social protection systems in times of extreme need	Social Development	Social Development
Gender and social exclusion			
Lack of political inclusion	To strengthen the effectiveness of political processes in Somalia, thereby increasing inclusiveness and reducing violent conflict	Inclusive Politics	Peacebuilding and Governance
Recurrent drought and climate change	To strengthen Somali institutions' capacity for effective environmental governance	Governance (Disaster Management)	Environmental
Environmental Degradation		Governance (Disaster Management)	Environmental
Population Displacement	All four objectives	Social Development (and others)	Social Development (and others)
Lack of Employment	To accelerate pro-poor and job-creating economic growth and build economic inclusion, with particular emphasis on creating opportunities for young people	Inclusive Economic Development	Economic
Economic Exclusion			

Pertaining to all drivers: poor institutional health and lack of government revenue, with dependence on unsustainable foreign aid	To strengthen Somali institutions' capacity for effective governance	Governance	Peacebuilding and Governance

The above table is clearly linear and two dimensional. The figure below better demonstrates inter-linkages and overlaps among dimensions of sustainable development and the four pillars. For example, weak governance leading to poor basic services is not only a social dimension of poverty, but a governance one as well. Similarly, a lack of security and social exclusion at a broader level contributes to inaccessibility of basic services.

Multi Dimensional Sustainable Development from UNDP
SDG Implementation in Fragile States



Thus the strategy, reflecting the inter-linkages and overlaps of mutually reinforcing sustainable development dimensions and the four pillars, requires an organizing framework, as outlined below. The framework is a complex circular arrangement where each pillar impacts the other. The overlapping nature of Figure 32, Multi Dimensional Sustainable Development, outlines the reinforcing and overlapping aspects of development sought by NDP-9.

Figure 32: Dimensions of Sustainable Development

8.2 The Nexus

As evidenced by g7+ discussions and networking, development in fragile nations is distinctive from development requirements in middle and high-income countries. In fragile nations, a lot of attention is focused on the peace-development-humanitarian nexus. During, and in the aftermath, of conflict, humanitarian and peace interventions, often delivered by international partners, dominates. But this must transition to building national capacity if sustainable development is to be a reality. The NDP 9 outlines development interventions to be undertaken by the Somali governments and the Somali people, but recognizes the contributions made by outside aid groups and peacekeepers. One guiding principle in this regard is not to lose the gains already made and to ensure that a partnership is established between all actors, leading to a successful transition where Somalis are responsible for all functions of government: peace; rule of law; security; social protection; environmental stewardship and a prosperous economy.

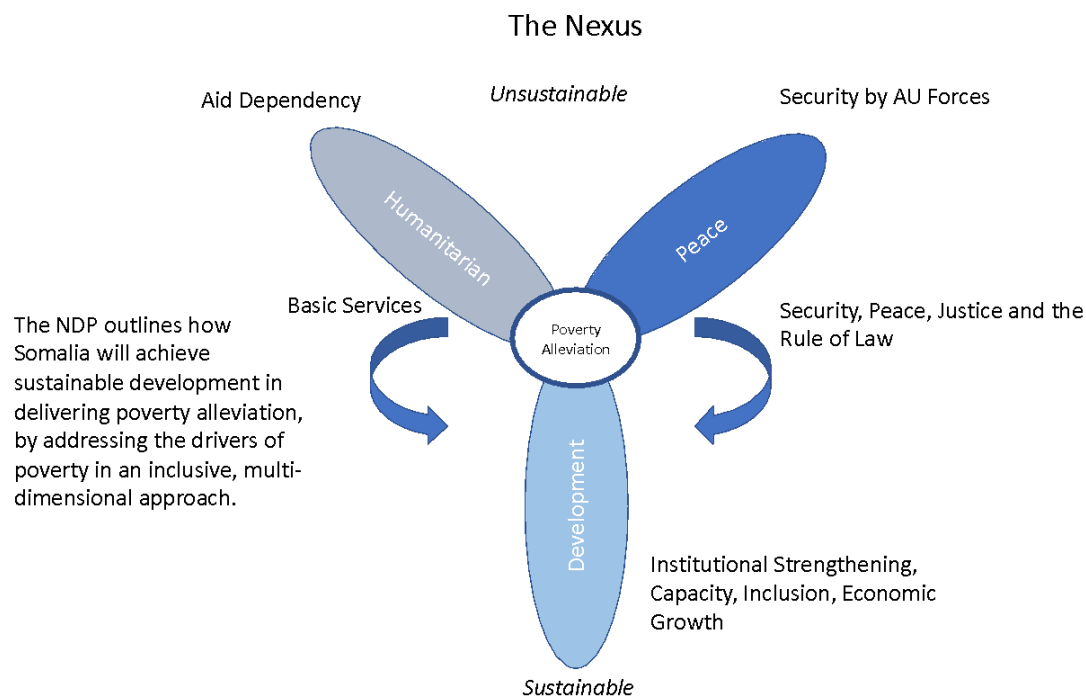


Figure 33: Nexus of Humanitarian, Peace and Development

8.3 Growth pathways to poverty reduction

Whilst the above strategic framework and theory of change were used to not only map out the links between strategic interventions and poverty reduction but to ensure that interventions properly are coherently designed across the pillars, NDP 9 has identified inclusive economic growth as the most powerful instrument for reducing poverty and improving the quality of life in Somalia.

Research that compared the experiences of a number of developing countries found consistently strong evidence that rapid and sustained growth is the single most important way to reduce poverty. A typical estimate from these cross-country studies is that a 10 per cent increase in a country's average income will reduce the poverty rate by between 20 and 30 per cent⁶¹. Thus, economic growth is critical to making faster progress towards an array of the Sustainable Development Goals (SDGs) – and not just the goal of lifting Somali people's living conditions above the poverty line, in monetary terms.

There are three known pathways through economic growth can benefit the poor⁶²:

(1) *Direct pathway*, which impacts the poor directly (such as programs for basic health, sanitation, education, social protection and rural roads);

⁶¹ DFID, Growth: Building jobs and prosperity in developing countries, <https://www.oecd.org/derec/unitedkingdom/40700982.pdf>

⁶² Linking Economic Growth and Poverty Reduction Large-Scale Infrastructure in the Context of Vietnam's CPRGS, http://www.grips.ac.jp/forum-e/pdf_e01/LinkingEcoGrowth.pdf

(2) *Market pathway* (or “trickle down”), where growth helps the poor via economic linkages (such as intersectoral and inter-regional labour migration, increased demand for goods and services, reinvestment through formal, informal and internal finance); and

(3) *Policy pathway*, which supplements the market path and guides the development process toward greater equality (through subsidies, fiscal transfer, public investment, job creation and proper design of trade, investment and financial policies, social protection and so on).

Illustration of ways in which effective development strategy can help reducing the poverty through these three pathways is provided in Figure 34.

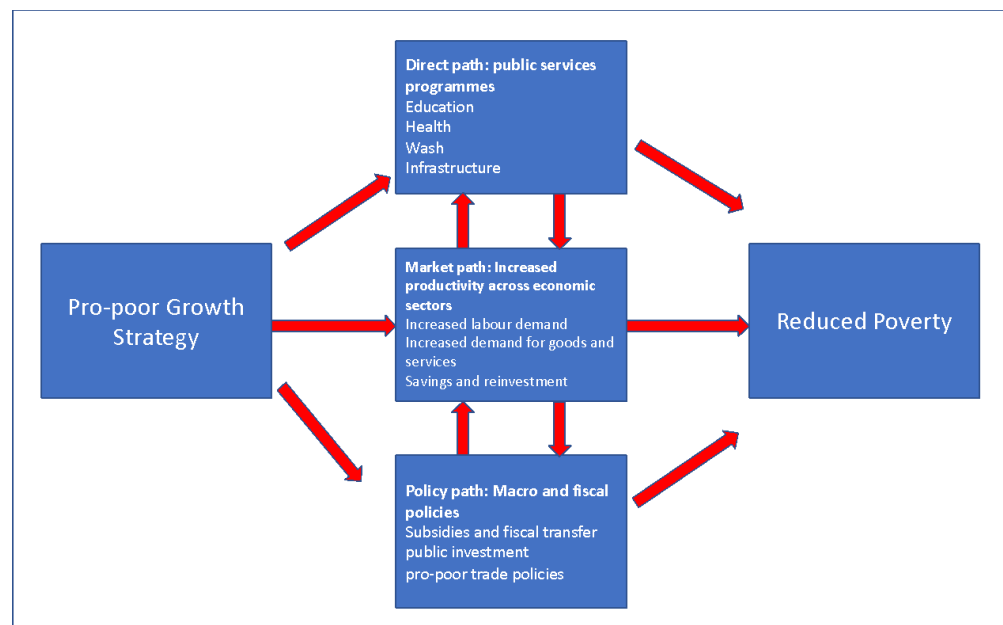


Figure 34: Growth pathways

Economic growth, undertaken within a framework of thoughtful policies, generates job opportunities and hence stronger demand for labour, the main and often the sole asset of the poor. In turn, increasing employment has been crucial in delivering higher growth.

Public programmes for improving delivery of education, health, and water, sanitation and hygiene services and social protection can both have direct impact on poverty through improved access to services and increase the productivity of labour due to better skills and health. Better infrastructure, especially in rural areas, can also impact positively both productivity and access to these services. Finally, properly designed and executed macroeconomic and fiscal policies can directly impact on the incomes of poor households through direct subsidies and transfer payments, and particularly through central bank regulation and oversight of financial markets that ensures low transaction costs and inclusive financial services (see Chapter 7, Section 11.13). The placement of inclusive economic growth as the primary desired outcome in NDP-9 must be seen in context of the enabling pillars of change, as shown in Figure 35, below:



Figure 35: Pillars Working Together

8.4 Mapping to the 2030 Agenda

Sustainable development is recognized as the key to poverty reduction: it ensures that development does not lead to inequality where the vulnerable are excluded from opportunities, and it protects gains made and ensures the vulnerable don't slip back into deprivation.

Somalia has made a commitment to making progress on the Sustainable Development goals and its principles (Figure 36). Efforts have been made to align and embed the SDGs into the pillar plans, as well as within the Monitoring and Evaluation Framework. Leveraging the 2030 Agenda and its tools is a direct investment into poverty reduction.



Figure 36: The Sustainable Development Goals

Annex 3 provides a complete mapping of interventions, baselines, indicators and targets to SDGs. The diagram below maps relevant SDGs to the Pillars.

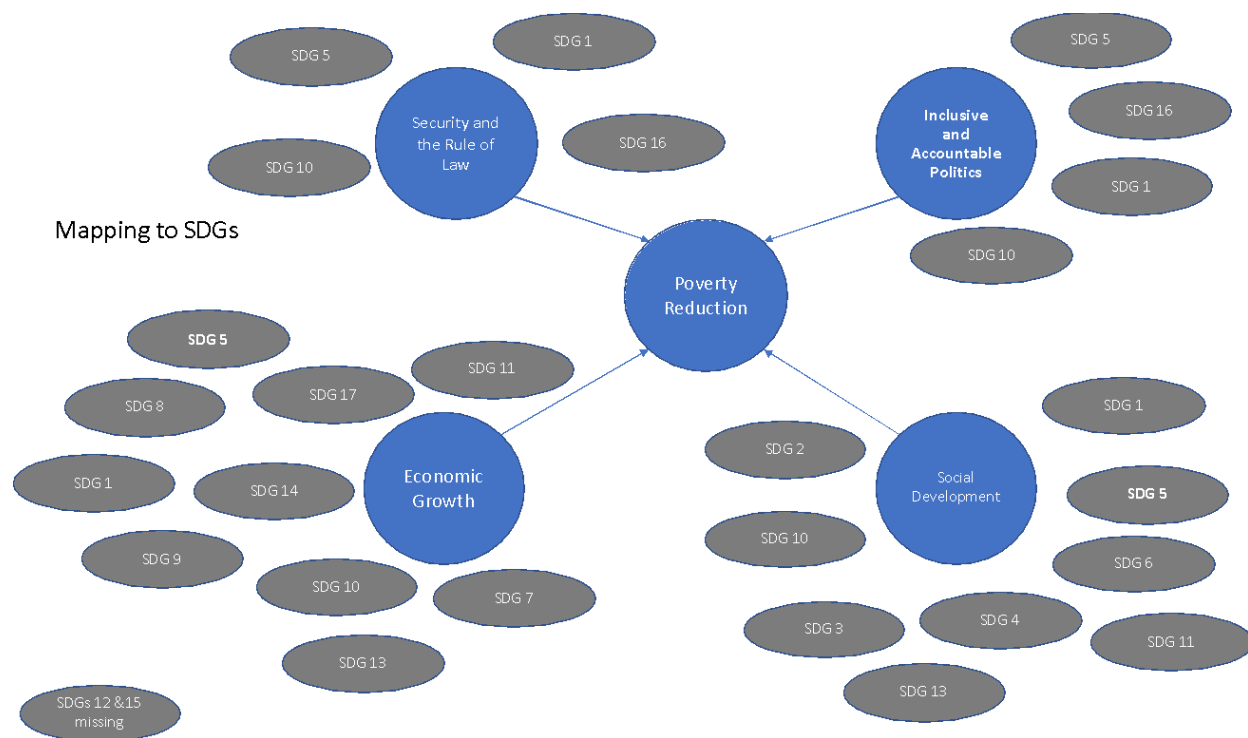


Figure 36: Mapping Pillars to SDGs

8.5 Approach for Aligning Strategies and Interventions

One of the temptations of development plans in fragile nations is to identify a long list of worthy strategies and interventions. The Mid-Term Review of NDP-8 indicated that the prior plan was overly ambitious and its scope hindered implementation as strategies became projectized.

Another risk for implementation is the existence of, and competition from, other development and Ministry plans which overlap with the NDP. The national level budget of Somalia is also very modest, so the available funds need to be focused on a limited number of key priorities. Equally, Development Partners, whose efforts and funding will continue to dominate the early years of NDP-9, need a plan providing clear direction on where programs and funding will result in the highest benefit.

The NDP-9 focused on presenting intervention priorities linked to strategies which aligned with the consultation feedback, poverty analysis, and with key development documents such as the FGS Roadmaps, Ministerial workplans, the Strategic Investment Plan and the RRF. The aim of the mapping

exercise was to identify common themes and purposes in order to align with existing budgets, teams, and progress.

The NDP approach used a tailored methodology⁶³ to identify both Pillar strategies and relevant interventions. The strategies identified in each Pillar chapter are based on identifying the key Pillar constraints/challenges for each stakeholder consultations and data analysis. These challenges provide a basis for constructing the limited number of strategies which directly address each constraint.

The FGS Roadmaps, outline a significant number of interventions, assigned as multi-year Ministerial workplans, under four pillars with which the NDP-9 aligns (Inclusive Politics; Improved Security and the Rule of Law; Economic Development and Social Development). The Director Generals of Line Ministries within the FGS, as part of Round 2 consultations, were presented with the strategic framework of the NDP and asked to provide their Ministerial intervention priorities, based on the Roadmaps. This exercise produced an extensive list of interventions.

An analytical approach was taken to these interventions by applying a number of filters which had been identified as important to the success of the NDP. These filters included:

- Is the intervention pro-poor?
- Will the intervention generate domestic revenue?
- Was the intervention supportive of the cross-cutting policy imperatives?
- Was the intervention supported by Pillar analysis in the NDP?
- Will the intervention be supportive of progress in more than one Pillar?
- Was the intervention supported by stakeholder consultations for poverty reduction?

A more concise list of interventions was generated by this exercise and mapped against interventions from the RRF, Strategic Investment Plan, and earlier drafts of the NDP. The most useful of filters proved to be the last two: supportive of more than one Pillar and a desired stakeholder intervention to reduce poverty.

By “stress-testing” the interventions in each Pillar the NDP-9 is more confident that catalytic interventions have been identified, which will generate benefits outside their sectoral boundaries.

The analysis also identified the location of the responsible Ministries, the type of intervention, the pillar distribution of interventions, and the cross-cutting policy imperatives distribution. This was used as a cross-check that the distribution and of the plan were not skewed, and to amend where they were.

Each Pillar Chapter contains a limited number of key strategies, aligned to relevant interventions. It is important to note, however, that the strategies will provide the most utility for development partners and FMS strategic plans. It is at this level where various interventions and projects will align to offer progress against national goals and priorities.

⁶³ The SDG Accelerator and Bottleneck Assessment Tool; UNDP; 2017

CHAPTER 5: INCLUSIVE POLITICS (PILLAR 1)

Preamble:

The 9th National Development Plan (NDP-9) stakeholder consultations indicated a widespread belief that a real and lasting poverty reduction and economic growth is contingent on continued progress towards the creation of stable and inclusive political system in Somalia. The NDP-9's analysis of poverty, and of the country's vital security sector, confirm that effective and inclusive politics is a sine qua non for reducing insecurity, strengthening the rule of law, improving governance, and accelerating economic and social development. To continue the progress already made since 2013 under the Somali Compact-New Deal and the NDP-8, and to enable the achievement of its development goals, the NDP-9 identifies a range of interventions under Pillar 1 that will further strengthen Somalia's federalization, establish the new national constitution and deliver universal elections in 2020 and 2024. In doing so, Pillar 1 will support Somalia's progress towards SDGs 1, 5, 10 and 16.

1. Introduction

Somalia is a complex political, security and development environment, and much of its recent past has been marked by poverty, famine and recurring violence. Somalis have been divided politically and until recently have not had a clear path to reconciliation and political unity. The enduring nature and impact of the conflict has generated a complex set of political and social grievances that remain a threat to the country's stability. However, in 2012, with the establishment of permanent political and executive institutions, the adoption of the federal Provisional Constitution (PC) as well as important military offensives and security gains, Somalia entered into a new period where longer-term peace seemed feasible. After decades of conflict and instability, a federal government was established through national dialogue and consensus.⁶⁴

The peaceful elections and transition of presidential power and establishment of a bicameral federal parliament, in early 2017 and late 2016, provided new momentum and the opportunity to progress Somalia's peacebuilding and state-building priorities.⁶⁵

The main political mandate of the current Federal Government of Somalia (FGS), which concludes in February 2021, is to complete the unfinished tasks inherited from preceding transitional and post-transitional governments. Primarily, these include completing federalism, finalizing the Constitutional Review Process (CRP), preparing and conducting democratic elections in 2020/2021 and 2024 that go beyond the existing clan-based power-sharing political system.

Therefore, the Inclusive Politics Pillar of the National Development Plan (NDP-9) will focus on the three core components of the pillar namely, Federalism, Constitutional Review Process (CRP) and Elections. In

⁶⁴ Federal Government of Somalia, National Development Plan (NDP) 2017-2019, December 2016

⁶⁵ UN Strategic Framework Somalia 2017-2020

addition to that, the pillar plan will also integrate reconciliation and institutional capacity development as crosscutting priority strategies.

It goes without saying that inclusive politics is essential for sustainable economic and human development. Development – both economic and human – cannot be sustainable if people remain at the receiving end of development as mere beneficiaries, but not as active agents who influence the processes that shape their lives. Inclusive politics ensures that. Inclusion gives voice and autonomy to people and allows them to express their desires and priorities. It provides a platform where people from different walks of life can have a discussion on their vision, their wants and their objectives.

Furthermore, inclusive politics also ensures representation of society's various groups in the running of a country. It also provides a system of transparency and accountability for public administration and government activity. . It is a mechanism whereby representatives and public servants can be held accountable. Through inclusive politics, the poor people are also part of the public voice and autonomy, and are able to express their priorities and hold duty bearers accountable.

Inclusive politics therefore has important and positive implications for poverty reduction.

2. Situation Analysis

2.1. Current Status of Core Inclusive Politics Pillar Components

a) Federalism

The most significant change in Somalia's context in the last five years has been the emergence of four Federal Member States (FMS) – Jubaland (2013), Southwest (2014), Galmudug (2015) and HirShabelle (2016) – a development that follows a pattern set by Puntland in 1998⁶⁶.

The FGS is solidly committed to the system of federalism as the guiding principle to shape the future of Somalia. A three-tier federal structure has been envisioned and adopted – federal, state and district levels. Although over the past few years, the establishment of the new FMS has almost been completed, significant work remains to be done at the district level and importantly on the precise distribution of roles and responsibilities between the different levels of government.⁶⁷

The process of deepening federalism is directly related to the finalization of the PC. A number of the political agreements (e.g. the structure of the state, the distribution of powers, etc.) will be enshrined in the constitution. Therefore, close coordination between the federalization process and the CRP will need to be ensured.⁶⁸

Critical constitutional issues that determine the federal system are a priority for on-going political negotiations. These include: resource and revenue sharing, allocation of competencies and functions, fiscal matters, and the status of the capital – Mogadishu – within the federation.

The February and June 2018 meetings of the National Security Council (NSC) delivered concrete results in these areas in terms of overall agreements on resource sharing in fisheries, minerals and oil. Particularly,

⁶⁶ The World Bank Group, Country Partnership Framework for the Federal Republic of Somalia, for the Period FY 19-22, August 29, 2018

⁶⁷ Federal Government of Somalia (FGS), National Development Plan 2017-2019 (NDP-8), December 2016

⁶⁸ NDP-8 (2017-2019), December 2018

in its June 2018 Baidoa meeting, through the Federalization Negotiation Technical Committee (FNTC), the NSC negotiated and agreed on the Somali resource-sharing model. The NSC meeting also reached almost (80%) concurrence on the Power-sharing and Justice Models.⁶⁹ It is equally important that these agreements are acted upon, translated into appropriate legislation by parliament within the timeframe set out in the Political Roadmap.⁷⁰

In follow-up to and based on the above NSC resource-sharing agreement, on 18 May 2019, the House of the People of the Federal Parliament of Somalia (FPS) passed the Petroleum Law of the Federal Republic of Somalia (FRS) which establishes the regulatory and legal frameworks to manage and govern its hydrocarbon resources.

Government priorities for 2019 include negotiating and resolving the following crucial issues for the finalization of the federalization process:

- Revenue-sharing and fiscal federalism
- Allocation of powers
- Intergovernmental Relations
- Somali governance structure
- Formalization of the FMS status – graduation of the existing interim regional administrations into fully-fledged FMS – through parliamentary resolutions
- Status of Mogadishu in the federation

Graduation of the FMS is essential due to the fact that most of the interim regional administrations were established before the legal and institutional framework for the implementation of federalism in Somalia was put in place by the FPS. These include the establishment of the Boundaries and Federation Commission (BFC) and relevant laws.

b) Constitution Review Process (CRP)

The endorsement of the 2012 PC of the FRS was a ground-breaking achievement. It put in place an overarching, nationally endorsed legal framework to guide Somalia's efforts to rebuild the nation in accordance with the rule of law. Review of the PC is a process central to solidifying the political settlement and the success of the transition of Somalia from decades of war and conflict into a stable and peaceful country.

In accordance with the PC, a Parliamentary Constitutional Implementation and Oversight Committee (OC) and Independent Constitutional Review and Implementation Commission (ICRIC) were established in 2014 to advance the review process. Besides, a new ministry responsible for constitutional affairs was also established as part of the FGS Ministries since 2015.

The review process started in 2014, but progress has been slow, due to a range of political and security factors. However, some important work has been undertaken by OC and ICRIC. These mandated institutions have reviewed chapters of the PC and put forward their recommendations, identifying a number of issues that require further debate. The Ministry of Constitutional Affairs (MOCA), OC and ICRIC

⁶⁹ Democratization and Election Office, Office of the President (OoP), February 2019

⁷⁰ The Federal Republic of Somalia, Office of the Prime Minister, Cabinet Subcommittee for Inclusive Politics, Political Road Map 2020

bring together stakeholders across and at all levels of government, and the community, to build consensus around the outstanding issues. The intention was to have a new constitution developed and endorsed by all concerned parties before the end of 2019.⁷¹

The CRP goes through two types of review: political review and technical review. The political review focuses on the contentious issues of the PC. The contested political issues in the PC that have to be negotiated among FGS and FMS stakeholders are: i) distribution of powers and responsibilities between national and subnational authorities; ii) resource and revenue sharing; iii) the powers of the president and the prime minister; iv) the powers and representation of the two chambers of the parliament; v) the status of Mogadishu; vi) citizenship questions; and vii) the design of the judiciary system.

The highest body for political review is the NSC which brings together the executive leadership of FGS and FMS. However, the actual deliberations of these contentious political issues are conducted by the FNTC which submits policy options or proposals to the NSC. In addition, MOCA in collaboration with the Ministry of Interior, Federal Affairs and Reconciliation (MOIFAR) provides the platform where political review is undertaken. On the other hand, technical review is undertaken by OC and ICRC and focuses on issues such as typing errors, gaps, adjustment of articles, etc.

The main components of the CRP include: (i) national convention; (ii) technical review; (iii) political negotiation; (iv) civic education and public outreach; (v) validation conference; (vi) parliamentary adoption; and (vii) national referendum.

The government successfully held the convention to launch the CRP on 15 May 2018 in Mogadishu. However, the on-going work conducted within the framework of the CRP needs to be accelerated and items requiring amendments to be prioritized.⁷²

c) Electoral System

The present system of political representation is based on an interim solution intended to kick start the democratic process and reasonably ensure that different parties in society, based on clan affiliation, are represented in the political structures. The intention remains to move towards a system of one-person one-vote in a multi-party democracy by 2020.⁷³

According to Articles 60 and 91 of the PC, the current term of the Federal Parliament (FPS) and President of the Federal Republic of Somalia (FRS) will end in September 2020 and February 2021 respectively.⁷⁴

The holding of elections in 2020 is clearly articulated in the PC of the FRS, as well as the Somali NDP-8. The FGS is committed to implement inclusive, democratic, transparent and credible elections by 2020. Based on those principles, the Office of the Prime Minister (OPM) leading constitutionally mandated institutions developed an Inclusive Politics Road Map, which was endorsed by the Council of Ministers (CoM) on the 18th of January 2018 in order to create an environment that enables the government to fully

⁷¹ Federal Government of Somalia, National Development Plan 2017-2019 (NDP-8), December 2016

⁷² The Federal Republic of Somalia, Office of the Prime Minister, Cabinet Subcommittee for Inclusive Politics, Political Road Map 2020

⁷³ NDP-8 (2017-2019), December 2016

⁷⁴ The Federal Republic of Somalia, Provisional Constitution, Adopted August 1, 2012, Mogadishu, Somalia

implement free and fair elections in 2020. The Inclusive Politics Road Map emphasizes that democratization is an essential component in building a viable state.⁷⁵

Moreover, the electoral laws have been prepared and agreed by the Election Working Group that brings together the Office of the President, OPM and 17 other institutions. Concerning the next elections, at the June 2018 meeting of the NSC, the FGS and FMS agreed that the electoral model for the country shall be proportional representation (PR) closed-list, single-constituency (the whole country). The proposed electoral law was then discussed, endorsed and submitted to the Federal Parliament of Somalia (FPS) for consideration and passage by the FGS Council of Ministers (CoM) in April 2019. Subsequently, the House of the People (HoP) of the Federal Parliament appointed a Parliamentary Ad-hoc Committee for the review of the proposed electoral law.

The following considerations informed the selection of the proposed electoral model⁷⁶: i) Lack of national population census; ii) Displacement of large number of people from original areas of residence; iii) Prevailing unfavourable context for the establishment of electoral districts; iv) Difficulty in the apportionment of federal parliamentary seats to FMS and BRA; v) The persistence of the 4.5 clan-based political system used in earlier electoral processes; vi) Insecurity stemming from the threat of terrorism; vii) Absence of genuine reconciliation efforts throughout the country; viii) Disputes over existing district boundaries; ix) Inability to register all eligible voters due to insecurity; x) Low levels of security in some areas of the country; and xi) Lack of national unity due to the outstanding resolution of the Somaliland issue.

In light of the above, among the three main electoral models in the world – Majority/Plurality, PR and Mixed System – the proposed model was found to be the most applicable with the least challenges in relation to Somalia’s current context. No census or border demarcation and allocation of parliamentary seats will be required, voting will take place in all peaceful urban and rural areas with at least 400 eligible voters, while IDPs will be able to vote in their respective camps and, thus, those who vote will represent the whole country. This model is also considered to be strengthening national unity.⁷⁷

Moreover, the PR closed-list system best ensures inclusive representation, and will produce the most representative results in terms of political parties (as well as being inclusive in terms of clans). Parties will win seats in proportion to the votes cast, and all votes will count. Besides, the PR system promotes the building of political party alliances and more inclusive results, as opposed to a winner-takes-all majority system.⁷⁸

The decision is supported by an end-line survey conducted for AMISOM and UNSOM in August-September 2017, which found strong backing among Somalis for a universal suffrage election in 2020 and declining

⁷⁵ The Federal Republic of Somalia, Office of the Prime Minister, Cabinet Subcommittee on Inclusive Politics, Political Road Map 2020

⁷⁶ Ministry of Internal, Federal Affairs and Reconciliation, Minister’s Report on Types of Electoral Models/Constituencies, Sub-Cabinet Committee on Inclusive Politics, OPM, April 2019

⁷⁷ Meeting with the National Independent Electoral Commission (NIEC) top management, 25 August 2019

⁷⁸ African Union and United Nations Information Support Team (AU/UN IST), Policy Brief on the End-Line Survey of Citizens’ Perceptions of Peace and Stabilization Initiatives in Somalia, February-March 2018

support for the 4.5 clan-based, power-sharing formula.⁷⁹ This is corroborated by the feedback, received from the nationwide consultations that were conducted by the NIEC of Somalia.

In order to conduct universal suffrage multi-party elections in 2020/21 and 2024, a number of milestones must be met. These include the enactment of an Electoral Law with a clear definition of the electoral model most suitable for Somalia by the end of 2020 and 2024; voter registration and registration of political parties; enhanced understanding among stakeholders and the public of the electoral processes and operations; and capacity building and institutional development for the NIEC at the national and regional levels.

Regarding preparations for 2020/2021 elections are concerned, the NIEC has registered remarkable progress. By the end of August 2019, NIEC implemented number of crucial activities:⁸⁰

- Completed the drafting of the necessary regulations, codes of conduct and procedures.
- Met with the parliamentary Ad-hoc Committee and proposed changes to the electoral law.
- Implemented capacity building activities including study tours for the Commissioners and the Secretariat to gain greater understanding of electoral management and develop networks with well-established Electoral Management Bodies (EMBs).
- Formulated Voter Education (VE) curriculum and supporting materials.
- Developed voter education (VE) messages in close consultation with partners and stakeholders.
- NIEC Staff development on gender mainstreaming, creating opportunities for women, people with disabilities (PWD) and marginalized communities to ensure inclusive political participation.
- Facilitated a televised open forum with political parties, MPs, CSOs, women, PWDs, youth, etc.
- Provisionally registered 54 political parties.
- Facilitated the formulation of the National Election Security Strategy in partnership with the AU.
- NIEC aims to ensure that Voter Registration (VR) will take place between March-June 2020. The following activities are envisaged for VR during 2020:
 - The registration of voters (March – June 2020)
 - The reduplication exercise (July-Aug 2020)
 - The display of the provisional list (Aug-Sept 2020)
 - The distribution of voter registration cards (Sept-Oct 2020)
 - Polling target date is October 2020 if there are no delays in planned activities
- To meet this timeline NIEC has completed the identification and verification of potential (VR) sites in SWS, Hirshabele, Galamadug and Banadir and will submit these lists to the security forces for security vetting as a next step. If the electoral security task force is not yet set up, NIEC will rely on the FMS level security entities to vet these sites.
- NIEC is currently refining the VR budget which now includes more accurate costs of temporary staff to be hired to assist with VR operations. The VR budget prepared by NIEC is designed to inform the financial contribution expected from the government in support of the VR. The NIEC budget will be submitted to the government in the next few weeks.

⁷⁹ AMISOM/UNSOM, Citizens' Perception of Peace and Stabilization Initiatives in Somalia, End-Line Survey Report, September 2017

⁸⁰ NIEC Chairperson Briefing to the Electoral Information Sharing Network Meeting, August 2019

Despite the progress, challenges associated with delayed passage of the Electoral Law and formation of the Security Taskforce may delay the implementation of crucial activities within the 2020 election timeline.

However, the fact remains that both PR system and universal suffrage election models would require viable political parties that transcend clan loyalties. In light of the above, genuine political parties with convincing party programs and an active followership that extends beyond a few politicians based in the capital could prove to be valuable vehicles in attempts to transcend the subnational purview of political entities, overcome age-old clan-based disputes, and provide viable platforms for national dialogue. Ultimately, a democratic trajectory for Somalia will be hard to achieve in the absence of both a unified national constituency and effective political parties.⁸¹

d) Reconciliation and Restoration of Public Confidence

During the state formation processes, there has been lack of separate, effective political dialogue and reconciliation effort among the communities in the various regions in Somalia to bridge their differences.⁸² In view of the complex recent history of Somalia, the political debate therefore needs to be complemented by a conscious effort to reconcile the people within the state-building process.⁸³

Previous national reconciliation processes since 1991 focused more on state-building and less on nation-building and reconciliation⁸⁴. These were mainly directed at addressing the constitutional and institutional issues as opposed to the psychological and perceptual aspects of the conflict and, hence, the need for a comprehensive Somali-owned reconciliation process. In addition, addressing issues of justice, rule of law and human rights which manifest key concerns and part of the root causes of the conflict to date was not prioritized.

As a step in that direction, a National Reconciliation Consultative Conference was organized and convened in June 2017 by the Federal Ministry of Interior, Federal Affairs and Reconciliation (MOIFAR). In February 2019, MOIFAR launched a validation workshop on the proposed National Reconciliation Framework (NRF). The NRF was subsequently validated and approved by the CoM. Additionally, FGS priorities for 2019/2020 include the establishment of the law and formation of the National Truth and Reconciliation Commission (NTRC).

The mandate of the NTRC is to foster national healing, reconciliation and unity, and to ensure that matters relating to impunity, revenge and other triggers of violence are addressed through legal and state directed process.⁸⁵

⁸¹ Dominik Balthasar, Somalia's Federal Agenda: From Fragility to Fragmentation? Brief 17, European Union Institute for Security Studies, June 2014

⁸² Abdirashid A. Warsame, Somalia State Formation Process: Issues, Challenges and Way Forward, "the Experience of Jubaland", A Paper Presented in Consultative Forum on Somalia State Formation Process Hosted by UNSOM PAMG in Jazeera Hotel, Mogadishu, Somalia, March 2015

⁸³ NDP-8 (2017-2019), December 2016

⁸⁴ Ministry of Interior, Federal Affairs and Reconciliation, National Reconciliation Framework, Version 8, March 7, 2019

⁸⁵ The Federal Republic of Somalia, Provisional Constitution, 1 August 2012, Mogadishu, Somalia

2.2. National Policies, Strategies, Legal Instruments and Institutional Frameworks and Gaps for the Development of the Sector

a) National Policies and Strategies

Important inclusive politics pillar policies and strategies are summarised in Table 5, below.

Table 5: Relevant Policies and Strategies

Existing	Gaps
FGS National Development Plan (NDP-8) 2017-2019	Election dispute resolution mechanism framework
National Independent Electoral Commission (NIEC) Strategic Plan 2017-2021	Development of national framework for devolving services and functions
FGS Political Road Map for 2018-2020	Procedures and mechanisms to ensure that women, youth and minority, disadvantaged groups enjoy sufficient participation in the 2020 elections
Comprehensive Civic Education Strategy Plan in Support for the CRP 2018-2020, MOCA	Voter registration and public outreach
National Reconciliation Framework (NRF)	
National Stabilization Strategy (NSS)	

Somali National Development Plan (NDP-8)

The NDP-8 agenda for achieving inclusive politics focused on the following priority areas:

- Democratization; Election and civic engagement
- Finalizing the Constitution
- Decentralization – implementing the federation process

NIEC Strategic Plan 2017-2021

This Strategic Plan was prepared in line with the spirit of the PC which articulates the general principles of an electoral system that addresses the aspirations of the Somali people to have free, fair and credible elections. Secondly, this Strategic Plan is developed within the context of the Somali National Development Plan (NDP) 2017-2019. The plan provides a direction and a program of intervention by the Commission as it contains its strategies over next five years.⁸⁶

Comprehensive Civic Education (CE) Strategy Plan for CRP 2018-2020

The plan covers preliminary and substantive Civic Education (CE) campaign in two phases. Preliminary CE is designed to prepare the public to participate in the review process, while substantive CE is designed to inform the people on key political issues in the review process and options available for their resolutions. The primary target audiences are: Somali citizens inside and outside the country, interest groups (women,

⁸⁶National Independent Electoral Commission, Strategic Plan 2017-2021

youth, and elders, religious leaders, people with disabilities (PWD), IDPs and school children), media organizations, FGS and FMS civil servants, Somali Police Force (SPF) and Custodian Corps (Prisons).⁸⁷

The objectives of the CE strategy are to:

- Raise awareness on the importance of the CRP nationally, regionally and within targeted audiences.
- Provide each target audience with the necessary information from MOCA in order to prepare them for the review process.
- Encourage civic participation, to render the CRP fully inclusive of the views, desires and which meets the needs of all Somali nationals.

To achieve these objectives, a comprehensive CE campaign will be rolled out to create two-way public engagement for both sensitization and soliciting feedback to be incorporated into the constitution.

National Reconciliation Framework (NRF)

The NRF goal is to contribute to a sense of sustained peace and stability by laying the ground for genuine, comprehensive national reconciliation for the Somali people by restoring trust among themselves and increasing confidence in all levels of government institutions, resulting in peaceful coexistence, renewed relationships, and social and economic recovery.⁸⁸

The NRF consists of five interlinked pillars, 14 milestones and 85 activities to be implemented at national, FMS & BRA, district and village levels. The five pillars address three types of reconciliation: political, social and religious. **Political reconciliation** issues include power-sharing, representation, the relationship between FGS and FMS, federalism, devolution, resource-sharing and constitutional review issues, etc. **Social reconciliation** issues include historical grievances, disputed areas/lands, addressing the past, mistrust, suspicion, clan rivalry, active conflicts, displacement, destruction of traditional mechanisms, poor clan leadership, and the relationship between clan and state. **Religious reconciliation** issues include sectarianism, violent extremism, the relationship between religion and the state, the status of religion and the judiciary.

The guiding principles of the NRF are:

- Somali-led, driven and owned process
- Focus on voluntarism, local engagement and funding
- Inclusive and accountable participation in recognizing regional and community diversities
- Mainstreaming transparency and accountability
- Non-political and non-partisan National Reconciliation Framework
- A bottom-up approach to reconciliation, which is community informed and reflects lessons learned
- Building consensus, forming collaborative partnerships and fostering Trust

⁸⁷ Ministry of Constitutional Affairs (MOCA), FRS, Comprehensive Civic Education Strategy Plan in Support for the Constitutional Review Process 2018-2020

⁸⁸ Ministry of Interior, Federal Affairs and Reconciliation, National Reconciliation Framework, Version 8, March 7, 2019

Building on these key principles, the NRF implementation will be based on inclusivity, consultation, impartiality which leaves no one excluded.

FGS Political Roadmap for 2018-2020

As mentioned above, the OPM developed an Inclusive Politics Road Map which was endorsed by the CoM on the 18th of January 2018. The I Road Map emphasizes that democratization is an essential component in building a viable state⁸⁹. It focuses on: federalism and reconciliation, CRP, elections and related activities, as well as strengthening international relations.

National Stabilization Strategy (NSS)

The overall goal of NSS will be to improve stability in Somalia by delivering tangible results that strengthen cohesion within communities and between communities and their government. The purpose of the strategy is to support a combination of peace and state-building interventions and prevent violence through the following efforts:

- Engage communities in dialogue to address their legitimate grievances and develop confidence building measures.
- Expand socio-economic opportunities to build resilient communities and reduce poverty.
- Promote transparency and inclusivity to increase government legitimacy.
- Provide justice and security services to all groups to extend legitimate state authority.⁹⁰

The NSS focus areas are: community recovery, social reconciliation, local governance, and rule of law. In addition to the four focus areas, the strategy will also link with crosscutting issues supported by other government strategies and policies e.g. Preventing/Combating Violent Extremism strategy.

b) Legal Instruments

Important legal instruments for the inclusive politics pillar are summarised in Table 6, below:

⁸⁹ The Federal Republic of Somalia, Office of the Prime Minister, Cabinet Subcommittee on Inclusive Politics, Political Road Map 2020

⁹⁰ Federal Government of Somalia, Ministry of Interior, Federal Affairs and Reconciliation and Federal Member States, Stabilization Strategy 2018-2020, Version 2.0 Updated September 2018

Table 6: Relevant Legal Instruments

Existing	Gaps
The Provisional Constitution (PC) of the Federal Republic of Somalia (FRS)	Political Parties Law
Law establishing the National Independent Electoral Commission (NIEC) of FRS	Electoral Law (developed and submitted to parliament for enactment)
Petroleum Law of the FRS (resource-sharing of hydrocarbon resources)	Local Government Act
	Law of the National Truth & Reconciliation Commission
	Citizenship law
	Development of Intergovernmental Relations Act
	Formalization of existing interim regional administrations according to article 49 (1) of the PC or (by way of a Resolution of the Parliament)
	Harmonisation of regional states constitutions with federal constitution
	Translation of resource-sharing agreements (fishery, marine,) into laws
	Electoral regulations, codes of conduct, procedures and protocols necessary for 2020 elections
	Determination of Mogadishu status as the capital city of Somalia and its status within the federation (Article 9 of the PC)
	Review of Structure the State Organs (Article 48 of the PC)
	Review of Governance System (Article 89 of the PC) – Election of the President
	Allocation of Powers (Article 54)

Provisional Constitution (PC)

Chapters 4 and 5 of the PC contain the legal tenets that frame the electoral system (Article 47) and the devolution of the powers of state/federalism in the FRS (Articles 48 to 54). Similarly, Chapter 10 provides the legal basis for the establishment of the Independent Commissions including Boundaries and Federation Commission (BFC), NIEC and Truth and Reconciliation Commission (TRC) in articles 111E, 111G and 111I, respectively. In addition, article 121 of Chapter 12 of the PC underscores the harmonization of the constitution of the FRS and those of the FMS.⁹¹

⁹¹ Federal Republic of Somalia, Provisional Constitution, August 1, 2012, Mogadishu, Somalia

National Independent Electoral Commission (NIEC) Law

This law complies with articles 47, 110, 111G and 112 of the PC on the electoral system, general principles in independent commissions, the NIEC, and the appointment of independent commissions at the federal level. The law also defines the powers and responsibilities of Election and Referendum Monitoring Commissions at district, regional and national levels. In addition to that, the law enshrines the independence of NIEC from the executive organ and political parties in the execution of its responsibilities, in accordance with the Federal Constitution and this Law.⁹²

Proposed National Electoral Law

The proposed electoral law was endorsed by the Council of Ministers (CoM) in April 2019 and sent to the Federal Parliament for review for either revision and/or enactment. However, the proposed law differs with the Provisional Constitution (PC) in the provisions governing the election of the President. According to Article 89 (1) of the PC the (two) Houses of the Federal Parliament shall elect the President of the Federal Republic of Somalia (FRS) in a joint session, presided over by the Speaker of the House of the People of the Federal Parliament.⁹³ Conversely, according to Article 12 of the proposed electoral law, the presidential candidate of the party which wins the majority of the votes or seats in the parliament becomes the President of the FRS, while ensuring that changes to the provisions governing the election and powers of the President will be addressed in the Constitutional Review Process (CRP).⁹⁴

Therefore, the electoral law has been not been agreed by all the regions, politicians or parliament and remains a proposal. It is for this reason that the House of the People (HoP) of the Federal Parliament appointed a Parliamentary Ad-hoc Committee for the review of the proposed electoral law.

The objective of the proposed law is to manage the elections of legislative bodies and President of the Republic, specify the duties and responsibilities of NIEC and affiliated electoral offices, and define the electoral model for Somalia. According to Article-11 of the proposed law, the electoral model will be 'Proportional Representation (PR) Closed-List, Single-Constituency'. The lists of each party must not be more than double (550) and less than the total number of parliamentary seats contested (275).

Petroleum Law

In compliance with Articles 7 (1) and 44 of the PC, the House of the People of the Federal Parliament passed the Petroleum Law on 18 May 2019. However, its passage through the Upper Chamber or Senate of the Federal Parliament remains pending, as does Presidential Assent.

According to Article 4 of the law, petroleum revenues will be shared between the FGS and FMS in a manner beneficial for the whole country and in congruence with the PC. The main objective of the law is to ensure Somalia's sovereign rights over the exploration, development, discovery, utilization and management of its on-shore and off-shore petroleum resources.⁹⁵

⁹² The Law Establishing the National Independent Electoral Commission (NIEC), 2015

⁹³ Federal Republic of Somalia, Provisional Constitution, August 1, 2012, Mogadishu, Somalia

⁹⁴ Federal Republic of Somalia, Ministry of Interior, Federal Affairs and Reconciliation, Proposed National Electoral Law, 25 April 2019

⁹⁵ Federal Republic of Somalia, Ministry of Petroleum and Mineral Resources, Petroleum Law, 2017

c) Studies, Reviews and Option Papers

Technical studies, reviews and option papers on critical inclusive politics issues are summarised in Table 7, below.

Table 7: Relevant Reviews and Options Papers

Completed	Ongoing	Gaps
Completion and publication of a voter registration feasibility study	Review of Article 9 of the PC on the status of the capital city of the FRS Mogadishu in the federation	Resolving contested areas such as Galkayo, Sool & Sanaag, etc.
	Review of Article 48 of the PC on Structure of the State Organs on the two levels of government (FG & FMS)	The Somaliland dialogue
	Review of Article 89 of the PC on the Governance System/ Election of the President of the FRS	Feasibility study toward one-person one-vote in Somalia possible options / scenarios
		Survey on state of affairs on federalism in Somalia to assess the implementation powers of the government to provide public services
		Federal justice model
		Agreement on fiscal federalism

d) Institutional Frameworks

The lead institutions and ministries for inclusive politics are MIOFAR, MOCA, and the OPM, which is responsible for coordination. There are also 13 other institutions, including ministries, involved in the inclusive politics pillar processes.

In order to implement an inclusive political process, the Inclusive Politics Pillar (IPP) Sub-Cabinet Committee (SCC) will provide strategic leadership, coordinate, facilitate, integrate and monitor the various activities in the Inclusive Politics Roadmap. The Cabinet Subcommittee is tasked with ensuring that all Roadmap milestones are expedited by the rest of the Cabinet, the Parliament and other key stakeholders before the 2020 elections.

The FNTC was established by Prime Ministerial decree to facilitate negotiations between FGS and FMS. It consists of 11 members – five members from FMS, two from the OPM, and one each from the Office of the President (OoP), MOIFAR, BRA, and Somaliland. It is a virtual body that meets periodically in the capital and FMS capitals. FNTC proposals go through the NSC then to the CoM and the MOCA/OC, and finally submitted to Parliament for ratification and/or enactment. FNTC activities are milestones and benchmarks of the line ministries.

The resolutions of the National Security Council (NSC) on contentious issues are collected by MOCA which passes it over to ICRIC to translate them into legal language and/or policies, which are reviewed by the OC to ensure parliamentary buy-in. The OC also conducts civic education and public outreach for both sensitization and soliciting feedback to be incorporated into the Constitution by ICRIC. The NSC also doubles as the intergovernmental relations forum to reach political, security and economic decisions.

However, of late, the FNTC has not been fully operational due to the changes in FMS leaderships, coupled with delayed and irregular NSC meetings. Both old and new FMS leaders either suspended or replaced their respective FNTC representatives without appointing their replacements. Moreover, since June 2018 the NSC has met only once, in May 2019 in Garowe, but did not reach any significant agreement.

Table 8: Mapping of Inclusive Politics Institutional Actors at Two Levels

Levels↓	Lead Ministries & Institutions	Other Ministries/Institutions	Development Partners
Federal/National Level	1. Ministry of Interior (MOI/FAF)	1. ministry of internal security	1. EU
	2. Ministry of Constitutional Affairs	2. ministry of Defense	2. Norway
	3. NIEC	3. Ministry of Fisheries and Marine resource	3. Sweden
	4. FNTC	4. Ministry of justice	4. Switzerland
	5. Boundaries & Federation Commission (BFC)	5. Ministry of women & Human Rights	5. Denmark
	6. National Security Council (NSC)	6. Ministry of Petroleum and	6. USAID
		8. Office of the President	7. UN
		9. OPM	8. DfID
	7. Oversight Committee (OC)	10. ACU	9. UN Women
	8. ICRIC	11. Ministry of Finance	10. UNDP
		12. Ministry of Transportation and Aviation Services	11. UNSOM
		13. Ministry of Foreign Affairs and International	12. UN JP WPE
			13. UN MPTF/PBF
			14. UNSOM IESG
FMS/Sub-national Level	1. Ministry of Federal Affairs		
	2. Ministry of Constitutional Affairs		
	3. Ministry of Internal Affairs		
	4. FMS Electoral Commission		

2.3. Gaps for the Development of the Sector

The development of the above-discussed institutions and legal and policy instruments represent improvements in the inclusive politics sector of Somalia. However, some very important policies and legal and institutional frameworks to address the inclusive politics pillar agenda in Somalia are yet to be established and finalized. These include: election dispute resolution mechanism, voter registration and public outreach policy, and mechanisms for ensuring the full participation of women and minority and marginalized groups in the next elections.

Similarly, there are gaps in the legal framework for the inclusive politics pillar including: political parties and electoral laws, citizenship law, and federalization legal frameworks. In the absence of political parties and electoral laws, the NIEC is unable to start its work and operate effectively.

In other words, existing policy and legal instruments do not adequately meet the needs of Somalia's political process. This is so because most of the instruments lack the clarity in defining the roles and responsibilities, as well as properly guiding the actions of the various institutional actors and stakeholders involved in the consolidation of inclusive political processes in Somalia.

For instance, the PC, which is the most important legal instrument, is incomplete, unclear and contradictory. This lack of clarity is epitomized by the articles of the constitution regarding roles in state formation (Articles 49(1) and 49(6)), the allocation of natural resources of Somalia (Article 44), and Articles 90 and 100 on the powers of the President and the PM. In addition, Article 49(6) does not clearly explain how subnational states, which may merge to form a FMS, are to be established themselves in the first place. This makes the review and finalization of the PC through an inclusive process a strategic imperative for long-term peacebuilding and state-building in Somalia.

There are other critical political issues stipulated in the FGS 2018-2020 Inclusive Politics Road Map in Somalia, the resolution of which is still pending. These include the Somaliland dialogue, and the resolution of contested areas such as Sool & Sanaag.

Progress is not helped by the fact that many of the institutions that are critically important for dealing with inclusive political issues in Somalia are absent in the current institutional framework. These include: Local councils; National Truth and Reconciliation Commission (NTRC); Federal Constitutional Court; Anti-corruption Commission; and Human Rights Commission.

In addition to these gaps, existing institutional actors lack the capacity to carry-out their mandated core state functions. Assessing the inclusive politics institutional actors against the implementation of FGS priorities for 2017-2019 and 2018-2020 stipulated in the Somali NDP-8 and the FGS Inclusive Politics Roadmap respectively, demonstrates the institutional capacity shortfall. Two years down the line, and spilling over to the third and final year of NDP-8, most of the inclusive politics targeted priorities dealing with elections, CRP and decentralization have not been fully achieved.

Some of the achievements include agreements on resource-sharing and the electoral model coupled with the cabinet endorsement of the electoral law and enactment of the petroleum law. In addition, the NIEC commenced political party registration bringing the total to 39 parties awarded with temporary certification to date. The lack of significant progress in the implementation of the inclusive politics priorities and milestones for 2017-2019 is partially due to the weakness of national institutions.⁹⁶

3. Major Challenges, Opportunities and Lessons Learned

3.1. Major Challenges

While modest progress is being made, the continuous standoff and tension between FGS, FMS and crises resulting from competition for power and resources, complicated by the weakness of national institutions,

⁹⁶ National Development Plan (NDP), Mid-Term Review (MTR) Draft Report, 19 February 2019

ambiguities in the Constitution and teething problems relating to the emergence of federal arrangements, is slowing progress towards the achievement of NDP-8 inclusive politics pillar priorities and milestones.⁹⁷

In today's Somalia, centrifugal tendencies persist and questions surrounding the nature of federalism remain the point of contention.⁹⁸ As a matter of fact, the thorniest political issue, that could either make or break Somalia, has been the country's federal system. The nature and process of Somalia's federalism remains ill-defined and continues to lead to endless confusion and political instability. The PC is not clear on some of the key issues.

A major challenge as outlined in Somalia's Vision 2016 and again in the Roadmap to 2020 is the articulation of an institutional structure to replace the currently fluid political arrangements that balance state and federal power. The completion of the CRP is requisite for advancing Somalia's federalism project and ensuring overall stability and prosperity. Unfortunately, the CRP is highly vulnerable to the volatile centre-periphery relations.

Clannism which is at the heart of political divisions and a major contributor to low levels of trust continues to play a central role in perpetuating political instability in Somalia. Clans continuously contest the current and future distribution of resources and power. These contestations engender grievances, lack of cohesion, inter-clan tensions, and sometimes, violence.⁹⁹ This is further compounded by the 4.5 clan-based power sharing formula which unintentionally institutionalized clannism as a political system in the country further dividing the Somali people and perpetuating political instability.

In the absence of local reconciliation, disputes among political entities over borders and territory, natural resources, as well as clan tensions over control of nascent administrations continue to persist. These divisions have resulted in some of the country's deadliest armed conflicts. These include the long-running conflict in the Sool and Sanaag regions. Such conflicts have the potential to endanger the viability of the broader federal state project.¹⁰⁰

Moreover, the security threat posed by Al-Shabaab is more of a political challenge than a military problem. Al-Shabaab is not inherently strong, but gets its strength from lack of/weak inclusive political processes, weaknesses in governance, lack of reconciliation and clan divisions, the absence of institutions that can deliver citizen security and justice, a reliance on a militaristic approach and coercive instruments that result in collateral damage and grievances, and a flawed state formation processes that contributes to exclusion, marginalization and further grievance. Based on this analysis, there is an emerging view that AS gets its strength and resilience by exploiting the grievances of communities and clans to advance their terrorist agendas.

⁹⁷ National Development Plan (NDP), Mid-Term Review (MTR) Draft Report, 19 February 2019

⁹⁸ Dominik Balthasar, *Somalia's Federal Agenda: From Fragility to Fragmentation?* Brief 17, European Union Institute for Security Studies, June 2014

⁹⁹ African Development Bank Group, *Somalia Bank Group Country Brief 2017-2020*, East African Regional Center, September 2017

¹⁰⁰ UN Strategic Framework, *Somalia*, 2017-2020

The problems of state fragility, contested authority, impunity, corruption, weak governance and political violence are intertwined and mutually reinforcing and provide conditions for Al-Shabaab to continue to operate by filling the gaps created or unaddressed by the state.¹⁰¹

Moreover, as mentioned in Chapter 2 on NDP-9 consultations, the main causes of poverty as perceived by stakeholders include: political instability; persistent tensions between federal and state governments; political exclusion; clannism; and political and power-sharing structures. Political exclusion was described as being unable to participate in or influence political processes in which corruption is rife and as being a contributor to continued poverty in Somalia. Similarly, a lack of representation in politics and political instability were identified as key drivers of insecurity, while political and power-sharing structures were seen as factors hampering regional development.¹⁰²

The outcome of round two NDP-9 consultations confirmed the lack of political inclusivity, reconciliation and public trust as the main political challenges and clannism as the creator of mistrust. Federalism, in its current form, has been described as structured clannism and a source of division. However, according to some stakeholders leadership deficits make Federalism look bad, and if political leaders worked with one another, the country could move forward.

This analysis can be extended to the challenge of social inclusion, and in particular the participation and representation of women in Somalia's political process, such as the CRP and the state and national electoral processes. Sustainable economic and social development will be built on such inclusion. Important progress was made in this regard in the 2016 electoral process, although the target of 30 percent representation on electoral ballot papers, in electoral colleges and in election outcomes was not reached. Efforts are therefore still needed to ensure the gender dimension of inclusion is properly addressed by the country's politics.

3.2. Major Opportunities for the Sector Development

Following a decade of intense conflict during the 1990s, recent years have seen an iteration of encouraging transitions, laying the foundations for a more stable political settlement. Most importantly, a security transition, facilitated by the ousting of Al-Shabaab from key urban areas including the capital Mogadishu, opened up the space for political dialogue. Secondly, the 2011 agreement to adopt a federal system enshrined in the 2012 PC opened the way for two electoral processes that generated momentum and support for the FGS. Thirdly, wide-ranging institutional reforms have improved public finances and the regulation of the economy helping to address inequities sustained by vested interests. As a result, the country faces a unique opportunity to escape from protracted political crisis and form consensus on the basics of a rules-based governance system.¹⁰³

The Somali people overwhelmingly accepted the election of the country's new Parliament through a politically negotiated, limited-franchise 2016 electoral process and the indirect election of a new President by that legislative body. These results indicate that Somalis are becoming accustomed to a peaceful

¹⁰¹ UN Strategic Framework, Somalia, 2017-2020

¹⁰² The 9th Somalia National Development Plan (NDP-9), Report of the First Round of Stakeholder Consultations, January-February 2019

¹⁰³ World Bank Group, Country Partnership Framework for the Federal Republic of Somalia, for the Period FY19-22, August 29, 2018

transfer of political power, which also occurred in 2012 following a politically negotiated “selection” process conducted by a far smaller and less inclusive body of electors consisting of 135 male clan elders.¹⁰⁴

Despite such challenges, there are a number of opportunities to consolidate the gains and make progress towards a durable political settlement. Some of the main opportunities include:

- Significantly improved public political participation across the country.
- Overall developing state capacity.
- Vibrant civil society.
- Nearly completed federal structure.
- Robust international support for a strong, democratic and stable Somalia.
- Increased representation of female and youth in the 10th parliament.
- Public fatigue of conflicts, clan-based political systems and anarchy.
- The high usage of technology, particularly telephone among the Somalis presents immense opportunity and platform for electoral processes.
- Positively changing regional dynamics, improved diplomatic relations and thrust towards regional economic integration in the HoA.

The list highlights the opportunity of women’s inclusion in Somalia’s political process, as the “flip-side” to the challenge described earlier. Here, it may be noted that Somalia’s progress towards political stability and the development of government institutions that this will allow, at both federal and state level, opens up the opportunity for progress to be made in terms of women’s representation in the civil service work force. Acting on such opportunity will be as much an act of political inclusion as improving representation in the electoral process.

4. Lessons Learned

Lesson Learned on Assumptions

- That the threat of Al-Shabaab is more of a political challenge than a military problem – focus and efforts should be exerted on addressing the priority political tasks that will restore public confidence and pave the way for establishing legitimate governance and institutions.
- That federalism is not a panacea by itself and could be a driver of violent conflicts in Somalia, if it is not implemented within the context of inclusive legitimate processes, consensus building, political accommodation and reconciliation.

Lessons Learned on Objectives, Means and Actors

- Inclusive politics pillar state institutional actors mandates and objectives should be matched with commensurate institutional capacities to perform core state functions and resource commitments as key determinants of success and performance legitimacy.
- In order to create enabling environment for the accomplishment inclusive political processes gaps in the policy and legal environments must be addressed.

¹⁰⁴ African Union and United Nations Information Support Team (AU/UN IST), Policy Brief on the End-Line Survey of Citizens’ Perceptions of Peace and Stabilization Initiatives in Somalia, March 2018

- Inclusive federalization, constitutional review and electoral processes ensure legitimacy.
- Importance of restoration of public confidence in a post-conflict context such as Somalia in improving and transforming state-society relations.
- There is need for peacebuilding and reconciliation processes that are realistically grounded on Somalia's political context, as well as build on and strengthen existing national institutions and capacities for peace.
- In order to move forward constructively and overcome political instability, Somalia needs to start building institutions and identities that span regional and clan divides (including political parties).¹⁰⁵

5. Strategies and Interventions

5.1. Rationale and Alignment

The key driving forces of the dynamics shaping the future of Somalia presently at work can be broadly divided into the following four categories: political, security, justice, and economic issues. The political issues are the most critical driving forces determining the future prospects of Somalia. However, the political forces are also affected by the security, justice and the economic factors to have either positive or negative impact on the future of Somalia.

In its meeting held in May 2019 in Garowe, Puntland, the National Development Council (NDC) assessed and decided the three main national priorities of the NDP-9 for the next five years (2020-2024) to be Inclusive Politics, Security and Rule of Law, and Economic Development.

Promotion of political stability, national unity, political and social reconciliation were, amongst others, proposed as priority poverty reduction strategies in Somalia by the key stakeholders during the NPD-9 first round consultations. The stakeholders also underscored reconciliation between the different communities in the respective regions, as well as the promotion of trust-building between the government and the people as a critical factor. Additionally, the importance of strengthening the capacities of local leadership and institutions, accountability, transparency and effective service delivery to build trust in and respect for government was stressed by the stakeholders.¹⁰⁶

During round two consultations, the issue of trust building among the Somalis in its post-conflict situation and the need for comprehensive reconciliation to address the trust issue at different levels of the society, was unanimously raised. The establishment of a constitutional court, good governance, awareness-raising on federalism, laws governing FGS-FMS relations, the inclusion of fundamental human rights in the CRP, and resolution of the Somaliland issue were proposed by other relevant stakeholders.

The aspirations of the Somali people can be realized through establishing inclusive political processes and promoting comprehensive reconciliation at all levels in the country. Therefore, the successful completion of decentralization, finalization of the constitution and democratization through inclusive political dialogue and reconciliation processes will lead to political stability and restoration of public trust. This will

¹⁰⁵ Dominik Balthasar, *Somalia's Federal Agenda: From Fragility to Fragmentation?* Brief 17, European Union Institute for Security Studies, June 2014

¹⁰⁶ The 9th Somalia National Development Plan (NDP-9), Report of the First Round of Stakeholder Consultations, January-February 2019

in turn enhance the possibility of successful attainment of the security and rule of law, economic and social development, and poverty reduction priorities.

Due to the overriding importance of reconciliation and restoration of public confidence among citizens and in their governments, reconciliation is considered as a priority crosscutting strategy. For reconciliation and trust-building purposes, the NDP-9 will adopt and support the implementation of the National Reconciliation Framework (NRF). The framework has been developed through Somali owned and driven process. It speaks to the root causes and dynamics of the conflict, and is based on Somali culture, values and context. In addition, the framework is designed to build on and strengthen the existing national and local capacities for peace.

In order to build the capacity and legitimacy of inclusive politics pillar institutional actors to carry-out core state functions, institutional capacity development is included as a priority crosscutting strategy as well.

Furthermore, inclusive politics pillar solutions, instruments and interventions will be formulated and implemented in a manner that ensures inclusive political participation for all segments of the society. The importance of significant – not token -- women's inclusion in political processes should again be highlighted in this regard.

Therefore, the proposed pillar priority strategies and interventions are part of a multi-dimensional strategic framework geared towards sustainable poverty reduction by addressing the key drivers of poverty. These strategic interventions are aligned with the aspirations of the Somali people, the FGS Political Roadmap and Sustainable Development Goals (SDGs) 1, 5, 10 and 16.

5.2. Strategic Objective:

The overriding strategic objective of Pillar 1 of the NDP-9 is to achieve a stable and peaceful federal Somalia through inclusive political processes and effective decentralization.

5.3. Core Inclusive Politics Priority Strategic Interventions

a) Federalism and Decentralization

Strategy 1: Deepening the Federalization Process

Interventions include:

- Review and development of the policy and legal frameworks necessary for the federalization process.
- Improve relationship between the federal government and federal member states, and establish inter-governmental relations offices.
- Determine status of Mogadishu within the federation.
- Raise public awareness of the federal system.
- Resume and strengthen the FGS-Somaliland dialogue.
- Encourage heightened levels of women's representation in FMS elections.
- Supervise and monitor FMS elections.
- Further deepen fiscal federalism:

- Harmonize tax system and revenue redistribution to balance inequalities through the National Revenue Bill.
- Agree revenue sharing from national natural resources.
- Complete the framework on the licensing and sharing of petroleum and offshore fishing resources.

Strategy 2: Stabilization and Establishment of Local Governance

Interventions include:

- Implement the National Stabilization Strategy (NSS) and State Stabilization Plans:
 - i. Community Recovery
 - ii. Social Reconciliation
 - iii. Local Governance
 - iv. Rule of Law
- Establish national and state stabilization coordination structures to conduct regular meetings and set evidence-based priorities including through Government-led joint assessments e.g. community engagement in recovered areas and Fragility Index and Maturity Model (IMM).
- Ensure the voices of women, youth, the displaced and other vulnerable stakeholder groups are represented in stabilization coordination structures.
- Provide predictable, balanced and flexible resources to support a) stabilization activities in newly recovered areas (NRAs), b.) implementation of Wadajir Framework, and (c) institutional capacity of FGS MoIFAR/ FMS Ministry of Interior (MoI)
- Support and monitor the stabilization plans of FMS through adoption of the NSS.
- Support NRAs and fragile areas through implementation of community recovery projects and extension of basic state services for the people.
- Coordinate national stabilization efforts and organize Comprehensive Approach to Security (CAS) Strand-3 meetings on stabilization at federal and FMS levels.
- Develop and enact the Local Government Act (LGA)
- Re-establish and complete local/district councils.
- Further deepen (where exist) or establish decentralization frameworks for local governments with a clear division of labor between local governments (districts) and state (federal) levels.
- Establish intra-state fiscal decentralization arrangements for local governments including a proper system of:
 - Expenditure assignment;
 - Revenue assignment;
 - Fiscal transfers.

The FGS will expedite the process of establishing local governance structures to fill the gaps created by the absence of effective government institutions that are capable of delivering state services and managing social or inter-clan conflicts to restore public confidence and ensure local stability. In doing so,

care will be taken to ensure that such structures are properly representative of all parts of local society, including women and the youth.

The security situation in the newly recovered areas (NRAs) has improved, but still remains fragile and the gains can be reversed if not consolidated. The main risks are the absence of effective government institutions that are capable of delivering state services and managing inter-clan conflicts. This is exacerbated by Al-Shabaab exploiting local (clan) grievances and taking advantage of the absence and/or failure of governmental entities to provide rule of law and basic services to the people. It underscores the importance of stabilization interventions in NRAs and other fragile areas.

Inclusive and accountable approaches to peacebuilding and state-building across the focus areas of the stabilization strategy will and should reflect the FGS's commitment, strategies and policies related to P/CVE and the inclusion of women, youth and other vulnerable or under-represented groups. Therefore, stabilization interventions are collectively intended to remove conflict drivers that are exploited by Al-Shabaab, and replace them by developing more inclusive, accountable and democratic structures. To support such inclusive approaches, the NSS recommends that programme interventions should aim to utilize 30% of available funds in support of gender and diversity based initiatives.¹⁰⁷

The Wadajir Framework for Local Governance, which was adopted in November 2015, outlines a series of measures focusing on the third-tier of the government structure: the district level. The Wadajir Framework is built on the notion that each government function should be performed by the lowest level of government that is capable of performing that function effectively, while maintaining sufficient coherence within the state and society structures. Decentralized governance arrangements and service delivery is pivotal in building incremental trust between citizens and federal, state and local government.

Therefore, implementation of the Wadajir Framework for Local Governance will be an extension of the government's bottom up approach to political and local security stabilization.¹⁰⁸

Local Government is the third and lowest tier of elected, representative government in Somalia and is crucial to building confidence in government structures because of its close proximity to citizens – and likelihood of it being the first encounter for people with government.

b) Constitution Review Process (CRP)

Strategy 3: Finalization, ratification and implementation of the Constitution

Interventions include:

- Gender-inclusive civic education and public awareness-raising both during the review and after the finalization of the Constitution.
- Finalize and CRP and ratify the new Constitution through a National Constituent Assembly in lieu of Referendum.
- Implement the Constitution by harmonizing all the laws of the state with the ratified Constitution.

¹⁰⁷ Federal Government of Somalia, Ministry of Interior, Federal Affairs and Reconciliation and Federal Member States, Stabilization Strategy 2018-2020, Version 2.0 Updated September 2018

¹⁰⁸ Federal Government of Somalia, National Development Plan 2017-2019 (NDP-8), December 2016

- Develop and enact Constitution Referendum Act

In addition to these strategic interventions, other crucial components of the CRP include political and technical review, inclusive validation and parliamentary adoption of the reviewed constitution. A national referendum on the Constitution will be conducted throughout Somalia once the security situation improves country-wide and a political resolution reached on the FGS-Somaliland unity issue.

Civic education will also be undertaken as a national process that will incorporate a series of structured consultations and dialogues aimed at including all segments of the society and public – in particular, women and young adults -- to capture and incorporate their views and encourage broader acceptance and validation of the Constitution.

A well sequenced implementation of all these components will enable a meaningful engagement and participation of all sections of the citizenry which is a critical guarantor for a legitimate constitutional process that is key for sustainable peace and rule of law and protection of human rights in Somalia.

Furthermore, the CRP will be considered and conducted as inclusive national reconciliation process that produces a new social contract which attends to the national issues, meets the needs and promotes the values of the Somali people.

Finally, a CRP that culminates in a genuinely Somali-owned and drafted constitution could be the panacea for the systemic problems, deep-rooted institutional and social ills that have impeded successful peacebuilding and state-building for nearly three decades in Somalia. Therefore, the CRP and its finished product will serve as a cornerstone for ending Somalia's perpetual transition and clan-based political system, and for restoring stable constitutional governance in Somalia.

c) Fair and Credible Elections

Strategy 4: Preparation and conduct of fair and credible elections in 2020/21 and 2024

Interventions include:

- Complete multiparty democratic system in the country: Roll-out a plan for the official registration of trans-clan/region political parties with national agenda and followership in at least 9 regions.
- Register all eligible Somali voters at/above the age of 18 years across the country.
- Conduct gender-inclusive voter education and public awareness-raising in partnership with the youth and CSOs across the country.
- Deliver fair and credible democratic elections contested by political parties in 2020/21 and 2024.

Some of the principles agreed upon by the Electoral Working Group include the commitment of safeguarding the rights of women and other vulnerable groups through the envisaged electoral process.

Besides, in order to ensure inclusive political participation, the National Independent Electoral Commission (NIEC) engages and delivers for women, minority and marginalized groups through its activity plans, legal frameworks and organizational structure. It provides women, people with disabilities (PWD) and minority communities with access to and includes them in its national and state level workforce. The

requirements for registering political parties include their inclusiveness in terms of gender, clan and regional dimensions. Additionally, the electoral law stipulates a 30% quota for women representation in the federal parliament and state assemblies. Moreover, it requires that, out of the 51 electoral delegates selected for conducting by-elections to fill vacant parliamentary seats, 16 are women, 10 youth and 25 elders.

Furthermore, during the NDP-9 period, it will be a strategic imperative for Somalia to earnestly launch the process of structurally depoliticizing the clan system and de-clanizing the political system in Somalia to positively influence the country's successful trajectory in the transition from instability to lasting peace and stability. Therefore, concerted efforts must be exerted to support the introduction of a multi-party system and universal suffrage elections in 202/21 and 2024 in order to establish a functional democratic state in Somalia and end the protracted, highly divisive clan-based political system.

5.4. Crosscutting Inclusive Politics Priority Strategies and Interventions

a) Reconciliation – National Reconciliation Framework (NRF)

Strategy 1: Laying the ground for genuine and comprehensive national reconciliation for the Somali people to restore trust among themselves and confidence in government and its institutions that result in peaceful coexistence and the reconstruction of relationships.

Interventions include:

- Implement national reconciliation plan and process (NRF) at the federal level and devolve to FMS, district and village levels.
 - i. Renew a national social contract by developing a shared vision of an interdependent, fair and secure society:
 - National Reconciliation Process Mobilization and Campaign
 - Recording, documenting and disseminating/amplifying positive events and stories related to peace and reconciliation
 - Development of comprehensive National Reconciliation Process (NRP) strategic communications
 - ii. Acknowledge and deal with the past
 - Break the cycle and explore ways to address the past through preliminary conferences geared towards finding lasting solutions
 - Identify and form Reconciliation Committee before the actual Truth and Reconciliation Commission (TRC) is formed
 - Draft Act for “Truth and Reconciliation Commission” (TRC) and identify and mobilize TRC
 - Societal Healing/ trauma-healing
 - iii. Restore and transform community relationships
 - Resolve and prevent active conflicts
 - Form/activate District-level Inclusive Peace and Development Committees
 - Federal Government and Somaliland Dialogue

- Forma Unit for Peace and Conflict mapping
 - iv. Build trust in government institutions and structures
 - Form and capacitate service-delivery government institutions (Local Councils)
 - Forma and capacitate Reconciliation Directorate in the MoIFAR Structure
 - v. Support economic and social recovery activities
 - Nurture peace and establishing peace memorials/monuments
 - Revive Somali Cultural Heritage
 - vi. Ensure adequate representation of women, youth and other vulnerable groups in reconciliation plans and processes.
- Resolve existing political disputes in certain FMSs and, in particular revive the FGS-Somaliland dialogue in a manner that ensures national harmony and unity.

The political, social and religious reconciliation activities envisaged in the NRF should be undertaken in order to prevent and resolve local and national political disputes that endanger the viability of the federal system, as well as counter the Al-Shabaab strategy of exploiting clan rivalries and the grievances of marginalized communities.

The incorporation of an inclusive approach into the design, development, and implementation of the NRF is significant because there are entrenched cultural values which prohibit women, youth and minorities from participating in particular public events. Therefore, the community mobilization process will be specially developed to counteract these gender, youth and minority imbalance.

Moreover, NRF coordination mechanisms and implementation will be inclusive, representative and participative consisting of all sectors of society including women, youth and marginalized groups. Representation from every group (men, women, youth, religious leaders, traditional elders, disabled and minorities) is critical in all NRF interventions. Additionally, intentional space will be created for all those traditionally excluded from public decision making roles with focused attention on mobilizing women, youth and minorities' voices and leadership. The NRF will support an inclusive approach in all levels of the process.¹⁰⁹

Finally, reconciliation is a prerequisite for the successful realization of all the other inclusive politics priorities. Because reconciliation is itself a process of restoring, rebuilding and even renewing positive relationships, a process of healing, repairing and recovering, a process leading to transformation and substantial attitudinal and cultural change towards lasting peace.

b) Institutional Capacity Development

Strategy 2: Capacity development of inclusive politics pillar institutions to carry out their mandated core state functions and improve their performance legitimacy.

Interventions include:

- Develop a robust capacity development programs for Lead Inclusive Politics Institutions.

¹⁰⁹Ministry of Interior, Federal Affairs and Reconciliation, National Reconciliation Framework, Version 8, March 7, 2019

- Institutional capacity development of NIEC:
 - Construct NIEC HQs which houses administrative offices, equipment, centre for electoral information and counting
 - Establish NIEC offices in all FMS
 - Develop administrative framework (country-wide election administration capacity) – regulations, codes of conduct, policies, systems, procedures and protocols
- Develop capacity for legislative bodies – federal parliament/senate, and state assemblies
- Develop capacity of local governments/district councils.
- Find funding mechanism for local councils and raising public awareness about local governance system.
- Strengthen Executive Coordination and Governance.
 - Invest in policy development skills and numbers of trained personnel.
 - Improve coordination of Cabinet Office including document management, agenda preparation, required systems and processes.
 - Improve M&E oversight skills and numbers of trained personnel.
 - Build leadership capacity in government on oversight and delivery against results frameworks.
 - Establish a national database centre and strengthen statistical capacity and information management.
 - Strengthen planning skills and numbers of trained personnel.
 - Build recovery programme management capacity within federal and state planning ministries.
 - Develop a legislative framework and related consultations on recovery and reconstruction of governance sector.
- Ensure the representation of women and younger adults in the development and staffing of political institutions, promoting improvements in rates of senior level inclusion.

The capacity development of inclusive politics institutional actors must be informed by institutional diagnosis and designed in a manner that considers the full range of the main institutional capacity areas – stakeholder ownership, policy instruments, and organizational arrangements.

6. Prerequisites and Risks

As unanimously concurred by almost all stakeholders, realization of inclusive politics is a prerequisite for improvement of security and rule of law, economic growth and social development. However, there are some prerequisites and risks associated with this pillar that will need to be managed. These include:

- Political resolution/agreement on the critical issues of the federal system and the contentious issues of the Constitution.
- Completion of the requisite electoral legal framework – election law, political party's law, etc.
- Enactment and implementation of the Local Governance Act (LGA).
- Political will and commitment of national/subnational leaders and governmental entities.
- Sustained security gains to recover territories from AS in order to further the writ of the FGS and enable achievement of its long-term statebuilding objectives and hold country-wide elections.
- Proper security planning and coordination for voter registration, elections, and referendum.

- Federated approach to security – agreement on the integration and formalization of armed groups and forces into a federal structure; and disengagement of AS fighters into the society.
- Anti-corruption Commission, laws, processes and systems – criminalize/outlaw vote-buying.
- Federal Justice Model, Justice Service Commission (JSC) and Federal Constitutional Court.
- Human Rights Commission, laws, and inclusion of fundamental human rights in the CRP.
- Enactment of the revenue-sharing law to enable effective and transparent contracts with foreign operators in the petroleum sector.
- Devolution of ministries and institutions to bring government presence, public services delivery and access closer to the local people.
- Adequate domestic revenue and government budget for NDP-9 inclusive politics interventions.
- Commitment of the international community, including donor support.
- **Do No Harm:** ensure interventions have positive impact on the situation – avoid adding new conflictual dimensions to the complex political situation or reverse gains made so far in Somalia.

7. Outcomes and Indicators

The long-term expected pillar outcome/impact: stable and peaceful federal Somalia with well-established politically inclusive, effectively decentralized and functional democratic system.

The expected outcomes, outputs/results and indicators of the strategic interventions are summarised in Table 9, below:

Table 9: Inclusive Politics Outputs, Outcomes and Indicators

Expected Outcomes	Expected Outputs/Results	Indicators to Monitor
Outcome 1: formal federal system deepened and state powers effectively decentralized	<ul style="list-style-type: none"> • Necessary policy and legal frameworks for federalism developed and enacted • Inter-governmental relations between FGS and FMS improved • Status of Mogadishu within the federation determined • CE delivered and public understanding about federalism enhanced • FGS-Somaliland dialogue resumed • Legality and validity of FMS elections ensured • Decentralized revenue-sharing and fiscal arrangements adopted and implemented • Stability in Somalia's fragile areas improved and community cohesion strengthened through NSS • Local governance structures and district councils established • Proper decentralization frameworks for local governments with a clear division of labour between local governments and state levels deepened and established • Functioning intra-state fiscal decentralization systems established 	<ul style="list-style-type: none"> • Number of policies and laws formulated and enacted • Number/frequency of FGS-FMS meetings, agreements, joint activities and outcomes • Availability of Act on the status of Mogadishu • Number of civic education activities delivered • women and youth as a % of participants in civic education activities • Frequency/number of FGS-Somaliland dialogue forums and outcomes • Number of FMS elections supervised and monitored • Representation of women in FMS Assemblies • Availability of agreement, policies and laws and, respective FGS-FMS proportions of resources and revenues shared • Number of recovered and fragile areas stabilized and community recovery projects delivered • Number of local/district councils established
Outcome 2: Federal Constitution of Somalia finalized, ratified and implemented	<ul style="list-style-type: none"> • CE delivered – Public participation in the review process and understanding of the Constitution promoted • National referendum law enacted and new federal constitution ratified • All state laws harmonized with the newly ratified constitution 	<ul style="list-style-type: none"> • Number of civic education activities delivered • women and youth as % of participants in civic education activities • Availability of a new, ratified Federal Constitution • Number of laws harmonized with the newly ratified constitution

<p>Outcome 3: fair and credible elections delivered in 2020/2024 and functional democratic system established</p>	<ul style="list-style-type: none"> • Effective Political parties formed and officially registered • All eligible voters registered • CE delivered – Informed electorate aware of its rights and duties 	<ul style="list-style-type: none"> • Number of political parties registered and regions covered • Number/% of eligible voters registered • Number of civic education and public awareness-raising activities delivered • % of female candidates • % of female candidates elected
<p>Outcome 4: People's trust among themselves and confidence in all levels of government restored</p>	<ul style="list-style-type: none"> • NRF/processes devolved and implemented at all levels in the country • Political disputes in FMS and Somaliland issue resolved • Peaceful co-existence and relationships built 	<ul style="list-style-type: none"> • Number of areas NRF is devolved to and implemented • Number of reconciliation activities delivered • % of people targeted/beneficiaries of reconciliation activities • Number of conflict issues – political, social, religious – resolved
<p>Outcome 5: institutional capacity to carry out core state functions established</p>	<ul style="list-style-type: none"> • Robust capacity building programs developed and implemented • NIEC's institutional capacity for effective election management strengthened • Adequate local government capacity for effective leadership and improved service delivery established • Enhanced Public understanding of local governance and local council's access to resources ensured 	<ul style="list-style-type: none"> • Number of institutional actors capacitated • Number of inclusive politics priorities and milestones achieved • Number of local/district councils benefited from capacity development • % or amount of funding/resources availed to local councils • Number of local governance awareness-raising projects delivered • Women as a % of the institutional workforce

8. Pillar 1: Inclusive Politics 5 Year Action Plan

PILLAR	STRATEGIES	2020	2021	2022	2023	2024
PILLAR 1: INCLUSIVE POLITICS	Deepening of federalisation	Policy & legislation development				
		Improve FGS-FMS relations & establish IGR offices				
		Raise public awareness of federalism				
		Supervise & monitor FMS elections (Galmudug)			Supervise & monitor FMS elections	
		Agreement on revenue sharing from natural				
		Review framework for licensing and sharing of		Graduate & formalize FMS status		
			Harmonize tax system & revenue distribution		Agree & formalize Mogadishu status	
					Strengthen FGS-Somaliland dialogue	
				Devolution to FMS of government and		
	Stablilization & establishment of local government	Implement NSS in fragile areas: Community			NSS coordination structures meetings	
		Supporting and monitoring the stabilization plans		Provision of resources to support		
		implementation of community recovery projects				
		Support Newly Recovered Areas through				
		Developmet & enactment of Local Government Act		Estanblish decentralisation frameworks with		
		Re-establish and complete District Councils		Specify intra-state fiscal decentralisation for		
	Impementation of the constitution	Civic education & public awareness raising				
		CRP political and technical review/negotiations				
		Validation conference, adoption by parliament, and		Harmonise state laws with new constitution		
					National Constitution Referendum Act	
					Conduct constitutional referendum	

PILLAR	STRATEGIES	2020	2021	2022	2023	2024	
PILLAR 1: INCLUSIVE POLITICS	Conduct fair & credible elections in 2020 & 2024	Complete electoral legal frameworks					
		Registration of national political parties					
		Voter registration					
		Voter education & public awareness raising					
		Conduct national elections					
				Registration of political parties			
				Voter registration			
				Voter education & public awareness raising			
			Conduct national elections				
	Cross-cutting imperatives	Embedding respect for human rights across all inclusive politics strategies; ;					
		Ensuring full participation of women and fulfilling representative quotas in electoral process					
		Capacity development of political institutions -- including the NIEC and District Councils; Strengthening of Executive Coordination & Governance					
		National reconciliation: National Reconciliation Plan implementation; Renew the socail contract; acknowledging the past; FMS dispute resolution					

CHAPTER 6: SECURITY AND RULE OF LAW (PILLAR 2)

Preamble

The formulation of the NDP-9 security and rule of law sector plan is informed by the poverty analysis and inputs obtained from stakeholder consultations, described in Chapter 2, which strongly identified the cost of conflict, and the impact of being denied access to justice or a sense of security, as causes of poverty. Improvements in both security and the rule of law within communities were likewise identified as important contributors towards poverty reduction, and as such contribute to progress in the other NDP-9 Pillars.

The content of the chapter is guided also by the principles and guidelines of the Security Pact agreed by the Federal Government of Somalia (FGS) and International Partners in May 2017. The strategies and interventions of Pillar 2 are selected to complement the three national development priorities selected by the National Development Council (NDC) in May 2019 -- Inclusive and Accountable Politics, Improved Security and Rule of Law and Improved Economic Development.

THE SECURITY SECTOR

1. Introduction

Under the heading of “Shared National Security”, the security sector pillar of NDP-9, shares a vision with domestic and international partners of an inclusive, sustainable and fitting national security structure. The NDP-9 outlines progress made in the past two years under NDP-8 in terms of structural, operational and managerial transformation in the security sector and sets out proposals that build upon ongoing efforts in security sector reform (SSR).

Following the collapse of central government and Somalia’s descent into civil war, security personnel joined tribal militias, pledging alliance and loyalties to tribal warlords. The security pillar of NDP-9 will continue to reverse this fragmentation by rebuilding an inclusive shared security structure and by winning people’s confidence in all aspects of state security apparatus. Doing so is a precondition for Somalia’s progress towards reducing poverty, adopting the rule of law (RoL) and good governance.

After many domestic initiatives and International interventions, Somalia is still a country deeply affected by nearly three decades of internal conflict, which has largely destroyed the country’s economic infrastructure and security and justice institutions. The national government established in 2012 led a process of peacebuilding, state-building and negotiation aimed at forging a new political settlement based on a federal model. Following the 2016 electoral process and with new national leadership there was hope of consolidating the gains made so far and accelerating progress towards long-term recovery and stability.¹¹⁰

Terrorism

¹¹⁰ Security Pact, London Conference, 11 May 2017

Historically, nation states have viewed security as an external threat to be addressed through foreign and defense policies. However, new global security threats such as terrorism and cybercrime threaten state security and blur traditional social and political lines. Somalia is threatened by interconnected internal and international terrorism networks, which are masked as internal insurgency. Al Shabaab and Da'ish with their international affiliations pose imminent threats to Somalia's security and statehood. Coping with the challenges from these terrorist organizations has required a broader coordinated response. Since terrorism is global security threat, Somalia's security policy must embrace national, regional and international security concerns.¹¹¹ In addition to contributing to the global theater against terror, the Somali state must tirelessly seek the confidence of Somali citizens and international partners to develop an effective coalition to defeat terrorists in order to advance long-term national development.¹¹²

Cyber Threats

Global developments in cyber security threats make it imperative to invest in cyber security, even though Somalia has yet to experience significant cyber-attacks. The management of today's digital global system has forced governments and private institutions alike to make national investments. Since cyber security has been recognized to be vital for financial and government institutions, employing modern information technology (MIT) is imperative to safeguard sensitive data or interruptions of business from the ever-growing sophistication of cyber-attack. In addition, MIT is an important part of developing countries' efforts to integrate their emerging economies into the global economy while at the same time enhancing their national security (Ngwenyama and Olga 2009). However, investing in MIT without effective national cyber security and cyber resilience institutions, capable of preventing cybercrimes and restoring services after cyber-attacks, could increase risk to the national security and economy, due to a false sense of security from MIT alone (Gagliardone and Sambuli 2015).

Maritime Security

Despite having the longest coastline in Africa of 3,330 km, Somalia's maritime and related economic security protection remains underdeveloped. The coastline represents a risk from a national security aspect, including arms and human trafficking, piracy, and as a channel for terrorists to move arms and personnel from the Middle East to the Horn of Africa. From economic and environmental perspectives, the risks include illegal foreign fishing activity, the dumping of toxic wastes and unregulated economic activity. This has made Somalia's waters some of the most dangerous on earth and has lost Somalia potentially billions of dollars of badly needed hard currency. The Federal Government of Somalia (FGS) has recognized the importance of marine security and in December 2018 established the Somali Marine Agency under the Ministry of Ports and Marine Transport to coordinate nationally the policies and activities in Somali seas.¹¹³

Securing Somalia's coastline, in addition to its security-related importance, has links strongly to the poverty reduction initiatives at the heart of NDP-9, including the revival of the country's "blue economy". A strong blue economy is expected to increase employment for youth make available entrepreneurial opportunities for new enterprises, attract international investment and inject new technologies into the sector. In this regard, the Somalia Ministry of Youth has underscored that poverty in Somalia is closely

¹¹¹ Federal Republic of Somalia, National Security Policy, 9 April 2016

¹¹² Federal Government of Somalia, National Development Plan (NDP) 2017-2019, December 2016

¹¹³ Office of the Prime Minister, December 10, 2018, Operationalization of the Somali Marine Administration Department

correlated with the high rate of youth unemployment.¹¹⁴ Rather than contributing the welfare of citizens, the blue economy of Somalia has become an idle resource and a contributor to insecurity and illegal activity. The Somali Federal Ministry of Fisheries and Marine Resources outlined in its Somali Fisheries Development Framework 2018–2020 of NDP8, the vital needs to revitalize the Somali blue economy sector.¹¹⁵

Water Security

Water scarcity is a significant cause of conflict in Somalia’s nomadic pastoralist societies. In recent history, the Horn of Africa has experienced recurrent drought due to global climate change and related environmental shocks, which contribute to poverty, displacement, biodiversity loss and conflict. Somalia’s primary water resources are the rivers of Jubba and Shabelle. Both originate in Ethiopia and flow into Somalia. The lack of a comprehensive bilateral water sharing agreement between Ethiopia and Somalia raises concerns for Somalia. Projects such as the Melka Wakana dam and hydroelectric power station, and other more recent projects on the Shabelle River, affect the lives of Somali agro-pastoralists on the other side of the border. A national water policy to regulate internal water management and a Somalia-Ethiopia bilateral agreement on the shared waters of Shabelle and Jubba rivers is therefore imperative. In 2017, the Drought Impact and Needs Assessment (DINA) commissioned by the Somalia Ministry of Planning in partnership with the European Union, the United Nations, and World Bank, found that, food insecurity and scarcity of drinking water, coupled with displacement, contributes to rural conflict, child malnutrition and water-borne disease.¹¹⁶

Human security, rule of law, economic development and poverty reduction

Security is essential for economic development and poverty reduction. Human security is key not only for the protection of lives and belongings of people, but also for their participation, movement and protection. The security sector links to people, at both the national and the individual level. Through greater security at the national level, an enabling environment is created for investment, economic activity and social stability. It moreover creates conditions in which effective and progressive government can take place.

At the individual level, security allows citizens to move freely and undertake activities without fear. Citizens and business owners have less to fear from extortion, violence and displacement. Security impacts positively on the well-being and advancement of women, in terms of their freedom of movement and pursuit of livelihoods.

In addition, a stable security situation directly impacts economic development and poverty reduction. For example, water scarcity is both a cause of insecurity issue and a brake on development. Water is not only necessary for human survival, but is also critical for agriculture and livestock – sectors of prime importance for Somalia in terms of economic growth and poverty reduction.

¹¹⁴ Somali Ministry of Youth and Sports, “THE NATIONAL YOUTH POLICY OF THE FEDERAL GOVERNMENT OF SOMALIA”

¹¹⁵The Somalia National Development Plan (SNDP) – Towards Recovery, Democracy and Prosperity 2017 – 2019. (pp.70)

¹¹⁶ Drought Impact and Needs Assessment (DINA), 2018 Volume One

Security is also linked to human development. It allows the participation of people and communities in events, discussions and discourses. It means that children can go to school and enjoy an undisturbed education. Security creates an environment where people can access public services without thinking about their safety, and where property and resource ownership can be protected.

However, security and the rule of law are also key challenges for Somalia's state building efforts; particularly as plans for the transition from the African Union Mission in Somalia (AMISOM) to national security institutions goes ahead. In this regard, effective and sustainable state building will require a gradual transition, based on consensus-building, towards the re-establishment of a monopoly over the means of violence, as well as functional rule of law.¹¹⁷

2. Status of the Security Sector

The FGS has identified security sector reform as a key National priority and initiated inclusive discussions with Federal Member States (FMS) to reach a political agreement on a federal security model and architecture. In the high-level meeting between the National President and Presidents of the FMS in April 2017 in Mogadishu, the FGS and FMS agreed the National Security Architecture (NSA).¹¹⁸ The NSA, which was endorsed by the National Security Council (NSC) in May 2017, seeks to address four key areas of reform required for Somalia's security forces and provide strategic direction:¹¹⁹

- (i) The numbers of Somali Security Forces (SSFs), military and police, and adapting civilian oversight role over on the security sector forces.
- (ii) The distribution of SSFs at the federal and state levels, Somali National Army (SNA) sectors realignment to reflect the new political dispensation and integration of SSFs so they represent the vision and aspiration of the new Somalia.
- (iii) The command and control of SSFs ensuring a greater clarity of the roles and responsibility of institutions both at the federal and state levels.
- (iv) An outline of fiscal responsibilities for respective SSFs at the federal and state levels.

According to the NSA, taking into considerations budgetary constraints, Somalia shall have at least 18,000 troops excluding the Special Forces (Danab), Air Force and Navy, of which 3,000 soldiers will be drawn from each of the five FMS and Banadir region. The 18,000 SNA Forces shall be distributed across modified SNA sectors redrawn to align with FMS boundaries as well as military need. The NSA also allows for the formation of 500 Danab Forces in each SNA sector with the input of the state governments, which will report to the Danab Brigade headquartered in Baledogle. Similarly, the NSA requires the Somali Police Force (SPF) to number 32,000 in total (including both federal and state-based police) by the end of 2017.

The NSA together with the Security Pact agreed between Somalia and international partners in London in May 2017 provide the parameters for building viable Somali security institutions and effectively implementing security sector reform. They will allow Somalia to gradually assume primary responsibility for security from AMISOM, as part of a conditions-based transition.¹²⁰

In the Security Pact, all partners endorsed Somalia's existing National Security Policy (NSP), which sets the framework for security institutions and decision-making in Somalia. The partners also endorsed the New

¹¹⁷ World Bank Group, Country Partnership Framework for the Federal Republic of Somalia for the FY19-22, August 29, 2018

¹¹⁸ United Nations Security Council, Report of the Secretary-General on Somalia (January-April 2017), 9 May 2017

¹¹⁹ Security Pact, London Conference for Somalia, 11 May 2017

¹²⁰ United Nations Security Council, Report of the Secretary-General on Somalia (May-August 2017), 5 September 2017

Policing Model (NPM) and the existing National Strategy and Action Plan for Preventing and Countering Violent Extremism (P/CVE), published in 2016.¹²¹

The NSP will guide national efforts to consolidate security institutions and policies into an overarching architecture.¹²² The purpose and strategic objectives of the NSP are to direct and coordinate relevant ministerial security and justice-related implementing strategies in the creation of a more secure, safer, and accountable Somalia. The following diagram illustrates the structure and basic outline and content of the policy: Part 1 is a definition of the purpose of the NSP and a description of the desired end-state in terms of vision, development and security objectives; Part 2 is analysis of the current and future strategic environment, available resources, threats and risks; and Part 3, ministerial implementing strategies that will be used to achieve the ends (Part 1).

Figure 37: National Security Policy



Strategic coordination of ministerial strategies takes place within the NSC with oversight provided by the National Security Advisor and National Security Office (NSO). However, responsibility for the operational management of individual ministerial implementing strategies rests with responsible ministers and the Council of Ministers under the direction of the Prime Minister (PM).¹²³

Following the December 2017 conference on security, the FGS and the international community (IC) agreed on a realistic, phased, conditions-based transition plan with clear target dates, drawing on the Operational Readiness Assessment (ORA), to gradually transfer security responsibilities from AMISOM to the SSFs. This transition plan and its implementation require close cooperation and partnership between

¹²¹ Security Pact, London Conference for Somalia, 11 May 2017

¹²² Federal Government of Somalia, National Development Plan (NDP) 2017-2019, December 2016

¹²³ The Federal Republic of Somalia, National Security Policy, 9 April 2016

the FGS, FMS, Banadir Regional Administration (BRA) and AMISOM, as well as the UN and other international partners.

The FGS strategy is to construct and implement a comprehensive approach to security transition that is not only military, but equally focused on progressing the political roadmap, constitutional reform, stabilization, local governance, and state-building, including the institutional expansion of local policing and justice. The FGS Transition Plan which was developed in 2018 is divided into three areas of focus:

- (i) Operational activities: The identification and prioritization of locations to be under full SSF responsibility, including the handover of locations from AMISOM, and the deployment of forces agreed in the NSA.
- (ii) Institutional capacity building: Implementation of institutional capacity building programs and plans including implementation of the NSA, recommendations from the ORA, policing, justice and civil service reform.
- (iii) Supporting activities: Aligning non-security force efforts to create the conditions for a sustainable peace, including stabilization, strengthening local governance, reconciliation, mediation, rule of law, socio-economic activities, and P/CVE activities.

The plan is divided into three phases up to the end of 2021 and it is anticipated that the priorities identified in Phase 1 will form the pilot projects in order to align operational, institutional and supporting activities in targeted areas.¹²⁴

So far, a number of operational activities including the handover of Somali National University campus, Mogadishu Stadium and Jaalle Siyad Military Academy from AMISOM to the FGS have been implemented.

2.1. National Policies, Strategies, Legal Instruments and Institutional Frameworks and Gaps for the Development of the Security Sector

a) Policy and Legal Instruments of the Sector

The Provisional Constitution (PC) is the most important legal instrument for addressing security issues in Somalia, whereas the NSP is the primary sector policy framework.

Chapters 14 (articles 126-131) of the PC address and enshrine the legal tenets regarding peace and security issues. Article 126 (1) assigns the FGS the legal mandate to guarantee the peace, sovereignty and national security of its people through its security services, namely the armed forces, intelligence services, police force and prison forces.¹²⁵

Table 10: Relevant Ministerial Strategies

Ministries in the Sector	Existing Ministerial Strategies
1. Ministry of Foreign Affairs	● Foreign Policy (FP)
2. Ministry of Defense	● Defense Strategy (DS) ● Internal Security Strategy (ISS)
3. Ministry of Internal Security	● New Policing Model (NPM)

¹²⁴ Federal Government of Somalia, Transition Plan, 22 March 2018

¹²⁵ Federal Republic of Somalia, Provisional Constitution, August 1, 2012, Mogadishu, Somalia

In the absence of a finalised constitution or relevant legislation, the NSP provides interim guidance for the conduct of security, defense and justice activities in Somalia. As such the NSP is a living document that develops in line with the new national constitution. Somalia's NSP is an integrated policy statement describing the FGS's security vision for the country and people, and how the implementing strategies of the ministries charged with security, defense and justice will contribute to the achievement of that vision. In addition, there are also ministerial implementing strategies.¹²⁶

The NSP is designed to assess the current and prospective, internal and external threats and risks to the achievement of government's security vision and provide clear direction to the security and justice sectors for the development of remedial implementing strategies. Additionally, implementing strategies will address the three critical functions of: capacity building and institutional development; overcoming security challenges and establishing the rule of law nationwide; and transitioning the security function from AMISOM and IC to full FGS ownership.

b) Institutional Frameworks

According to Article 126 (6) of the PC, the armed security agencies shall be controlled by civilian agencies. In line with this article, in Somalia the security forces at the national level operate under the authority of civilian headed ministries of the FGS.¹²⁷

To progress the content of this complex sectoral context (and that of the rule of law sector, described below), the FGS developed and adopted a Roadmap for Security and Justice. The Roadmap defines the strategic objectives and goals to be achieved, and results and milestones to be accomplished by the lead ministries and attached security agencies in order to achieve the government's security and justice goals and priorities, including those envisioned in the security pact, NSA, NSP and the Transition Plan. It is within the Security and Justice Roadmap that the key institutional actors dealing with security are placed.¹²⁸

The National Security Council (NSC) is tasked with formulating Somalia's national security policy and strategy. It's chaired by the President of the FGS; other members include the Prime Minister (PM); Deputy PM; Ministers of Defense, Internal Security, Interior and Federal Affairs, Foreign Affairs, Finance, and Justice; FMS Presidents; the Mayor of Mogadishu; and the National Security Advisor.

Additional non-permanent, ministerial executive members may be appointed by the Chair of the NSC on an ad-hoc basis. Finally, the following members shall attend the NSC meetings in an advisory capacity: Chiefs of Defense Forces; SPF Commissioner; National Intelligence and Security Agency (NISA) Director; and representatives of the Regional Security Councils. The NSC meets every other month.

¹²⁶ The Federal Republic of Somalia, National Security Policy, 9 April 2016

¹²⁷ Federal Republic of Somalia, Provisional Constitution, August 1, 2012, Mogadishu, Somalia

¹²⁸ Federal Republic of Somalia, Office of the Prime Minister, Road Map to Security and Justice, 2017-2020

Table 11: Lead Ministries and Security Forces Under their Control

Ministries	Security Agencies
Ministry of Internal Security (MOIS) ¹²⁹	<ol style="list-style-type: none"> 1. Federal Somali Police Force (SPF) 2. Immigration and Border Control Agency (IBCA) 3. National Intelligence and Security Agency (NISA) 4. Coast Guard 5. SEMA (Demining Authority – Humanitarian and Security) 6. Weapons and Ammunition Management (WAM) 7. Civil Defense
Ministry of Defense	<ol style="list-style-type: none"> 1. Somali National Army 2. Somali Air Force 3. Somali Navy 4. Danab Special Forces (Commandos)
Ministry of Justice	<ol style="list-style-type: none"> 1. Custodial Corps/Corrections

2.2. Gaps for the Sector Development

The Security Pact, NSA, NSP, ministerial strategies, Transition Plan and Roadmap, as well as the reinstatement of the NSC and other institutions, signify progress towards achievement of the government's overall security objectives and priorities.

However, most of the milestones in the Security and Justice Roadmap including the reviews and enactments of critical Acts and laws, formulation and implementation and operationalization of most policies, strategies, plans and procedures have yet to be reached. Similarly, the SNA and Danab forces' strength and distribution as envisioned in the NSA are not yet fully implemented. The slow implementation of NSA is primarily due to the lack of institutional and human capacity and other resourcing constraints.

Somalia is confronting two simultaneous and paramount security challenges that have enormous fiscal and political implications. These are the ongoing insurgency of AS and the creation of a 'federated' state. The first requires a substantial response, most of which has been taken on by international partners, particularly the troop contributing countries (TCCs) that comprise AMISOM. The second requires negotiated 'security arrangements,' including a federated approach to security, between the FGS and

¹²⁹ Federal Government of Somalia, Ministry of Internal Security (MOIS), Internal Security Strategy, 2017-2022

FMS. Such arrangements comprise iterative dialogue and agreement on the integration and formalization of armed groups and forces into a ‘federal’ structure.¹³⁰

The key priority is to agree the political balance and related arrangements between the federal and regional governments. Agreeing these political arrangements is critical to the definition and delineation of roles, responsibilities and resource sharing between federal and regional intelligence and security forces.¹³¹

Even though substantial structural and PFM reforms have been underway since 2018 in the security sector branches, through biometric and age verification along with integration in SNA and SPF sectors, an effective unitary command and control structure is yet to be operationalized. Despite many efforts to enhance the synergy and capacity of the federal SNA and SPF nationwide, challenges from the FMS impede progress. For the FGS creating a nationally unified army is a constitutional mandate, while FMS seek to remain in control of their own regional armed forces.¹³²

For a state to be legitimate and effective to deliver security for its citizens, state armed forces need to have the trust of the majority of the population. One way of creating legitimacy is to have armed forces that are representative of all groups in society and their security needs. In Somalia, this means that it is important that soldiers are seen to come from all the different regions in order to gain the population’s trust. Therefore, the integration of SNA forces, as well as the disengagement of AS fighters and their integration into society can be instruments of political reconciliation.

However, the pace of security sector development remains a careful balance between political and operational needs. The reality of state building is the ‘security dilemma’: the FMS do not wish to give up their means of self-defence and survival via respective clan militias, while trust and confidence in the federal political process remains fragile.

Moreover, in Somalia, alleged corruption in the police and judiciary has slowed the development of SSR. Correspondingly, the limitations of local actors and civil society undermine local ownership of the process. The SSR process has been criticized for prioritizing capacity building such as training and equipping, over critical areas like governance, human rights and transformation.

The overall performance in the area of security shows that the capacity and accountability of state security institutions requires improvements. Only a state with functioning, capable and accountable security institutions and with well-trained security forces can protect the well-being of its citizens and manage both internal and external threats. Additionally, the limited capacity and experience of security agencies in dealing with sophisticated terror groups continues to impede counterterrorism efforts.

Furthermore, the legislative framework and legal statutes that are necessary to govern and guide the actions and operations of intelligence and security forces in a democracy have yet to be fully developed and emplaced. Institutional and training gaps still exist, particularly in terms of effective systems, policies and procedures across the entire intelligence and security sectors. In addition the sector operates with limited facilities for housing uniformed personnel, weaponry and ammunitions, and insufficient

¹³⁰ Federal Republic of Somalia, Somalia Security and Justice Sector Public Expenditure Review (PER), UNSOM and the World Bank, January 2017

¹³¹ Federal Government of Somalia, Ministry of Internal Security (MOIS), Internal Security Strategy, 2017-2022

¹³² Emma Skepstrom and Per Nordlund, Security, Stabilization and State Formation in Somalia: Challenges for Implementing the Somali Compact, FOI-R—3899—SE, June 2014

infrastructure including headquarter buildings, command centers and police stations. Finally, there is a severe shortage of qualified persons at all levels across the intelligence and security sectors in Somalia.¹³³

3. Major Challenges, Opportunities and Lessons Learned

3.1. Security Sector Challenges

The present working provisional constitution doesn't provide clear separation of powers and duties between FGS and FMS institutions, including the security and judiciary sectors. The legacies of the former military regime and the experience of the civil war lead to ongoing debate about security and judiciary powers, as well as the "Center-Periphery" working relationship.

The threats to Somalia's national security are systemic and overwhelming.¹³⁴ The National Threat Assessment (NTA) defines threats as being direct and indirect. The key threats to national security addressed by the NSP include:¹³⁵

- Al-Shabaab (AS) – is the most immediate threat to Somalia.
- Militia and other armed groups – the proliferation of clan-based armed groups is a national concern and reflects a deeper governance problem.
- Criminality – despite improvements in law and order, crime remain a major concern in Somalia.
- Unemployment – key threat to security and proximate cause of conflict.
- Small arms and light weapons (SALWs) – Somalia is awash with SALWs, in an unstable region with porous borders.
- Maritime threats – piracy, human trafficking, illegal and unregulated fishing, dumping of toxic waste, and the smuggling of weapons and drugs.
- Corruption within the security sector – there is a level at which corruption in the sector becomes a threat to national security.
- Federalization and the constitutional review process – completion of these political priorities is prerequisite for the creation of viable federated security structures and clear divisions of responsibility.
- The withdrawal of AMISOM – unless efficient, effective and affordable Somali security entities are in place, a too-speedy withdrawal will constitute a significant threat to Somalia's continued stabilization and development.

Despite progress in degrading its operational capacity, AS still remains the primary threat to the survival of the FGS and the realization of peace in the country. AS still continues to pose a serious asymmetrical security threat to Somalia, as well as to neighboring countries.

According to AU/UN surveys, the top three main security threats in local neighborhoods were: Al-Shabaab, unemployment and inter-clan animosity. Concerns about the threat to security posed by unemployment, which disproportionately impacts young people have consistently increased from 7% in 2014 to 28% in 2017.¹³⁶ Therefore, urgent measures are needed to curb the security threat posed by unemployment. In particular, the economy's inability to generate jobs for the youth as they enter the labor force makes them

¹³³ Federal Government of Somalia, Ministry of Internal Security (MOIS), Internal Security Strategy, 2017-2022

¹³⁴ Federal Government of Somalia, National Development Plan (NDP) 2017-2019, December 2016

¹³⁵ Federal Government of Somalia, Ministry of Internal Security (MOIS), Internal Security Strategy, 2017-2022

¹³⁶ AMISOM/UNSOM, Citizens' Perception Survey of Peace and Stabilization Initiatives in Somalia, End-Line Survey Report, September 2017

vulnerable to recruitment efforts by Al-Shabaab. The limited capacity of demobilization and reintegration programs to absorb potential AS defectors is an additional worrisome factor.

In addition to the above, the protracted arms embargo imposed by the UN Security Council on Somalia in 1992, has had a significant, negative impact upon the operational effectiveness of the Somali armed forces and their ability to operate alongside AMISOM.

Moreover, as consistently mentioned in NDP-9 stakeholder consultations, the main causes of poverty in many parts of the country include insecurity and the lack of access to the rule of law in many parts of the country. Women and other vulnerable groups are particularly exposed in this regard. As already noted in the Poverty Analysis, insecurity and lawlessness contributes directly to the high incidence of violence against women, and to Somalia's extremely high levels of displacement. It was noted also that insecurity and a weak rule of law reduces the government's ability to establish and strengthen institutions needed to support economic growth and sustainable development, and fuels crime and other social ills. Of note, while insecurity is an important cause of poverty, stakeholders also describe it as a result of poverty.

Some stakeholders identified insecurity as being the most significant cause of deprivation, underdevelopment and displacement in their respective regions. They also pointed out that collaboration between the public and government security organs is hampered by the public's fear of and intimidation by the insurgents.

The continuing high levels of insecurity in the rural areas are also a serious constraint on economic activity. Although most of the main towns in the regions are under the control of the government, some areas and main supply routes (MSRs) remain under the control of Al-Shabaab.

In addition, stakeholders reported that the weakness of security and justice institutions is driven by political instability and poor governance. According to those consulted, the state lacks a strong police force and adequate prison facilities.¹³⁷

The second round of NDP-9 consultations further confirmed that security is the crucial issue that must be addressed in the next five years.

3.2. Opportunities

Despite challenges, major opportunities exist within the security sector. Al-Shabaab has been removed from most of the major towns and regions in Somalia over the past few years. The terrorist organization now controls only parts of one of Somalia's 18 regions – Middle Juba -- while many of its leaders have been eliminated. Presently, Al-Shabaab operates as insurgency group engaged in asymmetric warfare in urban centers. The overall quality and quantity of SNA, police and intelligence is improving. The security forces are now relatively better trained, better equipped and substantially more coordinated than they have been in the past.¹³⁸

Other positive developments in the security sector in 2017 included the political agreement on and approval of a NSA and the reinstatement of the NSC in Somalia. Furthermore, federal arrangements around the integration of forces, if properly implemented, have the potential to reinforce the process of state building while simultaneously providing local communities with a stake in the security architecture of the country.

¹³⁷ The 9th Somalia National Development Plan (NDP-9), Report of the First Round of Stakeholder Consultations, January-February 2019

¹³⁸ Federal Government of Somalia, National Development Plan (NDP) 2017-2019, December 2016

The political agreement on the NSA clearly sets out the vision to transfer the responsibility for the provision of security from AMISOM to SSFs, defining milestones until the year 2027. In the long-term, the goal is for Somali security forces to play a stabilizing role in major towns, have the capability to open central supply routes and to be able to provide security for the 2020/21 elections.

In addition to the above, other positive developments and opportunities in the security sector include:

- The SNA receives general and specialist training programs delivered at central command and sector levels by various regional and international partners.
- The SNA has been active on operations against AS.
- The development and endorsement of ministerial implementing strategies.
- The successful 2016 electoral process and a legitimate FGS recognized and supported by the international community.
- A strong commitment and willingness of the international community to provide security.
- The acceleration of force generation in line with the National Security Architecture.
- The articulation of a national policy for integration of forces was implemented in December 2017, so that integration and subsequent right-sizing can continue in line with the National Security Architecture.
- The integration of regional forces from Galmudug and Hirshabelle state into the SNA and SPF.
- Completion of the SNA payroll verification process is expected by the end of 2019.
- Biometric registration was completed for Sector 27 in Galmudug, Sector 43 Jubaland and Sector 60 in Gedo.
- Financial Management and Procurement Guidelines were developed for the SNA.
- Transparent and competitive recruitment of key positions in finance and accounting, procurement and logistics were conducted by the Ministry of Defence and SNA.
- The diversification of non-frontline staffing, including the recruitment of larger numbers of female police officers and ministry (Interior, Defence, etc.) personnel
- An Operational Readiness Assessment of regional forces was completed, and regional capabilities have been mapped out ahead of future integration of these forces into the National Security Architecture.
- Coordination has been strengthened through regular weekly sub sector meetings chaired by the PM to plan and provide feedback on the implementation of governance, security and safety interventions.
- The Security Sector Reform Project, worth US\$ 12 million, was launched and capacity development are current going on benefitting the Office of the Prime Minister (OPM), MOIS, MOD and the internal security organs of Jubaland, SWS, Galmudug, Puntland, Hirshabelle and Banadir Regional Administration.
- A functional capacity assessment has been conducted for all the FGS/FMS sector oversight institutions and organizational and institutional capacity development plans developed.
- Policies and Laws/Acts for Police, Immigration, NISA and MOIS have been developed and are awaiting Cabinet approval.

3.3. Lessons Learned

- Political resolution of federalism and the finalization of the Constitution are the *sine qua non* for center-periphery agreement and the creation of a viable and federated security sector, which is the key driver in the delivery of a more stable Somalia.
- Capacity development interventions for the security forces based on a national security doctrine leads to unified command and control, as well as improved ethos and patriotism.

- Successful SSR will create a secure and conducive environment for development, poverty reduction, good governance and improved human rights, and the growth of institutions based on the rule of law.

4. Security Sector Strategies and Interventions

4.1. Rationale and Alignment

The political and security forces are the most critical factor determining Somalia's future prospects. The successful resolution of federalism and finalization of the Constitution coupled with a political agreement on a federated approach to security will determine Somalia's peace and security trajectory in the future.

In addition, key stakeholders consulted at national and subnational levels consistently proposed the strengthening of the security sector as a priority poverty reduction strategy.

Therefore, the sector priorities of the NDP-9 are aligned with poverty reduction interventions proposed elsewhere in this plan, the FGS Security and Justice Roadmap, and Sustainable Development Goal 16: 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels'.

4.2. Security Sector Strategic Objective

Establish, unified, capable, accountable and rights-based Somali federal security institutions that provide basic safety and security for its citizens.

4.3. Security Sector Interventions

The FGS and its international partners acknowledge in the Security Pact that security sector reform (SSR) is an ongoing national priority. The Security Pact is reflected in the political agreement reached by the FGS and FMS in April 2017 on Somalia's NSA, subsequently endorsed by the NSC. This political agreement provides for achieving sustainable security reform and a transition of primary responsibility of security from AMISOM to Somali security forces.

a) Priority Interventions for MoD

Integration of the Somali National Army (SNA)

- Develop, review and implement the SNA Integration Plan.
- Establish the National Integration Commission (NIC).
- Articulate and implement a national policy for integration of forces so that integration and subsequent right-sizing can continue in line with the NSA.
- Formalize and integrate the SNA under a unified federal command and control structure, with definition and delineation of roles, responsibilities and resource sharing between federal and regional forces.
- Formulate and implement expanded DDR programs at national and subnational levels.

Integrating Somali Armed Forces is a key priority and a critical benchmark for maintaining and advancing the security and stability of Somalia. The National Integration Commission (NIC) is a crucial component of the NSA and Security Pact, under which existing regional forces will become either part of SNA or of the SPF.

The NSA and Security Pact have endorsed the integration of armed militias fit to serve for the country. Nevertheless, armed militias who do not meet the requirements for inclusion in any security force, and ageing military personnel, will undergo a comprehensive process of demobilization and reintegration (DDR). The demobilization and reintegration of discharged groups reflects Somalia's limited resources and the need to reduce security forces substantially. It follows that the DDR and rehabilitation process will be central to effective SSR.

The objective of DDR is to prepare former militias and discharge them for a smooth integration into civilian and productive life. DDR also mitigates the risk of extremist groups recruiting disheartened former security forces personnel.

The FGS vision within the timeframe of the NDP is to make significant progress in creating politically viable and economically affordable national armed forces that are effective, professional, manageable, accountable, and integrated.

Developing and Implementing Security Sector Reform (SSR) Plan

- Develop the capacity of the MoD to provide civilian oversight by qualified personnel.–
- Put in place the required legal framework (national defense act, pension scheme law, human rights protection, etc.).
- Adopt a new national Security/Defense doctrine.
- Establish a professional, qualified, accountable, integrated and politically neutral military which can defend the country.
- Provide adequate salary, healthcare, training and equipment.
- Develop computerised registration, verification and personnel management systems including SNA payroll verification process
- Establish strong military-civilian relations.
- Rehabilitate military bases, infrastructure and other facilities.
- Enhance good governance, transparency and establish public financial management as part of SSR.
- Develop and implement a coordinated training program for security forces based on unified defense/security doctrine and policies.
- Reform and enhance institutional capacities of security forces.
- Increase the representation of women in non-frontline capacities.

SSR must be implemented in line with the resolution of the NSC, NSA and mutually determined milestones to advance sustainable security. Furthermore, the SSR must be understood in context of state transformation, state development and good governance, and is based upon the principles of civilian oversight, transparency and accountability.

The objectives of SSR are to simultaneously reduce the armed population nationally and to select the best and fittest for the SNA. This right-sizing reflects the vision of domestically sustainable army that is manageable and in line with national needs. The SSR will also strive to improve the protection and understanding of human rights through training and awareness campaigns.

Review and Implement the Transition Plan

- Review the 2017-2021 Transition Plan
- Implement the core activities and phases of the Transition Plan.

- Stabilize major towns, securing main supply routes (MSRs) and recovered areas, and participate in offensive operations.
- Enhance the counterterrorism and intelligence gathering capabilities of the security forces.
- Accelerate force generation in line with the National Security Architecture.
- Complete the development of a National Counter IED Strategy.

The NDP-9 recognizes the multiple factors that determine the security, political and developmental recovery of Somalia. The transition plan sets out the key elements and political commitments that facilitate Somalia's ability to transition from a situation of insecurity and dependence on AMISOM forces, to one where it is able to take responsibility for protecting its citizens and maintaining security. It is based on the principle of mutual accountability among Somalia's political leadership and the International Community. This priority policy is aligned with the principles and shared objectives of the New Partnership for Somalia and Security Pact.

The reform and development of the security institutions reflects the transformational vision of change in the management of the security sector, and the political and technical progress required to achieve it. The Transition Plan envisions a gradual transfer of responsibilities from AMISOM to Somali forces, enhancing the technical stock of Somali forces to assume their national responsibility to defend Somalia from internal and external security threats .

b) Strategic Priority Interventions for MoIS

Reforming and Strengthening the Capacities of the Ministry of Internal Security and Security Institutions

- Reform/restructure of the MOIS and the capacity development of its staff.
- Reform of the Somali Police Force central command and leadership, and provide necessary equipment.
- Reform NISA organization structure and provide necessary equipment.
- Reform the Immigration and Naturalization Agency.
- Strengthen coordination mechanisms between and within security institutions.
- Increase the representation of women among Somalia's security institutions.
- Complete on-going biometric registrations for all security institutions.

Development, Review and Enactment of all requisite legislations and Acts

- Prepare and process into law the following: Federal Police Act, NISA Act, Immigration Act, SEMA Act, Small Arms Act, Private Security Act, and Amnesty Law

Enhancement of Maritime Security through the Establishment and Capacitation of Maritime Police Unit (MPU):

- Build MPU Headquarters in Mogadishu.
- Provide necessary equipment's and training.
- Establish clear command and control structures for Maritime Police Unit.

c) Cross-Ministerial Interventions

- Adapt the Somali Water Master Plan principles to deal with water scarcity domestically and regionally.

- Establish the foundations of a cyber security framework to minimize cybercrime shocks and enhance resilience in public and private institutions.
- Integrate regional forces from Galmudug and Hirshabelle state into the SNA and SPF.
- Put in place policies for rebuilding the Somali Navy and Coast Guard.

5. Preconditions and Risks

The NSA and Security Pact and the outcome of the NDP-9 consultations highlight the need to embark on national SSR and DDR programs to improve security and rule of law as a condition for poverty reduction and economic growth. Prerequisites for effective SSR and DDR include a comprehensive agreement on inclusive politics by the National leaders at both federal and FMS levels.

Integrated national security forces and security institutions at federal and FMS levels, coordinating and cooperating for the aim of national security, is the main thrust of the NSA and Security Pact. However, while the NDP-9 consultations strongly pointed to the need for SSR, DDR and rule of law intervention, these can't be realized unless the leaders of FGS and FMS invest in the following:

- Comprehensive political settlement and resolution of federalism and finalization of the Constitution.
- A resumption of the NSC meetings as the platform for political dialogue and formulation of national security policies.
- The formalization and integration of security forces under a unified federal command and control through a clear definition and delineation of roles, responsibilities and the sharing of resources between federal and regional intelligence and security forces.
- Effective National reconciliation.
- The establishment of a system of national justice and corrections

6. Pillar Outcomes (Security)

The outcome of the Security Sector component of the NDP-9 is the foundation of a security sector that serves the expectations of its citizens and the purpose of ensuring security and stability. Other outcomes are:

- National coast guard forces to protect the coastline and thereby to promote the growth of the blue economy.
- The foundations of cooperative national security institutions with clearly defined responsibilities and roles in defending the country internally and externally are laid.
- Functioning security institutions at federal and FMS levels, transparently governed, for public service delivery and accountability to the public.
- Effectively decentralized Somali security forces, tailored to the Somali federal system and governed by the rule of law.
- Increased representation of women in non-frontline security institutions.
- Public trust in and good governance of federal and FMS security institutions restored.
- The guns are silenced once for all and an inclusive national vision for development is instigated.
- Investment in capacity building in federal and FMS security institutions to create a secure environment for development and prosperity.

RULE OF LAW

1. Introduction

The rule of law is the framework for the provision of security, which, as has been noted, is itself a requirement for poverty reduction and economic growth. The strengthening of the country's systems of justice, therefore, must be considered an urgent priority for the NDP-9.

Since 2013, Somalia has been considered “fragile” rather than “failed”. However, the country remains on the road to recovery and the rebuilding of a fully functioning justice system is one of the most crucial milestones to be reached. This is a particular challenge for the newly established FMS, which have tended to set up state level justice systems without consideration of the existing federal justice system (itself still fragile) and without the benefit of a strong legal foundation.

The rule of law is required for the provision and protection of human rights and for the furtherance of human development. On one hand, it protects people's political, economic, social and cultural rights, and on the other ensures equality and justice. With rights enacted and implemented, citizens enjoy secure ownership of land and other productive resources, and access to basic social services, including health, education, water, sanitation and social protection. The rule of law ensures that everyone is treated equally in the eyes of law, which allows the poor and vulnerable access to their rights, including justice and legal redress. In that sense, the rule of law is *sine qua non* for welfare of the poor, and has a significant positive impact on economic and human development.

2. Situation Analysis

In Somalia, the law derives from at least four sources, including a legislative framework that follows the Italian (civil law) and British (common law) legal traditions, customary *xeer* principles, and Shari'a Law.¹³⁹

The Somali people are traditional society where elders and religious scholars play an important role in legal disputes. In the recent history, there has been a mixed application of modern laws and the customary laws known as *xeer*. The traditional legal system as it has evolved in Somalia is a combination of Shari'a and *xeer*. In most traditional settings, clan elders oversee the implementation of the local *xeer*, while Islamic scholars are responsible for and called upon to render religious judgments related to criminal acts and civil disputes.¹⁴⁰ However, in 1973, the Siad Barre government introduced a unified civil code, and its provisions were mainly focused on inheritance, personal contracts, and water and grazing rights, which sharply curtailed both sharia and Somali customary laws.¹⁴¹ In addition, the new civil code restricted the payment of *diya* as compensation for death or injury to the victim or close relatives rather than to an entire *diya*-paying group.¹⁴²

The civil war that erupted in the country after the collapse of the state institutions in 1991 created mistrust among the Somali people. Fundamental to the role of government is to both establish and operate within the rule of law, and to provide protection to its citizens associated with the rule of law. The collapse of

¹³⁹ World Bank, Federal Republic of Somalia, Security and Justice Sector PER, January 2017

¹⁴⁰ Abdirahman M. Abdullahi (Baadiyow), 2014 “Conceptions of Transitional Justice in Somalia: Findings of Field Research in Mogadishu,” *Northeast African Studies*, Vol. 14, No. 2 (Fall 2014), pp. 7-44

¹⁴¹ Helen Chapin Metz, ed., 1992 “*Somalia: A Country Study*,” Washington: GPO for the Library of Congress, <http://countrystudies.us/somalia/70.htm>

¹⁴² Ibid

the state in 1991 brought lawlessness both to institutions and to communities, where protection and/or justice became inaccessible, particularly for the most vulnerable.

Following the collapse of the state in 1991, the first genuine attempt to reconstruct state institutions was the reconciliation conference held in Arta, Djibouti in 2000. Subsequently, in 2004, a new government with a transitional federal charter was formed in Mbagathi, Kenya, and a Provisional Constitution was adopted in 2012 as the basis of Somalia's justice system.

The National Security Council endorsed a new Justice and Corrections Model in December 2017. The Model aims to strengthen integration and cohesion between the FGS and FMS and its implementation will provide short, medium and long term approaches to extend the rule of law to the regional and district levels and improve basic service delivery to local communities.

In August of 2018, the Council of Ministers of the Federal Government of Somalia agreed a new system of justice. The new system is intended to be adopted gradually in the regions of the country while the existing system is phased out over a period of time, thus ensuring that no gaps occur during the process of transition. Following consultations with justice stakeholders at a federal level and with the FMS, the Ministry of Justice and Judiciary Affairs was able to reach an agreement with the federal member states that will facilitate the transition and harmonization of the justice system and institutions across the country.

According to this Transition Plan¹⁴³, the justice chain – police, justice and corrections – is critical to security and provision of basic rule of law services to the population in conformity with human rights standards, including the rights of women. The gradual, or incremental, transition will allow Somali rule of law institutions to become sustainable and able to operate without depending on outside assistance, including capacity building of judges, prosecutors, defense counsel and justice chain administrative personnel.

2.1. Structure and Functions of the Judiciary

Articles 105, 106 and 108 of the Provisional Constitution (PC) vests judicial authority in the courts, gives independence to the judiciary and provides for three levels of judicial authority – the Constitutional Court, federal courts and federal member state level courts. The Federal Court is the highest court at federal level, while the FMS high courts are the highest judicial authority at the state level. Therefore, the judiciary remains independent from the executive and legislative branches of the government at both Federal and FMS levels whilst fulfilling its judicial functions. That is, members of the judiciary shall be subject only to the law.

The Judiciary Strategic Plan (JSP) for 2019-2022 outlines the context, challenges and strategic objectives and provides part of the input for this NDP-9 justice and rule of law sector development plan. Though yet to be finalized the institutional structures for the judiciary are anticipated to include the following:

Courts

- The Federal Constitutional Court
- The Federal Supreme Court
- FMS Appellate Courts
- FMS Regional Courts, and
- FMS District Courts

¹⁴³ Federal Government of Somalia, Transition Plan, 22 March 2018

Council

- A High Judicial Service Council responsible for defending judicial independence, general oversight over justice institutions, accountability, developing judicial administrative procedures and standards for the country, putting selection criteria for judicial staff, their promotion, their discipline, proposing judicial needs and implementing judicial training curriculum. The High Judicial Service Council will also be responsible for the recruitment, removal/firing, promotion and discipline of judges of the Federal Supreme Court, Federal Constitutional Court, Banadir Regional Administrative courts, Judges of FMS Courts and the Attorney General at federal level.

Judicial Institutions

- The Judiciary Training Institute
- Federal Attorney General Office
- The Ministry of Justice and Judicial Affairs

Judicial Service Commission (JSC)

- The Provisional Constitution establishes a Judicial Services Commission (JSC) to appoint and discipline federal members of the judiciary, decide on their remuneration and on other work-related matters of the judiciary.¹⁴⁴ The commission will be responsible for investigating, and managing complaints from judges, while also having the power to appoint, investigate and dismiss judges.

2.2. Ministry of Justice and Judiciary Affairs

The Ministry of Justice and Judiciary Affairs (MOJ) at federal and FMS levels is responsible for reviewing and drafting of respective federal and state laws and the political view of justice, in consultation with the relevant justice institutions. In addition the federal MOJ provides technical support to FMS MOJs as needed, and maintains close relations with them. In addition, the ministry is responsible for holding and convening coordination meetings with all relevant stakeholders involved in the justice and rule of law sector. Both the federal and FMS ministries have overall responsibility to formulate policies to enable justice service delivery for citizens.¹⁴⁵

Under its purview, the federal MOJ manages two important units, namely the Legal Aid Service Coordination Unit (including Legal Awareness) and the Alternative Dispute Resolution (ADR) Unit, geared towards facilitating access to justice.

2.3. Legal Aid and Legal Awareness

Legal aid -- which supports the claiming of rights and representation by those who cannot afford it -- is a cornerstone of a just society where everybody including the poor and vulnerable has equal access to legal and judicial services. The Provisional Constitution of the Federal Republic of Somalia obligates the provision of Legal Aid Services. “Article 34 (4 and 5)” declares that the state shall provide free legal defense to the people who do not have the means of doing so themselves and the state shall provide free legal

¹⁴⁴ Federal Republic of Somalia, Provisional Constitution, August 1, 2012

¹⁴⁵ Federal Government of Somalia, Ministry of Justice and Judicial Affairs, Political Agreement on “Justice and Corrections Model of Somalia”, endorsed by Council of Ministers of the Government of Federal Republic of Somalia, Mogadishu, 6 August 2018

defense to individuals or communities if they are legally pursuing issues of public interest. The Constitution also sets forth the right to legal aid in other articles:

- Article 29 (5): “every child has the right to legal aid for by state if the child might otherwise suffer injustice.
- Article 35 (6): “Every person who is arrested or detained has the right to choose and to consult with, a legal practitioner and if he or she cannot afford one, the State must appoint a legal practitioner for him or her”.
- Article 15 of the Criminal Procedure code sets out the right to counsel and legal aid.

Moreover, according to Article 14 (2 (b)) of the Justice System Act, the State Court will appoint free legal defense counsel whenever the accused cannot afford to pay for legal defense services.¹⁴⁶

There are a number of models for delivering legal aid that have been implemented around the world. Presently, a mixed model of legal aid implementation is emerging where legal aid providers are primarily from civil society, while relying on the coordination of the Federal MoJ for policy formulations.

The MOJ through its legal aid coordination meetings with civil society groups has developed the National Legal Aid Policy, which was approved by the Council of Ministries on 23 June 2016. The policy advocates for mixed model of legal aid where legal aid is provided by NGOs, pro bono lawyering and paralegals.

The national legal aid policy is expected to address prolonged lack of access to justice and justice inequality that has existed for the past three decades, while coordinating and facilitating the active participation of various governmental and non-governmental agencies, particularly those providing legal aid. This policy will regulate legal aid providers and provide clear procedures and process in delivering services based on modern methods compliant with national and international standards at both federal and regional levels.

- The National Legal Aid Policy prioritizes the following Objectives:
- Ensuring access to justice services for all, and particularly for the poor, women and vulnerable.
- Sensitizing all legal aid providers and users both in public and private sector,
- Training and raising awareness on citizens constitutionally mandated rights.
- Enhancing coordination and collaboration between government and non-government entities providing legal aid services.
- Empowering legal aid providers and legal professionals.
- Reviewing and evaluating legal aid services status and reforming relevant laws.

Somalia is a party to numerous international and regional instruments that promote access to justice and in particular legal aid for indigent persons and vulnerable groups. The commitments laid down in these instruments create obligations that require Somalia to reform their policies and practices to realize human rights and justice for all citizens. The most important applicable international instruments include the International Covenant on Civil and Political Rights (ICCPR), the Convention on the Rights of the Child (CRC), the Convention on the Elimination of All forms of Discrimination against Women (CEDAW), and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT). These conventions establish the right to legal aid and are binding on Somalia.¹⁴⁷

A legal aid program must include legal assistance at all stages of the criminal process, including detection of the crime, statement-taking, investigation, prosecution and trial and post-trial procedures, regardless of whether the case is handled in a federal or regional forum. Specific strategies will be used in order to

¹⁴⁶ Somali Republic, Justice System Act, 1962

¹⁴⁷ Federal Republic of Somalia, Ministry of Justice and Judicial Affairs, National Legal Aid Policy Framework, 2016

ensure legal aid at various stages – before trial, at the police station, court proceedings, post-trial and detention.

The MOJ holds monthly coordination meetings with legal aid providers and other stakeholders with the purpose of information sharing and exposure of concerns. Such forums allow the MOJ to monitor the quality of legal aid services being provided.

Over recent years, the Somali Bar Association, Association of Somalia Women Lawyers (ASWL) and local NGOs have provided free legal aid services through lawyers and paralegals for vulnerable groups including women and IDPs in Mogadishu and some areas in southern Somalia.¹⁴⁸

Public awareness-raising, on the other hand, is intended to educate the public about their legal rights and provide them with information to empower them, particularly those who are likely to need legal aid the most. The ministry will raise awareness of citizens' constitutional rights, by customizing the campaign for targeted community groups. In this regard, the ministry will develop and enhance specific messages for children, women, youth and other vulnerable groups.

2.4. Alternative Dispute Resolution (ADR)

Research conducted by the Traditional Dispute Resolution (TDR) unit of the MOJ confirms the importance of *xeer* in providing accessible justice and dispute resolution in Somali society, including to poor and marginalised groups. *Xeer* is recognized as a code of conduct to settle disputes and keep the peace between clans and sub-clans. Historically and today *xeer* is the primary mechanism used for dispute resolution; however, while it is widely trusted, it is also recognized as having weaknesses and being in need of strengthening through the establishment of a relevant policy framework.

The goal of such policy would be to contribute to ensuring access to free and fair justice and dispute resolution for all Somalis regardless of economic class, gender, age, clan or ethnicity.

In this regard, seven *xeer* policy areas have been prioritized by the FGS: (1) linkages between state and *xeer* mechanisms; (2) *xeer* compliance with the Provisional Constitution of Somalia and with international human rights standards; (3) gender equity in *xeer*; (4) protection of the rights and well-being of children; (5) the legitimacy of decision-makers (elders) in *xeer*; and, (6) clan equity in *xeer* processes and decisions; and (7) miscellaneous issues.¹⁴⁹

2.5. Custodial Corps/Corrections

As the security situation stabilizes, and the police and judiciary grow and become more effective at investigating, arresting and prosecuting alleged perpetrators, the demand placed upon the corrections sector will also increase.

Prisons are generally very old and the conditions extremely harsh. Underfunding means that prisons are unable to feed and clothe or meet other needs of the prisoners, leading to overcrowding, poor sanitation, and lack of health care, among other human rights concerns. There are also reports of juveniles and women being detained without trial and concerns regarding the adequacy of security controls in several prisons.

The FGS Custodial Corps, under the authority of the MOJ, manages prisons and corrections facilities. It is also responsible for the security of government buildings and orphanages. The FGS Custodial Corps staff

¹⁴⁸ World Bank, Federal Republic of Somalia, Somalia Security and Justice Sector PER, GMF07, January 2017

¹⁴⁹ Federal Republic of Somalia, Ministry of Justice and Judicial Affairs, National Legal Aid Policy Framework, 2016

is estimated to have 1,625 custodial officers, who secure eight prisons in Berweyn, Bulobarde, Beletweyne, Afgoye, Xudur, Baidoa, Mogadishu, and Merca.¹⁵⁰

The Custodial Corps is part of Somalia's National Security Forces and is governed by one unified legal framework. The federal Central Prison is led by the Commissioner of the Custodial Corps and FMS Central Prisons are led by Regional Commanders of the Custodial Corps. Additionally, juvenile rehabilitation centers are planned at Federal and FMS levels, which shall be independent from other prisons led by Commissioner Generals in Federal and FMS levels.

In general, progress is required to elevate Somali prisons to meet minimum requirements for the treatment of prisoners, in accordance with Somali law and international human rights standards.

For the most part, the Custodial Corps has been unable to invest in the rehabilitation and successful reintegration of prisoners, due to limited budgets, poor infrastructure and low staff capacity. There is incomplete separation of different categories of detainees in many prisons, including adults and juveniles, men and women and pre-trial detainees and convicted detainees.¹⁵¹

2.6. Police Forces

Recognizing that professional and accountable policing is a prerequisite for establishing security and rule of law in fragile areas, Somali authorities have developed a New Policing Model (NPM). The NPM was adopted by the National Leadership Forum in June 2016 and subsequently included in the Security Pact at the London Conference on Somalia in May 2017. The NPM codifies a two-tier policing structure comprising the Federal Somali Police Force (SPF) and FMS Regional Police.

While the division of responsibilities and labor has not been fully delineated, some FMS police have started to assume greater responsibility in delivering policing in their respective states. This shift will accelerate with the implementation of the Transition Plan aimed at facilitating the conditions and time-based drawdown of the AMISOM Force over the coming years.

The focus of the Somali Police aspires to move from counterinsurgency to other basic policing tasks, such as criminal investigation, public order, and crime prevention, all of which are critical to sustainable security. However, both the Somali Police and informal regional security actors lack functional divisions that define specializations and roles, and they therefore primarily play multiple and overlapping roles. It is also essential that the police have the training to be gender- and human rights-sensitive in their work.

Criminal investigations are a critical factor in the delivery of justice, and represent a specialized and technical undertaking generally conducted by police assigned to police stations or by the Criminal Investigation Department (CID) when the offence under investigation involves a penalty of three or more years' imprisonment.

The police must coordinate closely with prosecution services in order to efficiently prosecute cases in a timely manner and to prevent prolonged detention. As the link between the police and the judiciary, prosecutors play a key role in reducing impunity.

¹⁵⁰ World Bank, Federal Republic of Somalia, Somalia Security and Justice Sector PER, GMF07, January 2017

¹⁵¹ Joint Corrections Services Support Programme (JCP), August 2018-December 2020, June 2018

2.7. Stakeholder Consultations and Poverty Analysis

The concept of justice, and a nation that operates according to the rule of law, are difficult characteristics to quantify. And yet, when stakeholders were asked to identify what they considered to be key drivers of poverty, the absence of the rule of law and lack of access to justice were the third, and fifteenth, most popular answers. Rule of law has a broader definition than merely whether policing and courts are effective. Rule of law is a community and national characteristic, where probity, fairness and adhering to both the legal, and commonly accepted principles of behavior, is expected and demanded.

Somalia currently ranks last in Transparency International's ranking of corruption. Human rights have not yet been embedded or operationalized across institutions and legislation.

Though providing a transparent, independent and fair justice system is a national requirement, there are groups for whom improved justice, and the rule of law, is especially important. The displaced are often without legal proof on land claims and home ownership or, indeed, even for legal identification. Currently only 39% of Somalis have legal birth certificates. Investments in the judicial system are needed to provide the protection and redress needs of the most vulnerable.

As is stated in the Judiciary Strategic Plan, "The country's justice systems share the complete institutional failure over the past 30 years with other branches of government due to civil wars. After many efforts have been made, the judiciary has been reorganized but still faces many barriers such as security, institutions that have not yet fully functional, limited the number of judicial personnel with knowledge and experience to provide equitable justice service, inadequate financial and operational infrastructure, an alleged widespread corruption, and lack of clear justice upon new federal system that has not yet been adapted in the judiciary institutions."¹⁵²

Moreover, as consistently mentioned in NDP-9 stakeholder consultations, the main causes of poverty include insecurity and the lack of access to the rule of law in many parts of the country. The impact of insecurity on personal safety and freedom of movement were identified as the key drivers of poverty and lack of sustainability. It was noted that these also reduced the government's ability to establish and strengthen institutions needed to support economic growth and sustainable development, and fuelled crime and other social ills.

In addition, stakeholders said that the weakness of security and justice institutions is made worse by political instability and poor governance. According to stakeholders, the state lacks a strong police force and adequate prison facilities.¹⁵³

3. Challenges and Opportunities

3.1. Opportunities

Some progress has been made during the last few years towards the strengthening of Somalia's rule of law and judicial systems. A political agreement on the Justice and Corrections architecture has been signed by the Ministers of Justice from the FGS and FMS and is awaiting final endorsement by the National Security Council. The agreement provides the basic framework within which the Justice and Corrections Model can continue to be defined. In addition progress has been made with the organization of mobile courts, provision of legal aid and awareness, training of justice personnel and equipment and

¹⁵² Pg 10 Judiciary Strategic Plan (2019-2022)

¹⁵³ The 9th Somalia National Development Plan (NDP-9), Report of the First Round of Stakeholder Consultations, January-February 2019

infrastructure. However, the needs remain immense, requiring long term investments in institution building. At the same time, an urgent requirement is to step up the delivery of basic justice services to the communities to increase the legitimacy of the state as well as support stabilization and transition efforts.

154

3.2. Challenges

In general, the key challenge is that justice, corrections and the police are deemed insufficiently effective to realize and protect the rights and needs of and provide services to the population, particularly vulnerable groups, especially women as they suffer under the rules imposed by the traditional system, thus hampering efforts to create a 'social contract' and further develop conditions for a viable Somali state based on Rule of Law.¹⁵⁵

The Judiciary Strategic Plan (JSP) outlines four factors which have impacted the shape of the judiciary system. Other background documents provide two additional factors which shape the challenges facing judicial reform:

- i. **Political context:** Progress for judicial reform is integrally tied up in achieving progress in formalizing a federal system and resolving the roles and responsibilities between levels of government. "The justice model of the country has been under discussion since 2014 and still not final. A challenge faced by the judiciary is the independence and transparency of the judiciary institutions. This is only possible with building and enhancing the necessary institutions such as the judiciary service commission which has not been existent since 2014."¹⁵⁶
- ii. **Economic context:** As outlined in Chapter 1, Somalia's economy has been riven by drought and conflict. With the majority of its very modest domestic revenue allocated to administrative and security salaries, there have been insufficient funds to support the judiciary. The salaries of the judiciary, including judges, are subsidized by the World Bank. "The operational support provided to the institutions is inadequate and not paid regularly. The judiciary institutions receive fewer shares compared to the executive and parliament despite the country's huge [need] for effective justice institutions [which] address the grievances of the civil war."¹⁵⁷ This lack of financial support has led to a hollowed-out function of government with too few incentives to guarantee independence, access and transparent operations. The lack of budgetary support has impacted on the enforcement of judgements, as the justice system deals with a lack of staff as well as coordinating and oversight systems to ensure & monitor compliance. The eventual budgeting process must be constructed in such a way as to protect the independence of the Judicial Branch.
- iii. **Socio-cultural Factors:** As described in the introduction, Somalia operates within the influence of three legal systems, the secular, *Xeer* and *Shari'a*. "Among the three, *Xeer* is the dominant system that governs societal relations and serious crimes and plays a great role in resolving the disputes. During the civil wars, *Xeer* was primarily justice system due to the lack of the formal justice system and its core position underpinning the legitimacy of Somali traditional structures."¹⁵⁸ One of the

¹⁵⁴ UN Somalia Joint Justice Programme August 2018 – December 2020, June 2018

¹⁵⁵ Federal Government of Somalia, National Development Plan 2017-2019, December 2016

¹⁵⁶ Ibid pg 15

¹⁵⁷ Ibid pg 16

¹⁵⁸ Ibid pg 16

challenges for the judicial system is the harmonious and supportive offering of traditional alongside the formal legal system.

- iv. **Technological Context:** though substantial hurdles face judicial reform there exists an opportunity within the technological sphere: Somalia has made significant progress in ICT advances and availability, though this is focused primarily in urban settings. Tapping into this affordable service would allow the provision of judicial services in a modern and efficient way.
- v. **Infrastructure Losses:** civil war destruction combined with lack of financial resources have decimated the infrastructure of almost all judicial buildings, including court houses, jails, prisons and administrative offices. The lack of physical locations combined with too few staff has severely constrained the throughput of the judicial system, which severely impacts access. Not only is the physical portfolio of court houses in disrepair, there is also insufficient security which has cost loss of life and physical safety in a number of locations.
- vi. **Exclusion:** The disadvantaged and vulnerable, including women, face particularly high barriers in accessing the justice system. A recent UNDP unpublished study on 'Strengthening Judicial Integrity through Enhanced Access to Justice' shows that the main barriers for enhanced access to justice for the vulnerable in fragile countries are low education and lack of legal literacy. However, the most significant obstacles in accessing the courts are costs and duration of proceedings. Additionally, judges, lawyers and court staff lack sufficient awareness and knowledge about the specific needs of these groups and communities. They need more training and awareness to serve the actual needs. The findings of this report echo the experience of Somalia.

4. Strategies and Interventions

The strategies and interventions for reform of the Justice Sector are based on analysis of the challenges and informed by the current Justice Strategic Plan, amongst others. The goal and anticipated outcome of Justice Sector reform is securing and improving access by all levels of Somali society, including women and the internally displaced, to justice and increasing public trust and confidence to the judiciary. The strategic objective is to establish independent, accountable and efficient justice institutions capable of addressing the justice needs of the people of Somalia. The following strategies and interventions will contribute to achieving this goal:

4.1. Reforming the Justice System

- Enhance rule of law enforcement in the country and develop justice and judiciary institutions at both federal and federal member states levels.
- Draft, review, amend and translate key legislation required for rebuilding the country in general and for justice institutions in particular.
- Complete and implement the justice and corrections model of Somalia.
- Develop the capacity of judges, public attorneys, prosecutors and judicial officials, including their knowledge and application of gender equity and other aspects of human rights.
- Increase the representation of women across the judicial system.

4.2. Improving the Corrections System

- Reform the Somali Custodial Corps, Correction Services and Prisons in compliance with International Human Rights Standards.
- Complete the national security framework agreement (the prisons & rehabilitation forces).

- Complete, reform and segregate prisons and correctional officers.
- Reform prison service, including biometric registration of personnel, qualifications, improved payroll, introducing productive initiatives for prisoners, and training of prison officers.
- Reform rehabilitation centers and orphanages, including the introduction of necessary policies and regulations.

4.3. Improving Equitable Access to Justice and Protecting the Most Vulnerable

This strategy, which will have a particular emphasis on improving access to justice by women and internally displaced persons, will be achieved through the following interventions:

- Promote the provision of legal aid services for those who cannot afford to pay legal fees.
- Enhance public access and awareness of justice services by creating public self-help information counters and designing and implementing modern public intake centers.
- Ensure all citizens, litigants and defendants are treated with courtesy, responsiveness and respect by trained judges and court staff on customer services and communications and by implementing an electronic Case Information System to improve ease of doing business within the courts.
- Reform, modernize and deliver an effective Alternative Dispute Resolution (ADR) system.
- Integrate customary and state-level systems of justice by building on the 2018 political agreement to establish a transition period where traditional and state systems of justice can be harmonized.
- Provide complaints mechanisms for citizens to report abuse by security forces and complaints concerning judicial institutions to ensure that the voice of the disempowered is represented.

4.4. Reforming the Judiciary - securing and improving access to justice and increasing public trust and confidence in the judiciary

This strategy will be pursued through six sets of intervention:

- i. Enhance the security infrastructure of judiciary institutions
 - Modernize security systems and build the capacity of security personnel.
 - Align and coordinate the justice sector security strategy with security institutions to best share experiences and information.
- ii. Enhancing independence & accountability of Judiciary
 - Build consensus with the relevant stakeholders to establish an efficient justice model for an independent judiciary.
 - Work with relevant stakeholders for swift action on establishing the Judiciary Services Commission.
 - Establish an independent judiciary budget allocation and develop the capacity to create a unified and independent court budget to ensure responsible and transparent use of public resources.
 - Enforcing judiciary decisions/rulings
 - Strengthen judiciary governance and establish judiciary police to oversee the implementation of court decisions.
 - Establish a comprehensive coordination mechanism with law enforcement institutions to ensure enforcement and monitoring
- iii. Objective 4: Initiate modernization and amendment of Civil Law and Penal Code

- iv. Objective 5: Investigate establishment of a Commercial Court
- v. Objective 6: Strengthening institutional capacity for effective & efficient judiciary institutions
 - Develop human capital through improved knowledge, skills and abilities of judges and court staff through training for judges and non-judicial staff to achieve equality, fairness and integrity, and enhance efficiency and public satisfaction.
 - Establish court libraries for judges to access knowledge and technical know-how.
 - Build capacity for the professional development of judges by strengthening the Training Department and Judicial Training Center.
 - Review, develop and implement ethics code and an ethics development strategy.
 - Enhance equipment available to judicial institutions.
 - Develop and implement required policies, procedures and strategies for institutional development.
 - Improve case management procedures.
 - Strengthen and automate key judicial processes to enhance efficiency.

4.5. Strengthening the Security Service Delivery Capacity of the Police Forces

- Operationalization and implementation of the New Policing Model (NPM).
- Continuation of the security institution reform process such as Review of Human resources, Payroll reform and financial procedure for the police force and all other security institutions.
- Continuation of on-going integration and institutionalization of existing regional police forces.
- Force generation in particular 2000 Daraawiish forces to take responsibility of protecting the public in liberated areas.
- Continuation of FMS police training 700 for Galmudug State Police, 600 for Jubaland State Police, 400 for South West State Police and additional 400 for Hirshabelle State Police.
- Implementation of FGS transition plan, in particular taking over responsibility of Mogadishu Port and Parliament from AMISOM.
- Strengthening the police forces to take active role in the stabilization of major towns, securing main supply routes (MSRs) and newly recovered areas (NRAs).
- Establishing effective Federal and State Police Services to take lead in the provision of policing and security responsibilities in all population centers supported by basic functioning judicial and corrections institutions and ADR/traditional justice structures to enhance rule of law.
- Strengthening the security sector to enable poverty reduction by deploying sufficient numbers of well-equipped and trained police forces across the country.

5. Prerequisites and Risks

The success of the reform of the judiciary is dependent on three outcomes from other NDP-9 Pillars:

- i. **Improved Security:** progress is needed towards establishing peace and to ensure citizens are able to access judicial services in safety.
- ii. **Inclusive Politics:** progress is needed in three areas of Inclusive Politics. The Constitution must be ratified and formalized, establishing the Judiciary as an independent branch of Government. The Federal System must be defined and settled, outlining the roles and responsibilities of all levels of government. And finally there must be a harmonization of the tax and customs arrangement and revenue sharing agreement to provide a solid fiscal basis for the funding of the judicial system.

- iii. **Economic Development:** the Somali economy will need to thrive in order to generate tax revenue for the required recurrent cost and capital budgets for the judicial system. This dependency is relevant to the goal outlined in the macro-economic chapter to both grow and re-allocate domestic revenue to social development and other underfunded government services.

6. Pillar Outcome (Rule of Law)

The goal and anticipated outcome of Rule of Law and Justice Sector reform is secure and improved access to affordable justice and increasing public trust and confidence in the judiciary. Before implementation gets underway in early 2020, this outcome will be further elaborated and corresponding indicators prepared and incorporated into the NDP-9 monitoring framework.

6.1. Gender and Social Inclusion through Security and the Rule of Law

As noted, the strengthening of and reforms to rule of law systems in Somalia will be important for sustaining improvements in the country's security and for creating an environment within which equitable economic growth can take place. However, in light of the disadvantages experienced by vulnerable groups within the population – in particular, women, IDPs and certain ethnic minorities – steps must be taken during the implementation of the above-mentioned strategies and interventions that will orientate security and rule of law institutions and systems to their needs.

In part this can be achieved through a number of means, including

7. The diversification of personnel in security and rule of law institutions.
8. The raising of skills and awareness among security service personnel in and of those working in security and rule of law institutions.
9. The raising of awareness of rights and available rule of law services among traditionally excluded groups.
10. The review of existing legislation for compliance with international conventions and update as required.
11. The preparing and enacting of new legislation to support the realization of rights by vulnerable groups (e.g. for the sustainable resettlement of IDPs).

In addition, indicators will be formulated and incorporated into the NDP-9 monitoring framework, by which these actions and corresponding outcomes will be tracked and reported. Baselines for key indicators will be important to establish – this includes the ability to compile and track crime statistics and, within these statistics, the ability to report on levels of violent crime and on levels of gender-based violence (GBV). The cost of GBV on the women in Somalia is effectively outlined in the newly approved Women's Charter for Somalia.

6.2. Governance and Security and Rule of Law

The reform of the judiciary is, by definition, a governance reform programme. However, as with the other parts of the NDP-9, there are some strategies and interventions which extend beyond the Pillar and touch on all other sector plans.

The need for greater transparency and probity is a recurring theme in stakeholder feedback and analysis of the Somali context. No single institution or piece of legislation will successfully address this weakness; rather the aim of NDP-9 is to strengthen all institutions, along with economic growth and community reconciliation, in order to eliminate the root causes of corruption.

However there are legislative remedies which can support these endeavours, which will be the focus of a strategy to improve transparency across government. This shall be achieved by strengthening anti-corruption legislation and assessing the feasibility of establishing an anti-corruption commission.

Pillar 2: Security and the Rule of Law 5 Year Action Plan

PILLAR	STRATEGIES	2020	2021	2022	2023	2024
PILLAR 2: SECURITY & RULE OF LAW	Security Sector Reform (SSR) Plan	Capacity development for the MoD – legal				
		Formulate and adopt new National Defense				
			Establish professional, qualified, accountable, integrated and politically neutral			
		Provide adequate salary, healthcare, training and				
			Develop computerised registration, verification and personnel management			
		Establish strong military-civilian relations –	Rehabilitation or building of military bases, infrastructure and other			
		Enhance good governance, transparency and				
		Develop and implement coordinated training				
			Reform and enhance institutional capacities of security forces			
	Review and Implement the Transition Plan	Review 2017-2021 Transition Plan				
		Implement the core activities and phases of the				
		Stabilization of major towns, securing main				
		Enhancement of counterterrorism and				
		Acceleration of force generation in line with the				
		Complete development of a National Counter IED				
	Reforming and Strengthening the Capacities of the MOIS and Security Institutions		Reform/restructure MOIS and capacity development of its staff			
		Reform of the Somali Police Force central				
			Reform of the Immigration and Naturalization Agency			
			Strengthening coordination mechanisms between and within security			
		Completion of on-going biometric registrations				
	Development, Review and Enactment of all		Federal Police Act, NISA Act, Immigration Act, SEMA Act, Small Arms Act, Private Security Act, and Amnesty Law			
	Enhancement of Maritime Security through the			Building MPU Headquarters in Mogadishu		
				Provision of necessary equipment's and trainings		
				Establishment of clear command and control structures for Maritime		
	Cross-Ministerial Interventions	Adopting the Somali Water Master Plan				
					Establishing the foundations of a Cyber	
		Integration of regional forces from Galmudug				
			Put in place policies for rebuilding and establish Somali Navy & Coast Guard			
	Reforming the Justice System	Enhancing Rule of law enforcement in the				
		Drafting, reviewing, amending and translating				
		Completing and implementing the justice and				
		Capacity development of judges, public				

PILLAR	STRATEGIES	2020	2021	2022	2023	2024		
PILLAR 2: SECURITY & RULE OF LAW	Improving Corrections System		Reforming Somali Custodial Corps, Correction Services and Prisons in compliance with International Human Rights Standards					
			Completion of the national security framework agreement (the prisons & rehabilitation forces)					
			Completion, reforming and segregation of prisons and correctional officers					
			Reform prison service, including biometric registration of personnel, qualifications, improved payroll, introducing productive					
			Reform of rehabilitation centers and orphanages, along with regulatory framework					
	Improving Equitable Access to Justice and Protecting the Most Vulnerable	Promoting the provision of legal aid services for those who						
		Enhancing Public Access and Awareness of justice services						
		Enhancing public legal awareness and advisory activities						
				Ensuring all citizens, litigants and defendants are treated with courtesy, responsiveness and				
		Reforming, modernizing and delivering effective Alternative						
						Integrate customary and state-level systems of justice by		
	Reforming the Judiciary					Providing complaints mechanism for citizens to report		
			Enhancing Security facilities of the Judiciary institutions by modernizing security systems,		Aligning and coordinating the justice sector security			
		Build consensus with the relevant stakeholders to establish an						
			Working with the relevant stakeholders for swift action on establishing the Judiciary					
			Establishing an independent judiciary budget allocation and develop capacity to create a					
			Strengthened judiciary governance and establish of judiciary police to effectively enforce					
		Establish a comprehensive coordination mechanism with law	Investigate establishment of a Commercial Court					
		Initiate modernization and amendment of Civil Law and Penal			Establish court libraries for judges to access knowledge and			
		Human Capital Developed through Improved knowledge, skills						
			Enhanced capacity for the professional development of judges		Review, develop and implement ethics code and ethical			
			Enhanced infrastructural equipment of the judicial institutions		Develop and implement the necessary Policies, Procedures			
		Improved case management procedures			Strengthening and automation of key judicial processes			
		Strengthening the Security Service Delivery Capacity of the Police Forces	Operationalization and implementation of the New Policing					
			Continuation of the security institution reform process such as			Force generation in particular 2000 Darwish forces to take		
			Continuation of on-going integration and institutionalization of			Implementation of FGS transition plan, in particular taking		
	Continuation of FMS police training 700 for Galmudug State				Strengthening the police forces to take active role in the			
	Establishing effective Federal and State Police Services to take lead in the provision of policing							
	Strengthening the security sector to enable poverty reduction by deploying sufficient numbers							
	Embedding Human Rights		Integration of Human Rights into Constitutional Review Process					
			Review of existing legislation for inclusion of Human Rights with updates as required					
			Empowerment of citizens in understanding and application of human rights - ensure					
			Promote institutionalisation of human rights					
	Governance Strategy – Anti-Corruption	Strengthen anti-corruption legislation, monitoring, values and enforcement and investigate establishing an anti-corruption						
	Cross-cutting imperatives	Embedding respect for human rights across all inclusive politics strategies						
		Ensuring gendered practices across all defence and rule of law institutions						
Ensuring judicial reform is accessible to vulnerable and marginalised groups								

CHAPTER 7: ECONOMIC DEVELOPMENT (PILLAR 3)

Preamble: Substantial and sustainable economic development in Somalia will be contingent on progress being made under Pillar 1 (Inclusive Politics) and Pillar 2 (Security and the Rule of Law). Further consolidation of federalism to strengthen security, dismantling of internal market barriers to improve efficiency and transparency, improving business and investment climate, strengthening rule of law, and increasing revenue collection and delivery of basic public services will all underpin economic development in the next 5 years. Consultations with Somali stakeholders were clear that poverty cannot be overcome without a transformation of all levels of the economy that builds national productivity, stimulates markets and value chains across the sectors and increases employment opportunity. While government's role in ensuring peace and security, and in creating conducive market and infrastructure conditions in support of international partners is important, sustained growth led by the private sector, together with Somalis' natural entrepreneurship, is needed to lead the country out of poverty. Private sector targeted interventions under Pillar 3 are therefore central to NDP-9, and will support Somalia's progress towards SDGs 1, 2 and 8, along with contributions to achieving 7 other SDGs.

At the heart of Pillar 3 is the intent to transform the economy by improving the resilience of traditional livestock and crop production industries to better meet the growing challenges from climate change, while at the same time inducing growth elsewhere in the private sector to broaden and sustain the growth base and provide greater employment opportunities. There is a recognition among Somali leadership that dependency on livestock and agriculture poses considerable economic and social risks due to their vulnerability to climate change. According to the Somalia Drought Impact and Needs Assessment (DINA) report the drought in 2016/17 alone caused economic losses estimated at US\$3.25 billion.

Evidence from elsewhere also calls for more economic diversification: some developing countries that heavily rely on export of commodities, like Somalia, have enjoyed periods of fast growth through effective reforms, but falls in global commodity prices have often exposed the weak foundations of that growth¹⁵⁹. Fresh approaches are therefore needed to build a more diversified and resilient economy that generate dependable and productive jobs and widespread benefits that improve people's daily lives. Achieving a sustained growth across sectors is therefore at the centre of NDP-9 strategies, not only to reduce poverty through employment-led growth but also to broaden the domestic revenue base and collection to deliver more services sustainably to citizens.

1. Synopsis of Pillar 3

Pillar 3 is the largest and most ambitious component of the NDP-9 poverty reduction strategy. For this reason, the decision was taken to present its content by sector, with corresponding strategies and

¹⁵⁹ DFID Economic Development Strategy: prosperity, poverty and meeting global challenges, January 2017, <http://pubdocs.worldbank.org/en/822011487174249256/DFID-Economic-Development-Strategy-2017.pdf>

interventions set out for each, rather than consolidated at the end of the chapter, as is the case for Pillars 1, 2 and 4. However, the underlying economic strategy cuts across these sectors to deliver four outcomes: more resilient traditional livelihood and food production systems; a policy and regulatory environment that is more accessible and attractive to investors and small businesses; a more diversified and future-fit economy; and reduced unemployment through the creation of work that is accessible to all levels of Somali society.

NDP-9's economic development strategy leads with the strengthening traditional livestock and agricultural livelihood systems by increasing their resilience to the effects of climate change. In doing so, government will mobilise resources for large-scale investments in watershed management and infrastructure to mitigate the impact on these livelihood systems of recurrent drought and floods. As well, the pre-civil war irrigation and flood control infrastructure in southern Somalia will be rehabilitated to improve the availability of surface water to agriculture. Interventions targeting livestock and agricultural productivity will be complemented by the introduction of modernized livestock and farming techniques aimed at improving productivity.

The NDP-9 shall also support the development of a more business-friendly environment by updating administrative and bureaucratic procedures and providing tailored advisory services to encourage micro and small enterprise to become part of the formal economy. At the same time, market regulations shall be introduced that will improve economic efficiency across sectors. In this regard, reforms that can positively affect policy, institutional, regulatory, infrastructure and cultural conditions that govern formal and informal business activities are particularly needed to encourage economic growth among micro and small enterprise, which dominate the Somali economy. Competition and efficiency gains among medium and large enterprises operating in utilities (including energy, water and telecommunication) will also be strengthened through appropriate regulation and oversight.

Building a more diverse and competitive economy capable of taking advantage of emerging regional trade opportunities is the best route to broadening growth and mobilizing revenue in the medium to long term. The government will therefore promote investment in trade corridors linking Somali ports to neighbouring countries, while developing a strategy to encourage labour-intensive industries along these corridors. At the same time efforts will be made towards accession to the World Trade Organisation (WTO).

As part of the economic diversification strategy, the government will develop an appropriate legal and administrative framework for the emerging petroleum sector, in particular to ensure that the licensing and concession process is conducted in a transparent and efficient fashion, but also to ensure the effective management of revenues generated for the benefit of all Somalis.

In delivering these four economic outcomes, particular attention will be paid to how sector strategies and interventions can best benefit the most vulnerable groups identified by the NDP-9, and in particular to women, the youth and the internally displaced.

2. Overview of the Economy

The Somali economy has historically been and is still largely natural resource-based with endowments of abundant agricultural land, livestock and fisheries, although other sectors such as construction, telecommunication and transport have increasingly become important too. In particular, the livestock and crop production sectors still account for the bulk of the GDP as evidenced in Table 1. Traditional pastoral

and agro-pastoral livelihoods that underpin these production systems are shaped by geographic and climatic conditions. While the populations in the Northern and Central regions are mainly pastoral due to arid and semi-arid conditions, the communities in the Southern regions are agricultural or agropastoral due to higher rainfall and substantive water resources from two rivers: the Juba and the Shebelle which cut through a large part of the territory with fertile land. Nevertheless, there have been substantial socio-economic changes and a mix of different livelihoods strategies can now be found within the same region.

After the long conflict and instability in most parts of the South-Central Somalia, the country is consolidating peace to build its economy, which is still fragile. Thanks to a sustained period of political and institutional progress since 2012, the economy of Somalia has steadily been recovering. According to the latest World Bank's Somalia Economic Update¹⁶⁰ report, the economic growth has been steady in the past two years, despite the persisting environmental and political challenges. Real GDP is expected to be 2.9 percent in 2018 and 3.2 percent in 2020, an outlook predicated on the extension of the security gains and policy reforms the authorities have been achieved to date but also on an assumption of reasonably favourable weather. Inflation has eased to 3.2 percent in 2018 and is expected to subside to 3.0 percent in 2019¹⁶¹. Public finances have continued to strengthen in 2018. Revenue from taxes and other domestic sources grew by 29 percent in 2018. Changes in tax policies and improved tax administration has to some degree helped to diversify central government revenue away from heavy reliance on customs duties and other trade-related taxes, as discussed in Chapter 10.

However, with the population growing at an annual average of 2.9 percent for the past five years, economic growth has not been sufficient to boost per capita income, with the estimated GDP per capita of US\$339 in 2018. As a result, poverty remains high and widespread as evidenced by the analysis of SHFS Wave 2 data in Chapter 3, which shows more than 69 percent of Somalis live on less than \$1.90 per day, in 2011 purchasing power parity (PPP) terms. Transformative strategic planning and investments are therefore needed to improve economic resilience and induce more substantive growth to alleviate widespread poverty. This Chapter maps out key challenges and opportunities across the sectors and recommends accordingly a set of feasible interventions to undertake the necessary structural reforms to increase productivity, generate employment and henceforth significantly contribute to poverty reduction over the next five years. These reforms should naturally build on existing strengths of the highly dynamic private sector that has until defiantly led growth and expanded over the past decades against odds of totally absent or weak state institutions.

Indeed, as the limited revenue collection and emerging capacity of the public sector poses a considerable challenge for public funding and implementation of NDP-9, the most realistic approach to generate pro-poor growth will be government facilitation of a more business enabling environment for the private sector, together with a diversification both within the traditional sectors of agriculture, livestock and fisheries, and away from these historic sectors and towards other promising sectors, some of which still emerging sectors including, telecommunication, financial and petroleum to increase economic resiliency and mobilise greater revenue for NDP-9 interventions. For the economic development pillar, three overarching strategic areas of focus are (a) enhancing institutions to develop legal and administrative

¹⁶⁰ Somalia Economic Update: Building Education to Boost Human Capital, August 2019, Edition Number 4.

¹⁶¹ <https://www.imf.org/en/News/Articles/2019/05/13/pr19164-somalia-2019-article-iv-consultation-discuss-review-visit-staff-level-agreement-fourth-smp>.

capacity to create a more business enabling environment, and (b) rehabilitation and expansion of the key infrastructure to support growth and generate employment, and (c) expanding opportunities and access to public services for all Somalis as a sustainable path to poverty reduction.

Table 12: Crop and livestock share of GDP in Somalia, (percent)

Sector	1980	1986-88	2013-16	2017
Livestock and livestock products	43.7	37.2	60.7	43.4
Crop production	18.3	18.1	10.2	4.6
Forestry	2.1	6.1	1.5	-
Fishing	0.3	0.6	-	-

Source: Adopted from World/Bank report, Rebuilding sustainable agriculture in Somalia, 2018

3. Livestock

Livestock has been and remains the backbone of the Somali economy, alongside the agriculture, in terms of GDP contribution, domestic consumption and foreign currency earnings. Indeed this has been the case for centuries and remains the traditional repository of household wealth and social prestige in Somalia. Livestock alone provides 75 percent of total exports by value and is an important source of livelihood for a large part of the country's population¹⁶². The vast majority of Somalia's population also depends on livestock and its products for both employment and food and nutrition security. In recognition of the sector's importance, the Ministry of Livestock, Forestry and Range (MoLFR), in collaboration with the World Bank and Food and Agriculture Organisation (FAO), has prepared a new Livestock Sector Development Strategy¹⁶³ (LSDS), which provides a framework for the sector's medium- and long-term development, and in particular is intended to guide NDP-9, 2020-2024. The sectoral analysis presented below is based on this strategy.

3.1. Structure of the sector

There are several livestock subsectors found in Somalia but with varying relative economic importance across regions due to the underlying differences in the natural resource endowment, the availability of water, pasture and labour, and the sizes and types of livestock species reared and systems of production. Ruminant animals (namely camels, cattle, sheep and goats) are widely reared based on mostly the traditional pastoral or agropastoral grazing system. There exists a short livestock value chain extending from pastoral or agropastoral producers to two key inputs for their production and marketing (i.e. animal health services and feed/fodder). Main animal products produced are milk, meat, and hides and skins. However, there are also emerging commercial dairy systems in peri urban areas of most cities and relatively new value chains and subsectors for poultry and beekeeping. The market-oriented peri-urban camel and cattle dairy systems are driven by growing demand in ever more expanding towns and cities where the sale of raw milk is already a very important economic activity.

¹⁶² World Bank/FAO, Rebuilding Resilient and Sustainable Agriculture in Somalia

¹⁶³ MoLFR and World Bank/FAO, Draft Somalia Livestock Sector Development Strategy, June 2030.

Although the livestock sector remains key to economic growth and poverty reduction, the sector's performance and growth prospects are undermined by considerable structural weaknesses, severe exposure to downside risks, and vulnerability to climate and market shocks. First, the current large livestock population estimated at 56 million, compared to historical pre-war levels of less than 40 million, is putting a major strain on limited natural resources underpinning the pastoral and pastoral livelihoods such as rangeland, vegetation cover, and water. In particular, the high stock density in the face of increasing frequency of severe droughts in the Horn of Africa means that rangelands have less time to rebound and recover before the next cycle of drought. Consequently, the available resources are insufficient to support rangeland grazing systems and therefore sustain rural livelihoods largely based on the traditional nomadic and semi-nomadic livestock production. Severe deforestation from decades of unsustainable charcoal production and resulting land degradation complicates the situation.

Second, there is limited and patchy information on the sector's structure and economic performance. There is insufficient knowledge and data on animal populations, offtake rates, incidence of diseases, and domestic consumption, among others. Somalia conducted its last national census of livestock in 1975. The existing animal population and offtake estimates are largely based on limited surveys and extrapolations. Thus, reliable information, including a comprehensive picture of animal population survey and its geographical distribution, as well as status of rangelands and water sources, is acutely needed to appropriate inform sectoral policies.

Third, there is a lack of and/or inconsistent implementation of regulations and policies including critical sanitary and phytosanitary measures whose compliance is a pre-requisite for export of both live animals and animal products. This is due to a weak institutional and policy framework which has resulted in limited and largely informal organization of the livestock value chain; lack of coordination and integration among its actors; weak human capacity; minimal or zero budgetary resources; lack of enforcement of existing rules and regulations; and poor linkages and ineffective negotiations with main trading partners. Therefore, there is an acute need for government interventions to strengthen resilience to climate change, improve productivity and ensure the quality and safety of livestock products.

3.2. Situational analysis

The LSDS identifies a number of factors relating to the above structural weaknesses and traditional pastoral systems which constrain both the sector's resilience to climate shocks and its future expansion. The key constraints include: (i) degradation and deforestation of the rangelands; (ii) shortages of water, due to both more irregular precipitation and insufficient rainfall harvesting facilities; (iii) high incidence of diseases and weak systems for the monitoring and response to disease threats; and (iv) inadequate availability of pasture and commercial fodder and feed. There has been considerable effort by government and development partners to address these challenges over the past decades. However, much of the external assistance during the past decade has been concentrated on Somaliland and Puntland due to their relative stability compared to the other regions, with only one recognized project covering the southern and central parts of Somalia. Most interventions have aimed to strengthen animal health systems, the policy and regulatory environment, and private sector development. Activities to accomplish these goals included training sessions, workshops, knowledge and technology sharing, bringing together stakeholders, capacity building, creation of cooperatives, and trade facilitation. These objectives were and are indeed still relevant to the development needs of the country, the livestock sector, and the targeted beneficiaries. However, some major binding constraints have remained

unaddressed due to the project-based, as opposed to holistic, approach taken. For instance, while many projects focused on animal health or market linkages, they did not address environmental issues such as degradation and deterioration of pastures and rangelands, even though these issues were widely recognized across projects. Similarly, few (none in southcentral Somalia) projects focused on rehabilitating watering facilities or fostering commercial feed supplies and markets. Therefore, these constraints, continue to undermine the sector productivity, export of livestock and livestock products and food security of the population.

With regard to opportunities, Somalia's close proximity to its main export markets and favourable consumer preferences in the Gulf markets provide Somalia with a competitive advantage that can support growth of exports of live animals as well as of meat, hides and skins, and possibly other livestock products. There is a strong preference for Somali livestock and meat in the Arabian Peninsula, both because of similar and familiar halal handling requirements and because of similar genetic characteristics between Somali and Gulf region's shoats. This latter factor ensures similar body shapes, and taste and cooking properties of the meat, unlike with animals from Australia, New Zealand, Europe, and the Americas (LSDS, 2019). To exploit this potential advantage, however, Somalia needs to address successfully the vexing issue of the reliability and credibility of its health certification system for exports, and to diversify and reduce both its export product concentration and its heavy reliance on a few export markets, which makes the live-animal export sector acutely vulnerable to exogenous risks. These markets include Saudi Arabia and the U.A.E. for shoats, Yemen and Oman for cattle and shoats, Kenya for cattle, and Egypt for camels.

Expanding domestic consumption driven by urbanisation and remittance also offer great opportunities for both livestock and crop sectors growth. The production of fresh red meat has been on the rise through the mid-2010s, almost exclusively to meet rising domestic demand. Nevertheless, overall output remained well below potential both before and after the severe 2016/2017 drought, largely due to inadequate slaughtering and marketing facilities. The growth opportunities for milk producers in the peri-urban context are based and depend upon mainly the remaining availability of fertile rangelands near many peri-urban areas, opportunities to deploy solar and wind power to reduce energy costs, especially for cold chains, and improved livestock management and feeding practices that can raise productivity by reducing seasonal fluctuations without expanding herd size.

3.3. Constraints to growth

a) Degradation and deforestation of rangelands

Land degradation is viewed as a process that encompasses soil degradation and it can lead to desertification in drylands if not mitigated. Importantly, our understanding of the scope of this process has broadened to encompass all changes in the capacity of ecosystems affected by land degradation to provide biological, social, and economic services¹⁶⁴.

On one hand, severe droughts and flash flooding events continue to impact rangelands, causing declining vegetation cover and topsoil erosion overtime. On the other, the current large livestock population (estimated 56, 000 million) creates the above-mentioned environmental pressures. However, herd sizes and composition vary across livestock production systems and hence regions, and such the extent of land

¹⁶⁴ ELD Initiative & UNEP (2015). The Economics of Land Degradation in Africa: Benefits of Action Outweigh the Costs. Available from www.eld-initiative.org.

degradation due to overgrazing also varies geographically, see Table 13. Average herd sizes range from large to very large in the nomadic pastoral system and are of medium size in the mainly agro-pastoral system with only seasonal livestock migration. In contrast, mixed crop and livestock farming systems, mostly in the inter riverine regions, may have only a few animals. Different species are generally held together, to make the most efficient use of range vegetation, because camels and goats are primarily browsers while cattle and sheep are largely grazers. Combining different types of livestock also provides pastoral groups with a wide array of animal products. Herd diversification is an important risk management strategy for protecting against diseases, drought, and lack of drinking water or forage.

From a planning perspective, the impact of the negative environmental changes needs to be assessed in the light of weak environmental governance and competing resource uses, for example, agriculture production and water for human consumption and other sources of degradation such as charcoal production, wood collection and increasing frequency and severity of droughts. Evidence on the other drivers is limited but trade bans are likely to have contributed to the negative environmental effects to some degree by reducing offtakes and therefore keeping the livestock that would have been otherwise sold on increasingly stressed rangelands.

Table 13: Somalia Livestock Population Estimates (2018)

Region	Camel	Cattle	Goats	Sheep	Total
Awdal	411,600	65,700	1,965,500	893,300	3,336,100
Woqooyi Galbeed	535,400	96,600	2,360,900	968,400	3,961,300
Togdheer	446,000	4,500	1,601,500	477,500	2,529,500
Sool	186,100	0	899,600	668,400	1,754,100
Sanaag	174,100	0	1,656,500	1,084,300	2,914,900
Bari	67,400	0	1,472,600	672,800	2,212,800
Nugaal	311,300	0	2,040,700	1,125,300	3,477,300
Mudug	324,600	13,300	1,883,400	777,200	2,998,500
Galgaduud	293,900	35,800	1,305,600	530,100	2,165,400
Hiraan	912,500	420,900	2,719,800	940,000	4,993,200

Middle Shabelle	210,500	395,900	2,325,500	1,037,900	3,969,800
Lower Shabelle	511,100	1,088,800	2,409,500	945,400	4,954,800
Bay	430,600	1,206,600	2,287,000	242,300	4,166,500
Bakool	725,700	566,900	2,788,400	783,600	4,864,600
Gedo	546,000	302,900	882,300	346,400	2,077,600
Middle Juba	190,100	622,100	781,900	659,500	2,253,600
Lower Juba	370,300	711,100	1,135,900	830,700	3,048,000
Grand Total	6,647,200	5,531,100	30,516,600	12,983,100	55,678,000
Data Source: FSNAU/FAO Somalia					

b) Shortage of feed and fodder

Ensuring year-round affordable good quality feed is important to improve animal quality, to mitigate lack of pasture and browse during seasonal or prolonged severe droughts, and to reduce the pressure of a large animal population on increasingly scarce natural resources. The feed subsector, however, has always been and is to this day characterized by a traditional low-input grazing and browsing system, which is subject to seasonal shortages of pasture and very limited commercial feed/fodder production. Other major challenges are the weaknesses of government (since the demise of the pre-war National Range Agency) and of traditional management institutions, as well as the degradation, deforestation and continuous overgrazing driving massive scale soil erosion, desertification, and reduction in edible biomass on the rangelands. Other constraints and gaps are the uncontrolled expansion of enclosures on previously open rangeland, the low levels of technical knowledge on fodder production and storage, poor access to fodder seeds and other production inputs, inadequate availability of water, storage, and transport infrastructure, and unsettled land tenure issues in southern Somalia.

There is a very limited capacity to supply fodder and animal feed in dry seasons due to lack of appropriate legal framework and policy for rangeland management and private sector know-how and investment necessary for a largescale production that can meet the demand for feed and fodder. Although the latest major prolonged drought that led to high mortality of livestock across the country in 2016-2017 has triggered some interests among investors and traders in producing, commercializing and storing improved feed and fodder from grasses, crops residues (mainly sorghum and maize stalks), and oil seeds the result supply is still limited and localized. Existing small suppliers often rely on traditional methods of production and varieties which result in poor nutritional quality. Therefore, a functioning feed segment of the

livestock supply chain capable of meeting demand is yet to emerge. Development opportunities in this subsector can rely on growing demand for fodder throughout the year by still expanding commercial livestock rearing operations and can be supported field testing by some research organizations (e.g. SATG) of promising better grasses, and existing large-scale commercial production in some states of cereals and oil seeds.

c) Water shortages

In dry seasons, pastoralist and agro-pastoralist outside the riverine regions traditionally rely on earth dams and underground reservoirs with cemented walls (or Berkeds) for watering of their animal. There is also a network of shallow wells across the country. During the civil wars much of the old public dams have fallen into disrepair, and privately owned Berkeds are insufficient to growing demand for water for both human and livestock consumption. In 2019, SWALIM mapped more than 5,089 water points across the country. From previous surveys, SWALIM estimated that only 2,200 water points are functional and perennial under normal non-drought conditions. Of these functional sources, only around 500 are in improved conditions, mainly deep boreholes. In Somalia, however, groundwater sources are technically demanding to identify and exploit because aquifers are deep (more than half the boreholes are over 130 m deep, with some over 400 m) and water within aquifers is often of low quality (salty or hard) that makes it unsuitable as drinking water or for irrigation.

As a result of dropping water table, most shallow wells become less reliable too and/or water quality deteriorated in many parts of the country as water in shallow aquifers became brackish. The dilapidated water reservoirs and transport and inefficient energy infrastructure resulting from 3 decades no or little maintenance work lead to water shortages and higher transport and marketing costs than necessary. The combination of these factors affects negatively livestock health and survival, and therefore productivity and limits its resilience to droughts but also often lead to intra and inter-conflicts over the limited resources.

d) Lack of breeding programs

While local breeds are well adapted to the country's arid and semi-arid climate and ecology, poor breeding practices are a genetic factor contributing to their low live weight and productivity, e.g. in milk and meat yields. At the household level, larger and heavier animals which attract higher prices are selected for slaughter or live export rather than breeding. Overtime, the stock productivity has gradually declined. Even in the absence of drought, productivity per animal is reported to be relatively low, with average yield for cows is 4.1L/day in the wet season and as little as 2.4L/day in the dry season- about a 40 percent seasonal drop. Similarly, camel yield averages 3L/day in the wet season and 2.1L/day in the dry season (with a 30% seasonal drop). These figures are low when compared to the average yield of camels in neighbouring Ethiopia that produce 8.6 litters of milk/day in the wet season and 5.8L/day in the dry season. Weight of Somali livestock also tend to be uneven across the seasons and at time fall short of the requirements of the importing countries for supply of slaughter animals with carcass weight of 7-10 Kg. The low weight problem is exasperated by the high prices for livestock in Somali markets which make the country uncompetitive compared to other suppliers. Selection of most desirable genetic traits is therefore necessary to improve the productivity across the livestock species.

e) Weak veterinary services

There is a limited availability in high quality veterinary service within the country as institutional capacity of training and accrediting this service has been lost following the civil war. The existing private technical secondary schools and higher education institutions in veterinary sciences and animal husbandry lack regulations and standards usually set by governmental authorities responsible for education at the local, state or federal level. They also lack the infrastructure, financial resources and systemic governmental and institutional checks and balances that ensure effective institutional operations. As a result, the quality of teaching and learning is weak and inadequate to meet the educational demands of Somalia's livestock sector. While the private sector and livestock professional associations (LPAs), accredited by the MoLFR and funded by development partners, have largely taken up the provision of critical veterinary services, such efforts remain insufficient to address the serious risk of animal diseases and consequent import bans.

Moreover, animal welfare issues arise during loading, transporting and unloading of livestock, not so much because of mistreatment by their handlers, but mainly because of the inadequacy of available facilities and services, such as sanitation, nutrition, water, and veterinary care, both in rural areas and along transit routes. Even though the FGS adopted in 2016 a National Veterinary Law, there is need for a more comprehensive legislative and regulatory framework and effective and sustainable institutional arrangements and mechanisms for its implementation and enforcement. Poor veterinary health services and transboundary animal disease control, with occasional flare-up of epidemics, other livestock diseases, and pests, is compounded by limited availability of quality veterinary education and technical training facilities in pastoral areas.

f) Transboundary animal disease

Animal diseases are regularly reported in the country, with the most significant being of transboundary nature. Among the most notable are Peste des Petits Ruminants (PPR), Contagious Caprine Pleuropneumonia (CCPP), Contagious Bovine Pleuropneumonia (CBPP) occurring mostly in the southern areas, Foot and Mouth Disease (FMD), Sheep and Goat Pox (SGP), Camel pox, and Lumpy Skin Disease (LSD). Other commonly found diseases are Anthrax, Blackleg, Brucellosis, Hemorrhagic Septicemia, Trypanosomiasis, Salmonellosis, Clostridium, and ecto- and endoparasites all of which affect both production and reproduction of animals kept by pastoralists and agropastoralists as well as of the wildlife population. Fowl pox is also a commonly observed disease affecting poultry. Due to the aggregation of a large number of livestock in common grazing areas, watering points, and markets and along trading routes, and to shared grazing on the rangelands with wildlife, the likelihood of disease transmission remains high. Climate variability also has had a negative impact on livestock and human health through vector-borne diseases. Higher average temperatures have supported the expansion of vector populations into cooler areas at higher altitude.

Rift Valley Fever (RVF) remains at the forefront of many of the problems that the livestock export trade has suffered after its presence was first suspected in 1998. Outbreaks in East Africa have occurred periodically at intervals ranging from 2 to more than 30 years. The Somali areas bordering with Kenya and the north-eastern region of Kenya went through a massive epizootic of RVF in 1997/98 facilitated by extensive flooding occurring in that region. RVF is otherwise enzootic throughout Sub-Saharan Africa and Madagascar and reached the Arabian Peninsula in 2000. Permanent irrigation in the western coastal zones of Yemen and Saudi Arabia will contribute to the risk of the disease becoming endemic in these areas. The FAO, however, believes that RVF is currently not endemic in Somalia (unlike northern Kenya) and thus has not conducted mass vaccinations campaigns against this disease, leaving quarantine stations to

administer vaccines against RVF to the animals in their care depending on the requirements of the importing country.

g) Institutional capacity constraints

The livestock sector falls under the responsibility of the Federal Ministry of Livestock, Forestry and Range (MoLFR), with the engagement of the livestock ministries of the Federal Member States (FMS). LSDS consultations have found that all ministries, however, suffer from major capacity and resource gaps, which inhibit their ability to deliver even the most basic services. Furthermore, budget allocations and physical facilities are very limited, with most staff lacking up to date training and needed specializations. Unlike Somaliland and Puntland have developed some capacity over the past two decades, the four recently established states in south and central Somalia, in particular, all lack physical infrastructure and receive minimal or even no budgetary resources and external project funding, with most or all of their staff working as unpaid volunteers. Due to this lack of domestic capacity, the livestock exporting companies use veterinarians from outside Somalia, who are not registered and accredited by MoLFR and whose qualifications and experience on animal inspection and disease investigations are unknown to both the Federal Government and Federal Member States.

These governance issues severely limit the government's ability to develop effective policies and strategies for improving productivity and support growth of the sector. There are real conflicts of interest leading to ineffective controls, which in turn result in poor credibility among key importing countries of the system at Somali ports for testing for RVF and other TADs and for preventing tainted shipments. Weak capacity is exemplified by the poor conditions of the public laboratories and the lack of accreditation and supervision of the private laboratories at the quarantine stations. Another major issue affecting credibility is that health certificates are issued by privately paid veterinary officers, a practice that gives rise to conflicts of interest. Although government-accredited and formally government-employed, these veterinarians are not independent from the private companies owning and managing the quarantine stations and paying their salaries (in addition to government-mandated fees). The third issue relates to the general institutional weaknesses affecting export controls by the authorities, coupled with the impatience among Somali exporters regarding the long waiting period of three weeks in the quarantine stations and reluctance to shoulder the associated livestock maintenance costs. All these factors have led and can still lead to rushed shipments too soon after vaccinations against RVF and FMD, in contravention of importing country requirements – an issue that has resulted the latest import ban by Saudi Arabia, 2016.

3.4. Value addition from animal products

There are real opportunities for value addition of animal products to take advantage of the growing urbanisation and incomes, as well as large diaspora returnees. Meat and milk processing and distribution have considerable potential in terms of both value addition and employment creation, especially for younger people. Modern slaughterhouses and appropriate transport and retailing networks in main consumption centres can generate value addition than traditional retailing of entire carcass. The meat value chain, like that for dairy, is also still almost exclusively focused on supplying the local market. Most slaughterhouses and meat markets are largely unhygienic, in various states of disrepair, and lack drainage systems. Many small and medium-size towns have no slaughterhouses at all. While there are signs of incipient commercialization, current processing is minimal, with only three meat processing companies operating in the country. The oldest in Mogadishu (SoMeat) has two modern slaughterhouses and exports

frozen cattle carcasses to Oman (and in small quantities also to Qatar) in refrigerated containers, with plans to invest in the machinery required for producing and exporting cuts. The other two operations on the outskirts of Hargeisa (Hilibsan) and Galkayo (Beira Food Factory) to process and sell meat in local markets in a hygienic way, have been recently established but have plans to expand, including into meat canning.

Milk processing also have considerable value addition potential. Trade statistics, in particular, the large bill in recent years for imported dairy products, ranging between US\$60 million and \$82 million annually, mostly for milk powder and long-life packaged milk provide a scale of market. However, demand for fresh milk and other processed dairy products will continue to increase in all states beyond the natural population growth, which alone will provide over a million new potential consumers in the next decade. The current poor and inefficient state of the subsector, the large number of available milk-producing animals and therefore oversupply in some seasons, as well as energy cost and technologies challenges appear to be the main structural factors limiting the competitiveness. Other constraints that have kept milk production and the processed dairy sector from reaching its potential are both institutional. Major growth constraints include most of those affecting negatively the health and welfare of live animals as well as the poor food safety practices and poor environment for private sector investment. The development of the dairy value chain can generate substantial employment opportunities both in processing and retailing, especially among women who are already dominant in the milk value chains from production, distribution and retailing.

Promoting more varied dairy and by-products of meat production and consumption, including from poultry, would have positive nutritional outcomes for the country's population, besides being an additional source of income for Somali pastoralists and agro-pastoralists.

The poultry subsector remains underdeveloped, with poor linkages between producers, market and consumers, and minimal external donor support. However, because of an expanded commercial production and related consumption, poultry has become increasingly important to Somalia's food security and protein availability. Much of current consumption is met by imports. Despite poor knowledge of the sector and myriad growth bottlenecks, high market demand underlines a strong potential for expanding and upgrading the poultry subsector.

Hides and skins, which are currently cured mostly to sun-dried or dry-salted stages with only some processed to wet-blue stage, albeit of very poor quality, barely register today in the trade statistics because of the extremely low price they fetch. They are nonetheless still exported to Dubai, Pakistan, UAE, China, and Italy, suggesting potential international demand for a revival of exports from Somalia, if organizational capacity of hides and skins trading associations is supported and strengthened and private investment in technology upgrading of existing and new slaughterhouses and tanneries is encouraged through, for example, tax incentives and rebates.

3.5. Strategies

- i. Modernizing traditional systems for production to build resilience.
- ii. Strengthening animal health, welfare and nutrition to meet international standards and requirements of importing countries.
- iii. Financial and human resources for the sector's development.

- iv. Ensuring food safety and promoting value addition in livestock products.
- v. Ensuring the inclusion of vulnerable groups – particularly women, the youth and displaced persons – in intervention design and implementation.
- vi. Ensuring environmental protection is adequately factored into intervention design and implementation.

3.6. Interventions

- Mobilising resource for large-scale investments in watershed management and infrastructure that could mitigate the impact of extreme cycles of rainfall, floods and drought will be critical for the resilience of Somali livelihoods dependent on livestock.
- Improving the natural rangelands resource base to sustain the production and productivity of livestock, in parallel with improving livestock productivity and value addition.
- Re-establishing the National Rangeland Agency and enforce pre-war and/or more recent policies and laws (alongside the traditional systems) to rehabilitate and manage the rangelands.
- Reassessing the relationship between public and private veterinary services and quarantine stations, responsibilities of each stakeholder, and mechanisms for government oversight.
- Applying internationally accepted tools to systematically assess, monitor and improve veterinary services in order to improve the administrative structure and service standards
- Establishing a national competent authority responsible for official controls of animal health;
- Strengthening government oversight and auditing of processing and handling of milk and meat to ensure food safety and quality standards; and
- Improving land tenure management to deal with grazing rights, the fast-expanding private enclosures on previously communal rangelands, and commercial crop- and grasses-producing areas.

4. Agriculture

Before the civil war, crop production was second in importance to livestock with regard to its shares of GDP and export earning. It was also (and to lesser continues to be) crucial to food security as the country was almost self-sufficient in main staples. Lack of consistent and updated information on the importance of different economic sectors makes it difficult to assess its exact current contribution to the economy. Although there are no official statistics on the sector available evidence suggests that crop sector remains second albeit a distant second, after livestock. The World Bank and FAO have conducted a study intended to support Somalia in implementing the 2017–19 National Development Plan and to inform its forward policy planning and programming and that of its development partners. Significant part of the analysis presented in this chapter is based on the findings of the report which has been published in late 2018. We supplement this analysis with information and data from other sources including government, relevant international programs in Somalia and wider literature on agricultural development planning.

Estimates available from the World Bank/FAO report suggest that in Somalia about 3 million hectares of cultivable land of which almost 2.3 million hectares produces or could produce crops under rainfed conditions. The remaining 700,000 hectares could produce crops under pump or recession-controlled

irrigation, mainly along the two main rivers, the Shabelle and the Juba although only 110,800 hectares are currently irrigated. This is less than half the 222,950 hectares under irrigation just before the civil war and only about 15 percent of the total potential irrigable land. Almost two-thirds of all cultivable land (rainfed and irrigated) is in the southern parts of the country. Apart from the fertile areas along and between the two major rivers and a small cultivated area in the northwest of the country, Somalia is primarily rangeland, with low productivity potential for crops, as a result of very low and unreliable rainfall. Figure 38 maps the prevalent land use systems agricultural and agropastoral livelihoods across the regions of Somalia.

Most crop production is therefore largely undertaken in the Southern regions by small-scale subsistence farmers with an average of 0.2–3.0 hectares of land and producing cereal crops, mainly maize and sorghum. Nevertheless, there is small number of medium and large farms often producing fruit crops. Other arable crops of economic importance are vegetables, legumes, and sesame. Among fruit crops, bananas used to be very important, with exports to Italy and Middle Eastern markets. Sugarcane was also of major commercial importance, with exports to the United Arab Emirates and by products used for distillers producing a range of derivatives. In recent years, sesame seed and lemon have become important export commodities as they account almost all crop export revenue.

From developmental planning perspective, smallholder farming merits special attention to increase productivity of the sector. According to the FAO, the smallholder farming accounts for 80 percent of total crop output and 70 percent of marketed agricultural produce. Targeted intervention strategies are needed to address binding constraints underlying the poor performance of the sector. Use of appropriate technologies and inputs, such as hybrid seeds, fertilizer, and pesticides, and good agriculture practices can in particular improve agricultural productivity.

4.1. Situational analysis

The main agricultural production is maize, sesame, sorghum and cowpea, see Table 14. The production of these crops and therefore their contribution to GDP, in terms export earnings and domestic consumption, have both declined substantially over the past three decades due to the long conflict and resulting insecurity leading displacement of large proportion of rural population, dilapidated irrigation infrastructure due to collapse of state-run maintenance services, and effects of droughts and floods linked to climate change. Poor farming practices and low levels input use and mechanisation in particular greatly limit the productivity. As result, the average yield per hectare is very low compared to regional average, see Table 15.

NDP-9 Volume I: 15 Oct 2019



Table 14: Main crop production, 2012-2018

Year	Cowpea			Maize			Sesame			Sorghum		
	Total Area Planted (ha)	Total Area Harvested (ha)	Total Production in MT	Total Area Planted (ha)	Total Area Harvested (ha)	Total Production in MT	Total Area Planted (ha)	Total Area Harvested (ha)	Total Production in MT	Total Area Planted (ha)	Total Area Harvested (ha)	Total Production in MT
2012	96,444	67,277	18,154	158,969	120,112	97,139	73,013	64,261	25,494	390,734	262,371	181,580
2013	108,439	85,518	20,206	204,064	174,213	124,830	126,230	101,625	38,133	336,691	260,249	134,842
2014	110,320	92,724	21,139	218,995	163,180	110,556	132,035	112,135	35,584	347,320	274,200	132,189
2015	108,776	94,040	20,370	244,138	189,825	106,636	105,783	94,113	28,640	319,475	253,272	130,423
2016	74,925	35,922	7,618	194,399	108,082	63,251	55,830	34,640	9,203	330,910	169,545	76,801
2017	138,592	67,394	16,535	175,740	125,497	77,616	65,116	41,900	12,673	349,850	227,385	95,892
2018	131,559	98,878	24,302	180,775	136,464	105,068	120,360	91,809	30,787	382,570	286,580	135,896

Source: FSNAU/FAO Somalia

These factors have together resulted in the poor performance of the sector. In this regard, the recent World Bank/FAO report provided a good picture of current production capacity of the agricultural sector. Somalia now exports only 20 percent of its agricultural export in 1980s. In recent years, fresh fruit exports were limited to some small test shipments of bananas to Gulf countries. Total vegetable and fruit exports, which include dry lemon exports (which began in about 2009), are only about 20 percent what they were just before the civil war began. However, sesame has emerged as crop with significant potential for export in recent years. Since 2011, sesame seeds are the second-largest export after livestock export. Most of the current \$40 million sesame exports goes to India where seeds are processed and extracted re-exported in some cases.

The sector also meets only 22 percent of domestic cereals needs. Even in the best agricultural seasons, domestic production provides only about 40–50 percent of per capita cereal needs. Pastoral, farming, and fishing communities all suffer from high rates of food insecurities and chronic malnutrition. The combination of increased domestic food demand, driven by rapid population growth and urbanization largely financed by remittances, and the collapse of domestic crop production has led to dramatic increase in food imports with expose the volatility in global commodity prices.

Table 15: Average yield of main crop of main crops, MT/ha

Year	Cowpea	Maize	Sesame	Sorghum
2012	0.19	0.61	0.35	0.46
2013	0.19	0.61	0.30	0.40
2014	0.19	0.50	0.27	0.38
2015	0.19	0.44	0.27	0.41
2016	0.10	0.33	0.16	0.23
2017	0.12	0.44	0.19	0.27
2018	0.18	0.58	0.26	0.36

In looking forward, the restoration of the sector productivity, alongside the livestock, offers great developmental opportunity: it can help alleviating poverty, increase export and reduce the growing

dependency on food imports financed by remittance and therefore improve food security. In particular, a revival and modernization of agriculture present opportunities for youth employment and income generation along the agricultural value chains, from input supply and primary production to distribution and marketing, as well as increased agro-processing capacity. Other opportunities arise from rapid urbanisation and moderate growth of population, which if accompanied by economic development and security improvements can continue to sustain the growth in food demand. Displacement of imports of cereal-based products, and improving road transport and security in the agricultural regions surrounding Mogadishu, which serves both as main market and distribution hub, in particular offer greater opportunities for marketing of agricultural produce.

However, realizing the potential of the sector requires concerted effort by government and development partners to remove several major constraints to growth of the sector.

4.2. Constraints to growth

The analysis above and other evidence collated highlights that both irrigated and rainfed farming systems face many binding constraints which limit the productivity and competitiveness of the sector. They include the following:

a) Low irrigation capacity

NDP-9 consultations with local farming communities along the riverine regions found that there are several challenges faced by farmers due to frequent water shortage and floods. There is a much lower and inconsistent surface water availability in the agricultural heartlands of southern Somalia where most the irrigated farming is located. This is largely due to as a result of the dilapidated state of the pre-war irrigation and flood control infrastructure and minimal rehabilitation efforts all made irrigation of crops increasingly unreliable. On one hand, the river flow has become less predictable due to partly increasingly irregular rainfall upstream and partly building of dams in Ethiopia. On the other, the pre-war large-scale flood control and irrigation schemes, consisting of barrages, canals, and other infrastructure in the middle and lower reaches of the Juba and Shabelle rivers, particularly in banana production areas have long fallen into disrepair.

The cumulative silting of the riverbed over the past three decades has also resulted in rivers easily breaking banks in rainy seasons, often causing extensive floods resulting in crop losses and displacement and as well making impassable rural road and therefore making transport and marketing of harvest from unaffected areas difficult, if impossible. The irrigation canal system consisting of primary, secondary, and tertiary canals, in which barrages or weirs-controlled flow of water have mostly become unmanageable. Furthermore, pumping stations that supplied water through the canal systems in areas where irrigation by gravity is not feasible have long been either looted or ceased to function due to lack of maintenance. The problems are exasperated by misuse of the water resources due to lack of government controls and weak local community oversight. The resulting lack planning and regulation in irrigation often leads to inefficient water use, increased salinization, and water logging.

Outside the riverine regions, rainfed agriculture is largely practiced. Unpredictable rainfall and resulting water shortages reduce also limit the production of main staple grains such maize and sorghum, as well as the production of irrigated small-scale fruit and vegetables plots in peri-urban areas supplying fresh produce to surrounding towns and cities across the regions.

b) Poor soil fertility and pest and disease management

Limited skills in good agricultural practice hampers productivity across the country. Poor soil fertility management have led to gradual depletion of nutrients over the years. Soil erosion linked to land degradation and deforestation causes loss of topsoil in many parts of the country. Inputs such as manure, fertilizer are either used in a suboptimal way or not used at all, because of lack of adequate funds and/or limited inputs availability in remote areas. Before the war, the key agricultural input such as fertilizers and pesticides were imported and supplied by specialist government agencies. Since the collapse of the state institutions, the trade and use of these important inputs shifted to private suppliers operating unregulated market environment, potentially posing considerable economic, environmental and health risks to society. It is widely reported that some of marketed fertilizers and pesticides, which are imported, were found ineffective due to poor quality¹⁶⁵. Farmers' inability to ascertain the quality of input before use and therefore symmetry of information exposes them to potential fraudulent trade. Furthermore, in many cases, the application of the fertilizers and pesticides were reported to be suboptimal due to the limited skills in modern agricultural practices and lack of extension services. In addition to the poor yield, there are also considerable risks to environment and consumers, potentially resulting in significant externalities under weak regulatory governance. Improper use of some agrochemicals can negatively affect wildlife and biodiversity, contaminate rivers and groundwater, whilst high levels of pesticide residue and poor mishandling can lead to acute and chronic illnesses.

c) Lack of research and extension service

Following the collapse of the state, agricultural public research capacity has completely been eroded. Consequently, there has been a gradual decline of quality and productivity of crop varieties and plant tissues used in Somalia. Lack of supply of improved seeds and plant tissues resulted in very limited varieties on the market. Most farmers of arable crops now re-seed part of their harvest, repeating this year after year. In absence of phytosanitary controls and extension services to trail imported seed and plant tissues prior to commercial production has also limited the scope for successful adoption of crops varieties from neighbouring countries such as Kenya and Ethiopia.

It is worth mentioning that research by the private sector is starting to fill in partly the gap in the market. For example, Filsan, a seed company, which is a subsidiary of Somali Agricultural Technical Group (SATG) has started to produce its own improved seeds and technologies adapted to local conditions. It currently supplies quality seeds for a range of crops including, maize, sorghum, cowpea, mungbeans, sesame and vegetables. The company is also planning to produce banana tissue to improve the productivity and quality of this important crop in the near future. Such research can fill the existing gaps in many areas where is a clear commercial interest and therefore returns to private investments; typically export and/or high value crops for domestic consumption. Nevertheless, it is worth recognizing that due to the public good nature of agricultural research, some programs may attract little or no private funding due to uncertainties about returns to investment. In these circumstances, a need for public intervention arises because agricultural research is subject to various market failures in that the resulting innovations and technological changes often have important economic consequences for net income and its distribution,

¹⁶⁵ EU OUTREACH Project, Fertiliser and Pesticide policies, July 2019.

and because these consequences are difficult to discern and attribute¹⁶⁶. Often, these types of research have significant social spill-overs that go beyond direct beneficiaries.

d) Limited mechanization

Limited and unreliable agricultural machinery and equipment and high cost acutely limit the adoption of mechanization. Most producers rely rudimental hand-held tools to carry out key farming operations including sawing, tilling, weeding and harvest. This greatly constrains the productive capacity of the sector in terms of limiting area cultivated and yield. A greater access to finance and availability of equipment are necessary to improve the agricultural mechanization across the sector. Public-Private-Partnership (PPP) schemes may be needed to create incentives for the financial sector to invest in agricultural mechanization and input as supported by a conducive investment climate and regulatory environment.

e) Poor road transport infrastructure

Badly deteriorated roads, which increase the costs of transporting crops to markets undermine incentives to expand horticulture crops. Both main and feeder roads connecting farming districts to markets have long become complete unusable or derelict due to lack of maintenance. The rainy seasons in particular make difficult the marketing of most perishable agricultural produce. Illicit roadblock collecting extortionist charges and multiple tax collections render some agricultural enterprise unprofitable. NDP-9 consultations at Jowhar highlighted the devastating impact of poor road infrastructure and safety have had on livelihoods of local farming communities in recent years. Jowhar historically produced high value fruits and vegetables for Mogadishu which is just 90 km away. Before the war, fresh produce harvested on the day or day earlier used to reach the markets within a couple of hours. It now takes half a day on a badly deteriorated road that cuts through multiple road control posts collecting illicit money and government tax on produce and vehicles. The transit through the very rough roads and resulting delays also lead to spoilage and physical damage of the perishable fresh produce, to the extent that the production of some of these crops, e.g. such as tomatoes and lettuce are no longer a viable for the local farmers.

f) Limited processing capacity

The lack of local processing capacity complicates the situation across agricultural regions as outlined in the recent World Bank/FAO report. Before the outbreak of the civil war, almost all agro-processing industries were owned or heavily controlled by the government, and few were fully developed or well managed. All of them were destroyed soon after the start of the civil war. As the northern regions re-established security and self-governance institutions in subsequent years and the regions in the Southern part of the country became more secure in recent years, new privately owned agro-processing industries emerged, with high potential opportunity for expansion, job creation, and greater and sustained economic growth. Improving the production, trading, and processing of primary agricultural products would not only contribute to the country's overall economic recovery and growth, it would also have important direct effects on cementing peace and security, strengthening livelihoods, reducing poverty, and enhancing health outcomes in both rural and urban areas.

¹⁶⁶ Julian M. Alston, Philip G. Pardey, Jennifer S. James, and Matthew A. Andersen, Annual Review of Resource Economics, Vol. 1:537-566.

g) Institutional Constraints

As government institutions in Somalia ceased to function at the onset of the civil war that started in 1990, key regulatory functions such as official controls of agricultural inputs, food quality and safety ended abruptly as the state collapsed. In addition, the technical and administrative capabilities to develop policies and enact and enforce laws were lost with supporting infrastructures and services such as technical and legal expertise, laboratory facilities, research and extension services, and documentation archives. The lack of regulation in particular has left farmers, consumers, the general public, and the environment unprotected against potential economic and social risks associated with the unregulated trade and use of agricultural input. Effective design and implementation of such policies is a prerequisite to establishing a business-enabling policy environment that encourages, facilitates, and promotes the development of and investment in agriculture value chains.

In recent years, The Federal Ministry of Agriculture and Irrigation (FMOAI), in partnership with the international partners, has been working towards the rebuilding the lost institutional function in order to provide basic regulatory services and stimulate economic growth in the sector. As part of this effort the government has developed several regulatory policies and strategies re-enabling the official controls of plant health include quarantine measures, seed quality, pesticides, fertilizers controls. However, the enactment of the relevant legislation package and building the necessary institutions are necessary to implement effectively the policies and strategies developed.

4.3. Value addition from crop production

Despite the decline in productivity and the multiple structural and institutional challenges faced by the sector, crop production remains both viable and critical to economic recovery and long-term development. Value addition and sufficient scale of production are needed to support the development of agricultural value chains. Somalia still has large and unexploited areas with fertile alluvial soils for staple cereals, oil seeds, legumes, and horticulture crops that can support both more efficient production and expanded cultivated area for both domestic and export markets. Widespread adoption of climate-smart agricultural practices would increase both resilience and growth for key rainfed crops, for which both yields and total area under cultivation could be doubled or even tripled. There are significant opportunities to add value produce through agriculture processing and marketing to meet increased and still growing demand but also increase export.

In particular, the sesame subsector has a high potential for increased production (of seeds) and value addition. Somalia is already exporting sesame, and there is a growing commercial interest and investments in quality sesame production and processing, as well as international support in this area, among these USAID-funded GEEL and DFID-funded PIMS projects. Somalia could increase production of sesame oil for domestic human consumption; produce more sesame cakes, which are added to poultry and animal feed mixes; and begin exporting both. Public investments both in quality control measures for certified seeds and other farming supplies, the collection and dissemination of information on market prices, and extension services, especially in support of small-scale trading and oil-processing cooperatives traditionally dominated by women are needed to develop the sesame value chain. Such public investments are likely to encourage more of the recent significant private investments in small and medium-size seed and oil-processing units and in storage and packaging facilities among leading operators in this sector.

Fruit sector also have potential for value addition. Expansion of banana production—albeit to levels that are lower than they were before the war—is in particular a realistic and desirable goal but a significant development in this area is contingent upon in parallel investments in infrastructure. The federal and regional governments, local communities, and donors need to rehabilitate critical public infrastructure including roads and ports. The private sector needs to invest in improved input supplies, packaging cartons, food processing of dried bananas, more efficient shipping, and new boreholes to strengthen resilience to droughts and river drying. Further analysis of the sector’s international competitiveness and profitability is though required to assess whether further expansion beyond pre-war levels and into export markets outside the Middle East is economically and environmentally sound and sustainable.

Other labour-intensive subsectors - the horticulture - has good potential for growth and job creation. The realization that it can generate higher revenues and income per unit of land than traditional crops has already drawn considerable interest from Somali investors, including from the diaspora. Recent initiatives include wind and solar installations for pumping water and providing drip irrigation for fruits and vegetables, the processing of tomato paste and ketchup for the domestic market, and the export of grapefruit to Turkey. Public interventions in support of this subsector’s growth and employment potential should focus on improving input supply with certified seeds, establishing a food safety certification system for export, and addressing policy constraints, in addition to improving transport infrastructure and security.

4.4. Strategies

- i. Improving the productivity of both irrigated and rainfed farming systems;
- ii. Improving Marketing of agricultural input and output and promote value addition;
- iii. Strengthen administrative and technical capacity of the Ministry of Agriculture and Irrigation.
- iv. Ensure the inclusion of vulnerable groups – particularly women, the youth and displaced persons – in intervention design and implementation.
- v. Ensure environmental protection is adequately factored into intervention design and implementation.

4.5. Interventions

- Rehabilitate the pre-war irrigation and flood control infrastructure in southern Somalia to improve supply of surface water availability;
- Improve the inefficiency of water use and irrigation techniques to reduce soil salinization, and water logging through effective water use planning and regulation;
- Increase crop yield through rehabilitation of research and extension services to disseminate good agricultural practices in both irrigated and rainfed systems;
- Improve the resilience of rainfed agriculture through increased rainwater harvesting and capacity of water reservoirs, together with improved farming practices to increase soil moisture retention and drainage;

- Establish a competent national authority responsible for official controls of plant health, agrochemicals and seed and varieties.

5. Fisheries

Somalia has the longest coastline of continental Africa, approximately 3,300 km extending from the western passage of Gulf of Aden to Indian ocean up to the border with Kenya. The country therefore has a very substantive Exclusive Economic Zone (EEZ), with estimated at 825,052 square kilometres covering one of the richest fishing grounds in the region. Furthermore, the Somalia's Large Marine Ecosystem (LME) has one of the strongest upwelling systems in the world driven monsoon created deep sea currents¹⁶⁷. Seasonal variations related to the southwest and northeast monsoons support a wide variety of marine ecosystems and a high level of diversity of fish along Somalia's coast. Between March and October, the warm southwest monsoon pushes surface waters northeast and forms the Somali current, the fastest open ocean current in the world, with an average speed of 3.5 meters per second. These seasonal currents provide optimal conditions for both demersal and pelagic migratory species, especially tuna, for which this area is among the most productive in the world. These upwellings support a variety of concentrations of small pelagic fish, potential preys of scombroids, which have been the basis for limited coastal fisheries for many hundreds of years and had already generated strong interest from industrial fishing before the civil war¹⁶⁸.

The sector has a significant potential to contribute to Somalia's economic development and poverty reduction. USAID¹⁶⁹ estimated that the value of domestic fisheries sector to the Somali economy was \$135 million in 2015/16. The value of Illegal, Unreported and Unregulated (IUU) fishing was estimated to contribute \$306 million in benefits to other economies, highlighting opportunities for this sector to better support Somali enterprises and livelihoods in the future. Furthermore, potential government revenues from regulated fishing activities, estimated at a value of \$4-17 million per year, could be utilized to fund FGS and FMS co-management schemes necessary for effective fisheries and marine environmental management and invest in sector human resource development.

It is worth noting that the illegal fishing is likely to be reduced as Somalia has undertaken in the past five years a series of measures against these activities. The country has settled its longstanding dispute of size of its EEZ in 2014 by accepting a proclamation of 200 nautical miles from its coastline in line with the United Nations Convention on the Law of the Sea (UNCLOS). A drastic reduction in piracy and resolution of a disagreement between the Somalia and regional countries over control of deep-sea fishing rights have in particular opened the door to development of a fishing industry off the Somali coast with tremendous growth and job-creating potential. For the first time over two decades, Somalia offshore fishing licenses were issued, legally and transparently, by the Ministry of Fisheries and Marine Resources (MFMR) of the Federal Government of Somalia. Under a memorandum of understanding with the Chinese

¹⁶⁷ Upwelling refers to wind-driven motion of dense, cooler, and usually nutrient-rich water toward the ocean surface, replacing the warmer, usually nutrient-depleted surface water.

¹⁶⁸ World Bank/FAO, Rebuilding a resilient and sustainable agriculture in Somalia, Volume 1 - Main Report.

¹⁶⁹ The Strategic Framework for Somalia: 2016-2019
https://www.usaid.gov/sites/default/files/documents/1860/Public_Strategy_USAID.Somalia_03.29.2017_3.pdf

Offshore Fishing Association (COFA), 31 Chinese tuna longline vessels were issued with a license to fish for tuna and tuna-like species.

However, a weak regulatory framework and limited enforcement capacity, as well as lack of adequate maritime structure together still undermine Somalia's ability to effectively protect its marine resources and monitor licensed offshore fishing vessels, but also effectively manage inshore fishing activities some of which are now resulting in depletion of high demand species.

5.1. Situational analysis

Somalia has two main distinct fisheries production systems: onshore fishing (up to 24 nautical miles from coastline) and offshore fishing (more than 24 nautical miles) which are determined by the characteristics of its continental shelf and seasonal currents in the Indian Ocean. Low-technology artisanal fishing largely practiced by Somalis in shallow water using small boats takes place close to the shore, whilst factory fishing by well-capitalized industrial fishing operations take place in deep sea and is operated primarily by the Spanish, French, Taiwanese and Chinese companies¹⁷⁰. However, alongside the artisanal fishing, a fleet of four foreign freezer trawlers has operated inshore off the coast of Puntland for several years, transshipping at sea or landing in Oman, in contravention of Somalia's laws¹⁷¹.

There is also some inland fishing practiced by share-cropping communities in Somalia who have fished the lower reaches of southern Somalia's two permanent rivers. These are activities for household consumption and not much as a source of employment and cash income.

a) Inshore Fisheries

Inshore production methods are largely small-scale fishing activities based on small motorised vessel and artisanal fishing. Except Puntland coast where the continental shelf extends some 300 kilometres to Socotra (in Yemen), the vast majority of Somalia's EEZ is oceanic, with a relatively narrow the shelf along most of the coastline. The narrow continental shelf limits both variety and size of fish available onshore. Diversity of fish is greatest in the coral reef region from Adale to the Kenyan border. The reef systems and therefore seasonal variation in fish resources are influenced by the tropical waters flowing north from the coast of Kenya.

Alongside the coastal fishing communities, many rural dwellers along coastal regions of Somalia, including pastoralists, practice seasonal fishing often as an important source of supplementary food and income. On much of Somali's Indian Ocean coastline, inshore fishing ceases entirely during the months of the strongest southwest monsoon winds, when many coastal communities return to pastoralism. There is little reliable information on the number of people employed by the sector and its structure. An estimated 4,500 full-time and 5,000 part-time national fishermen in 1990 operated along the entire Somali coast, whilst experts estimated the current figure at about 10,000 fulltime and part-time fishermen. Other sources report substantially higher numbers, including unregistered and seasonal fishermen. For example, the World Bank/FAO report cites about 23,000 fishermen operating across the country, of which 730 in Somaliland, 12,000 in Puntland, and 5,000–10,000 in the rest of the country. Other estimates indicate that the total could be as high as 30,000, plus another 20,000 people on land employed indirectly in the sector. According to the above World Bank/FAO report, on average, Somali fishermen are 38 years old and live

¹⁷⁰ USAID, Somalia economic growth strategic assessment, 2014.

¹⁷¹ World Bank/FAO Rebuilding resilient and sustainable agricultural industry in Somalia, 2018

in households of eight people More than half own their fishing boats and half are members of local fishing cooperatives.

Many seasonal fishermen move inland when fish concentrations are the highest during the monsoon driven upswelling as their small fishing vessels are not suited for the rough weather during this period and because summer temperatures are very high at the coast. Lack of transport and cold-chain infrastructure serve as a further barrier to fishing.

b) Offshore fishing

Somalia's offshore stocks constitute immense resources which the country has not benefited from until recent due to lack of capacity to exploit or police its EEZ and therefore the illegal fishing by foreign vessels. The illegal fishing started soon after collapse of the Somali state and it is believed to continue today, albeit to a lesser extent, due to the limited ocean monitoring and enforcement capacity. However, the country the recent progress in economic governance and membership to regional international organisation is beginning to bear fruits. Under the terms and conditions of recent licenses issued to Chinese vessels, the regional Conservation and Management Measures of the Indian Ocean Tuna Commission (IOTC), is currently responsible for recording and reporting all their catch to the Somali authorities. The compliance of licensed vessels is instead monitored by the Ministry of Fisheries and Marine Resources (MFMR) through a satellite-based Vessel Monitoring System (VMS) and through various related reporting requirements.

Furthermore, the Somali fishing industry is largely unable to exploit offshore resources in upswell season when high value migratory species are in Somali waters; therefore, the country can only benefit from these resources thorough the licensing of foreign fishing vessels. Most economically important migratory species of large pelagic species, including tuna and tuna-like species, billfish, and sharks, are harvested offshore only by industrial foreign vessels¹⁷² including purse seiners catch¹⁷³ tropical tuna species (bigeye, skipjack, yellowfin) when they group in surface schools or around fish aggregating devices—such as large raft left to flat in the current that aggregate schools of tuna beneath them. The impact of the latter method has been controversial, because they increased catches of juvenile yellowfin and bige. Longline vessels also catch some yellowfin and bigeye tuna. Longliners come from China; Taiwan, Province of China; and Japan. Purse seiners come from the European Union, Iran, Mauritius, Oman, Pakistan, Seychelles, Yemen, and other countries.

5.2. Constraints to growth

Alongside the institutional constraints in managing offshore fisheries, there are several structural factors that hamper the productivity of the inshore fisheries, including lack of modern vessels, fishing gear, skills and inland storage and processing capacity, as well as infrastructure to transport fish to domestic urban markets and neighbouring countries such as Kenya and Ethiopia.

a) Artisanal fishing fleet

¹⁷² Ibid

¹⁷³ World Bank, factsheet, March 7th 2019, Somalia Issues Fishing Licenses: Fees will Help Develop Fisheries Sector, <https://www.worldbank.org/en/news/factsheet/2019/03/07/somalia-issues-fishing-licenses-fees-will-help-develop-fisheries-sector>

With exception to the above mentioned four foreign vessels licensed by Somaliland and Puntland, Somali fishermen largely using small boats designed for artisanal fishing operated along the coast. According the World Bank/FAO report, Somalia's current fleet is composed mostly of small boats, mainly built locally from old designs and generally beach launched. In the mid-2000s, the size of the fleet was estimated at about 650 motorized fiberglass 6- to 9-meter-long vessels, 380 traditional sail boats, and 800 5-meter-long houris or canoes, adding to about 2,000 vessels of all types today. A recent scoping mission by the FAO found the majority to be poorly built and unprofitable, offering poor catch handling. Although a recent introduction by the FAO of new 6.3-, 8.3-, and 10.3-meter boat designs that meet international safety standards in some areas of the country was useful to create commercial interest among the local producers, the renewal of the fleet and modern fishing gear necessary to improve the productivity significantly require considerable investment and possibly partnerships with foreign boat manufacturers and suppliers. Furthermore, the artisanal fishing is seasonal as small boat used cannot to go sea safely during the peak summer rapid offshore export of surface water generated by upswelling¹⁷⁴. The physical and environmental limits on artisanal fishing therefore mean that growth in domestic fisheries will require a new approach to fishing in between the low-tech approach practiced by Somalis today and the industrial methods used by foreign fishing operations offshore¹⁷⁵.

b) Limited landing sites and onshore facilities

In addition to addressing the capacity constraints, the expansion of fishing activities in this subsector requires developing adequate onshore infrastructure and cold chain. As the 2,000-kilometer-long Indian Ocean coast of Somalia has very strong ocean currents and few natural harbours there is a need for new ports across the country. Kismayo, in Jubaland, is the only natural port; Mogadishu has only a small naturally protected area at the old port, in addition to humanmade cargo-oriented commercial facilities. Isolated headlands provide limited protection from monsoon conditions in some other locations and a natural deep-water harbour behind Ras Hafun Peninsula in the north. More than 1,000 kilometres of Indian Ocean coast has little protection for fishing vessels, most of which are beach launched. Unlike the south, the 1,300-kilometer-long northern coast of Somalia is protected from the strong southwest monsoon, but it has only two major deep-water harbours, at Berbera in Somaliland and Bosaso in Puntland, plus limited mooring facilities in Aluula and Laasqoray.

c) Limited monitoring and enforcement capacity

As much of Somalia's continental shelf is narrow, its inshore fish stock is limited and vulnerable to depletion unless placed under careful management. Indeed, the recent successful exports from Puntland region in recent years have raised sustainability concerns as lobster, which is highly profitable and shipped to the Gulf, is now being depleted. Sea cucumbers, which are essential to the long-term survival of coral reefs are now threatened by high export demand. There is also a growing concern about the extent and some of the methods of fishing by foreign ships. Also, the recently licensed offshore fishing vessels use longline operations can generate bycatch, including sharks, marine turtles and other pelagic fish. Therefore, effective regulatory framework and enforcement are critical for sustainable management of both inshore and offshore.

¹⁷⁴ M. Di Castro et al. How will Somali coastal upwelling evolve under future warming scenarios? Scientific Report, 2016; 6: 30137.

¹⁷⁵ USAID, Somalia economic growth strategic assessment, 2014.

With regard to monitoring of catch, the existing multilevel governance for fisheries control may pose practical challenges for enforcement authorities. FGS manages the access to Somalia's deep-sea fishing waters, while regional governments manage access to the close-to-shore artisanal fishing grounds. This has allowed the Federal Government in Mogadishu to negotiate with the foreign fishing companies with a view to exchanging fishing permits for support to help grow Somalia's own local fishing industry. However, the strategy and policy actions for using this revenue stream to develop local fisheries and develop enforcement capacity and coordination at the federal and state levels of government are not yet developed. For effective enforcement, the parliamentary approval of no less than 12 subsidiary regulations¹⁷⁶ are needed to enforce the existing fisheries law.

5.3. Value addition from fish

In both coastal and inland urban centres, demand for and the availability of fish have been increasing thanks to rapid urbanisation and growing diaspora returnees. However, meat consumption still dominates the Somali cuisine, and there is still little understanding among large proportion of consumers about fish quality and its nutritional value. This lack of appreciation for fish quality and safety is widespread in Somalia, a major cultural hurdle to widespread consumption of fish. Unlike fresh (catch of the day) fish, iced fish does not generally receive a premium price, providing little financial incentive for fishers to treat their catch safely. Fresh catch, often sold either on the landing site or in local urban fish markets, attracts much higher prices.

Therefore, developing value chain for fresh fish requires raising consumer awareness and improved the quality and safety to improve domestic consumption and increase exports. The latter requires the development and implementation of good hygienic practices (GHP) and internationally acceptable application of Hazard Analysis and Critical Control Point (HACCP) analysis¹⁷⁷. Industry players will share an interest in establishing and sustaining the safety reputation of fish exports from Somalia and are likely to find that a professional association will help in this regard. Availability of adequate landing jetties and ports, as well as cold chain to transport catch to markets can potentially induce investment modern fishing vessels and technologies for conservation and may also favourable shift in consumer preference toward iced fish overtime. The facilities for effective onshore processing and marketing require ice-making and refrigeration equipment, trucks, refrigerated trucks, forklifts, processing equipment. Wind and solar energy are likely to play a role. Indeed, the growth of the domestic fisheries will likely to depend on Somalia's ability to participate directly in the offshore catch.

However, Somali fishermen currently lack the experience, skills and capital to fish on the same scale as the foreign operators, although there is an encouraging recent development in use of modern fishing vessels among Somali companies. Two recent investor initiatives in fishing and fish processing and the views of informed insiders suggest that a third, niche, fishing industry – between artisanal and factory – is beginning to emerge and Somalis can fill it very profitably¹⁷⁸. This kind of intermediate fishing industry would be built around fishing vessels 50 to 60 feet in length – potentially several dozen – constructed in the region for a few hundred thousand dollars each, and based in or near Somalia's large ports. They

¹⁷⁶ Federal Government of Somalia, A Review of the Somali Fisheries Law (Law No. 23 of November 30, 1985), in accordance with Article 79, Paragraph (d) of the Federal Constitution of Somalia.

¹⁷⁷ USAID, Strategic Economic Growth Assessment, 2014.

¹⁷⁸ Ibid.

would fish with nets in deep water and bring the catch to port, protecting it with ice until landing. To support the growth in this emerging subsector, the development of processing facilities on land would need to keep pace as the catch capacity expands. Processing could consist of more canning or the more ambitious but more profitable export of fresh tuna by air freight. As this subsector will depend almost exclusively on exports, quality standards and sanitary certifications will be critical to establishing and maintaining the market.

Export of canned fish is another area with significant potential for value addition and employment creation, alongside the modest domestic consumption. Somalia currently imports about US\$17.5 million a year worth of canned and processed fish, virtually all of which is canned tuna, according to the International Trade Centre. Given the ubiquitous availability of canned tuna in Somali retail shops, this figure, which represents a consumption of less than US\$1.50 per capita a year, is a reliable medium-term upper limit to potential domestic sales for a Somali canning industry. In the long term, this subsector could grow very rapidly from virtually nil, by exporting to neighbouring Ethiopia where consumption is high. The ongoing economic integration and anticipated infrastructural interconnectivity creates a real prospect for canned fish export.

5.4. Strategies

- i. Develop a legal framework for effective management of fisheries resources and marine environment;
- ii. Develop administrative and regulatory capacity of the federal and state fisheries institutions;
- iii. Promote the development of fish value chains to increase both domestic consumption and export.
- iv. Ensure the inclusion of vulnerable groups – particularly women, the youth and displaced persons – in intervention design and implementation.
- v. Ensure environmental protection is adequately factored into intervention design and implementation.

5.5. Interventions

- Develop national fisheries law that is consistent with international law governing offshore fisheries including licensing, monitoring and reporting of ocean fishing activities, as well as conservation of marine environment;
- Establish subsidiary regulations of the National Fisheries Law governing coastal fisheries at a federal member state level.
- Development of capacity building plan for the federal and members states' ministries of fisheries.

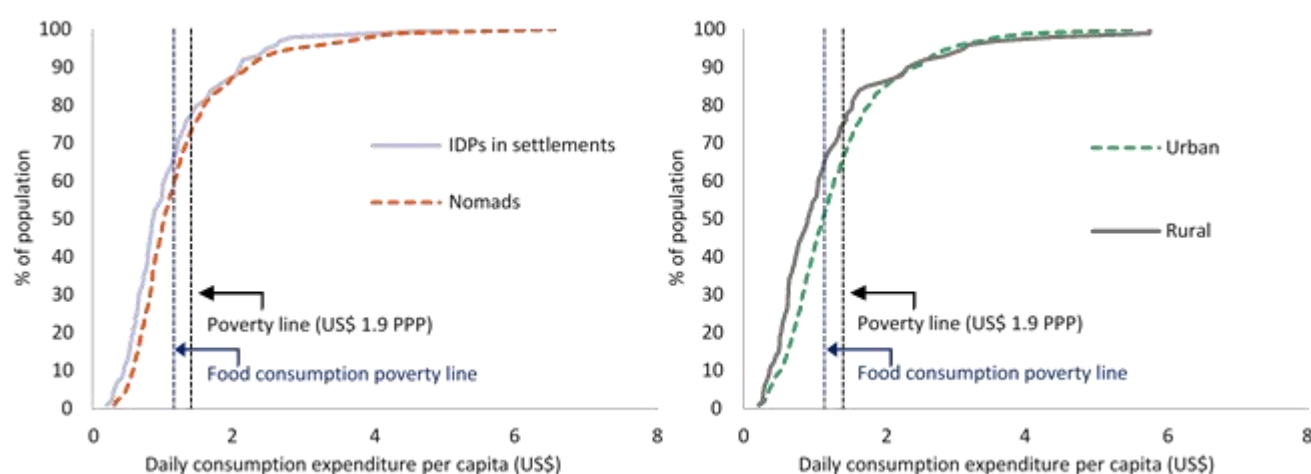
6. Food security

The above analysis of the livestock, agriculture and fisheries sectors highlights the collapse of domestic crop production, which has led to a massive increase in food imports. At the same time there has been a combination of increased domestic food demand driven by rapid population growth and urbanization with consumption largely financed by remittances. Agricultural imports rose by a factor of 18, reaching almost US\$1.5 billion in 2015, up from an annual average of only about US\$82 million in the late 1980s. Also,

despite widespread livestock ownership among Somalis, most households have a diet composed more of cereals (a mix of home-grown sorghum and maize and imported rice and various wheat derivatives) and sugar and oil (also imported). This is complemented by consumption of animal products, mostly fresh milk and meat (including poultry), which are the most important sources of protein. Within even pure pastoral households there is a highly dependent on markets and imports for food consumption; Somalia is therefore very vulnerable to market disruptions caused by conflict, droughts or by severe global market price hikes in commodities.

On the other hand, the recent World Bank Poverty and Vulnerability Assessment have shown that Somali households, regardless of their type (urban, rural, IDP or nomad), spend most of their daily expenditure on food as evidenced by the close lines of food consumption poverty and global poverty lines, see Figure 39.

Figure 39: Food Consumption Poverty



The high level of household income devoted to food expenditure combined with a high dependence on imported food and poor domestic production capacity raise considerable food security challenges for Somalia. A high proportion of the population are vulnerable to environmental and global market shocks; for example, droughts or floods affecting the earnings and domestic food production, and sudden increases in global food prices, respectively. These observations collectively warrant a more in-depth analysis of household food consumption. We evaluate price and average consumed quantities across seven main food categories including cereals, fruit and vegetable, pulses, meat and fish, dairy and eggs, oils and fats and other foods. We supplement this with a further analysis measuring the extent to which the consumption may be sensitive to changes expenditure on and prices for these seven categories.

6.1. Overview of the data

The average share of expenditure share devoted to all food consumption in Somalia is estimated to be 62 percent of the total household expenditure (including food and non-food expenditure, plus attributable expenditure from owned or free used durable assets-e.g. house, cars or washing machines). Table 6 shows that Somali household diet is largely dominated by cereals which account for 27 percent of household weekly total food expenditure, followed by fruit and vegetables (20 percent) and meat/fish (19 percent).

These three food categories alone account for 66 percent of the weekly food expenditure. Cereal diet is dominated by a small number of staples such as rice, pasta and maize and sorghum and their derivatives consumed as main meals. Whilst maize and sorghum consumed in Somalia are largely produced domestically, rice, and pasta and a range of derivatives of wheat, such as flour, are imported. Indeed, Somalia faces a chronic food crop deficit, as local production meets only 22 percent of per capita cereal needs¹⁷⁹. Even in the best agricultural seasons, domestic production provides only about 40–50 percent of per capita cereal needs.

Regardless of the household income level, one or more of the cereal staples are likely to be consumed on daily basis. Relatively lower average price (US\$0.74) makes the cereals more affordable among poor households in particular, compared to other more expensive products such as meat and fish (US\$2.18), and fruit and vegetables (US\$1.99); see Table 6. The average weekly consumption and expenditure largely reflects the typical dietary composition with cereals account for both the highest quantity consumed (3.3kg) and expenditure (US\$7.13). Furthermore, all households surveyed in the data reported to have consumed cereals at the week before the survey date, followed by dairy fruits and vegetables, meat/fish in a descending order. Meat/fish and vegetables account for the second highest expenditure (US\$5.52), suggesting that they may be off reach for sizeable proportion of poorer households based on the lower number of observations.

Table 16: Average price, quantity consumed, weekly and % food expenditure

Category	No. Obs	Price (\$)	Quantity consumed (kg)	Weekly expenditure (\$)	% Expenditure
Cereals	5092	0.74	3.33	7.13	27
Fruit/veg	4708	0.90	1.99	5.52	20
Pulses	2207	1.27	2.06	2.88	9
Meat & fish	4249	2.18	2.09	5.52	19
Dairy and eggs	4280	1.49	2.32	3.78	13
Oil & fats	4305	1.25	1.84	2.24	9
All others	4980	1.08	1.92	4.45	17

In the context of Somali culinary habits with limited consumption non-animal proteins, the largely calorific diet based on mostly imported cereals can have considerable nutritional implications. Typically, a poor household would mostly be able to afford basic cereals cooked at most with some vegetables, or likely only occasionally with lower quality cheaper meat cuts to feed themselves. High quality meat cuts, fish (and fruits) tend to be luxuries items whose consumption can only be afforded by wealth households on regular basis. Vegetable sources of protein and starch are from limited number of legume pulses, including cowpea and mung beans, mostly consumed in the southern and central regions of Somalia, whilst the protein sources for households in Somaliland and Puntland are mostly come from meat and dairy products. Households in the Somaliland and Puntland regions also consume more cereals such as

¹⁷⁹ World Bank and FAO (2018), Rebuilding Resilient and Sustainable Agriculture in Somalia, <http://documents.worldbank.org/curated/en/781281522164647812/pdf/124651-REVISED-Somalia-CEM-Agriculture-Report-Main-Report-Revised-July-2018.pdf>

imported rice and pasta compared to South-Central regions where the domestically maize and sorghum are consumed more. Also, the nomadic population in the remote rural areas has limited access to food markets and therefore mostly consume own animal products which are affected by seasonality of the livestock production.

Furthermore, the findings of the supplementary econometric analysis of food demand as found in Annex 4, show that the household food consumption is highly sensitive to income shocks but less so to price changes except meat and dairy which are the main source of protein for population. This shows income is not only a limiting factor of consumption across the food categories, but meat and dairy consumption, the main sources of protein, would be highly sensitive to environmental and markets shocks affecting earnings and food prices.

Such overall limited household dietary choice constraints in the context of widespread poverty clearly pose risks of malnutrition due to deficiencies in key macro and macronutrients. As result, acute malnutrition is widespread among Somalis, as evidenced by recent UNICEF and FSNAU reports, national global acute malnutrition estimates in the past 5 years varying between 12 to 19 per cent over the past five years^{180 181}. Chapter 8 discusses further the nutrition and health implications of undernutrition.

NDP-9 poverty reduction strategy needs to incorporate interventions that increase the resilience and productivity of agriculture and livestock sectors, and trade policies aimed at reducing the household exposure to volatility in global food prices. Given the inter-ministry policy remit on food production and nutrition and health, it is desirable to have a government-wide approach to policymaking and programming of food security interventions.

6.2. Strategies

- i. To establish a national (inter-ministerial) commission responsible for the coordination of food security agenda across government.

6.3. Interventions

- Selection and appointment of a committee for national commission for food security.
- Preparation of a government food security strategy, taking special account of the needs of the vulnerable, particularly women and young children.

7. Infrastructure

Somalia's road transport and much of pre-war ports, electricity and water and sanitation infrastructure is in a dilapidated state due to the legacy of conflict and chronic underinvestment for decades. Without a substantial investment to extensively rehabilitate and expand the infrastructure, it is difficult, if not impossible, to foresee any significant economic growth and reduction of the widespread poverty in Somalia. The country's economic recovery prospect, future growth and competitiveness are therefore all largely depend on the availability of infrastructure for economic development. Indeed, infrastructure is a prerequisite for achieving the key NDP-9 priorities including private sector development, human

¹⁸⁰ FSNAU Nutrition Update July 2018, <http://www.fsnau.org/downloads/fsnau-nutrition-update-july-2018>

¹⁸¹ UNICEF Somalia Nutrition Strategy Note, 2018-2020
<http://files.unicef.org/transparency/documents/Somalia%202.%20Nutrition.pdf>

development and regional economic integration¹⁸². Good infrastructure contributes towards a positive investment climate, as it reduces the costs of doing business and in particular enables producers to access both product and factor markets. Infrastructure can in fact play a vital role in each of the pathways through which economic growth can positively impact on poverty as described in Chapter 4: Strategic Framework, Figure 34. For example, basic rural infrastructure can help address poverty through improved access to health, education and WASH services.

Large-scale infrastructure can also contribute to growth and poverty reduction through the macroeconomic policy channels, in particular investments generating employment, but also serve as a pre-condition for realizing the market potentials as it affects both the patterns and quality of growth through the degree it facilitates access to factor and product markets. Furthermore, there has been increased recognition of the critical role of infrastructure investment for economic growth, as well as its linkages with the provision of social services and the attainment of SDGs. Therefore, the more effective intermediation and coordination of development assistance targeted towards the rehabilitation and development of Somalia's infrastructure sectors a top priority in NDP-9.

In this section, we cover transport and energy and ICT whilst water and sanitation are covered within the financial sector section (below) and Social Development pillar respectively. Nevertheless, we will cover in this section some FGS level urban planning strategy to guide urban development programmes designed and implemented at regional and state levels.

7.1. Situational Analysis

In an effort to support Somalia to rehabilitate and expand its infrastructure there are ongoing and completed government, social and international initiatives. Table 17 provides an overview of the ongoing effort which is mostly project-based and therefore pose some future sustainability challenges in terms of scale and scope of interventions, as well as maintenance of the physical infrastructure built. These programme and projects are under the infrastructure sector portfolio of international interventions. There are other programmes/projects that also undertake infrastructure works but categorised under other sectors such as Agriculture, Livestock, Fisheries, Security, Democratisation, Resilience etc. Some of the UN and World Bank Multi-Partner Trust Funds include also activities that targeted construction and rehabilitation of public infrastructure.

Table 17: Ongoing Infrastructure Projects in Somalia

Project Title & Implementing Partner	Amount in EUR	Main objectives	Area targeted
Road Infrastructure Programme - Somalia (RIP-Somalia) – African Development Bank (AfDB) and Federal Government of Somalia (FGS)	41,450,000.00	Capability Building of all road sector agencies at Federal and Member State and rehabilitations of about 355km of key road networks in Somalia.	Southwest, Jubaland, Puntland, Galmudug and Hirshabele

¹⁸² AfDB, 2017 Somalia Transport Sector Needs Assessment and Investment Programme

Sustainable Road Maintenance Project (SRMP) - Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	19,739,004.00	Up to 140 km of roads rehabilitated in Puntland and Somaliland; Capacity enhancement of highway authorities in Puntland Highway Authority and Somaliland's Road Development to enforce road maintenance standards; Working with FGS Ministry of Public Works Housing and Reconstruction to Establishment of National Roads and Highways Authority for Somalia	Somalia Countrywide
Hargeisa Urban Water Supply Upgrading Project (HUWSUP) - UNHABITAT	15,800,000.00	Replacement of 23 km of water supply network for Hargeisa City; Construction of new pump house and increase of water supply	Hargeisa
INCLUCITY - Support to inclusive and sustainable development of two strategic coastal cities in Somalia.	22,500,000.00	To contribute to the stabilisation of Somalia and inclusive and sustainable urban development of the regional growth nodes Mogadishu (15MEUR Contribution to WB to rehabilitate Roads) and Berbera (7.5MEUR Contribution to UN HABITAT to strengthen the capacity of the municipality.	Mogadishu & Berbera
Project Title & Implementing Partner	Amount in EUR	Main objectives	Action locations
ILED Integrated Infrastructure Project -UNOPS	9,000,000.00	Support ILED programme prioritised small infrastructure activities for the four territories in Somalia: Proposed are: Water, Road, Markets and Building Infrastructure Construction or Rehabilitation.	Somalia Countrywide
Somalia Multi-Partner Fund (TF 072283) - WORLD BANK	5,750,000.00	Support to installation and integration of pilot renewable energy systems into existing electricity grid for urban electricity; improvement of legal and regulatory and institutional frameworks; support to PPPs	Somalia Countrywide

Bosaso Spring Water Sources Development Project – Terre Solidali	5,000,000.00	To improve access to drinkable, affordable and adequate water service delivery in Bosaso	Bosaso, Puntland
Integrated Land and Water Resources Management (ILWRM) Project – UN Food, Agriculture Organisation (FAO)	3,200,000.00	The Integrated Land and Water Resources Management (ILWRM) project will support establishment of Information Management Centers (IMC) and provision of land and water resources information and services. This project will be managed by FAO, and implemented through a results oriented partnership between FAO-SWALIM and the Somaliland & Puntland partner ministries.	Somaliland and Puntland.

Source: Adopted from EU Engagement in Infrastructure Sector & ILED Infrastructure Project

Among the recent initiatives, there was a comprehensive AfDB assessment of Somalia's infrastructure needs conducted under the Somalia Infrastructure Fund. It provides a detailed an assessment of its condition, and the services and infrastructure institutions, including the overall demand and supply requirements to cater to this demand¹⁸³. Each sector requirements were then prioritised and rationalised using an assessment of their implementability to develop a 10-year phased investment programme to respond to these identified needs, within an aggregate cost of US\$454 million¹⁸⁴. Whilst some of the identified priorities were included into NDP8, unfortunately the FGS budgetary constraints and poor implementation arrangements made under the plan together limited government's ability to make a substantive progress in this area during 2016-2019. As result work in this area has been conducted in piecemeal fashion through the above international programmes and projects with little or no coordination with FGS in some cases. NDP-9 builds on the NDP8 mid-term review, OPM roadmaps and output of the AfDB sector needs assessment to identify a set of realistic and forward-looking strategies aimed at informing better the formulation of future policies and institutional and funding arrangements.

7.2. Constraints to growth

Broadly speaking, there are three major areas of infrastructure constraints in Somalia as summarised in Figure 40 :

- 1) Very limited public resources to adequately fund hard infrastructure investment in the key sectors of energy, transport, water & sanitation, and ICT sectors as well as resources for operations and maintenance;

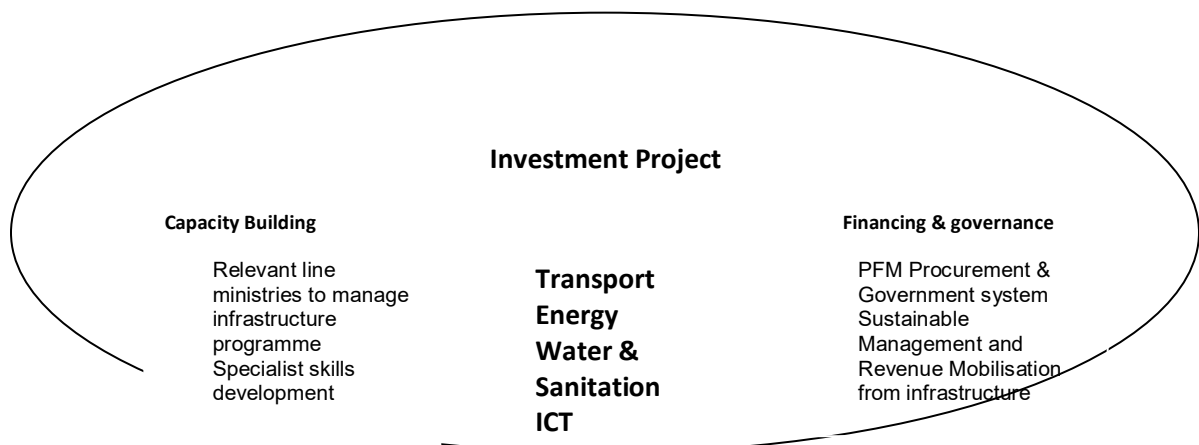
¹⁸³ Ibid

¹⁸⁴ Press release, African Development Bank Group signs \$28.8 million grant deal with Somalia for road and water projects, 29th Aug. 2019,

- 2) Insufficient administrative and technical capacity to develop laws, rules, regulations and financial governance required to underpin the national framework for sustainable provision of infrastructure services at federal and state line ministries and agencies levels; and
- 3) Lack of the specialist technical skills needed for managing the large-scale construction and maintenance of the infrastructure across the sectors.

Although the above multiple recent and ongoing programmes and projects to some extent helped to address funding and capacity constraints, the skills development needs still remain acute across the country. More detailed analysis of these constraints and how they hinder the economic development and delivery of key public services will be discussed in turn within each subsector and then related recommendations for strategic intervention priorities drawn.

Figure 40: Areas of infrastructure needs



7.3. Transport sector

Transport is a key infrastructure subsector that directly enhances productivity and living standards, creates employment while being built and maintained, and contributes to improved security and stabilisation. However, the current poor status of transport infrastructure severely limits access to markets and services across the regions of the country and internationally. This includes roads, ports and airports. For example, poor road transport infrastructure has been highlighted during consultations across the regions as one of the barriers to trade and access to employment opportunities, especially among farming communities in districts around main markets of Mogadishu, regional capitals and major towns.

In the following three sections we cover road, marine (ports) and aviation (airports) transport together and identify related strategic priorities.

a) Roads

Main roads connecting the regions and feeder roads have long fallen into disrepair with major segments becoming increasingly unusable, especially during the rainy seasons. The AfDB needs assessment estimated that there is a total of 11,434km of all types of roads were identified along the key routes of the country. The length of the primary/main roads was estimated to be a total of 4,124km, of which 2,860km are paved and 1,264km are unpaved or of gravel surface. As of Oct 2016, the condition of the paved roads was classified as poor since more than 90% of the roads have deteriorated and are beyond their design life.

However, there has been encouraging signs of rehabilitation and expansion recently as some roads have been repaired and new roads were built, including some constructed by voluntary community effort involving local business, citizens and diaspora donations over the past four years. An example is the new road between Burao and Ceerigaabo and Ceeldaahir and Ceerigaabo largely funded by business and local community donations. Other were built with the support of international projects, funds raised by the regional authorities, or bilateral agreements with development partners. The start of works for reconstruction of the main roads between Mogadishu and Jowhar and Mogadishu and Afgooye, funded by the Government of Qatar, is a great milestone as it connects farming districts in Southwest and Hirshabelle states to the capital markets. Moreover, planned trade corridors and highways connecting Somalia to its neighboring countries, such as Kenya, Ethiopia and Djibouti will provide Somali entrepreneurs more access to the market in the region. Ongoing construction of Berbera-Togwajale corridor, funded as part of the Berbera port expansion plan, in particular has a potential to accelerate the regional integration by linking Ethiopia – a large land locked country with rapidly growing economy and population estimated at over 110 million to the Middle Eastern and Asian markets.

Finally, on 29th August 2019, AfDB announced \$16.86 million to partly finance a \$66.7 million a road project, which will rehabilitate 355 km of regional road networks, and also provide assistance to improve the capacities of public agencies.

Whist the ongoing and planned rehabilitation and expansion are encouraging, the scale of road infrastructure needs in Somalia to support economic growth and social development is far greater than what can be funded through a piecemeal international project and community initiatives. Going forward, the government needs to develop a road transport strategy for sustainable funding mechanism to develop and maintain the road transport infrastructure, and more importantly guide the international interventions in this area. As listed above there are numerous recent and ongoing infrastructure development initiatives in country. Among the most prominent international initiatives is the Somalia Infrastructure Fund (SIF). Approved in October 2016, it is one of the financing windows under the Somalia Development and Reconstruction Facility (SDRF) of the New Deal COMPACT for Somalia. The Fund's goal is to support and accelerate Somalia's inclusive and sustainable economic recovery, peace and state building within the context of AfDB's Strategy for Addressing Fragility and Building Resilience in Africa. The focus of the SIF is the rehabilitation and development of infrastructure, and related skills development and institutional capacity building. As at December 2018, the AfDB's active portfolio in Somalia comprised of 13 operations of which 3 are regional and 10 national with a total commitment of about US\$ 113 million¹⁸⁵. In terms of sectoral distribution, it stated that agriculture has the largest allocation of 58

¹⁸⁵ Annual Report, Multi-partner Somalia Infrastructure Fund, January-December, 2018.

percent; followed by water and sanitation 19%; multi-sector 13%; and social and humanitarian 10 percent. The impact of this initiative, in terms of physical infrastructure investments, has been minimal so far.

b) Ports

The development of Somali ports is vital for regional and international trade given the its proximity to strategic maritime transportation routes and opportunities from rapidly growing regional economies and new economic integration agenda. Major investments strategy and capacity building are needed to accelerate the ongoing and prospective ports rehabilitation and expansion across the country for Somalia to tap into these opportunities. Before, the civil war Somalia had 15 operational ports and jetty-type facilities. Four major class ports were in Mogadishu, Bosaso, Berbera and Kismayo, whilst two jetty classed ports were situated at Las Qorey and Merca. Additionally, Aluula, Maydh, Lughaya, Eyl, Qandala, Hafun, Hobyo, Garacad and El Ma'an all had smaller facilities. Whilst most the smaller facilities are still in use, much of their old infrastructure have fallen into disrepair. Only the main four ports, which, except Mogadishu, remained operational mostly through the war, have been repaired and/or upgraded in recent years. In particular, there has been major improvements and new investments in Mogadishu, Berbera and Bosaso.

These investments are large driven by a combination of two factors. First, Ethiopia, a landlocked country that historically relied on Djibouti port for 90 percent of imports since the conflict it had with Eritrea in early 1990s, wishes to diversify its supply routes by engaging Somalia to develop new trade corridors. Second, main global maritime transport companies, such as DP World and P&O have developed ambitious plan to open up new supply routes to tap into new opportunities from rapidly developing African economies. A third important factor is the new optimism from Horn of Africa's changing geopolitics with Ethiopia and Eritrea peace accords signed and new regional economic integration agenda agreed. Integration can promote economic diversification, the competitiveness of countries and promote greater regional trade¹⁸⁶ Somalia's federal government and regional authorities, buoyed by the new regional cooperation, are actively seeking foreign direct investments in port and road transport infrastructure.

Mogadishu port was the most active port in the country in the past, but largely remained close during the civil war from 1991 to 2006: It reopened in late 2006 and since then underwent major rehabilitation and modernisation. Mogadishu port has a Turkish operator (Al Bayrak) since 2013, while Simatech has been contracted to expand and run the container terminal at a cost of USD 170 million. The second contract with Al Bayrak is being currently renewed by the FGS Somalia Federal Government with the agreement to reinvest part of revenue to improve substantially the infrastructure and bring the port to international standards.

The United Arab Emirate's (UAE) DP World was granted a port concession at Berbera in 2016. Although Berbera port has long served as a major export port, especially for livestock export to Saudi Arabia and imports from the Middle Eastern countries, its capacity, in terms of volumes handled, was limited until recently. The deal with DP World envisions a US\$442 million investment over three phases and a 30-year

¹⁸⁶ Integration can promote economic diversification, the competitiveness of countries and promote greater regional trade, Draft Discussion Note, March 2019.

concession with the option for extension including a 400-meter dock, yard expansion, cranes, and a free zone mostly intended handle the freight to Ethiopia. Work on the port began in late 2019¹⁸⁷.

Similarly, UAE ports conglomerate inked in April 2017 a deal in Dubai to update and expand a multi-purpose commercial port at Bosasso, a facility first constructed in the 1980s to ship livestock to the Middle East. UAE owned P&O was awarded a 30-year concession, which includes \$336 million in two phases, with improvements to include port infrastructure, cranes, dredging, and construction of 450-meter quay.

In December 2018, Qatar and Somalia signed a series of new cooperation agreements, including on port development. This will include reconstruction of Hobyo port, some 300 miles northeast of Mogadishu. Thanks to its relative proximity to the Bab-el-Mandeb Strait, which is one of the most important sea crossing points in the world, Hobyo has considerable potential for access to international markets. On 20th August 2019, following a high-level Qatari delegation visiting Mogadishu Somali government has announced that Qatar Ports Management Company (Mwani) will enter an investment partnership with Somalia to construct the port. The value of the deal has not disclosed yet.

The landscape for Somalia ports development therefore gives two contrasting pictures. Whilst main ports with highest economic potential attracted foreign investments, the smaller ports that mostly served local business and fishing communities acutely need rehabilitation, alongside the roads that connect them to inland towns and cities. Traffic volumes of all sea freight are currently low primarily due to the relatively low level of economic activities, but it expected to increase substantially, especially in Berbera and Bosasso once ongoing expansion is completed. Limited data available suggests that about 2 million tons/year, including 53,000 twenty-foot equivalent units (TEUs) of container traffic, are handled at the ports of Somalia in 2017. Almost all this traffic is handled at the two main active ports – Mogadishu and Berbera, while less activity is registered at Bosasso and Kismayo¹⁸⁸. This traffic is relatively small compared to regional ports such as Mombasa with total cargo throughput of 26.73 million tons and container traffic of 1,076,118 TEUs in 2015.

AfDB assessment of key ports has identified a number of structural challenges that, if not addressed, will continue to limit growth of Somalia ports. These include low capability in specialised cargo handling, high port costs to trade, limited capacity for liquid cargo handling, poor hinterland connectivity (forcing while better utilising the port backup area) and feeder roadstead ports, needs for a port information system that tracks performance and statistics.

c) Civil aviation

There are four fully functioning international airports (Mogadishu, Hargeisa, Kismayo, and Garowe) and 14 smaller airfields which are fully or partially paved or graveled. In the past few years, several major regional and international carriers including Turkey Airlines, Qatar Airways, Ethiopian Airline, Kenya Airways, Uganda Airline, FlyDubai, have opened up new international routes within Somalia and this is a growing trend. In order to meet international standards, rehabilitation work needs to begin in the aforementioned airports as well as Garowe, Beletweyene, Baidoa and Bossaso airports. Mogadishu airport has reached its close to its capacity limit with operations currently limited only to daylight

¹⁸⁷ Brookings Institute, Doha. Red Sea Rivalries: The Gulf, the Horn, & the New Geopolitics of the Red Sea

¹⁸⁸ AfDB, 2017 Somalia Transport Sector Needs Assessment and Investment Programme.

passenger flights, so in the near future at least one additional airport facility is needed to meet the growing passenger demand.

A major achievement in aviation infrastructure is the re-establishment of air traffic control system for Somalia. After a long period of management by the Civil Aviation Caretaker Authority for Somalia (CACAS) operating from Kenya, Somali Civil Aviation and Meteorology Authority (SCAMA) in conjunction with the International Civil Aviation Organization finalized a process in December 2014 to transfer control of Somalia's airspace to the new Air Space Management Centre in Mogadishu. The Centre is operational since December 2017.

More broadly, for the sustainability of the air transport infrastructure sector, a regulatory framework (for revenue collection, customs and taxation; safety) and cargo service would also need to be concurrently developed.

7.4. Strategies (for all transport sectors)

- Reconstruction and maintenance of existing transport infrastructure (including airports, seaports and roads/corridors) to support economic growth and access public services;
- Rehabilitation and building urban infrastructure
- Maximize employment creation during infrastructure development, with a particular focus on young people and the displaced.
- Strengthening of policy and legal frameworks, and institutional and technical capacity
- Integration of databases and systems for vehicle registration and driving licenses across Somalia
- Ensuring environmental protection is adequately factored into intervention design and implementation.

7.5. Interventions

- Developing Policy and regulatory frameworks and technical capacity at the federal and state ministries with remit on road, maritime and aviation transports;
- Establish a National Directorate of Highway Authority and operationalize this with the next three years;
- Rehabilitate the main arterial roads and key feeder road networks across the country;
- Develop a strategy guiding external investments for transport corridors to facilitate the regional economic integration and trade;
- Develop a National Urban Infrastructure Development strategy to guide urban planning and development across the country.
- Improve specialised ports cargo handling capacity – speed, means, equipment, organisation, and conditions of berths.
- Lower port costs to trade – harmonise non-port specific charges and fees (mostly related to government taxes, fees, and customs).
- Improve capacity for port liquid cargo – especially for oil.
- Improve port-hinterland connectivity while better utilising the port backup area – leveraging port-industry linkages.
- Mobilise investment for new road transport corridors and regional road networks to facilitate connection between ports and neighbouring countries the domestic trade.
- Create a port information system that tracks port performance and statistics for Somali and external trading partners.

8. Energy

In addressing the many urgent needs of the Somali people, energy access in general and electricity access in particular will play a major role as these are widely recognised as major drivers of economic growth. At present, although significant improvements have been made in recent years, Somalia still faces a situation where energy access is severely limited for the majority of the population. This includes both access to electricity and other sources of energy like biomass and fossil fuels. In this regard, energy suppliers have struggled to meet growth in established demand in recent decades. Through the years of instability, the energy sector has been unable to meet latent demand and provide for stable and affordable access for most of the population, which has contributed to inadequate social indicators and hindered economic growth.

Evidence from the analysis of the SHFS Wave 2 data shows that the electricity access rate is estimated at 15 percent, meaning that around 11 million Somalis lack access to electricity services. Urban access is estimated at 33 percent, and rural access at 4 percent. With an average household size of 5.9, this translates to approximately 1.8 million un-electrified households nationwide. Due to inadequate infrastructure and regulatory framework, the supply is highly fragmented and therefore inefficient, leading to one of the highest prices in the world. Private sector players supply more than 90 percent of power in urban and peri-urban areas using local private mini-grids, having invested in diesel-based systems of between 500 kVA to 5000 kVA installed capacity per mini-grid. These mini-grids are usually zoned, with each operator building, owning, and operating the generation, transmission, distribution and maintenance, as well as collecting tariffs. Therefore, there is no physical national grid in Somalia. The system of delivering the electrical energy to users comprises of a network of isolated distribution grids with isolated generation providers. These island networks are anchored to specific urban centres with dedicated ESP. Each ESP owns and operates their complete generation-distribution-customer-revenue chain using a radial distribution island network.

8.1. Energy Sources

The resources currently mobilised for energy consumption fall into two prime categories¹⁸⁹. One category is energy resources intended for the generation of electricity and its subsequent utilisation and the other category is for the generation of heat:

- Current primary sources for providing heat are sunlight, biomass, bottled kerosene, compressed LP gas and electricity;
- Primary sources for providing electricity are currently high-speed diesel generation sets (HSDGs) with limited use of grid-tied solar photovoltaic (PV) and very limited use of grid-tied asynchronous wind power turbines. There is also a significant interest to and utilisation of Pico PV and Small Home Solar (SHS) PV electricity systems for residential lighting in both urban and remote areas. Furthermore, the addition of sizeable grid-tied solar PV generation to the HSDG based systems of some of the various electricity service provider's (ESPs) electricity generation and distribution networks has resulted in some synchronised hybrid diesel-solar PV electricity generation systems across Somalia.

¹⁸⁹ Somalia Power Master Plan, October 2018.

8.2. Energy Prices

Somalia's price of electricity can reach a maximum of US\$1/kWh - one of the costliest places in the world to buy power. The World Bank's report on Regulatory Indicators for Sustainable Energy (RISE, 2016) found that Somalia ranks in the upper 5 percent globally for power cost, and in the upper 15 percent globally for power expenditure as a share of GNI per household. This is largely due to low efficiency in both the power generation and distribution systems. Based on data collected from the field surveys for the development of Somalia Power Master Plan (PMP), the country currently consumes in excess of 121,000 litres of diesel fuel per day to support the installed generation capacity. Much of this is occurring in suboptimal and wasteful conditions of wet stacking. These figures will inevitably grow with additional capacity installed and the total daily consumption of diesel is expected to reach 694,000 litres in the medium term, given the growing demand from rapid urbanization.

The PMP identifies a number of challenges on the supply side including:

- 1) The generation capacity is insufficient to meet the current loads;
- 2) The current generation is not being used efficiently due to lack of investment in the equipment required to synchronise the operation of existing units as well as shortage of operations and maintenance staff trained (up to 40-50 percent of the generated output) in the use of the equipment required for synchronous operation of generating units;
- 3) There are high technical and commercial losses in most systems for which records were available. In a recent study that conducted a sectoral gap analysis of requirements for regulations and laws all the ESPs reported that they have significant losses within their island distribution networks. Causes for these losses are both technical and commercial. Reportedly, these electricity distribution losses are the largest power (instantaneous energy) losses within any of the individual ESP island electricity networks. These electrical energy losses are within both the primary and secondary distribution lines, and comprise both technical losses and commercial (non-technical) losses.
- 4) Fragmented generation and distribution systems resulted in considerable inefficiencies severely limiting growth in the sector. Significant improvements can be made to the operation of the power sector throughout the country by increased cooperation between ESPs under some supervision from one or more regulatory authorities. This is specifically in the areas of duplication of distribution investments in order to compete for customers in the same tight geographical areas (i.e. the same street) and the inability to benefit from the economies of scale in the purchase and installation of small units to serve a large market.

There are also opportunities for diversified energy portfolio to reduce dependency on fossil fuels and also reach rural and pre-urban population. It is evident that both solar and wind resources have significant potentials for electricity generation in the northern and coastal regions of Somalia. While there are technical challenges to establishing distributed electric generation using solar and wind power and their integration into the electricity supply of urban centres, this has become much easier in recent years, with significant automation and the adoption of smart network management as part of electricity generation.

Another opportunity for energy diversification arises from the new regional integration agenda. An interconnection with neighbouring countries could include Djibouti, Ethiopia and Kenya in the longer run, although there could be non-trivial technical and economic challenges to overcome. As such

interconnections imply long lines, they would need to be of high voltage in order to keep technical losses in the system to a minimum. This also implies that substantial loads would need to be served to make the arrangement commercially attractive, which means that major cities, currently supplied by the local operators, should be part of the supply arrangements to justify investment required for regional interconnections.

8.3. Energy market reforms

Reforms in energy markets are therefore one of the most important prerequisites for Somalia's economic development, especially for emergence and expansion of competitive manufacturing industry, which can generate additional employment and incomes and also support achieving Somalia's strategic goal of economic diversification. Compared to its regional neighbors, Somalia has one of the most expensive tariffs in the world as customers pay USD 0.8-1.2 per KW per hour.¹⁹⁰ The neighboring countries of Kenya and Ethiopia enjoy average rates of \$0.16 and \$0.03, respectively¹⁹¹; see Table 18. The high prices of electricity also impede a long overdue shift of household energy demand away from environmentally unsustainable sources like charcoal. AfDB reported 2015 that the majority of Somalia's population, perhaps 80 percent to 90 percent, relies on traditional biomass fuels, wood and charcoal, and the annual consumption of charcoal is estimated at around 4 million tons per year, which is a rate that is quickly exhausting Somalia's few remaining forests.¹⁹² However, more recent estimates based on the above analysis of SHFS, Wave 2 data indicate that 47 percent and 20 percent of Somali households surveyed in 2017/18 use charcoal or wood stoves respectively.

Without affordable or reliable access to electricity and liquified gas, Somalis will clearly continue to rely on biomass for basic energy needs, which will worsen the already severe deforestation and land degradation in Somalia.¹⁹³ Considering the growing deficit of and high prices for firewood and charcoal – traditional energy sources for vast majority of the Somali people – electricity will need to become more accessible and more affordable in order to sustain further economic growth and improvement in the quality of life. Also, at the social level, the prevalence use of charcoal and wood for cooking also has negative health impacts at the household level¹⁹⁴.

Table 18: Electricity Access Deficit in the Horn of Africa Region

<i>Country</i>	<i>Population, million people</i>	<i>Access Rate</i>	<i>Access Deficit, million people</i>	<i>Urban population rate</i>	<i>Access rate, urban</i>	<i>Rural population rate</i>	<i>Access rate, rural</i>	<i>Installed capacity</i>	<i>Average tariff</i>
Djibouti	1 million	50%	0.5 million	78%	67%	22%	2%	67 MW	US\$0.22/kwh
Eritrea	5 million	32%	3.4 million	36%	74%	64%	39%	130 MW	US\$ 0.21/kwh

¹⁹⁰ Ibid

¹⁹¹ Jami Nelson Nunes, 2015 "Powering Progress: The Potential for Renewable Energy in Somalia,"

¹⁹² African Development Bank, 2015 "Somalia: Energy Sector Needs Assessment and Investment Program,"

¹⁹³ Jami Nelson Nunes, 2015 "Powering Progress: The Potential for Renewable Energy in Somalia,"

¹⁹⁴ African Development Bank, 2015 "Somalia: Energy Sector Needs Assessment and Investment Program,"

Ethiopia	110 million	44%	62 million	20%	97%	80%	44%	4,300 MW	US\$ 0.03/kwh
Kenya	50 million	70%	15 million	27%	77%	73%	33%	2,300 MW	US\$ 0.16/kwh
Somalia	15 million	52%	7.2 million	51%	77%	49%	22%	103 MW	US\$ 0.8-1.2/kwh
Source: Working Together in the Horn of Africa: Deepening Economic Integration and Promoting Regional Cooperation, Draft Annex, Theme 1: An Interconnected Horn. The Figures for Somalia are updated based on PESS 2014, SHSF wave 2 and Somalia Power Master Plan, 2018)									

8.4. Strategies

- Developing renewable and non-renewable energy sources to increase supply;
- Establishing a national regulatory authority for energy market governance;
- Strengthening the administrative and technical capacity of the federal and states ministries of energy.
- Ensuring the needs of vulnerable groups – particularly women, the youth and displaced persons – in intervention design and implementation.

8.5. Interventions

- Prepare legislation establishing the national regulatory authority for energy sector and operationalize the agency by 2021;
- Undertake energy market regulatory reforms to improve efficiency of generation and supply systems, and therefore improve reliability of supply and bring down energy prices.
- Increase the energy supply from both renewable and fossil fuel sources, and as result increase the access to energy from 15% to 45 % of population by 2024; or 6% growth in access per year.

9. ICT sector

Information and Communication Technology (ICT) is one of the fastest growing sectors in Somalia. The public telecom and internet sector in Somalia is largely composed of mobile operators and their users, which account for 35-40% of the population, employing about 25,000 Somalis¹⁹⁵. Currently the market comprises five major operators (Hormud, Somtel, Golis, Telesom, NationLink) and two MVNOs (SomNet and SomLink). These are primarily Mobile Network Operators (MNOs) which provide voice and data services, mainly in urban locations and surroundings to about four million subscribers. Golis Telecom, Telesom, SomNet and Hormuud are interconnected, while Somtel is a subsidiary of Dahabshiil and is interconnected with SomLink. Nationlink has a very small market share and Somaphone is dormant, although it has an active network in Mogadishu. Amal Telecom is still becoming established - it has made investments but has not yet launched service. Although some operators have built their own microwave and fibre backbone links in some areas, Somalia does not have an open competitive market in national

¹⁹⁵ Somalia Information and Communication Technology Strategy and Policy, 2019-2024, Draft v 0.6, March 18 2019.

and international capacity - a necessary precursor to the development of the ICT sector. As a result, growth in internet-use is also constrained by both the high cost of international bandwidth and the lack of a domestic fibre optic backbone infrastructure outside of Mogadishu and Hargeisa to link the land stations to the other cities and towns across the country.

Deployment of domestic fibre infrastructure to connect the urban areas is a top government priority, necessary to ensure inclusion of the whole country in access to affordable Internet services. Wherever feasible, the national backbone network will prioritize deployment of fiber optic cable, due to its superior network capacity - meeting the expected demand in most urban locations will be economically infeasible using non-fibre solutions such as satellite or microwave radio links. Initial estimates indicate that the envisaged fibre optic backbone network would cost between US\$67-100 million to build. Combining network deployment with planned road reconstruction would provide substantial cost savings on this estimate, while reaching additional smaller cities and rural areas, as well as improving network resilience, in subsequent phases, will require additional investment.

9.1. Mobile service provision

Despite the civil war, Somalia's telecommunication services have flourished with a phenomenal penetration, but until recently, internet access depended mainly on satellites.¹⁹⁶ However, in 2013, the first fiber-optic broadband network managed by Hormuud Telecom were built, followed by several other providers soon after, with the introduction of 4G services in main cities. However, most rural areas of the country still lack good mobile and internet service. The increasing availability of broadband across the country and the increasing interaction of Somalis with online and mobile platforms opens up tremendous developmental opportunities. Mobile penetration is high and still rising. About 90 percent of Somalis over 16 years have a phone, 30.8 percent of which are smartphones. 75 percent of phone owners use it for mobile money. Interactions with online platforms and tools are also high. For example, of the 1.2 million Somalis who are active Internet users, 1.1 million were active on Facebook. Somalia can leverage its high levels of connectivity to provide a low cost, blended instructional model that enables personnel in remote rural areas (for instance, community teachers, new and experienced) with training and qualifications to deliver learner-focused education.

The rapid growth of Somalia's ICT sector in the past two decades also makes it now an important contributor of GDP, reaching an estimated 11 percent (more than US \$995 million) in 2014, and directly employing a large number of people.¹⁹⁷ More recent figures on sectoral contributions to government revenue are not available but it is understood that the sector can make substantial fiscal contribution if appropriate reforms are undertaken. If the government replaced the voluntary payments that the sector makes to the Central Bank of Somalia by adopting a formal system of taxation and enabling regulation, ICT sector could contribute US \$82.5–103.1 million in revenue annually.¹⁹⁸

9.2. Market concentration

As highlighted above, the ICT sector is dominated by three major service providers of Hormuud (South central), Golis (Puntland) and Telesom (Somaliland). Whist the service cost has come down by 50 percent

¹⁹⁶ World Bank-FAO, 2018 "Rebuilding Resilient and Sustainable Agriculture in Somalia,"

¹⁹⁷ World Bank, 2018 "Federal Republic of Somalia: Systematic Country Diagnostic,"

¹⁹⁸ Ibid

over the past decade, the inter-provider calls are still expensive. Also, mobile money transfers between certain providers (e.g. Hormuud EVC and Somtel E-Dahab) are not possible. Limited interconnection results in reduced competitiveness in the market and lower quality of service. In recognition of these shortcomings, the government has prepared a 5-year (2019-2024) National ICT Policy and Strategy which provides the regulatory framework needed to leverage the benefits of ICTs and support the social and economic development. This strategy identifies priorities areas of intervention, in line with UN Broadband Commissions targets, including:

- Access–Cost of connectivity and coverage of networks
- Domestic digital infrastructure–interconnection/IXPs, local hosting, domain names, quality of service, cyber security
- Consumer protection–e-commerce, privacy, child protection
- Human resource development–digital literacy, ICT skills, R&D
- Content–local media online, applications and financial services,
- e-Gov–Government interconnection and open data, public e-services (e-government, e-health, e-agriculture and e-education).

Additionally, in 2018, the government passed the National Communications Law which established the regulatory authority - the National Communications Agency (NCA) - defining its structure, decision-making procedures and the key areas of its responsibilities. The National Communications Law lays the basis for a competitive and enabling regulatory environment that recognizes the need to ensure access to voice, broadband and postal communication services throughout the country. Nevertheless, the new agency, which has remit in licensing of operators among other things, is operational yet. The operationalization of the agency is not only critical for the competitiveness of the sector in domestic markets but can also potentially help sector to enter the sector in the regional markets, such as Ethiopia, Djibouti and Eritrea. The new regional integration agenda offers a platform for Somalia to push for reforms in regional ICT markets. In new agency's role in supporting the domestic operators to take advantage of these potential opportunities could be critical.

9.3. Postal service

Postal services ceased operations during the civil war, however, considering its importance for the functioning of the public and private sectors, the MPTT has re- established Posta Somalia as a fully functioning postal service that connects Somalia domestically, and to the rest of the world via a postal gateway through Djibouti. Posta Somalia is expected to be a catalyst for e-commerce in the country and will improve existing supply chains for trade and commerce, which are both priorities for the government. To ensure the postal sector is able to meet the expected needs for services, a postal services policy will need to be developed. This will include establishment of a national digital addressing system (NAS) and a National Spatial Data Infrastructure information management system which could support a national postal code addressing system.

9.4. Strategies

- i. Extension of the national backbone infrastructure to connect all major urban centres with redundant/duplicate links (to ensure reliability), as well as addressing last mile challenges to ensure universal access to broadband including efficient interconnection and expansion of the existing 3/4G mobile coverage;

- ii. Develop a regulatory framework for the telecom operators take part in (within and cross sector) infrastructure sharing and dig-once policies, supported by other utility network development;
- iii. Ensuring critical infrastructure is protected - establishing a Cybersecurity and Privacy group to oversee the development and enforcement of national cybersecurity policies, and develop a Computer Emergency Response Team (CERT);
- iv. Develop a postal services policy to establish digital addressing and spatial data infrastructure.

9.5. Interventions

- Improving the existing policy and regulatory frameworks through harmonization and updating;
- Expanding and improving ICT infrastructure through:
 - adoption of infrastructure sharing guidelines for all ISPs and mobile network operators to allow for collocation of equipment;
 - Definition of terms for Rights of Way access over public land infrastructure;
 - Completion of the implementation of key infrastructure programs (such as national terrestrial backbone network);
 - And establishment of effective management of IXP, .so ccTLD, shared services (caching, root DNS, etc)
- Draft a policy on digital financial services including interconnection/interoperability with telecom networks;
- Establish a national cyber-security advisory committee, prepare cyber-security policy and adopt cyber-security legislation;
- Establishing a national digital addressing system (NAS) and a National Spatial Data Infrastructure information management system.

10. Petroleum sector

Somalia's petroleum potential is critical for the country's future development and hence a key to its national development plan. The sector holds hopes for economic diversification and therefore more sustainable revenue streams that could contribute to the inclusive economic development of the country. The upstream petroleum industry shows considerable promise. In Somalia, positive hydrocarbon indications are present, though no commercial discoveries have been made yet. The petroleum resource potential in Somalia may be modest in absolute terms, but could still be very significant for the country.

10.1. Situational analysis

Data acquired between 2012 and 2016 on offshore exploration has attracted interest from global petroleum industry and investors. The industry however appears to need increased oil prices and more security, stability and predictability before considering investments in the upstream. The most prospective areas seem to be offshore in deep to ultra-deep water areas. Technology has made it feasible for exploration and production in deep and ultra-deep water areas in recent years. The government in 2014 has divided up the entire country (onshore and offshore up to the 200Nm EEZ boundary) into 25,000km²

license blocks. Somalia has identified 206 blocks of offshore oil. The FGS plan to put 15 blocks up for bid in within the next 6 months and then more blocks will be considered on ongoing basis. Each block will yield at least 2 million USD signing fee (2 million USD is where the bids will start). There is also a lease fee of 10 dollars per km² and each block is 5000 km². The government aims at continuing oil and mineral exploration and starting licensing agreements of oil by March 2020. Somalia expect actual oil extraction seven years after signing the agreements.

In addition to the revenue from licensing and royalties, Somalia can also potentially meet its fuel consumption and therefore do without imports in the future, if the necessary infrastructure is developed. Somalia at present has no oil refinery or heavy industry. Somalia currently imports refined petrol and diesel and distributes it via two medium sized storage facilities in Mogadishu. Nevertheless, there does not seem to be a fuel shortage in the economy and, except during the drought season, prices do not fluctuate unduly. Most recorded deliveries of refined products come from the Gulf States via coastal fuel tankers and are distributed from the tank farms by road tankers. There are no overland fuel pipelines in existence. Therefore, the development of petroleum sectors will likely have a positive impact on the structure of existing domestic industries and markets, especially energy and transport markets.

10.2. Policy principles for the emerging petroleum sector

A careful policy framework and governance structure is necessary to licensing and concession process in transparent and efficient fashion, but also ensure managing the revenue generated effectively. Existing evidence suggest that petroleum discoveries and production can do more harm than benefit to developing countries if the transition to oil-producing country is not managed carefully. Countries that are rich in petroleum have less democracy, less economic stability, and more frequent civil wars than countries without oil¹⁹⁹. Some observers blame the foreign powers that intervene in oil-rich countries and manipulate their governments; others fault the international oil companies that exploit these resources in pursuit of extraordinary profits. This is not to suggest that petroleum is by nature cursed, but to that, when petroleum is discovered in a country, policymakers and other stakeholders face the challenging and complex task of establishing a petroleum sector and developing their country's newfound resources²⁰⁰.

The overall objective of Somalia petroleum policy should therefore be to create a governance framework for a profitable production of petroleum that will result in transformation of natural capital in the ground into revenue to be invested into the desperately needed human and institutional development and infrastructural capital that in turn will generate sustained growth that can help reducing the widespread poverty. Put it differently, the petroleum resources should be developed in a manner that maximizes benefits to the country by supporting equitable and sustainable growth in domestic businesses across different sectors, employment, infrastructure, institutional competencies, access to training, education, and health services, all while minimizing adverse social, environmental, and health impacts.

Cross-sector policies are instrumental in establishing a national petroleum sector as an integral part of the broader national policy framework. Many policies that are not exclusively governed by the ministry responsible for petroleum may still have direct implications for the organization and governance of the

¹⁹⁹ Michael L. Ross (2013) *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations*, Princeton University Press

²⁰⁰ Huurdeman, Alexander and Anastasia Rozhkova (2019). *Balancing Petroleum Policy: Toward Value, Sustainability and Security*, World Bank Group: Washington DC, May.

petroleum sector and thus affect the value created in the sector and the distribution of revenue between the government and investors. Some important cross-sector policy aspects are: the fiscal regime, tax collection and administration, revenue sharing, revenue management, social and environmental safeguards, local content, corporate governance of public and state-owned enterprises, climate change mitigation and adaptation, and gender policies.

Effective policy in the petroleum sector is underpinned by five basic principles:

- *First*, the petroleum sector development should be integrated in the country's strategic vision of its overall economic and social development in the medium and long term. This integration helps clarify the key objectives and underlying principles of the petroleum sector's development; inform the sector's design, including formulation of relevant macroeconomic, fiscal, legal, and contractual policies; and determine the rate of production.
- *Second*, petroleum policies should promote technical and commercial efficiency across the petroleum value chain. For example, reservoir-management policies and the relevant laws and regulations should maximize the recovery of petroleum resources.
- *Third*, policies and the resulting regulatory, fiscal, and institutional frameworks should be transparent. Transparency of information on concessions, revenues, capacity, prices, roles and responsibilities, and processes and procedures will contribute to efficiency in the sector, build trust between stakeholders, and reduce opportunities for corruption.
- *Fourth*, policies should be grounded in the principles of social and environmental stewardship. Exploitation of petroleum resources should contribute to peace, stability, shared prosperity, and sustainable development. Petroleum sector development should adhere to the principles of inclusiveness, equal opportunity, transparency, accountability, and minimization of negative environmental and social impacts
- *Fifth*, policies should allow market forces to signal supply, demand, and pricing information to investors and consumers. Government control may be retained as long as the opportunity costs of petroleum development and use are made explicit and policy choices are guided by cost-benefit analysis.

10.3. Strategies

In the context of the above policy principles, Somali government recognises a number of institutional challenges it can face in its efforts to develop the petroleum sector. These challenges require actions, both on policy as well as governance and capacity fronts. The government has taken concrete steps establish the legal and governance structure for the sector in preparation for allocation of the blocks deemed to have commercial potential²⁰¹.

Strategic priorities set by the government include:

²⁰¹ Government of Somalia (2018), Power Master Plan: Somalia, Development of Power Master Plan for Somalia Project: Mogadishu, October

- i. Integrating petroleum strategies with national development plan: The government recognizes the importance of the petroleum operations in the context of comprehensive economic development of Somalia. So it prioritizes the integration of the country's petroleum strategy with its national development plan.
- ii. Strengthening Governance of petroleum operations: The government wants to complete and pass the relevant laws for the petroleum and minerals sector. A draft petroleum bill is ready and the government thinks they can finalize/pass it by June 2020.
- iii. Enhancing human resources: The government puts special emphasis on human resource development as far as petroleum operations are concerned. The focus is on skill development through training and other means. In doing so, the inclusion of women in the work force will be emphasised.

Somalia also plans to establish the Somalia Petroleum Authority (regulatory body) and the Somalia National Oil Company, Somalia Mining Authority and Somalia Mining Company one year after the petroleum law has been passed. The government is well aware of the challenges related to this task (e.g. Environmental Assessment Law, or Procurement Bill).

11. Financial sector

The financial sector in Somalia consists of mobile money operators and money transfer businesses and an emerging banking subsector, all regulated and supervised by the Central Bank of Somalia (CBS). Table 19 provides an overview of the sector. There are a large number of money transfer business, six licensed and 4 main mobile money providers in Somalia.

11.1. Situational analysis

a) Mobile money

Mobile money services occupy multiple roles within Somalia's financial ecosystem²⁰². Mobile money is the main channel for accessing financial services, with exchange of goods and services done largely through mobile money, even for small transactions. The demand for digital money has arisen largely from lack of faith in the Somali shilling, the difficulty of using U.S. dollars for low-value transactions. The low transaction costs and ease of use of mobile money services in particular makes it more preferable than other means available. Reducing the burden of cash also provides freedom of movement and a sense of security while doing business or carrying out day-to-day transactions.

Table 19: Players in Somalia's financial sector

<i>Player</i>	<i>Description</i>
Central Bank of Somalia	<ul style="list-style-type: none"> • Main regulator of financial institutions. • Licenses and supervises banks and money transfer businesses under the Financial Institutions Law (FIL) of 2012. Currently developing regulation for mobile money services.

²⁰² World Bank; Federal Republic of Somalia – Somalia Economic Update, August 2018 | Edition No. 4

Commercial banks	<ul style="list-style-type: none"> • Six banks operate in Somalia. • Bank branches are in urban areas only. • Commercial banks function mainly as trade financing institutions; some are part of larger conglomerates with overlapping financial and non-financial sector interests, resulting in large conglomerates and the crowding out of smaller money transfer businesses.
Money transfer businesses	<ul style="list-style-type: none"> • Fourteen licensed money transfer businesses operate across Somalia. • International remittances constitute their core business. • Some are part of widely diversified enterprises with overlapping financial and nonfinancial sector interests.
Mobile money operators	<ul style="list-style-type: none"> • All mobile network operators provide mobile money services. • The networks are consolidated into three large conglomerates, divided by region. • Leading mobile network operators are part of widely diversified enterprises and are developing partnerships with money transfer businesses to facilitate international transfers.

Source: World Bank 2018a.

The Somali economy is highly dollarized, including the mobile money services that are used by about 73 percent of adults in 2018²⁰³. The fast uptake of mobile money transfers in Somalia is testimony to the innovative capacity in the sector. Mobile money has become an essential and widespread part of Somalia's economic eco-system. Almost three-quarters of the population 16 and older (73 percent) use mobile money. Penetration rates are highest in urban areas (83 percent) and camps for internally displaced people (72 percent). But even in rural areas, 55 percent of the population uses mobile money. Mobile money is now the main transaction instrument used by both individuals and businesses in Somalia. About 36 percent of GDP flows through mobile money systems. Mobile money balances are arguably the main monetary asset in Somalia. The value of mobile money transactions in Somalia is estimated at \$2.7 billion a month.

Unlike elsewhere in Africa, balances on mobile money wallets tend to be held electronically rather than cashed out, because mobile money substitutes for the lack of a formal banking sector – an issue that creates considerable risks. Economy will likely be disrupted if the mobile money systems are disrupted. The lack of legal protection for account holders will also likely result in substantial financial losses if these disruptions persist longer or lead to collapse of the system. Three main risks associated with mobile are summarised in Box 2. It is worth mentioning though the CBS Board of Directors have approved Mobile Money Regulation on 25th July 2019 but this has yet to go through parliamentary process.

Despite these risks, mobile money transfer offers an opportunity for a rapid reach of the most vulnerable social groups in times of natural disasters, and future reforms to address the above risks need to make an assessment of the implications for the poor. Disaster management/early action and risk financing is area where is there an increasing interest among international donors and humanitarian agencies working in Somalia. As part of the global-level effort to develop frameworks for shifting financial instruments toward earlier responses, there are ongoing discussions under the Food Action Mechanism (FAM) and Crisis

²⁰³ World Bank; Federal Republic of Somalia – Somalia Economic Update, August 2018 | Edition No. 3

Response Window (CRW) on ways of tapping into the high use of money mobile among Somalis to rapidly reach in-situ those affected by natural disasters such as droughts and floods. Nevertheless, there are reservations about some of the current use of cash transfers by humanitarian agencies and NGOs following the NDP-9 consultations which indicates that the current unconditional cash transfer schemes encourage recipients to become dependent on them and hence reluctant to go back to their original livelihoods even when the condition that forced them to seek an emergence support have improved substantially. As result these schemes were viewed as one of the factors leading to people becoming trapped in poverty, often in urban IDP camps.

Box 2: Main risks in the Somalia's mobile money system (World Bank Economic Update 3, 2018)

- 1. Lack of customer protection:** Customers have no guarantee that their e-money can be redeemed for cash, as there is no parity between virtual and real funds. As the float held on the phones of mobile money users grows ever larger, the temptation is for the mobile network operators to use those funds in in risky investments or overseas transactions, as there is no requirement for them to hold funds in a trust fund or bank account.
- 2. Lack of systematic know-your-customer requirements:** Personal data are not systemically registered for mobile money accounts (especially in southern Somalia), and there is no formal agreement to protect consumers in case of disputes. The ease of opening multiple mobile money accounts without identification makes Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) efforts difficult. Links to global financial markets could be impeded by the absence of strong practice related to customer due diligence.
- 3. Lack of monitoring of mobile money services by the CBS:** The lack of monitoring of mobile money services means that consumers have little protection against malfeasance by mobile money operators. The uncontrolled and unregulated issuance of e-money could put inflationary pressure on consumer prices, particularly when parity is not maintained between balances in trust accounts by financial institutions and e-float managed by the mobile network operator held on mobile wallets.

b) Remittances

Around one-fifth of Somali households receive remittances, which represents an important source of income and drive an important part of the financial sector enterprises. There are a myriad of remittance agents and networks providing this important financial service across the country including remote rural areas. They are partly integrated with the mobile money payment systems and therefore can reach anyone with an account and within the mobile network signal.

Remittances, and rapid transmission via mobile money transfer, make an important contribution to the household resilience and in particular the food security of many Somalis in times of hardship as discussed in Chapter 3. The vast majority of respondents interviewed for a recent study highlighted food as the most significant use and value of their remittances, with little variation (in terms of priority) between urban,

rural and pastoralist settings²⁰⁴. Regular remittances are also used to maintain access to credit, education and for other basic needs as also found by the World Bank PVA report. Occasional remittance payments are common, especially for health and drought-related problems, as well as for investment purposes. Household interviews indicate that aside from meeting basic needs, the receipt of regular remittances also:

- Improves the possibilities of gaining access to credit, which is useful in times of need
- Contributes to debt repayment and keeping credit lines open
- Plays an important safety net function, smoothing out fluctuations in income and expenditure
- Is an important coping strategy, which can prevent the sale of productive assets (including livestock) or reduce reliance on more negative coping strategies
- Enhances social status and contributes to wealth redistribution processes by enabling recipients to provide support to relatives and other selected recipients e.g. sending money, food, hosting meals and visitors, and hosting children for education purposes.

At aggregate level, remittance is an important source of foreign currency. Over the past decades the high imports have been covered by remittances, estimated at about 29 percent of GDP in 2018. Policy challenges around the flow of remittance are discussed in the context of mobile money as the two service are provided by the same companies and large proportion of remittance payments are made through mobile accounts.

c) Banking

The Central Bank of Somalia (CBS) has overall responsibility supervisory and oversight of the financial sector. Among these are the regulation and oversight of the mobile money and banking sector to protect consumers and curtail money laundering and corruption. There has been a substantial progress made in these areas in the past two years. The financial sector supervision is improving and credit to the private sector is growing rapidly. The CBS is invigorating its supervisory and regulatory capacities, especially in de-risking and reducing the cost of remittance. It is working with international partners to re-establish the functions of core economic institutions and foster financial development, inclusion, and stability while strengthening compliance with anti- money laundering and combating the financing of terrorism (AML/CFT). Efforts to lay the foundation for sustainable financial sector development and strengthen compliance with AML/CFT standards are underway. CBS is improving its inspection capacity; and regulations to supervise mobile money are almost finalized. On AML/CFT, with IMF assistance regulations for the Targeted Financial Sanctions Bill have been drafted.

Table 20: Selected financial sector indicators

	2015	2016	2017	2018
	<i>millions of U.S. dollars</i>			
Total assets	194.4	234.2	345.0	377.3

²⁰⁴ Rift Valley Institute, 2017. Remittances and Vulnerability in Somalia: Assessing sources, uses and delivery mechanisms; <http://documents.worldbank.org/curated/en/633401530870281332/pdf/Remittances-and-Vulnerability-in-Somalia-Resubmission.pdf>

Credit to the private sector	45.2	66.1	105.2	149.0
	<i>percentages</i>			
Credit to the private sector				
Share to total assets		28.2	30.5	39.5
Share to GDP		1.0	1.5	2.0
Year-on-year growth		46.1	59.3	56.0
Total loans to assets		22.0	15.0	14.9
Loans to deposit		37.3	39.4	50.3

Source: IMF, "Somalia: First Review under the SMP," February 2019.

More progress in these areas and banking subsector are already having a positive impact on the economy. Key financial banking subsector reforms, including the licensing of the commercial banks, are giving the private sector confidence to increase deposits and banks confidence to increase lending. The CBS improved its inspection capacity and introduced institutions to combat money laundering. The commercial banking system has expanded, and credit has grown rapidly, though from a low base. The CBS licensed five new banks at the end of 2018 (one money transfer bureau), doubling the number of licensed banks. In 2015–18, from a low base, total banking sector assets grew by 94 percent, from US\$194 million to US\$377 million, and annual growth in credit to the private sector averaged 53.8 percent. The banking sector is not only sufficiently capitalized, it is very liquid: in 2018 the total loans to assets ratio was 15 percent and the loans to deposits ratio was 50 percent. Financial sector reforms are giving the private sector confidence to increase deposits and banks confidence to increase lending as the CBS builds up its supervisory capacity.

Another important ongoing financial sector reform effort is the planning of printing of new currency. Currency reform will have two phases. The first would seek to replace damaged or counterfeit bills with new Somali shillings of less than a dollar in value. For this purpose, the CBS will issue four new denominations (1,000, 2,000, 5,000 and 10,000). The second phase would replace the larger denominations and technically more challenging in the next Section. The government has requested World Bank support for the first phase, introducing new, legitimate, small-denomination Somali shilling notes, targeting the poorest who are financially excluded. With regard to exclusion, the NDP-9 consultation across the country indeed highlighted that the lack of trusted Somali shilling and lower access to mobile money services among the rural population limits their ability to benefit from local trade activities, especially when small scale transactions are involved.

However, Somalia still lacks a core banking system – interbank payments and clearing and settlement system which are critical for the development of modern financial markets in Somalia. There is need for an Automated Transfer System (ATS) and National Switch that complement each other, with the ATS facilitating large payments and the National Switch facilitating interoperability of retail payment systems in Somalia, and open doors to manage international payments in the country from a single platform

managed by the CBS. At present, the transactions from Somali banks are handled by foreign intermediary banks.

11.2. Constraints to growth

The financial sector is growing and diversifying in a rather healthy manner, as demonstrated by the information above. This is promising for the investment climate and 'enabling environment, business development and employment generation. Also, the new products, in the form of personal and business loans, that are coming on the market can further facilitate business development and drive innovation in for instance social protection programmes and directly impact poverty. There are still a number of constraints to growth of this sector:

1. Whilst the planned introduction of regulation of mobile money regulation is a step in the right direction, the lack of effective national ID system account will likely to continue to pose risks to the economy, undermine the AML/CFT and limit government's ability to address the financial exclusion. The draft legislation requires a mobile money service provider to take measures to establish and record the true identity of the person seeking to establish a consumer relationship with it or undertake a mobile money transaction. However, a major barrier to both validity of these records and achieving the goals of a more inclusive service provision is that only 3 percent of the population has a birth certificate and the majority lacks proof of identity. Hence, new applicants may find it difficult to open new accounts. It is not also clear how the new regulation may affect existing account holders. Biometric registration of new applicants and reregistration of the existing account holders by service providers may therefore be necessary, alongside ID requirements.
2. There is no a regulatory framework for establishing a link between mobile money and bank credit accounts. This necessary to improve transparency of financial flows across different platforms and operators, and in particular to tie mobile money credit to real-world credit ensuring parity between banking accounts and online mobile money credit.
3. The CBS still lacks the administrative and technical capacity to develop and implement effective monetary policy instruments. Building up its institutional capacity and developing an independent monetary policy instruments and reserve management guidelines is necessary before embarking on further reforms. In particular, the Bank need to develop expertise in the design of monetary policy instruments, reserve management policies and exchange rate policies.
4. Lack of interbank payment, and clearing and systems hampers the development of financial sector. The interbank payment systems will have a positive impact on economic activity, management of monetary aggregates, transaction costs, and development of new financial products which can become important sources of fee income for financial institutions. These developments will also bring Somalia one step closer to the standards and norms of international financial systems and therefore help building trust in Somalia's financial institutions.

Overall a continued dialogue with the financial industry and more forceful financial sector regulation as necessary, and greater Central Bank capacity are needed to improve governance of mobile money, establish the interbank payment system, manage currency exchange and inflation and facilitate deeper financial intermediation.

11.3. Strategies

- i. Strengthen Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) framework and promote more inclusive financial services;
- ii. Strengthen the CBS capacity in the design of monetary policy instruments, reserve management policies and exchange rate policies;
- iii. Establish a safe, and efficient payment, clearing and settlement systems and infrastructure.

12. Manufacturing

Although Somalia's industrial base has been historically small in terms of its contribution to the GDP (e.g. compared to the livestock sector), the sector was relatively well developed compared to its neighbors (UNIDO, 1988). According to UNIDO/ILO (1988, 1989), Somalia's manufacturing sector counted for 6.3 percent of the GDP during 1977 to 1980. However, the share in GDP declined slightly to 5.6 percent in 1981-1985. The growth rate of manufacturing output decreased from 2.4 percent to 2 percent in the mid-80s and capacity utilization was down to 26%, which was due to a change of governments policy focus from private to public sector.

Prior to 1991, over 50 state-owned small, medium and large manufacturing firms were operational, and Mogadishu was the chief industrial centre of Somalia, with bottling plants, factories producing spaghetti, cigarettes, matches, and boats, a petroleum refinery, a small tractor-assembly workshop, and small enterprises producing construction materials. In Kismaayo there were a meat-tinning factory, a tannery, and a modern fish factory. There were two sugar refineries, one near Jilib on the lower reach of the Jubba and one at Jawhar on the middle reach of the Shabelle.

However, since the outbreak of the civil war in 1991, most of these have closed down with the infrastructure destroyed and many factories were looted, wiping out intellectual and material progress of the preceding thirty years.

12.1. Situational analysis

Over the past two decades, some small-scale plants have re-opened and new ones created with both Somali diaspora entrepreneur and international investments in light manufacturing - predominantly in Hargeisa and Mogadishu but also to lesser extent in Bosaso, Kismayo and other small urban centers - in sectors like fish-canning, meat processing, mineral water or stone processing. In 2004, an \$8.3 million Coca Cola bottling plant opened in Mogadishu, with investors from various constituencies in Somalia. The present-day modest manufacturing sector is estimated to account for 10 percent of Somalia's GDP. However, there has yet to be a comprehensive study of the structure and size of the manufacturing sector.

12.2. Constraints to growth

Despite a relatively low purchasing power in the domestic economy (with a GDP/capita of USD 339), the sector is expected to continue growing and domestic investment is expected to be increasingly matched by international investment and partnerships. Growing urbanization and consumption financed by remittance is expected to drive demand for manufactured goods. While growth in the larger sectors like livestock, crop production, construction and ICT/telecom as well as the service sectors are likely to create

more employment, the manufacturing can support the government economic diversification agenda and hence more resilience. As such an industrial strategy for the development of the sector, and in particular to attract investment but also reduce high energy costs is necessary.

Private investment in some areas with anticipated returns are already in fisheries, mineral water, seed and meat processing, and import-substituting supplies like in the soft-drink arena, construction and household consumables like soap.

The strategic position of Somalia on the global trade-routes as well as sizable inland markets, for instance Ethiopia, point towards future opportunity for manufacturing along trade corridors alongside the ports, especially meat and fish processing for export. Other labour intensive industries such as garment manufacturing can be developed alongside the transport corridors.

Developing the sector, however, requires tackling the constraints that presently prevent the sector growing faster than it does.

The main constraints highlighted during the NDP-9 consultations included:

- Lack of supportive regulatory environment, with significant delays in business licensing and construction permits application which tend to be subject to discretionary decision-making;
- Lack of technical skills. With the destruction of the sector during the conflict manufacturing skills have been lost and training in new technology has been absent with foreign (recruited) labour in key areas such engineering and automation filling jobs. Human capital development in this requires significant structural planning and investment. Nation-wide educational standards and a nation-wide approach for technical and vocational training will help to improve standards, stability and predictability on availability of the required labour. This should be matched by attracting the Somali youth into areas of education that provide good prospects for future employment and income earning, for instance the STEM movement brings Science, Technology, Engineering and Mathematics under the attention of the students.
- Lack of regulatory standards, which often drives up the costs in the absence of guidelines on quality and safety control standards at the ports and airports which delays or blocks access to international markets for input and output, often creating scope for bribes but also imports of competing substandard products.
- Lack of business financing and business development services.

12.3. Strategies

While opportunity development in manufacturing is mostly an affair of an entrepreneur sensing a business opportunity, investments in livestock and fish processing are high on the agenda of virtually all interest groups that were consulted for the present NDP, and hence these areas will be prioritized, among others through the work of the national Investment Promotion Agency – SOMINVEST, and potential investors will be attracted to the opportunities. In this area of work, it is important that individual emerging enterprises have an increased access to business development services, improving the quality of the products, improving the overall management arrangements as well as marketing and market access. In similar terms, the organization of trade fairs will bring producers and markets in contact and are important to stimulate further growth in the sector.

The key strategic development priorities in the manufacturing sector therefore relate on one hand to tackling and removing as much as possible the above constraints, and on the other, opening up new opportunity for greater business development and investment for building a strong manufacturing industrial base for diversified. These include:

- i. Develop an industrial strategy for manufacturing sector, covering:
- ii. Promotion of investment
- iii. Development of industrial hubs along the trade corridors and emergence of manufacturing value chains;
- iv. Building technical skills necessary to support growth, including professional and technical and vocational training, with a particular emphasis on the inclusion of women, young people and displaced persons;
- v. Developing regulatory standards for manufacturing for products;
- vi. Embed manufacturing into the Somalia Power Plan to ensure that the energy constraints are addressed;
- vii. Improvement of the regulatory service for licensing and permits as part of the small and medium business interventions.

13. Construction

Observation on the level of building activities in main cities suggests that the construction sector in Somalia is booming. Driven by the housing demand from the rapid urbanisation, as well as diaspora investments there is visible a construction spree, predominantly in the capital Mogadishu but also regional capitals and major towns.

13.1. Situational analysis

The construction industry appears to have greatly benefitted from stability, economic growth and overseas investment by diaspora. In particular, the high demand for good housing, combined with security concerns, has driven the development of upmarket housing estates in and around the capital with at times more than 100 units, away from previously individual house construction. Returns to investment in land and property are substantial to alternative economic activities. Real estate investment in Somalia is resurgent, despite being poorly reported, with urban expansion taking place across many cities and towns. In the third quarter of 2017, 27.5 percent of commercial banks credit to the private sector was in real estate projects such as the Daru-Salaam in Mogadishu, which boasts 500 residential houses, football pitches, schools, a university, hospital and a glitzy shopping mall, reflect an emerging market attractive to both domestic and foreign investors.

A second major source of demand for construction is from commercial properties including hotels, restaurants, malls and shops, where an increasing number of these service outlets are established in main cities. Many old shopping outlets and areas are being rehabilitated or newly constructed.

Thirdly, the reconstruction of government buildings but foremost the expanding business community requires office and production and service space, and refurbishment and new construction of office blocks

as well as small-scale manufacturing spaces complete the picture of the present boom of the industry. Where until a few years ago, the construction sector was dominated by a large number of artisanal construction firms that would generally deliver fairly low quality buildings, in recent years a number of medium scale construction companies has emerged that are capable of construction with high standards. These companies often have foreign partnership supporting with design and also recruiting staff from abroad for construction work and landscaping.

Unfortunately, a sector wide study on the industry size and structure is still to be done, hence unlike other sectors of the economy, solid statistical information and analysis are not yet available for the construction sector. However, anecdotal evidence suggests that the structure of the construction sector is also diversifying. Alongside the traditional constructors, there are new companies increasingly specialising in a market niche like high end housing, small-scale housing, offices, business units, etc., and the provision of construction-related services like architecture, design, landscaping, as well as raw material provision like sand or stone quarries. Although financing for high-end housing is increasingly becoming available, (innovative) financing schemes to help constructing housing for the less wealthy and poor are still be developed on scale. There is a concern about lack of access to good housing among the poor.

The lack of urban planning and infrastructure development in pace with the construction growth across the country is another area of potential challenges. The current building material choices in the sector leads to high levels of imports, while research in developing local solutions for building materials remains limited. With most of the construction taking place in the urban environment, as yet insufficiently advanced urban planning capacity vis-à-vis residential, service, recreational, industrial, transport and other urban functions open the risk of locked-in investment in infrastructural choices that are sub-optimal and highly costly to repair.

13.2. Constraints to growth

Although the construction industry is growing due to the high demand for housing and commercial properties, a number of constraints to the growth of the sector. The main ones are:

1. Lack of appropriate regulatory environment and poor governance in the public sector have gradually emerged over the past years as a serious constraint that presently is hindering appropriate further growth in the sector, especially among the smaller firms. Similar to challenges faced by other sectors, obtaining licences and permits remains complicated and often is subject to discretionary decision-making that reduced transparency and there created scope for bribes.
2. The lack of building standards and health and safety regulation is a threat to growth poor quality work, high cost maintenance and injury compensation could create disincentives for investment in the longer run.
3. Increasing high land prices and disputes may also dampen investment among the smaller firms targeting with low and middle-income markets.
4. Skills shortage and high cost of foreign workers may further reduce investments. Most companies indicated that they find it difficult to recruit sufficiently skilled personnel, as during the conflict competencies have been lost and training in new technology has been absent. This is reflected in the remuneration as well. According to the tracer survey by IIDA, the jobs within the industry on average pay more, particularly carpentry, than the jobs that most graduates of other skills training

obtain. A series of TVET initiatives focusing on skills useful in the construction sector are implemented across the country, e.g. electricity, carpentry, and plumbing, but as also noted elsewhere in this NDP, the TVET structure suffers from absence of standards and many trainings are one-off events that stop once the (project) funding runs out. A more structured approach is needed, and human capital development requires significant and structural investment.

Despite these constraints, the sector has proved to be highly responsive to demand and is growing. The outlook for further growth and employment generation seems positive. The booming construction industry through its 'upstream' and 'downstream' linkages has equally a positive impact on for instance the solar industry, the furniture industry, wood and tile industry, and others, with potential emergence and additional growth in associated value chains and subsectors. Appropriately linking regulations, like building standards, with local opportunity stimulates an economy that is energy efficient, uses local materials and generates large numbers of jobs that are well paid, and creates a sector with strong linkages to other sectors in the economy.

13.3. Strategies

- i. Promote the market for low cost housing through tax incentives to the market for affordable, good quality housing for the poor
- ii. Start to improve security of land tenure, with a particular emphasis on durable solutions for displaced persons.
- iii. Establish an accessible system of financing that helps the less well-off buy their homes; particular attention will be paid to accessibility by female-headed households.
- iv. Improve construction sector skills to match the labour demand with supply. A nation-wide approach and standard setting for technical and vocational training, targeting the youth and displaced persons, accompanied by structurally increasing the number of training facilities will help to address this concern.
- v. Strengthen building standard and health and safety regulation.
- vi. Urban planning and infrastructure development to support growth in the sector and improve living standards of cities.

14. The Informal Economy

Informal businesses—those operating outside formal licensing and registration procedures dominates Somalia's economy. The formal economic activities are largely restricted to urban areas such as Mogadishu and a few regional capitals. The dominant informality is part of the business ecosystem that emerged out of the conflict and three decade of total absence and weak state institutions. Violence and political unrest have long prevented the development of functioning domestic markets and business environment as government's ability to provide business services and protection is limited. Despite the recent progress in state-building, not only business registration remains minimal, but business transactions also continue to rely on social trust and labour market is also dominated by micro and small household enterprises largely hiring their workers informally through family and/or social networks across the sectors of the economy.

The informal businesses typically employ less than five workers, who are likely to be engaged in low productivity activities ranging, for example, from one-man street food vendors, kiosks and market stalls to medium sized businesses providing key services e.g. construction, plumbing, electrical services and so

on. Regardless of the sector, a common feature of these economic activities is that they are not often registered and licensed by government authorities and pay no tax on their sales and incomes including employment earnings. It is worth mentioning though that these businesses do pay some tax indirectly as wholesalers, for example, of imported goods would pass the import tariff incurred to their customers.

Therefore, Somalia's sustainable future economic growth and employment will depend at least in part on the informal businesses, entrepreneurs and traders being linked into regulated markets and government systems of registration and taxation. The challenge, then, is to begin to transition from the current, highly informal economic towards a more formal and regulated arrangement. To meet this challenge, it must first be acknowledged that the informal economy is a reflection of underlying conditions of the widespread poverty, poor infrastructure and weak business environment as outcome of the political instability, insecurity and a weak rule of law and frequently reoccurring natural disaster over the past decades. Informality is, in a sense, a mechanism for coping with these unfavourable conditions, and as was revealed by NDP-9 stakeholder consultations that the private sector views improved security and rule of law as its highest priorities, along with improvements to the country's energy and transport infrastructure upon which internal trade so much depends. Improvements in these areas could be expected to have great beneficial impacts on the economy and alone start to address some of the main obstacles and constraints that lead to the failure of informal enterprises to grow and transit to formal economy.

It is worth noting that micro and small enterprises will benefit from general improvement of the business environment, including introduction of company law, property and intellectual rights law, insurance law and industrial strategies designed to develop the different sectors of the economy. The creation of more business-enabling environment requires a partnership between government and business community. In this regard, the existing platforms such as Public-Private Dialogue (PPD), chamber of commerce and business association to garnish support needed to develop and implement legislation.

14.1. Situation analysis

Whilst the existence of informal businesses is well-known, the size, nature, sector and employment of their operations are not well-documented. While government of control of the territory and oversight of the economy is gradually becoming re-established, informal business activities have been and will likely continue in decades to come to dominate key sectors such as livestock, agriculture, fisheries, construction sectors.

Although official statistics are lacking, evidence from research on the wider East Africa and large region suggests that the creation of informal household enterprises in Somalia is the common resort for employment for those who lack education or who are geographically disadvantaged²⁰⁵. This point out the role of the urban informal sector in absorbing voluntary rural migrants and IDP. Another positive characteristic of the informal sector is the strong female presence. A large proportion of the micro and small retail and wholesale businesses across the country are either owned by women or they are employees. The findings of a recent study in Hargeisa tally with the above regional research findings. The

²⁰⁵ Mbaye, A.A. and N. Benjamin, (2014). "Informality, Growth and Development in Africa," in J. Lin and C. Monga editors, *The Oxford Handbook of Africa and Economics*.

local private sector is dominated by micro, small and medium enterprises, many of which are informal²⁰⁶. The majority of small and medium enterprises surveyed are in the services sector while the bulk of microenterprises are involved in trade, with the informal economy overall providing about 77% of the total employment in the city²⁰⁷. Furthermore, most of the enterprises are family owned and run.

The high informality among the firms operating in regions with a relative stability and functioning administration is likely due to major underlying structural and institutional barriers which prevent these enterprises to move formality. The economic growth is hindered by the absence of legislative frameworks and adequate infrastructure and banking institutions. Indeed, the NDP-9 consultations across the region indicated that a major barrier to start ups and growth of the micro and small business is limited access to finance, lack of supporting public administration and services and poor infrastructure. Lack of access to finance by informal firms is not surprising because the owner is often an individual or a household member whose capital is not separable from that of the firm and for which there is not reliable accounting that could permit retracing the operations of the firm to elicit external investment. Furthermore, a large part of the literature on the impact of improved business regulations has linked governance in the public with increased business entry and entrepreneurship. A common finding is that substantial improvements in the ease of start-up are linked with more firms registering: making business registration and operations simple, cheap and fast can encourage formalization²⁰⁸.

14.2. Incentivising business formalisation

More can be done, therefore, to support transition to formalisation of the Somali economy through improved public sector governance. While consolidation of political stability, improved security and a stronger rule of law are the focus of Pillar 1 and 2 of the NDP-9, critical bottlenecks in Somalia's infrastructure need to be addressed also steps can to encourage and incentivize entrepreneurs and traders to engage with the formal business processes, alongside regulatory requirements for registration and licensing. Put differently, measures can be taken either to attract enterprises into the formal sector through incentives (e.g. dialogue to understand their challenges), to oblige them to become more formalized (e.g. through requirements placed upon firms participating government tenders), or to better equip them to engage in formal business processes (growth enablers).

In going forward, the government needs to undertake a reform agenda and develop to help informal business to move to formal at minimal administrative cost burden possible. One-stop-shop where micro and small businesses can access all basic business service, including registration, licensing, taxation and advisory services is desirable. Two considerations must be made in developing such a strategy. First, improvements should be made along a continuum; the heterogeneity among informal firms points to different policy approaches for different types of firms. In this regard, the principle of proportionality should apply to registration, licensing and taxation to ensure that the associated business cost is commensurate with the economic activities concerned. Second, there should be public-private collaborations on mutual reforms. These reforms can leverage on the existing platforms such Public-Private Dialogue and national and regional Chamber of Commerce and local business associations. These

²⁰⁶ The Informal Economy in Civil War: Hargeisa – Somaliland;
https://www.cardiff.ac.uk/_data/assets/pdf_file/0007/1057732/The-informal-economy-in-civil-war-Hargeisa.pdf

²⁰⁷ World Bank. 2012. Doing Business in Hargeisa Doing Business. Washington: World Bank Publications

²⁰⁸ Informal Economy and the World Bank, Policy Research Working Paper, 6888;
<http://documents.worldbank.org/curated/en/416741468332060156/pdf/WPS6888.pdf>

platforms can be used as platforms for raising awareness and information sharing platforms to build mutual trust and collaboration. Education and training are also important vectors that could bring informal sector firms to grow and progressively move towards the formal sector. The government should also adopt a regulatory transition program that allows firms near the margin to accede to the benefits of formality while taking on the obligations gradually over time.

14.3. Strategy

- i. To create conditions that will require, incentivize and enable currently informal enterprises to engage with and become part of Somalia's formal economy.
- ii. Create a more business-enabling environment through regulation and partnership with business.
- iii. Ensure the inclusion of vulnerable groups – particularly women, the youth and displaced persons – in intervention design and implementation.

14.4. Interventions

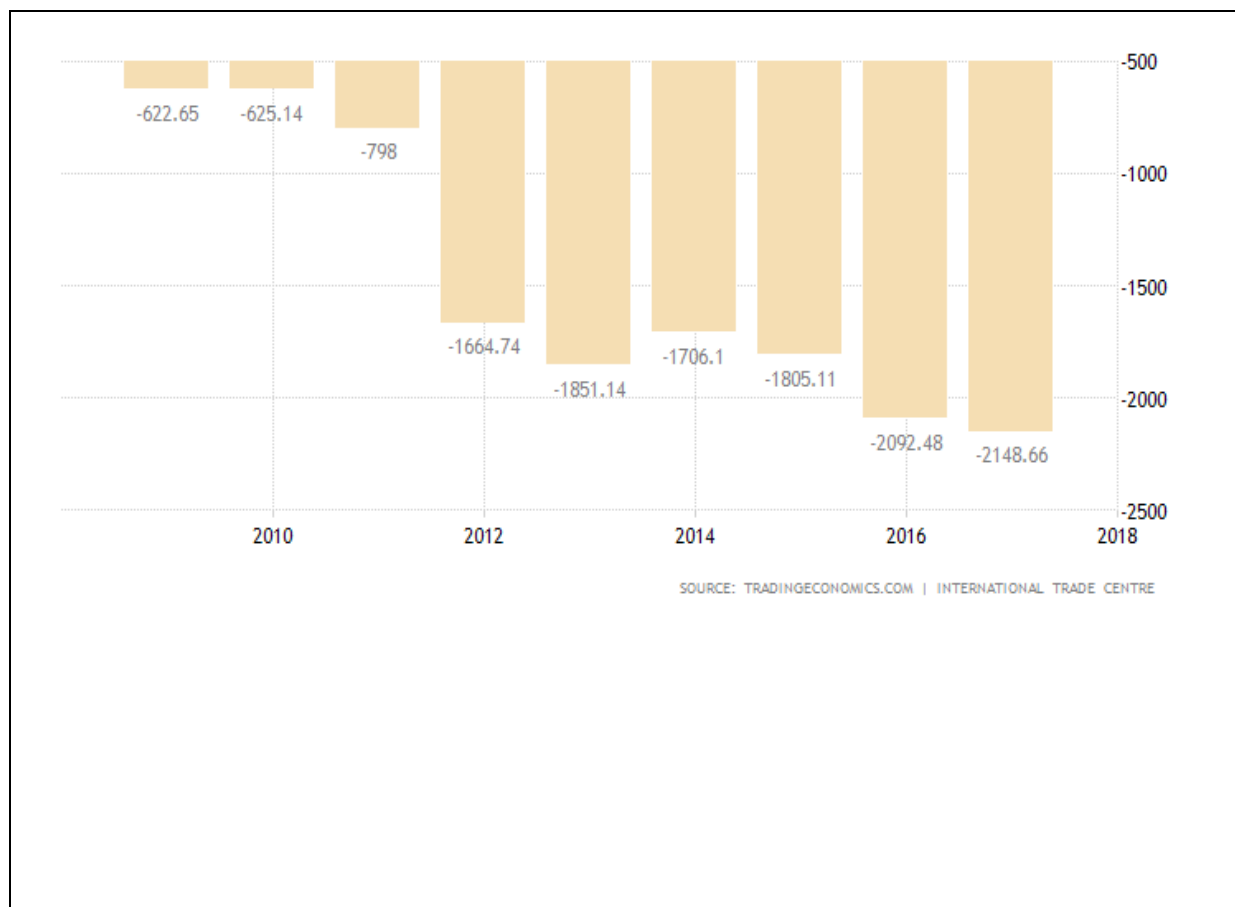
- Establish/strengthen the policy and regulatory framework for registering small and medium enterprises;
- Develop Legal, Policy and Regulatory Frameworks that create a more business enabling environment through:
 - (a) Completion of Company Law
 - (b) Completion of Intellectual Property Law
 - (c) Development of insurance law
 - (d) Development of Industrial Policy and Law
 - (e) Develop a Public-Private Partnership Policy and Law
 - (f) Operationalisation of FDI, Board establishment and development of investment policy
 - (g) Develop policies for Trade, Industries and Investment Promotion
- Operationalise a one-stop-shop for micro and small business to provide all key regulatory and business advisory services under one roof.
- Support micro and small enterprises with training facilitating their engagement with the formal economy.

15. Trade

Somalia has a large trade deficit, estimated at over 70 percent of GDP in 2018. This current account deficit is partly due to high imports of food because of a chronic food crop deficit country but also import of construction material, fuel and manufactured goods. Indeed, the reported GDP growth is largely underpinned by strong consumption dependent on remittances and humanitarian assistance to finance

these imports²⁰⁹. Somalia recorded a trade deficit of USD 2,148.66 Million in 2017. Balance of Trade in Somalia averaged minus USD 808.89 Million from 1998 until 2017, reaching an all-time high of -101.76 USD Million in 2003 and a record low of minus 2,148.66 Million in 2017.

Figure 41: Somalia balance of trade, 2010-2018 Million USD



15.1. Situational Analysis

Somalia's systemic trade deficit is the result of the country's dependence on imports of food, fuel, construction materials and manufactured goods. Main exports are: livestock, bananas, skins, fish, charcoal, frankincense and scrap metal. Somalia main trading partners are the Saudi Arabia, United Arab Emirates, Yemen and Oman.

The outlook is stable or slightly worsening trade deficit given that the country is unlikely to be able to increase its export and/or increase the share of its domestic production in consumption substantially in the medium run, and other potential major exportable output, petroleum is unlikely to be in production at least in the next 7 years. However, improving political relations in the Horn and Red Sea region, with potential new opportunities for Somalia to benefit from its proximity to the Ethiopian market for trade and regional integration, offer a potential rebalancing of trade in the future. Export in both fresh and

²⁰⁹ World, Country Partnership Framework, for period Y 2019-22, <http://documents.worldbank.org/curated/en/941361537906125793/Somalia-Country-Partnership-Framework-for-the-Period-FY19-FY22>

canned fish and meat products in particular is promising if processing facilities are built along the trade corridors. Investments in the labour-intensive manufacturing, such as garment factories also are potential routes to trade diversification.

15.2. Access to WTO

Somalia's prospect for expanding trade, both within the region and internationally, are contingent upon its accession to World Trade Organisation (WTO). Somalia has submitted its accession application on the 6th December 2016 as a step in the process of becoming WTO members. The application was circulated to WTO members on 7th December 2016 and Somalia's Working Party was established on the same date. Although the Government has undertaken a further preparatory work and discussion with WTO, including the drafting of Memorandum on the Foreign Trade Regime (MFTR) – a summary of government's foreign trade regime with accompanying legislation and statistical data, the membership has not been secured yet. It has also established an international working group and negotiating team comprising leading international practitioners, trade experts and academics, and prepared an accession roadmap and taken steps to build a local coordinating team between different Somali ministries and governmental agencies. But there is more work to be done to meet the requirements for accession.

a) Benefits of accession

The potential benefits of Somalia's membership are examined Jonathan Lim and Burak Eryigit²¹⁰. These can be summarised as follows:

First, WTO accession allows Somalia to participate in the multilateral trading system and gain market access on favourable terms to 164 economies that account for 98 percent of global trade. This means that products from Somalia will have the opportunity to reach new markets and face reduced barriers to trade in those markets. Somalia will also benefit from most-favoured nation treatment, and more so being a developed country, with immediate access to developed markets at the lower tariff rate. This gives Somalia time to catch up with sophisticated corporations and mature industries of developed countries as it doesn't have to remove reciprocal tariffs in its markets until later when it undertakes the structural and institutional reforms necessary to withstand the competitive pressures.

Second, WTO accession will likely boost trade for Somalia. There is evidence that WTO accession has a powerful and positive impact on trade, in particular for developing countries that acceded after the Uruguay Round in 1995²¹¹. Research also shows that WTO accession results in a statistically significant improvement to trade intensity, not just quantitatively but also qualitatively, as trade in services increases for acceding countries²¹².

Third, the WTO accession process provides an opportunity for Somalia to engage with the international community and strengthen international cooperation. Through multilateral and bilateral negotiations

²¹⁰ Somalia's Accession to the WTO by Jonathan Lim and Burak Eryigit,

<https://africaarbitration.org/2018/05/25/somalias-accession-to-the-wto-by-jonathan-lim-and-burak-eryigit/>

²¹¹ A. Subramaniam and S. J. Wei, "The WTO Promotes Trade, Strongly but Unevenly," 72(1) J. of Intl. Econ. 141 (2007).

²¹² H. Escaith, C. Osakwe, V. Chemutai and Y. Yan, "Transforming Accessions Data into Knowledge," in A. Kireyev and C. Osakwe, eds., Trade Multilateralism in the Twenty-First Century: Building the Upper Floors of the Trading System Through WTO Accessions, 2017, 175, at pp. 190, 197.

during accession, Somalia can build and cement trading relationships with key partners in the multilateral system.

Fourth, WTO accession provides an opportunity for Somalia to improve its governance and strengthen the rule of law. The WTO accession process requires Somalia to consider whether its domestic legislation and practices conform with WTO requirements, and the WTO Agreements provide a “blueprint” for comprehensive legislative reform. Throughout the accession process, Somalia can also make use of the enhanced capacity-building and technical assistance available for LDCs.

Fifth, WTO accession can contribute to economic growth. It can be used as a catalyst for structural transformation and economic modernization to enhance the competitiveness across the sectors. Greater levels of trade and investment, accompanied by sound domestic economic policy, are crucial to boosting economic growth and reducing unemployment in Somalia, and therefore reduce the widespread poverty.

b) Challenges ahead

The WTO access is not panacea to all difficulties faced by the country. Despite the support that Somalia can garnish through the process as a developing country, achieving the benefits of the WTO accession are contingent upon its ability to undertake the substantial structural and institutional reforms required – both as part of the accession process as well as post-accession activities to liberalize trade and build strong economic institutions. Evidence shows that acceding states that did not engage in adequate structural or institutional reform and as result were unprepared for joining the multilateral trading system have experienced gradual de-industrialization and declines in agricultural production after accession²¹³.

Structural and institutional reforms are also often costly – they require investment in the building of various institutions involved in trade and investment facilitation, and following through on reforms that face significant domestic opposition. To do this, Somalia will require significant political will in support of accession as well as robust cross-ministerial and institutional support. These should be achievable in principle, given that WTO accession aligns with Somalia’s economic development and poverty development strategy but arduous, nonetheless.

15.3. Strategies

- i. Finalisation the MFTR for circulation in preparation of the coming Working Party meeting;
- ii. Re-established formal ties with the World Intellectual Property Organization (“WIPO”) in order to obtain its assistance in connection with IP-related matters;
- iii. Intensify bilateral meetings with representatives of multiple WTO members and a number of different national and international organizations regarding potential technical assistance and capacity-building support; and
- iv. Complete ongoing work on identification of existing gaps in Somali legislation with a view to drafting the LAP as part of Somalia’s Accession Package.

²¹³ I. Kolesnikova, “WTO Accession and Economic Development: Experience of Newly Acceded Countries and Implications for Belarus,” 2013, at pp. 16-17

16. Employment

Generating employment is central to NDP9 and its poverty reduction goals, particularly among the most vulnerable, including women, younger people and the displaced. The lack of decent employment opportunities will have far reaching implications for poverty reduction, stability and security, and population displacement. Somalia's demographic growth is among the fastest in the world, at about 3% annually and roughly the same rate as the recent GDP growth. An estimated 400'000 young persons are entering the labour market every year²¹⁴. At this rate the size of the labour market will have doubled in the next 25 years. Employment is mostly informal and most people lack any form of labour or social protection. Women and youth are particularly disadvantaged, as are nomadic populations, internally displaced people and persons living with disabilities. The destruction of the education system, including vocational and technical training, has generated a vast skills deficit.

16.1 National Employment Policy

To address these challenges, FGS has developed a National Employment Policy (NEP) placing employment at the centre of its development agenda. It rests on the recognition that job- rich, sustainable and inclusive growth is growth that makes good use of Somalia's key asset, its labour force. This requires, in turn, an economic policy mix that extends beyond one-sided approaches to opening up and to business environment reforms, into an inclusive employment policy agenda.

16.2 National Employment Framework

Figure 42 provides an overview of the framework for NEP. The overall vision of the policy is to achieve decent and productive employment for all in conditions of freedom, equity, security and human dignity. The framework first identified major challenges to productive employment. These include structural problems linked to informality of the economy, limited skills resulting from decades of underinvestment and poor standards of education and training, considerable inactiveness, unemployment and underemployment which make difficult to match current skills and labour market demand, and lack of regulations to create an enabling labour market. On that basis three strategic goals were identified as key to generating sustainable employment that can lift incomes and living standards. These include:

Establishing an employment governance system

A coherent set of actions across policy levers is required for an economy to make good use of its key asset, the labour force, and thus generate decent jobs at pace with demographic growth and considering the skill set of its existing workforce. The NEP is therefore designed as a vehicle to make employment central to the national development agenda. An effective governance system is required for such a policy. Employment promotion, as embodied in this policy, will require a new standard of engagement by, and increased capacities of key public institutions, including Ministry of Labour and Social Affairs (MoLSA). It also presupposes enhanced policy coordination and social dialogue.

Promoting growth of micro, small and medium-sized enterprises

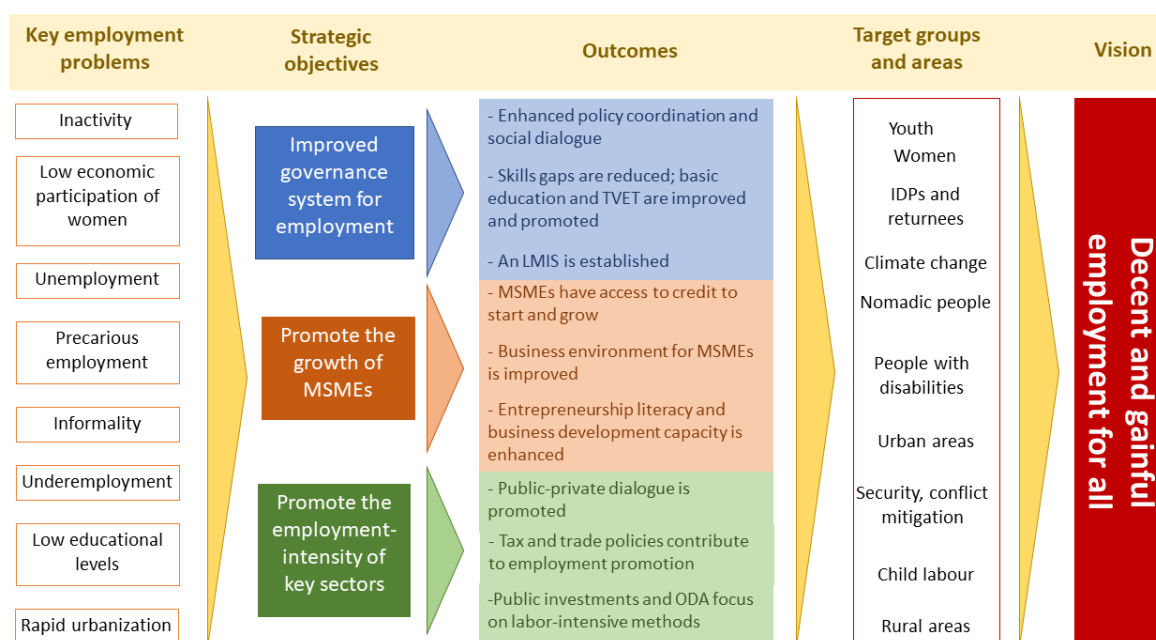
²¹⁴ Federal Government of Somalia, National Employment Policy, Version 4: revised 22 March 2019.

The promotion of micro, small and medium enterprises (MSMEs) is a major avenue for increasing productive employment and income opportunities in Somalia. The challenge is two-fold. First, the overwhelming majority of enterprises in Somalia are very small and operate informally. As discussed in Section 14, they are trapped in informality and have not been able to grow into small, medium or large enterprises. Second, entrepreneurial awareness and basic management skills need to be expanded and democratised, for young people to be able to achieve their aspirations within a fast-growing population. In this, Somalia can build on a strong tradition of entrepreneurship, both within the country and in the diaspora. The resilience of the Somali private sector in a fragile environment is impressive in many respects. Further, Somalia can capitalise on a relatively high proportion of female entrepreneurs. This policy sets out work on three levels for MSME promotion: improving access to credit, the regulatory environment, and entrepreneurship capacities.

Promote growth in labour-intensive sectors

Evidence from the economic literature has long established that some sectors are more important than others for economic growth and employment creation, and that specific public support to these sectors is warranted. Growth in these sectors generates comparatively more overall output and employment growth for the whole economy, and can be boosted by preferential fiscal or financial measures, and other support programmes. As discussed above growth in light manufacturing (including agro food processing, leather, renewable energy), construction (public works and housing) and primary production systems (livestock, crop and fisheries) can all generate significant employment, especially for youth and women.

Figure 42: National Employment Policy Framework



17. Pillar 3: Economic Development 5 Year Action Plan

PILLAR	STRATEGIES	2020	2021	2022	2023	2024
PILLAR 3: ECONOMIC DEVELOPMENT	Increase agric & livestock sectors' resilience to climate change	Rehabilitate existing and build new rural water reservoirs				
		Rehabilitate agric irrigation systems				
		Improve farming methods & livestock systems				
		Develop effective phytosanitary measures				
	Implement the energy master-plan	Energy market reforms to build				
		Expand urban & rural coverage of electricity				
		Build capacity of energy sector regulator				
	Expand & rehabilitate key (transport) infrastructure	Repair, maintenance & expansion of major & feeder roads				
		Repair, maintenance & expansion of ports, airports, fishing jetties				
	Put in place national fisheries development strategy	Subsidiary regulations to enforce				
		Develop, Review & Strengthen marine resource management & conservation laws				
		Review & Strengthen licensing &				
	Develop oil & petroleum sector		Develop/Implement national strategy for oil			
			Establish national petroleum agency			
			Complete legal framework for licencing &			
			Review & Strengthen oil revenue sharing &			
	Develop enabling legal frameworks		Develop & Implement industry strategy			
			Develop & Implement regional trade & integration strategy			
		Develop national employment policy				
		Develop & Implement environment management strategy & laws				
	Cross-cutting imperatives	Create an enabling business environment for economic growth across sectors				
		Conduct a national environmental assessment				
		Develop a master water plan for somalia				
		Complete ongoing public sector reforms				
		Develop a national urban planning strategy , including public-private partnerships				

CHAPTER 8: SOCIAL DEVELOPMENT (PILLAR 4)

Preamble: Stakeholder consultations and the NDP-9 poverty analysis consistently identified low levels of education and poor access to other basic public services (such as water, health and sanitation) as leading causes of poverty. As such these issues were identified as priorities for future government action as outlined in the Human Development and Social Protection strategies. In addition, 27 percent of the priority needs identified by the Government's Recovery and Resilience Framework (RRF) concern the restoration and improvement of public services. The sustainable provision by Government of quality public services is central to Somalia's poverty reduction strategy and for building resilience for Somali citizens to economic, conflict and environmental shocks. Therefore, Pillar 4 focuses on improving access to essential services, including education, health, clean water, sanitation, nutrition, and social protection, along with improved disaster risk management. Municipal planning for service delivery, both urban and rural, becomes critical in order to meet the demand for rapid urbanisation resulting from population growth and rural migration (driven by environmental change and conflict) as a substantial number of IDPs relocate to in urban centres. Partnership and oversight of the private sector for service provision is critical to this Pillar's success, given their dominant position in current provision of health and education. The long-term vision of service provision by the government will eventually be important for the legitimacy of the government in the eyes of vulnerable groups and the public at large, but due to financial, institutional and human capital constraints, this vision remains outside the scope of the time frame of NDP-9.

In addition to alleviating poverty, the provision of basic service and social protection strengthens the trust between communities and government. Not all segments of the society are equally affected by poverty and deprivation. Special attention will be paid to the needs of displaced persons as proposed in the Durable Solutions policy, and to those who are more susceptible to social exclusion and therefore to inequalities that prevent access, including women, youth and the disabled. In doing so, Pillar 4 will contribute to Somalia's progress towards SDGs 3, 4, 5, 6 and 10.

Building resilience for communities requires investments in social protection which allow households to withstand shocks. Provision of public service within the context of Somalia requires cross-government effort and coordination to design efficient and equitable developmental policies and programmes dependent on the mobilisation of resources necessary to these programmes. Therefore, interventions under Pillar 4 are closely associated with public service delivery, fiscal management and disaster risk management interventions and require progress in Improved Security, Economic Growth and Inclusive Politics.

The overall objective of this Pillar is:

To reduce poverty and increase the resilience of individuals and households through improved essential services.

This will be accomplished by the following three strategies and cross cutting governance focus:

- **Improved Health, including clean water**
- **Improved Education**

- **Improved Social Protection, including urban planning, social benefits and food security**
- **Governance Strengthening, including Disaster Risk Management, Local Governance and Decentralized Service Delivery (as described in Chapter 5)**

The planning and execution of the investments will adopt multi-dimensional approach to poverty alleviation, targeting the poorest and most disadvantaged social groups: Therefore, these developmental strategies directly align with these NDP-9 cross cutting imperatives:

Gender and Social Exclusion: the interventions are designed to reflect pro-poor policies, including targeting the provision of health, education and protection services to the most disadvantaged members of the society, with special emphasis on women, infants, children and youth and those with disabilities. The ratification of the Somali Women's Charter reflects the importance of women's issues to the future development of the country.

Durable Solutions for the Displaced: the interventions reflect a focus on providing services to IDPs as a priority, including urban and municipal planning and vocational training more suited to their urban reality, whilst also supporting their resettlement as the security and economic conditions of rural parts of the country improve.

Resilience: Somalis are subject to increasing environmental, conflict and economic shocks. Resilience can be provided through sustainable delivery of essential services along with social protection in times of shocks. Alleviating multi-dimensional poverty requires investment funded by revenue generated by a sustainable, long-term growth in key sectors of Somali economy, including agriculture, livestock and fisheries.

Humanitarian Interface: presently a good deal of these services are delivered by humanitarian partners. The challenge for Somalia in building governance capacity and revenue will be medium to long-term. Therefore, the strategy is to work with development partners to gradually transfer responsibility and resourcing of these services to government, through partnership, capacity development and transition of related programme toward developmental activities. Dependency on humanitarian aid will be reduced, while relationships between citizen and governments will be strengthened.

Governance: the delivery of public services is a government mandate and responsibility, stretching through all levels, municipal to national. It will require civil service reform, strengthening the delivery chain in each sector, and it requires a modern legislative and policy framework, funded by ongoing domestic tax revenue. The predominant role of the private sector in provision of essential services requires effective governance oversight.

On that basis, whilst the three National Strategic Priorities are directly supported through their respective Pillar interventions, in Social Development the achievement of the Priorities is more contingent upon progress in the cross-cutting imperatives. By delivering improved social outcomes to all Somalis the following national outcomes will be supported:

Inclusive and Accountable Politics: strengthening the trust between government and citizens, increasing enfranchisement and equitable access to services. This chapter outlines local governance strengthening interventions.

Improved Security and the Rule of Law: improving education and economic opportunities will reduce the appeal of extremism, while providing essential services reduces rivalry for scarce resources and reduces social conflict.

Improved Economic Development: through Human Capital Development, healthy and educated citizens can become empowered members of the labour force, while increased economic growth and adequate social protection policies increase household resilience and therefore reduce the impetus for displacement.

1. Introduction

A nation is only as strong as its citizens – at the heart of NDP-9 is a strategy to increase government revenue and capacity in order to increase its investment in, and ensure provision of, social services, for its citizens. Poverty reduction is not merely aimed at transitioning dependence from humanitarian aid to government dependency, but to provide for human development and thriving. To this end, Somalia is committed to human capital development and participation in the Human Capital Index in conjunction with the production of the necessary socio-economic data from pending surveys, and to the approach outlined in MOPIED's Human Development Strategy.

The demographics and key social indicators paint a picture of both deprivation and potential. Somalia has one of the highest fertility rates in the world (6.7 total fertility rate in 2016) which has led to a large cohort of children and youth: over 40% of Somalia's population is between age 6 to 18. This represents an enormous demographic shift which, if healthy, educated and resilient, can contribute to the flourishing of the country. However there exists challenges in human capital development which must be addressed – if the current social indicators are not improved the social consequences will last a generation or more. Key investments in nutrition, maternal health and education, especially for girls, will be needed.

Consultations with the national and sub-national stakeholders identified the lack of quality health, social protection, and particularly education, as key causes of poverty, and as levers for poverty reduction, as outlined in Chapter 2. The recent Horn of Africa report on regional challenges in human capital development indicated that GDP per capita could be 2.3 times higher if children had full education and health.²¹⁵

The poverty analysis of Chapter 3 showed that poverty is tightly linked to household deprivations, particularly in education; maternal and child health; and access to clean water and sanitation. According to the World Bank Somalia Poverty and Vulnerability report 2018, almost 9 of 10 Somali households are deprived in at least one dimension: monetary, living standards (including dwelling, access to electricity and source of energy for cooking), education, or water & sanitation. Nearly 8 of 10 households suffer in two or more dimensions. Somalia has one of the lowest set of education indicators in the region.²¹⁶

The primary mandate for delivering public services is at district and local government levels, but without funding and a settled federal system of government where the roles and responsibilities and revenue-

²¹⁵ Pg 35 Horn of Africa Issues Annex; World Bank; 2019

²¹⁶ Pg. 18 World Bank, 2019. Somalia Economic Update, Fourth Edition: Building Education to Boost Human Capital.

sharing are established, the delivery of these services is currently filled by a range of non-state actors. Private companies, community-based civil society organizations and local NGOs (LNGOs) and international humanitarian NGOs funded by ODA provide the bulk of basic services. Whilst these entities have played a major role in providing services over the years of state failure and continue to play an important role in support services, such fragmented provision poses a major problem for future policymaking. First, much of this work has historically occurred and continues largely to happen outside the control of government. The uneven application of government policies and quality standards and a collective commitment to align the activities of these different types of organizations remains at a nascent stage. This weak coherence calls for greater coordination between Civil Society, LNGOs, private organization and INGOs, especially in the current context of resource constraints, and the need for greater efficiencies. In 2017 total ODA was \$1.3B, of which only \$138 M was directed towards social and human development. Even with this level of spending a majority of citizens are deprived in one or more dimensions of poverty linked to basic necessities – an outcome that calls for greater government interventions to guide and supplement the humanitarian and other actors' effort to increase access to these services across the country, especially in rural areas where, for security reasons, the humanitarian agencies cannot operate.

Continued limited access to basic services poses multiple challenges for the country. The mismatch between citizen's expectations and governments' ability to meet them increases the loss of trust. Delivery of required services by other providers leads to disenfranchisement and external dependency. These inevitable developments add to the urgent need for a responsive and accountable relationship between citizens and their governments. Evidence shows a clear correlation between conflict and service provision²¹⁷. Where the Composite Security Index²¹⁸ is lower, enrolment in education is also lower. Conflict can also be perpetuated through curriculum that promotes intolerance or hate towards specific groups and has particularly been known to occur in areas previously under the control of al-Shabaab supported by non-state actors which adhere to more extreme ideologies.

These challenges notwithstanding, some progress has been made over the last five years. Supported by external funding, government has made strides in establishing health and education policies, capacity development, and improved the delivery of essential services in some important areas, including increased access to Essential Package of Health Services (EPHS), the deployment of trained female health providers (Marwo Caafimaad), and rehabilitation of some health clinics in more secure regions. A new national education curriculum is being introduced and a new National Social Protection policy has been approved by cabinet.

This chapter outlines the challenges, and strategic responses that Somalia will make in the next five years to begin building the capacity to increasingly meet the citizen-facing services required for thriving communities. In the discussions below the needs of the population as whole and most disadvantaged groups are highlighted. The goal is not only to lift all households from the widespread poverty through a multi-dimensional approach but to invest in resilience to ensure that gains are not lost. It also reinforces, and is dependent on, local reconciliation and governance strengthening, as outlined in Chapter 5.

²¹⁷ Education Sector Strategic Plan 2018-2020,

https://www.globalpartnership.org/sites/default/files/federal_government_of_somalia_essp.pdf

²¹⁸ A measure provided in the UNDP Human Development Report of 2012 regarding the attainment of physical, mental and spiritual peace and security of individuals and communities at home and in the world.

2. Situation Analysis

The provision of basic public social services, including social protection, by government has been very low in the past three decades due to the protracted conflict, weak government institutions, and lack of human and financial capability. The recurring droughts and floods have negatively impacted to the infrastructure and personnel and funding of schools, health clinics, hospitals, water and sanitation services, and all other social protection and community enrichment services. In the vacuum both humanitarian aid and private companies have become the primary providers of services and must feature as partners in government's social and human development strategy. However, the current landscape creates difficulties for the vulnerable: for those without monetary means, access to services such as health or education is out of reach. Moreover, dependency has been established especially for those receiving their basic services from development and humanitarian agencies.

As Somalia lacks revenues that can be allocated for social service needs, financial constraints remain as one of the biggest challenges for service delivery. Infrastructure, in form of hospitals, clinics and schools need to be rebuilt, but the current FGS budget provides only 3% towards a capital budget, with the bulk of operational expenditures applied to wages focused on security forces. Given that total domestic revenue for the FGS was \$183 million USD in 2018, the challenge of funds needed for the major social services such as education, health and nutrition is enormous and long-term. The solution to the problem requires a dual approach: greater revenue mobilisation by government and a gradual transition of current ODA funding towards capital and development investment within the timescale of NDP-9. Whilst only sustained long-term economic growth can deliver public services, in the medium-term government will approach development partners for a shift from traditional humanitarian support towards developmental investment. This investment in infrastructure, along with capacity building of education and health and policy reform are essential for the improvement of service delivery and increased capacity in government's ability to provide basic social service. The government's plan to invest in infrastructure is in conjunction with its intention to increase overall domestic revenue in order to ensure that Operations and Maintenance (O&M) funding is sufficient and recurring.

Stakeholders consultations of NDP-9, combined with a data-driven poverty analysis, highlighted poor basic services (with education mentioned the most often) as lead causes of poverty and identified improved institutions and improved education in the top five desired interventions.

Dependency on humanitarian assistance to meet the social development needs of many vulnerable Somali citizens was also an important cross-cutting risk identified by stakeholders. The poverty analysis chapter of NDP-9 that was based on Somalia's Household Frequency Survey (SHFS) Wave 2 clearly demonstrates a wide-spread rate of multi-dimensional poverty. Though deprivations in access to basic services was consistently high across all groups, five groups in particular had worse comparative outcomes in basic human development indicators:

- Women
- IDPs
- Rural citizens (Nomads and Agro-pastoralists)
- Youth
- Persons with disabilities

The Social and Human Development strategy addresses improving the delivery of essential services for all Somalis while targeting particularly disadvantaged groups. Stakeholder consultations, supported by data, indicated these following four Social and Human Development priorities:

- Improved Health and Nutrition services and outcomes
- Improved Education & Training services and outcomes
- Improved Social Protection services and outcomes
- Improved Disaster Risk Management

The discussion in the following sections summarizes the challenges for each of these essential services. Though discussion of essential services is organised in sectoral terms, best practices indicate that the most effective poverty reduction strategy is based on a multi-dimensional approach to addressing multiple deprivations for the different social groups through tailored, local area-based interventions that incorporate improvements in all services touching citizens' lives. This approach is outlined later in this chapter and will be dependent on the capacity of local government and local communities.

2.1. Human Capital Development

Government is formulating a Human Capital Development Strategy, outlining its commitment to: "human capital development to be a key national priority that will support the economic and political recovery of the nation"²¹⁹. The strategy recognizes the tremendous potential represented by Somalis themselves, requiring investment in health, nutrition, education and skills in order to reach their economic potential. The interventions outlined in this Pillar chapter reflect the priority interventions outlined in MoPIED's proposed strategy.

The recent establishment of the World Bank's Human Capital Index (HCI) is an important tool in targeting improvements needed to ensure the full potential of future generations and of nations. Barriers exist at early stages of life, and in key demographics which hinder full participation as adults. The HCI measures indicators in life expectancy, income, education and health (childhood stunting) to determine the HCI index score, and areas for investment to improve outcomes. Though Somalia does not yet have the data to officially measure its HCI, it has several pipeline surveys which will provide a baseline and official HCI measure. Meanwhile the challenges linked to these indicators are clear, and the strategies for the Social Development Chapter feature interventions directed at each of these gaps. By targeting challenges such as malnutrition and childhood stunting, high maternal mortality, low reproductive health, and poor school enrolment, the strategies will form an investment in future thriving and participation.

A summary of the Human Capital Development Strategy is found in Box 3, overleaf.

²¹⁹ Pg 2 Human Capital Development Strategy, MoPIED; 2019

Box 3: The Human Capital Development Strategy for Somalia

Ministry of Planning, Investment and Economic Cooperation considers human capital development to be a key national priority that will support the economic and political recovery of the nation as envisioned in the NDP-9²²⁰. To support the development of the first ever National Human Capital Strategy, studies are under way and preliminary findings of this study suggest the following priority areas of human capital development strategy.

1. **Harmonization of Human Capital Development Stakeholders:** An independent and representative national stakeholder forum is required. The stakeholder forum should include those from national and regional levels of government, civil society, the business community, and educational community. The primary objective of the stakeholder forum is to collect information about market dynamics of the country through systematic data collection, and meet periodically to set national goals and objectives.
2. **National Qualifications Framework (NQF):** The establishment of a central national qualifications framework will transform education and training. Therefore, the federal government should create a national qualifications authority. This body will be responsible for the development of skills standards.
3. **Productive Sector Skills Development:** Below are some of the priority areas needed to make agriculture attractive to both local and foreign investors:
 - a. TVET Schools with the proper curricula, staff, equipment, technologies and certification criteria.
 - b. Renewable energy skills will help provide affordable and sustainable power for irrigation, cold chain, communication and create jobs.
 - c. Agribusiness – skills for value chain development will enable farmers to increase their income and deliver value added products to the growing urban populations that now meet their needs through imports
4. **TVET-based national internship program:** An important aspect is the creation of a national internship program. The national internship programme should allocate students to work in a specific key primary sectors to acquire practical experience, and appreciation for the importance of TVET.
5. The human capital development strategy includes: improvement in trade and small businesses skills, harnessing technology for the service industry and the development of knowledge -based small and medium enterprises to tap into the Somali people's natural **entrepreneurial acumen**, **greats strides in the technology arena** including money mobile and the **brain-gain** due to large number of returning highly skilled **diaspora**.
6. **Changing Cultural Mind-Set:** The Somali society has traditionally been less receptive to certain segments involving manual labour. This mind-set is an obstacle to development. It is imperative that the Federal Government of Somalia, Federal Member States, educational and business leadership collectively develop a national campaign that raises the awareness of all Somalis on the importance of work, understanding one's dignity is not about who they are, but the extent to which they are engaged in gainful employment
7. **Establishing Civic Education Programs:** The national education curriculum should include civic education courses and programs in all levels of education.

²²⁰ Ministry of Planning in close consultation with the Ministries of Labour and Education commissioned in 2018 a research consortium [consisting of the Heritage Institute for Policy Studies (HIPS) and the City University of Mogadishu (CU) funded by Somalia Stability Fund (SSF)] the creation of an inclusive, indigenous and sustainable Human Capital Development Mechanism (HCDM) for Somalia. The overarching objectives of the HCDM is first to establish partnership with leading human capital development stakeholders from the public sector, private sector, civil society and academia in line with the national development plan (NDP-9). The Human Capital Development Mechanism (HCDM) research consortium was specifically tasked to: conduct a comprehensive county-wide baseline study with special emphasis on the productive sector (agriculture, fisheries and livestock), to develop human capital development strategy and to propose a mechanism that facilitates synchronization of the efforts by the human capital development stakeholders. The baseline study and the national strategy will be released in early 2020 and will guide developing the human capital of the Somali citizens.

2.2. Social and Human Development Strategy

As social service provision by the government is a key for legitimacy in the eyes of the vulnerable groups and the public at large, the FGS faces a critical decision given the private sector's domination of provision of education and health. For instance, non-state schools currently provide over half of primary education and over 70% of secondary education. Somalia's private sector has been remarkably resilient and innovative throughout the conflict years. However, this leaves the poor without access and those in more vulnerable regions without service due to the financial cost that comes with the service provision by the private sector. There are three viable options that exist for government: first, it could partner with the private sector, limiting government's role to legislation, regulation, standards setting, while ensuring the disadvantaged have access. Second, set a long-term strategy where government itself provides the basic services, involving all levels of government, while continuing to regulate the minority private sector providers. Or thirdly government could establish a hybrid model where, in the short term, local and international NGOs closely engage and coordinate with the government at all levels in order to provide services in the newly liberated rural areas where the provision of the social services by the private sector is limited..

The low level of government revenue requires that the final shape of provision of social services will not be established until after the time frame of this NDP-9. This means that the current strategy will feature cooperation and coordination with non-state actors. However, the recent decades of conflict and high levels of mistrust between citizens and governments, along with the high level of deprivation in basic services, encourages government to seriously consider the model of delivering basic services itself as its long-term strategy, once sufficient revenue and capacity have been established. In this transition phase, an important objective will be to avoid duplication of services, or establishment of parallel structures, but rather to ensure there are no gaps of coverage and that government's role as regulator is primary.

In the interim the NDP-9 strategy consists of:

- Increase government revenue for social service provision (as outlined in the Economic and Macro-Economic chapters)
- Establish legislation and regulation and standards for non-state providers, to ensure consistency across communities
- Focus on provision of basic services with partners to the most vulnerable communities and groups, including newly liberated areas
- Strengthen public service delivery capacity to deliver services, establishing roles and responsibilities as part of ongoing federal negotiations

Linked to this strategy is the urgent need for formal identification of citizens. The World Bank Somalia Poverty and Vulnerability Assessment (2018) indicates that only 39% of citizens have birth certificates. The need for IDs has already been highlighted in the Economic Pillar Chapter, but it is equally valid in the Social Development Chapter. School enrolment, beneficiary registries, health clinic access, social protection schemes, land and housing tenure and tracking of human development indicators are all dependent on formal identification documents. This is particularly urgent for IDPs who require legal basis for establishing new residency or returning home.

2.3. Health Sector and Clean Water and Nutrition

Emerging from more than two decades of absent government oversight and funding, the health system in Somalia consists of approximately 106 hospitals/referral health centers, 391 MCH/Health centers and 620 health posts with available human resources of about 6,000 in 2014 including 621 physicians, 2,653 registered nurses, 636 registered midwives, and 198 'Marwo Caafiga' (FHWs). The number of skilled workers in the country are below the WHO's minimum threshold for health worker-to-population ratio, with approximately 4 professionals per 10,000 citizens (the minimum threshold is 23 per 10,000). The country has also 47 medical, nursing and midwifery training programmes for health workers.

The health sector faces many challenges, and among these challenges are:

- Maternal health, including reproductive health, FGM and preventable disease
- Early childhood stunting, child mortality, malnutrition
- Insufficient Disease surveillance and prevention
- Inadequate access for the poor and under-served
- Poor regulation of non-state provision and increased professional standards and provision
- Under-developed health information systems

The country has one of the lowest baskets of health indicators in the world with an infant mortality rate of about 132 per 1,000 live births and a maternal mortality rate of 732 per 100,000 live births. The life expectancy at birth is 54 years for male and 57 years for female, according to WHO.²²¹ Over 98% of women undergo Female Genital Mutilation (FGM) putting their health at risk. However, the improvement of the overall livelihoods of Somalis aims at addressing the aspiration of the SDG 3 of ensuring healthy lives and promote wellbeing for all. Health will be the driver of sustainable development that will produce a healthy and productive society that effectively contributes to poverty reduction.

In 2015, WHO estimated that annual per capita public spending on health was between USD \$10 and USD \$12, almost entirely funded by development partners. In the same review, WHO characterises the existing health challenges in the following way:

The key challenges facing the Somali health system are: (i) persistently high burden of disease; (ii) limited institutional capacity and stewardship role of ministries of health; (iii) inadequate, unpredictable and unsustainable level of financing, with a high share of out-of-pocket spending on health; (iv) absence of balanced, motivated, well-distributed and well-managed health workforce with the appropriate skills; (v) limited and unequal access to essential health services, and poor quality and safety of services across all levels of care; (vi) inadequate procurement/supply system and irrational use of essential technologies and medicines; (vii) absence of national surveys and census, weak births and deaths registration, limited operational research and disease surveillance; (viii) lack of synergy of humanitarian response to health; and (ix) inadequate action on social determinants of health.²²²

Even though the health challenges are national according to evidence from analysis of SHFS Wave 2, access to healthcare is determined by the place of residence. **IDPs** have better access to healthcare than rural residents but are worse off than urban residents. A majority of **rural women** (70%) give birth at

²²¹ This is 2016 data published by WHO. <https://www.who.int/countries/som/en/>

²²² Pg 6 Strategic review of the Somali health sector: Challenges and Prioritized actions; WHO, 2015

home rather than in a maternity clinic, maternal and child health center, or hospital compared to IDP women (40%) and urban women (20%). Births attended by skilled health staff also vary according to place of resident. The data indicate that about 50% of IDP women who gave birth were assisted by a nurse, midwife, or doctor compared to 80% urban women and 30% rural women. These statistics are no doubt contributing to the high rates of maternal and infant mortalities. Access to healthcare also varies across gender, regions and within IDPs, urban and rural residents. Those receiving remittances (primarily those in urban centres) have improved health outcomes.

In an environment of wide-spread challenges, priorities must be identified. In order to begin a life-cycle of care, two challenges are of immediate urgency:

- Maternal health
- Early childhood health

In addition to the maternal and childhood challenges the health strategy will also target provision of health services to under-served areas and vulnerable groups, including rural Somalis, those in newly liberated areas, and those in IDP camps. This will be done in partnership with the local and international NGOs that are working in rural areas.

The health strategy will address these early challenges, while building towards improved institutional, funding and capacity challenges. A priority will be establishing the legislation, regulation and standards to oversee the provision of health by private providers and increase access to Essential Health Services Packages. The recently endorsed Reproductive, Maternal, Neonatal, Child and Adolescent Health Strategy provides a framework for health action linked to these priorities.

2.4. Clean Water and Sanitation Services

Clean water and sanitation services are significant in the fight against poverty. Related sicknesses put severe burdens on health services and keep children out of school. Despite investments in the sector made by governments, NGOs, development partners, and the private sector, the outlook for access to safe and adequate supplies of water in Somalia is low with basic water supply coverage at 52 per cent (28 per cent in rural and 83 per cent in urban areas) (JMP 2019 Report). The water shortage is exacerbated by drought which also increases water contamination. Thus, developing a nation wide master plan to ensure sustainable water management among competing uses will be a government priority

Research has found that improved water and sanitation is critical for health, school performance, productivity and household income. The Wave 2 of Somalia's Health Frequency Survey (SHFS) found out that only half of Somali households have access to improved sanitation, and about 80 percent have access to improved water sources. Access to clean water and sanitation services is higher in urban areas compared to **rural, nomadic and IDPs** areas. The likelihood of poor households having access to improved sanitation is low while IDPs share facilities. Fewer than half of schools and health clinics have access to clean water and sanitation.

According to Somalia Joint Multi Cluster Needs Assessment (JMCNA) conducted in September 2018, the long rains improved water accessibility and availability in both natural and man-made sources across much of the country. The assessment found that 74 percent of non-displaced and 59 percent of IDP households reported having adequate access to drinking water in the 30 days prior to the assessment. A higher proportion of IDP households reported access to improved sources (87%) than non-displaced households (75%).

The main challenges facing the sector include policy and legal provision; human and government institutional capacities to increase the water and sanitation coverage; quality of water supply services; and inadequate budget.

2.5. Nutrition

The protected conflict and the long drought experienced in Somalia in 2016/17 have caused population displacement and destroyed livelihoods thus worsening the food and nutrition in the country. Over 6.2 million Somalis are food poor and the prevalence of wasting is 14% (2016). The most affected by the food and nutrition security are **mothers, infants, young children, adolescent girls and women** (49% are anaemic). Children in Somalia suffer from high rates of malnutrition (13.4% of children under 59 months are underweight) and slow growth that has become one of the main causes of child morbidity and mortality. Malnutrition has restricted inclusive development and increased poverty levels through curtailment of good standards of living. Although there have been improvements in the nutrition status in the last five years, children in Somalia suffer from multiple nutritional deprivations.

An estimated 2.4 million²²³ Somalis are in danger of facing acute malnutrition due to food and nutrition insecurity in 2019. The impact is worse for **IDPs and displaced families** according to Food Security and Nutrition Analysis Unit (FSNAU) analysis in July 2018. The nutrition assessment among IDPs in the main settlements and two urban areas showed critical prevalence of acute malnutrition (Global Acute Malnutrition-GAM \geq 15%) in 7 out of 15 population groups surveyed in June 2018.

Both drought and conflict have contributed to food insecurity and famine – conflict has driven households away from their agricultural livelihoods, drought has further degraded productivity and displacement, all of which creates lower food availability and higher competition, which drives further conflict and environmental degradation. Even the supply of food aid contributes to this vicious cycle through tribal conflict over access and control.

Food security and malnutrition are key components of health – however this chapter discusses the interventions needed for vulnerable groups under the heading of Social Protection, where interventions and programs are designed to scale-up in times of crisis and famine.

Table 21: Trends in Acute Malnutrition Prevalence in Somalia

	Jan-2016	Aug-2016	Jan-2017	Aug-2017	Jan-2018	Aug-2018	Jan-2019
Median GAM	12.1%	14.7%	15.0%	17.4%	13.8%	14.0%	12.7%
Median SAM	2.0%	2.5%	3.0%	3.2%	2.0%	2.2%	1.9%

Source: FSNAU/FAO Somalia

In Somalia, the fertility rate of 2016 was 6.7 children per woman – this high rate, combined with poor birth assistance and poor disease prevention and lack of adequate nutrition is leading to one of the highest maternal mortality rates in the world. As highlighted by the analysis of food security, limited access to and availability of sufficient food pose serious nutritional and health risks to large number of the population, in particular among children and women. The latest FSNAU figures show high national Global

²²³ This number threatens to rise throughout 2019 if drought conditions unfold.

Acute Malnutrition (GAM) ranging from 12 -18% which is above 10% trigger for emergency measures, and a Severe Acute Malnutrition (SAM) ranging 2-3% in children.²²⁴

High rates of female genital mutilation are also contributing to poor women's health outcomes, a fact recognized by the pending anti-FGM legislation and by the ratification of the Somali Women's Charter. Almost 25% of children under two are stunted, and insufficient immunization, disease surveillance and disease prevention (including malaria and cholera). These poor outcomes to mothers and children go on to have life-long impacts. Investment in reversing these impacts will begin to have a demographic impact which will help reduce poverty and increase thriving.

2.6. Education and Training

Education is a key tool for increasing the levels of welfare and helping to break the poverty cycle. Somalia will ensure SDG 4 is met through inclusive and equitable quality education and training that promotes life-long opportunities for all. The envisaged education and training opportunities are expected to meet the demands of education in the country. This is against a backdrop of protracted emergencies stemming from conflict, drought and flooding that has had significant impact on the education system resulting in the breakdown of governance institutions and opportunities for children and youth. The post-war educational reconstruction in the country is slow, with most schools still either owned by the community or managed by private-sector umbrellas. A decentralized education system is currently being operationalized by the Federal Ministry of Education, however, the education system is fragmented and newly formed federal member states, regional and district-level offices have limited technical and financial resources.

The challenges confronting the education sector are the direct consequence of protracted emergencies stated above, and the most significant of which include the following:

- Low literacy levels, significantly low among women
- Low enrolment for both primary and secondary school
- Low survival rates for primary school
- Girls' education indicators lower than boys
- High youth unemployment with few labour market skills
- Insufficient access in rural and IDP locations
- Poor level of teacher qualifications
- Poor regulation of non-state provision and increased professional standards and provision
- Under-developed education information management systems
- Poor education infrastructure and weak capacity for service delivery

Moreover, the Education Sector Strategic Plan (ESSP) (2018 -2020) outlines the following figures that provide more context about the existing challenges: in 2016 less than 1% of the government budget was spent on education, far below the OECD or regional averages. Only 3% of the schools were rated as good condition. Enrolment rates are low, particularly for early childhood and primary school attendance, and teacher to student ratios range between 1:35/40. The rate of qualified teachers is less than 35% at secondary school level. According to the SHFS phase 2, low Gross Enrolment Rates (GER) are witnessed

²²⁴ It is important to highlight that these numbers from FSNAU are not endorsed by the Somali Government, and they were only used here for analysis purposes.

across the country as only 33 percent of primary school aged (6–13) children are enrolled, which is very low compared to an average of 74 percent in low-income sub-Saharan countries. Net Enrolment Rates (NER) for children aged 6–9 years are the lowest and range between 22 and 30 percent. The problem of school enrolment is compounded by the perception of Somali parents regarding the age at which children should start schooling. Predominantly, especially in the rural and nomadic areas, parents enroll their children in traditional Qur’anic schools before they enroll them in formal primary education schooling system. In the early primary education, **girls** are less likely to enroll in school compared to boys, placing them at the biggest challenge in accessing education. For **rural** households, the distance to school is correlated to lower attendance, though safety concerns²²⁵ were cited as often as distance as reasons for low enrolment. Over 100,000 children across Somalia were forced out of school in 2016²²⁶ due to external shocks, such as conflict, drought and flood. This represents 8% of the children’s population.

Institutional weaknesses within the Ministry, MOECHE, have contributed to the poor educational results. Management capacities are weak, and efforts to decentralize have been hindered by poor alignment of strategies and targets. The ESSP cites transparency, accountability, poor infrastructure and weak capacity as challenges within the Ministry and outlines that fewer than 1% of its personnel are paid from government sources. Only 52% of schools are classified as permanent structures, and only 61% of those schools have WASH facilities. Though the national education indicators are poor, the results are even worse for the disadvantaged. Chapter 3 has a complete outline of the SHFS poverty analysis, but highlights include:

- Only 12% of enrolled children in primary school are from **rural** areas, while the rural population is 59% of the national total
- Survival rates to Grade 5 are only 64%, indicating a high drop-out rate.
- There are disparities in school enrolment of children aged 6–13 across geographical locations. Enrolment is concentrated in urban areas (60% in Mogadishu and 55 percent in other urban), followed by rural areas. Enrolment in **IDP camps** is the worst recorded in the country
- Adult literacy rate for **IDPs in settlement** areas (57%) is lower than that in urban centers but higher than **rural areas** (45%) and **nomad area** (16%)

While a national strategy for delivery of better education results is urgent, the strategy addresses the disproportionately poor outcomes for IDPs, girls, rural children and youth. Somali’s population is heavily skewed towards youth, with 75% under the age of 30. Employable skills are urgently required in this population, indicating the need for greater TVET and vocational training. The opportunity represented by this cohort is immense: matching youth to employment is an investment in their lives, and in the future of Somalia. Currently, however, the unemployment rate for young adults is over 70%.

Overall strategic objectives for this sector, from the EESP, include:

- Ensure education contributes to peacebuilding and state-building processes.
- Support learners and strengthen societal resilience among communities affected by natural disasters and conflict,
- Continue expanding access to education for children (boys and girls), adolescents and youth, especially those from marginalized communities such as pastoralists, IDPs, and the urban poor,

²²⁵ Pg 27 Somalia Poverty and Vulnerability Assessment; World Bank; 2018

²²⁶ Pg 23, Education Sector Strategic Plan, 2018

- Improve the quality of learning outcomes, especially at early grade levels, and to ensure the market relevance of learning opportunities,
- Strengthen the market relevance of learning for both formal and informal market opportunities, and
- Strengthen management capacities and systems at federal and state levels, including improving fiduciary mechanisms and increasing budget allocations to the education sector.

2.7. Social Protection

The provision of social protection in Somalia is very low compared to its neighboring countries. This is due to the financial constraints as well as lack of access in rural areas because of security. Both Ethiopia and Kenya have established social protection schemes to provide a system of buttressing shocks primarily related to natural disasters. Ethiopia runs the Productive Safety Nets Program, one focus area of social protection programs aimed at a rapid response targeted at the poorest in times of natural disaster, including public works projects. Between 2012 and 2016 Ethiopia averaged 1% spending of its GDP on social protection, while donors contributed on average 1.6% of GDP.²²⁷ Kenya likewise has introduced the Hunger Safety Nets Program. Somalia, however, is averaging 0.8% of its much smaller GDP on social spending.²²⁸ The National Social Protection Policy highlights key requirements for social protection. One of those requirements is flexible and scalable funding mechanism²²⁹, which can address the multiple hazards that the vulnerable groups continue to face.

The 2019 OECD report Financing Social Protection writes “[a] key rationale for the Productive Safety Net Programme (PSNP) was to replace humanitarian relief in areas that were constantly receiving such support, in particular in the form of food-for-work programmes that were not able to achieve sustainable reductions in poverty or enhance resilience. This policy change allowed for a shift away from short-term poverty relief towards promoting resilience and long-term development of areas that were perennially at risk.” (pg 22)

Building resilience, reducing poverty and transitioning from aid dependency are key tenets for Somalia’s national development. The need for social protection schemes is demonstrated in that 66% of Somali’s reported experiencing at least one shock in the previous year (Wave 2-SHFS, 2018), with drought accounting for 50% of these shocks, alongside loss of livestock, crop or water. The Economic Pillar chapter has outlined the need, and plans, for Food Security. Given the high ratio of household income spent on food (see Economic Chapter) it is evident that, in times of crisis, the vulnerable Somali household will face food shortages and risk of starvation. This often leads to displacement in a search for support at IDP camps. The provision of safety nets and emergency food distribution will cushion the shock and help keep subsistence farmers in place.

Two of the challenges of introducing a social protection scheme includes national funding and formal government identification for citizens. On the latter issue only 39% of Somali citizens have a birth certificate,²³⁰ 17% of IDPs have any form of identification, with urban dwellers reporting 36% possession. An effective social protection scheme will need means of identifying and targeting beneficiaries.

²²⁷ Pg 47, Financing Social Protection in Ethiopia; OECD; 2019

²²⁸ Pg xxvi; Somalia Poverty and Vulnerability Assessment; World Bank; 2018

²²⁹ Federal Government of Somalia, 2019, “National Social Protection Policy,” *Ministry of Labor and Social Affairs*,

²³⁰ SHFS Wave 2 data

On the funding challenge, Somalia's resource gap is significant. National revenue of \$183 million in the last reported year is dominated by recurring expenditure on administration and security payroll (90%), leaving less than \$40 million for basic services and capital projects. In comparison, the Government of Ethiopia contributed \$500 million in 2018 to social protection programs, with donors contributing almost double that amount.

A summary of the particular challenges for social development programs include:

- Funding (including contingency funding to be ramped up during crises)
- Beneficiary registry (requiring provision of all citizens with formal government ID)
- Contingency plans, to be executed immediately during crises
- Early warning systems
- Institutional capacity for delivery of the program and coordination with food security policies

2.8. Urban & Rural Planning

The poverty analysis outlined a large shift from rural to urban settings, and urban and rural planning is critical for Somalia in order to maximize the social service provision especially in clean water and sanitation. In 2016 the number of IDPs totalled 305,000, displaced mostly as a result of conflict, to over 2.4 million at the beginning of 2019, displaced mostly by drought and conflict. According to the World Bank, Mogadishu is one of the fastest urbanizing cities in the world, largely driven by its improving security situation, economic prospects and displacement. The recent [Somalia Economic Update](#) (SEU) showed that 70% of Somalia's Gross Domestic Product (GDP) is urban-based.²³¹

The speed of the urbanization requires a proper urban as well as rural planning. However, the rapid urbanization brings its positive and negative consequences. One positive result that will come with the urbanization is the availability of social services that urban communities enjoy. The negative result that comes with urbanization is the overpopulation that brings environmental issues as well as limits of the provision of social services due to the weak capacity in financial, institutional and human capital that exists in Somalia.

The delivery of improved schools, health facilities and social protection schemes must be integrated into overall city planning, as well as in rural settings. This requires the capacity development of subnational governments and the professional services of city planners.

For the service provision, IDPs in urban areas have the least essential service outcomes even though over 70% of current IDPs have indicated that their intentions to not return home.²³² This calls for an urgent urban planning and increase of social services to the IDP communities. Whether the households eventually resettle elsewhere or integrate into host communities, these particular unique social development challenges must be addressed for this group alongside more sustainable delivery of essential services:

- Urban Planning: transitioning from temporary IDP camps on the outskirts of major urban centers to a more permanent arrangement will require urban planning. This is needed to address a range

²³¹ World Bank, 2017, "Somalia Economic Update, Edition 2: Mobilizing Domestic Revenue to Rebuild Somalia,"

²³² Pg 98 Somalia Poverty and Vulnerability Assessment, 2018, World Bank

of solutions, including building of schools and health clinics, city services (such as water and sanitation), housing, security, lighting, transportation, green spaces, gathering places and other facilities.

- Education and Vocational training: many IDPs have relocated from rural settings where livelihoods were based in agriculture and livestock. Training programs for new vocational skills will be needed in the education system for both children and for adults in need of reskilling.
- Rural Planning: if IDPs are to return to their places of origin, the provision of essential services will be needed, including increasing the sense of safety and equitable access in communities better planned to meet environmental and economic shocks.
- Education and Vocational training: for IDPs who return home they will need agricultural and vocational skills that are better suited to sustainable farming, water management, high yield farming and new crop varieties.

Government will soon publish a Durable Solutions Strategy outlining the complete range of support and interventions required for displaced persons. These supports include the initiatives listed above. Early priorities are to establish a government coordination body, finalize the strategic plan, complete a registration programme for IDPs, and established an endorsed baseline of numbers, perhaps through a national Census.

3. Social and Human Development Challenges

The following outlines the major common sectoral challenges within the Pillar.

- **Weak human capital and institutional capacity:** The human and institutional capacity in the country is thin to offer the targeted social amenity interventions. The number of graduates from teacher training colleges, medical Schools and other necessary skills are not enough to meet the high demand of a growing population. The number of hospitals and schools are not sufficient and lack capacity to handle the burden of diseases and educational needs;
- **Loss of Infrastructure:** the protracted civil war has resulted in widespread destruction of government infrastructure, including most schools, health clinics, water and sanitation treatment facilities, sport facilities, and others.
- **Dominance of non-state delivery:** complete collapse of institutions and infrastructure, combined with natural disasters and conflict, have created a vacuum in the provision of necessities, which the private sector or humanitarian providers have filled. This creates unequal access for the poor.
- **Poor workforce distribution:** The challenge of shortages, misdistribution and imbalance in Somalia, resulting in a lack of right numbers in the right places, weakens service delivery. Insecure regions, rural areas and newly liberated areas count among the most under-served. Women are only 24% in those employed in the public sector.
- **Lack of information systems to map demands of the population:** Inadequate information systems to monitor the needs of the population and provide the required data for planning and budgeting make interventions difficult to implement and monitor.
- **Funding Gaps in each of the basic services:** The following analysis is based on proportions of national budgets which are recommended levels of spending on basic services. However, it should be noted that the national budget of Somalia is disproportionately low, making percentages of

that budget inadequate to meet the needs of the citizenry. The analysis below provides an estimate of the gap between what is currently being spent and what might be needed.

- **Current Social Development Spending** – the current FGS domestic revenue budget is \$183 million USD; Somalia GDP is approximately \$4.8 billion USD. Over 90% of government expenditure is spent on administration and security services; 3% is capital budget; the remainder is mixture of social services such as health, education and social protection. That represents approximately \$13 million USD for the delivery of all essential services and other projects.
- **Education** – current OECD averages are 13% of government expenditures dedicated to education, or 4-6% of GDP, with Low Income Countries advised to target at least 6%.²³³ If Somalia is able to increase current government revenue to \$314 M by 2022 (as outlined in the Macro-Economic chapter), recommended education spending would reach \$40 million USD. If it were to meet the recommended GDP level of spending, this would increase to \$337 million²³⁴ (a figure closer to the total needed by the sector). Current spending fails to meet the demands (less than 3% of the FGS budget), with education largely provided through ODA or by households paying private sector providers. These estimated totals do not include any allotment for capital spending.
- **Health** – the Taskforce on Innovative International Financing for Health Systems recommends health spending of 5% of GDP and/or \$86 per capita. For Somalia, this would require \$280 million USD for health services, based on GDP recommendations, or over \$1 billion USD on a per capita basis. However, on the basis of average regional per capita spending (\$28 USD), this amount increases to over \$400 million in required spending.
- **Sanitation and Hygiene** – the Ngor Declaration recommends 0.5% of GDP for sanitation and hygiene services. By 2022 Somalia would need to invest \$280 million USD to meet this recommendation.
- **Social Protection** – Ethiopia is currently spending 1% of its GDP on the Productive Safety Net Program, amounting to \$500 million USD, with donors providing twice that amount to meet program demands. Based on the current Somalia GDP, 1% equates to approximately \$50 million USD, a figure far too low to meet the social protection needs of the country. The average investment for low income countries is 1.5% of GDP – in next three years, with an increased GDP, Somalia would need to invest \$84 million USD.
- **Recovery and Resilience** – the 2018 Drought Impact Needs Assessment report outlined \$1.8 billion dollars in unmet recovery and resilience building needs. However, this investment in resilience would save future humanitarian funding requirements, producing \$2.8 dollars in savings for every \$1 dollar invested. One of the focuses of recovery and resilience is meeting the needs of IDPs, through a Durable Solutions approach.

²³³ World Bank World Development Indicators, 2018 and recommendations of the Incheon Declaration

²³⁴ This assumes a 4% GDP growth rate over the period

The gap between current government revenue and funding requirements is immense. Using conservative figures Somalia would need to increase their spending from just over \$10 Million USD to well over \$1 Billion USD. On the expenditure side a significant reallocation within the budget is needed to meet the social protection needs of Somalia. On the revenue side, the delivery of basic social services is dependent on success in the Economic Growth Pillar of NDP-9, along with progress in Inclusive Politics and Improved Security.

4. Strategies and Interventions

Strategic approach – partnering with the private sector

The private sector is the main provider of health and education in Somalia and will remain a significant player during the timeframe of this plan. Government, though, increasingly must play a role in regulating and enforcing standards in both schools and health facilities and this is an early priority, and in fact has already begun with the launch of the Health and Education strategic plans, and the phased implementation of a National Curriculum for Education. The priorities include qualifications standards, standard curriculum, common language, standard assessment frameworks, provision of health and safety requirements (including clean water facilities), enforcement and monitoring.

Strategic approach – implementation directed at vulnerable groups

This chapter identifies four key strategic priorities, (Improving Health Care; Improving Education, Improving Social Protection, and Improving Disaster Risk Management) to be improved across the nation, while targeting the particularly disadvantaged groups.²³⁵ The poor and the rural areas are not well-served by private sector providers, nor can they afford the services. A second early priority for government, therefore, is to ensure that there are service options for the vulnerable.

The delivery of basic services is usually a coordinated effort between all levels of government, with the national level contributing standards, legislation, funding, oversight, and subnational levels focusing on the actual delivery of services, including the construction and maintenance of buildings, hiring and management of staff, operations of boards, delivery of material and perhaps development of curriculum. For Somalia many of these details are pending formalization of an accepted Federal System. However, improvements in the delivery of services can't wait for a formalized system; instead coordination and improvements will need to move forward in parallel.

The funding gap for the building/rehabilitation of facilities, staff payroll, running costs and training of staff will require years for Somalia to close. This will require budget support from Somalia's donor groups to continue to deliver and increasingly, transition to government control.

The implementation approach to be taken for improving government delivery of essential services is based on the following principles:

1. Each vulnerable target group and each geographic location have unique concerns. The interventions will be tailored to take place at a local level, in an area-based approach, and aligned to local and state level strategic plans.

²³⁵ Previously identified as 1) IDPs; 2) Rural, both nomads and agro-pastoralists; 3) women; 4) youth and 5) the disabled.

2. The most effective means of reducing poverty is through a multi-dimensional approach. The interventions will not be sectoral based, but rather a clustered approach, offering solutions in a range of basic services to the target groups in question, addressing their multiple deprivations.
3. The interventions (for example, building schools, training teachers, opening health clinics, rehabilitating water sources, etc.) will need to rely on Development Partners initially, though over time increasingly with government funding and control. The transition phase will focus on building the institutional capacity of the public service delivery chain, from local to state to national levels.
4. In taking a clustered approach the targeted interventions will leverage existing interventions and budgets, rather than requiring new and duplicated budgets and projects. In this way, as well, progress will be made against multiple SDGs without the need for “projectization” for specific SDGs or targets.
5. Somalia will scale-up, based on the successes and lessons from area-based interventions, in order to eventually deliver basic services at a national-level.
6. Over time the FGS wishes to engage with Development Partners, through a strategy of PPP, in an arrangement where aid is directed more towards capital investment in building and rehabilitating facilities, while government increasing funds operations, including salaries, training, curriculum, systems and policies.

A later chapter outlines the Implementation Strategy for NDP-9 in greater detail. The discussion of strategies below should be interpreted as taking place through clustered, pilot local initiatives focused on improving all basic services with the intent of scaling up and institutionalizing the improvements.

Strategy 1: Improving access to health care

The overall long-term vision of the health sector is to expand access to basic health care of acceptable quality and establish the building blocks of an equitable, effective, efficient, responsive, and sustainable health care delivery system. In designing health intervention to support the poverty reduction strategy, the principle of leaving no one behind and first reaching those farthest behind will be applied. Strengthening the health sector coordination and health information systems for effective health responses will identify the population that will need urgent interventions. These populations include rural communities, urban slums and vulnerable populations, including women and girls, youth, the disabled and the elderly, many of them displaced by conflict.

During the timeframe of NDP-9 these services will be provided by partners, with government increasingly playing its role as legislator, regulator and monitor of services. Priority will be given to preventive care at community and household level through this phased approach:

In the early years:

1. **Strengthen Health Financing:** The government in collaboration with development partners will budget for priority populations and services to ensure equitable access to quality healthcare to create a sustainable health financing system (this intervention is outlined in the Macro-Economic Chapter)
2. **Legal and policy framework:** Setting standards and the legal and policy framework is an early priority. This includes from a state perspective as well as the regulation of non-state providers. The health sector will strengthen its policy and legal framework to enhance delivery of health services and deepen collaboration with the other key sectors that have an implication on

healthcare access. These sectors include Education, Agriculture, Gender, Water, Housing, Trade, Migration, and others.

3. **Health Management Information System:** Establish an effective health management information system that will produce quality and timely information for evidence-decision making.
4. **Focus on health initiatives for the most pressing challenges:** Care for women, particularly mothers, and children, particularly the very young, have been identified as key early challenges. Interventions include reducing maternal mortality through greater pregnancy and birth care, reducing FGM rates, nutrition, and improved reproductive health. In addition, the strategy will focus on reducing child stunting and mortality through nutrition, immunization, disease surveillance and access to clean water and sanitation.
5. **Provide health services to the under-served, targeting the most vulnerable:** The government will expand and increase access to the most vulnerable, which includes IDP camps, rural areas (particularly in newly liberated areas) and other under-served communities. Government will partner with non-state providers to rehabilitate or construct health clinics and will increase distribution of Essential Health Service Packages.
6. **Capacity building:** The government will strengthen the existing workforce and train others to address the priority health needs of the population. It will also strengthen the governance, institutional and management capacity of the health sector to offer quality healthcare. For the health infrastructure, public health facilities require a robust source of Operation and Maintenance (O&M) that keeps the sustainability of health facilities in order to achieve its operational purposes.

In the medium to long term:

1. **Complete** the regulatory, and health information system reforms. Begin regular monitoring and enforcement of standards.
2. **Scale-up the community pilots to vulnerable groups more broadly:** government will build on the successful pilots to extend the reach of health services to the poor and vulnerable. Ensure all IDP camps have adequate access to health clinics and integrate into rural planning.
3. **Build on disease surveillance and prevention:** continue to administer services in maternal and child health, but extend surveillance and prevention to other groups, including mental health, emergency care and chronic diseases. Scale up health services and access to the disabled.
4. **Scale-up capacity building:** as part of strengthening public service delivery, continue to analyze and strengthen capacity gaps at all levels of government, focusing on strengthening district delivery of health.

Strategy 2: Improving access to clean water and sanitation

The focus of this sector is to ensure availability and access to safe and clean water, sanitation and hygienic conditions to meet health conditions of the population. The sector's intervention to reduce poverty include:

1. **Coverage to under-served communities:** Targeted interventions to provide safe drinking water and sanitation services (drainage, sewage and solid waste management) to vulnerable communities, including under-served schools and health clinics.

2. **Human and Institutional Capacity building:** Building human and institutional capacities for sustainable water supply. Building technical capacities on data collection and analyzes, monitoring and evaluation, safe water provision, and hygiene promotion. Training community leaders, elders, teachers and local authorities on community mobilization to raise awareness on safe water handling, handwashing, and waste management through household visits, campaigns, and community forums;
3. **Hygiene promotion:** Promoting good hygiene practices and behavior change will lessen the burden on the health sector. Special emphasis on promoting good hygiene and sanitation practices with a combination of provision of safe and clean water in the country;
4. **Build partnership:** The governments will build partnership with the international community and development partners to support water and sanitation related infrastructure;
5. **Policy and Legal framework.** The government will put in place a policy and legal framework to support the sector. Private-Public Partnership law will enhance accessibility and availability of clean water and sanitation service.

Strategy 3: Improving Education and Training

Education is a priority focus for Somalia. A number of interventions completed under the NDP8 have informed the NDP-9. These are: the completion of the Education Sector Strategic Plan (ESSP); the launch of a new education curriculum for primary schools across the country; the administration of national examinations across Somalia; and the successful conduct of the Joint Review of the Education Sector (JRES). Early priorities include encouraging more girls to enroll, and stay in school; improving survival rates of boys and girls to Grade 5/6; providing increased skills training to youth through TVET and vocational training; improving access for the vulnerable, including IDPs, rural citizens and the disabled; and ensuring private partners meet national and rigorous standards. The Human Capital Development strategy outlines 7 priorities, the majority of which are focused on education and skills development. These priorities are reflected in the list below.

In the early years:

1. **Strengthen Education Financing:** The government in collaboration with development partners will budget for priority populations and services to ensure equitable access to quality education to create a sustainable education financing system (this intervention is outlined in the Macro-Economic Chapter)
2. **Legal and policy framework:** Setting standards and the legal and policy framework is an early priority. This includes from a state perspective as well as the regulation of non-state providers. The education sector will strengthen its policy and legal framework to enhance delivery of education services. The national primary curriculum will continue to be phased in and a secondary national curriculum will be developed. The Human Capital Development strategy outlines the establishment of a stakeholders forum as an early priority.
3. **Education Management Information System (NEMIS):** Establish an effective education management information system that will produce quality and timely information for evidence-decision making.
4. **Focus on education initiatives for the most vulnerable:** IDPs, rural communities have the least access to schools. Girls have worse enrollment and survival rates than boys. These challenges will be addressed through partnership with non-state actors, new infrastructure, female teachers and

household awareness of the importance of education, supported by increased regional safety and security.

5. **Recruit and train qualified teachers:** Recruiting and training more teachers will offer child friendly and standardized education. Adequate teachers will also implement the new curriculum across the country;
6. **Target large cohort of youth:** in consultation with employers, labor groups and private sector organizations, vocational training programs, with a particular focus on TVET, will be established to provide the technical and vocational skills needed for the labor market. This will be initiated with the help of partners and as part of the Economic Pillar strategy. The National Youth Policy and the Human Capital Development Strategy considers the expansion of opportunities in TVET programs for the youth as an intervention for the youth empowerment²³⁶ and their contribution to the society. In addition to TVET skills and apprenticeships, skill development in entrepreneurship and services will be encouraged.
7. **Capacity building:** The government will strengthen the existing workforce and train others to address the priority education needs of the population. It will also strengthen the governance, institutional and management capacity of the education sector to offer quality education.

In the medium-term, because education is such a priority, the government seeks to take early action on many fronts and focus on scaling-up and completing the priorities listed above. As well, in the medium-term the following interventions will receive attention:

1. **Infrastructure and expanse of coverage:** the provision of school facilities, and expanding the coverage of schools, particularly to newly liberated regions of Somalia, will be increased, funded through increased government revenue. Moreover, educational and training centers need a robust Operation and Maintenance (O&M) budget that keeps their sustainability to function and achieve their purposes.
2. **Professional standards and accreditation:** with the completion of both curricula, the emphasis will turn to increased training of teachers, and establishment of assessment standards, for both teachers and graduating students. This includes the development of National Qualifications Framework and Authority as described in the Human Capital Development strategy.
3. **Strengthened government capacity:** government capacity in educational services is critical and needs to be strengthened in order to deliver.

Strategy 4: Improving Social Protection

The experience in the region, and elsewhere, suggests that one of the most effective instruments for poverty reduction is the provision of social protection systems. This includes social benefits schemes, work schemes and/or food in times of hardship. This is the most underfunded area of social development and the most dependent on increased government revenue. However, there are interventions which can be initiated even as funding ramps up.

In the early years (years 1 and 2):

²³⁶ Federal Government of Somalia, 2017, "The National Youth Policy," *Ministry of Youth and Sports*,

1. **Provision of Identification Documents:** the development of benefit programs requires the production of official identification documents including birth certificates, passports, driver's licenses, health cards or other.
2. **Policies and National Strategies for Disadvantaged Groups:** Somalia's Social Protection Policy that was drafted by the Ministry of Labor and Social Affairs addresses the needs of the vulnerable groups, and for the purpose of NDP-9, the first phase of the Social Protection Policy covers the period of 2019 and ends 2023. The implementation of the Social Protection Policy will be a key government action plan in the coming five years. Moreover, the government will ratify and implement the national strategy for IDPs and their options for (re)integration, alongside improved land and housing tenure, and support for reunification of lost family member measures. Government will implement the Disability Roadmap including the passing of a National Disability Act. It will implement the ratified Somali Women's Charter. Government will ratify and implement the FGM Bill, the National Gender Policy, and the National Plan on Ending Sexual Violence in Conflict.
3. **Increased Food Security:** in conjunction with the food security plans outlined in the Economic Chapter, government will work with partners to strengthen the capacity to deliver food, both in times of crisis for vulnerable groups (especially for subsistence farmers, to help keep them in place) and for the poor having issues affording proper nutrition. Plans include storage, distribution channels, beneficiary registries and quality of food.

In the medium term: (years 3 to 5)

4. **Strengthening Disaster Management:** the provision of public works programs when natural disaster strikes will provide alternative employment and income to vulnerable households. This requires having a pipeline of public works projects (such as road construction, dams, and other infrastructure) with funding and also requires a skills training program. Strengthening of government's disaster risk management capacity is covered below in Governance.
5. **Urban Planning:** the provision of basic services to all Somalis, including the displaced and underserved, will need the support of long-term city planning services, including capacity, systems and funding.

4.1. Improved Governance – Cross-Cutting

Strong governance institutions and human and financial capacity are key for the delivery of basic social services. If those conditions are met, progress in the delivery of basic services will reflect progress in each of the NDP-9 cross-cutting imperatives:

Gender and Social Exclusion: the interventions are designed to reflect targeting the provision of health, education and protection services to the most disadvantaged members of the society, with special emphasis on women, infants, children and youth.

Youth: as they are counted as 70% of the population, the youth is the backbone for Somalia's future for economic and social development. However, the highest portion of unemployment in the country falls under this demography. The National Youth Policy identifies youth as those whom their ages range between 15 to 40 and proposes priorities to address the needs of the youth. There are priority interventions in education and employment that the National Youth Policy presents. For the education, the National Youth Policy asserts that it is critical to ensure that all vulnerable youth (poor, IDPs, marginalized groups and orphans receive the education they need. Moreover, the National Youth Policy

targets that the provision of accessible secondary education to be increased by 35% in 2021. For employment, one of the main strategic objectives for the Ministry of Youth and Sports is to create linkages between education, training institutions and local labour market. In this strategy, a key priority intervention is to provide equal opportunities for young men and women and offer incentives to encourage employers to employ young qualified women.²³⁷ However, youth (15-24) unemployment rates for Somalia was 22%, with variations from 15.5% in Lower Shabelle to over 35% in Banadir and Bay. Female youth unemployment rates tend to be lower than that of young males.²³⁸

Durable Solutions for the vulnerable groups: the interventions reflect a focus on providing services to IDPs as a priority, including urban and municipal planning and vocational training more suited to their urban reality, whilst also supporting their resettlement as the security and economic conditions of rural parts of the country improve. Durable Solutions is to create sustainable opportunities for the vulnerable groups that include minorities. The National Employment Policy that was adapted by the Ministry of Labor and Social Affairs addresses the need to reach out the vulnerable groups through microfinance. The National Employment Policy states that the microfinance market in Somalia is at an early stage of development and re-quires substantial effort to allow many more, particularly those with limited collateral or other forms of guarantee, to access to these services. This includes women, youth, IDPs and returnees.²³⁹

Resilience: Resilience can be strengthened through sustainable delivery of essential services along with social protection in times of shocks. However, as the Social Protection Policy states, it is critical to establish clearly defined, long-term, predictable programs that will begin to provide a safety net for highly vulnerable individuals while contributing to the broader well-being and resilience of their constituent households.²⁴⁰

Humanitarian Interface: entwined in this Pillar is the partnership and reliance on humanitarian agencies to support ongoing delivery of services, while pivoting towards investment in national capacity. However, it is in the area of Improved Governance where Improved Social Development is most dependent.

Two areas of improved governance are most relevant to Social Development:

- 1) Disaster Risk Management and Administration: natural disaster has accounted for the disruption of more than 20% of the Somali population, collapsed livelihoods and is the largest contributor to national poverty. Currently prevention of, and response to, these disasters is almost exclusively funded and executed through humanitarian aid. Government plans to position itself to increasingly manage this function.
- 2) Strengthening public service delivery of essential services: a key element of poverty reduction is the re-establishment of public services, such as health, education and social protection. Public sector reform focused on citizen-facing services through all levels of government is necessary for sustainable service delivery.

²³⁷ Ibid

²³⁸ Federal Government of Somalia, 2019, "National Employment Policy," *Ministry of Labor and Social Affairs*,

²³⁹ Ibid

²⁴⁰ Federal Government of Somalia, 2019, "National Social Protection Policy," *Ministry of Labor and Social Affairs*,

4.2. Disaster Risk Management and Administration

Humanitarian agencies along with international donors have been the dominant providers of Disaster Response, Preparedness planning and risk management in Somalia for more than a decade. In response to the near-famine of 2016-2017, \$1.4 billion of aid was delivered: 96.5% of the response was delivered through international humanitarian agencies, while 3.5% was delivered by local Somali NGOs.

Government will develop its capacity and funding to manage this threat, in conjunction with development partners for the foreseeable future. The completion of the Somalia Recovery and Resilience Framework (RRF) establishes a platform for managing disasters going forward.

This Pillar has outlined interventions intended to build resiliency in times of crises, allowing vulnerable individuals and households to withstand the shock. However, an important function of government is to build the capacity to prevent disasters and mitigate developing threats. Investments in social development will only sustain when disaster management is institutionalised to cope with multi-hazards and support end-to-end early warning system for the protection of lives, livelihoods, and assets at the local level.

Some of the most important disaster prevention interventions have been outlined in prior chapters, particularly in Economic Development. Investment in sustainable livestock and crop management, integrated water resource management, and diversification of the economy will mitigate environmental shocks.

However, the social costs of disaster make Disaster Risk Management important to this pillar as well. The pillar specific strategic interventions proposed to improve this function include:

- Implement National Disaster Management Policy
- Promote gender equality in disaster risk reduction
- Strengthen MoHADM and other State and local Disaster agencies and Drought Committees
- Improve coordination capacities of humanitarian response agencies at national and sub-national levels
- Fully implement the priorities set out in Somalia Recovery and Resilience Framework (RRF)
- Design and implement an early warning system, working with existing systems such as those within FSNU, IPC

Strengthening Public Service Delivery

Tackling all-encompassing public administrative reform (PAR) has proved too formidable a task for most developing nations. More success has been realized through strengthening the delivery chain of citizen-facing services.

Basic services, such as education, health provision and social protection are critical planks to sustainable poverty alleviation. Inequality in incomes is exacerbated in a country when the rich can afford to pay for public services and the poor are excluded. In the absence of effective and inclusive access to basic services the nature and acceptance of federalism becomes much more difficult for citizens to understand and support. Thus, strengthened public services not only provides an accelerator for poverty alleviation but also for a healthy federal system and a lessening of conflict.

The Mid-Term Review of NDP-8 was critical of the progress made on strengthening government institutions and service delivery, with little evidence that budgetary support or reform initiatives had been established.

The long-term delivery of essential services will largely be the mandate of subnational level governments, though the details of decentralization have yet to be formalized. The challenge for this NDP is to begin to strengthen the chain of citizen delivery, beginning with the community and building capacity at each level of government and institution.

The strategic interventions proposed to improve this function include:

Conduct selected civil service reform

- Strengthen the Executive Coordination capacity – the Office of the Prime Minister (OPM) Ministry of Planning, the Cabinet Office, the Civil Service Commission, building capacity as well for NDP monitoring and implementation (as described in Pillar 1)
- Tied to PFM reform and Security Sector reform, reallocate resources towards establishing a modern civil service, ensuring sustainable and reasonable salaries, adequate training, and proper employment, management and dismissal procedures are in place (make early focus on citizen facing staff within essential services) (Pillar 2 and Macro-Economic chapter)
- Invest in technology and systems and processes commensurate with a modern civil service
- Develop and promulgate principles and values of ethos of public servants (probity; professionalism; merit; political neutrality)

Strengthen public service delivery systems

- Introduce pilot locations where select basic public services are improved through investment in infrastructure, training of staff, provision of ongoing operational funds, consultation with local citizens and stakeholders;
- Scale up local pilots
- Link all levels of government Ministries through delivery chain and build missing capacity
- Capacity development on what it means to be citizen-responsive
- Coordination with FGS on required capital and O&M funding for local services (Macro-Economic Chapter)
- Coordination with local government on role and responsibilities to be incorporated into larger federal system negotiations (Pillar 1)

5. Prerequisites and Risks

The following outline the prerequisites needed for social development progress.

- An agreed and formalized federal system which outlines mandates, authorities, responsibilities and funding for each of the social development services (Inclusive and Accountable Politics)
- Peace and security for the communities and households (Improved Security and Rule of Law)
- Increased domestic revenue which will require harmonized and formal customs and tax legislation as well as a growing economy with increased GDP/tax revenue (Economic Growth and Inclusive Politics)
- Civil Service Reform and institutional strengthening of governance through all levels of government (Improved Governance)
- Effective partnership with Development Partners (Humanitarian Interface)

These prerequisites align well with two international commitments signed by the Somali government. The first is the Kampala Agreement, outlining the state's responsibilities towards the protection of IDPs.

The second is the commitment to pursue the following strategies outlined by the g7+ nations to achieve progress towards SDG 16, the Peace, Justice and Strong Institutions SDG which is of particular relevance to fragile states. The g7+ commitments include:

1. Inclusive Politics to be fostered to reconcile and resolve conflicts
2. Security to be established for all the people
3. Access to justice especially for the disadvantaged and vulnerable groups
4. Economic Foundations through the generation of sustainable employment
5. Build capacity to generate revenues and deliver services

The latter commitment is particularly relevant to the delivery of Social Services, and to building resilience within communities and households.

6. Outcome

To reduce poverty and increase the resilience of individuals and households through improved essential government services.

The anticipated intervention outcomes are:

- Improved health outcomes for Somalis (including greater access to clean water and sanitation) particularly the disadvantaged and vulnerable groups.
- Improved educational outcomes for Somalis, particularly the disadvantaged
- Improved social protection for the vulnerable, particularly in times of crisis

These outcomes will be monitored by the following indicators:

Table 22: Social Development Indicators

Health indicators	Education indicators	Social protection indicators
% of females undergoing FGM	Proportion of children enrolled in grade 2/3, disaggregated by gender and location	Numbers of IDPs
Maternal mortality rates	Proportion of children enrolled in lower secondary school, disaggregated by gender and location	% of national budget allocated to social benefits
Under-five mortality rates	Number of trained teachers (total and per student)	% of GDP allocated to social benefits
Prevalence of children under 59 months who are underweight	% of national budget allocated to education	Ratification of key legislation and strategies (Disability, Gender, Sexual Violence, FGM)
Prevalence of stunting of children under 59 months	Survival rates to Grade 5, disaggregated	
Proportion of births attended by a professional	Youth unemployment rate	

Fertility rate		
Contraception prevalence rate		
Life expectancy, disaggregated		
% with access to basic water supply, disaggregated		
% with access to basic sanitation s, disaggregated		

7. Pillar 4: Social Development 5 Year Action Plan

PILLAR	STRATEGIES	2020	2021	2022	2023	2024
PILLAR 4: SOCIAL DEVELOPMENT	Improve education & training	Put in place standards, regulations				
		Continued roll out of national				
		Continued Increase of quality of				
			Rehabilitation of infrastructure in under-served areas (including disputed areas)			
			Partner with donors for delivery & infrastructure			
			Scale up of pilot projects in newly recovered areas & IDP camps			
			Focus on TVET, working with			
				Focus on training of professionals, establishing qualifications &		
					Review National Qualifications Framework for school graduation	
	Improve health	Strengthen standards, regulation &				
			Immunization			
			Scale up of pilot projects in newly recovered, disputed areas & IDP camps			
			Partner with donors for delivery & infrastructure			
			Strengthen disease surveillance			
			Strengthen efforts to reduce			
				Focus on training of professionals, establishing qualifications &		
	Strengthen social protection	Complete national strategy for IDPs				
			Implement national strategy for IDPs			
		Initiate national disability strategy	Pilot national disability strategy, focusing on employment skills & legislation			
					Establish pipeline infrastructure projects	
	Disaster risk management	Invest in government capacity for DRM, including early warning systems				
	PPP development & oversight	Strengthen partnership & oversight of private sector in health & education				
	WASH		Setting & enforcing standards for			
	Urban planning			Ensure sufficient schools and health clinics to serve growing urban		
				Build capacity at all levels of government		
					Expand housing, sanitation, water &	
						Continued investment in phased planning
	Cross-cutting imperatives	Resilience: investment in stunting nutrition, food security; strengthen partnership with development				
		Durable Solutions: focused delivery of social services to IDPs & most vulnerable groups; investment in				
		Gender & excluded groups: reproductive health & pilot service delivery to under-served areas; focus				
		Governance: Develop focused strategy for government to deliver social services to vulnerable groups				
		Governance: Establish roles & responsibilities & improve delivery capacity at 3 levels of government				

CHAPTER 9: MACROECONOMIC AND FISCAL FRAMEWORK

1. Introduction

Somalia is on the path to recovery from the devastating effects of the civil war which started in 1988 and subsequently led to the collapse of the Government of Siad Barre in 1991. The attendant lawlessness lasting almost 22 years destroyed the nation's social, economic and institutional structures. Following the promulgation of the Provisional Constitution in 2011 and the establishment of FGS in 2012 significant progress has been made in promoting economic growth and stable macroeconomic environment. These achievements though remarkable continue to face serious threats from underlying political and security challenges.

One of FGS's achievements was the development of NDP-8 (2017/2019), the first since 1991. Among the objectives of the Plan were:

- Promotion of economic growth and development;
- Stabilization of macroeconomic environment;
- Increased government revenue; and
- Building of confidence in the management of the economy.

Implementation of NDP-8 faced major challenges immediately it was launched. Persistent civil conflict and insecurity, together with lack legal and institutional frameworks, became major constraints to the role out of the plan. When the new government took control of most of the country the civil war had destroyed public institutions essential for implementation of the plan. Moreover, 2016/17 drought diverted resources and government priorities towards addressing humanitarian crisis. The drought also reduced economic growth from around 3.5 percent in 2015 to 1.3 percent in 2017; and economic growth rates have since remained below the 2015 level. Nevertheless, the Government has implemented policy and institutional reforms to promote social development and peace and security for accelerated economic growth.

The challenges the Government faced in the implementation of NDP-8 has informed the processes adopted in developing NDP-9 and the priority reforms identified for implementation over Plan period (2019-2022). Under the NDP-9 the overall macroeconomic objective is to promote economic growth in an environment of low inflation, sustainable fiscal position and current account deficits and healthy foreign exchange reserves. In that regard, the reforms will lay the foundation for economic recovery and growth by promoting key infrastructure development, increased investments and exports; and by improving efficiency in labour markets and providing employment opportunities. The focus of economic policy will be to support sustainable medium-term economic stability and improved business climate for faster economic development.

Legislative and institutional reforms will be undertaken to underpin economic reforms by entrenching the market economy, macroeconomic stability and rule of law. Legislation to be reviewed and enacted will cover several economic activities, including public financial management, investments, company law, revenues, licensing, energy and fisheries. Enactment and implementation of the legislation is geared to promote good governance and facilitate a conducive environment for doing business.

A brief review of recent economic performance of Somalia over the NDP-8 period (2017-2019) has been offered in Chapter 1, analyzing trends in macroeconomic variables and the sources of economic growth, and included monetary and financial policies necessary for macroeconomic stability and the structure of Federal Government's budget, including recent fiscal trends and policy reforms. This chapter looks at the contribution of the external sector and a few key productive sectors in the economy is analyzed, with emphasis on the importance of the sectors in generation of tax revenues and export earnings and employment creation. A Medium-Term Macroeconomic and Fiscal Framework (MTFF) for Somalia is developed. Projections of the main economic indicators (GDP, revenues, expenditures, aid flows, consumer price index, balance of payments) are made over the NDP-9 period (2020-2024). These projections are used to determine the resource envelope and to propose financing options including allocation of the resources by sector. Finally, given insufficient budgetary resources, a proposal on alternative sources of funds for implementing NDP-9 strategic priorities for will be outlined.

2. Monetary Policies and Financial Sector Reforms

The Central Bank of Somalia (CBS) has not issued the Somali Shilling (SOS) since 1991. This means the use of SOS in circulation is limited because it has lost credibility and is prone to counterfeiting; making the dollar the main medium of exchange in the local economy. The dollarization of Somalia economy has constrained the efficacy of monetary policy by making it difficult for CBS to influence interest rates and money supply. For this reason, the government considers currency reform has an important priority to promote effective monetary and financial sector policies. In the medium term, full implementation of currency reforms will promote the conduct monetary policy, exchange rate policy and development of liquidity and reserve management capabilities.

Introduction of new currency is a key component of financial sector reforms being implemented by the FGS under the IMF Staff-Monitored Program (SMP). The new currency is intended to end the widespread counterfeiting of the SOS. Another objective of the reforms is to build capacity of CBS to carry out its mandate by strengthening its operational capabilities to (1) develop and implement independent monetary policy instruments and reserve management guidelines, and (2) regulate and supervise financial institutions within its jurisdiction.

So far all the required legal and operational measures for the introduction of new currency have been implemented. Currency reforms will be carried out in two phases, where in Phase I counterfeit Somali Shilling in circulation will be replaced with new smaller denominated banknotes. Implementation of this phase has been delayed by lack of funds and other operational challenges, which include putting in place frameworks and structures to support the process. Banknotes with larger denominations will be introduced in Phase II of the currency reforms.

Among the financial sector reforms the FGS is implementing under the SMP is the strengthening of supervisory, regulatory and licensing functions of CBS. Support from IMF, World Bank and US Treasury has capacitated CBS to ensure banking and money transfer bureaus (MTBs) systems conform to best practices. And in order to promote best practices in the financial sector, CBS has since 2014 introduced 9 prudential regulations and 7 operation manuals to guide operations of the banking sector, and 5 prudential regulations on the mobile money transactions. Further, CBS has been strengthened with the adoption of its new organizational structure by the Board in 2018. The Central Bank has also finalized draft Strategic and Transition plans; these are to be subjected to stakeholder consultations before approval by the Board before the end of 2019.

Strengthening regulatory and supervisory functions of CBS is important given the rapidly evolving developments in Somalia's financial sector. Until recently there were only six registered banks in the

country, before five more were registered doubling the numbers of banks following the temporary lifting of the moratorium of licensing of new banks. Immediate imposition of moratorium on the licensing of new banks after 2018/19 licensing round underlies the weak supervisory and oversight capacity of CBS. There also two takaful (Islamic compliant) insurance companies, 14 mobile money and money transfer bureaus (MTBs) and several microfinance institutions under the supervision of CBS. Regulations will be enacted to provide for risk-based supervision and capacity of supervisors will be strengthened to ensure the regulations are adequately enforced as the sector grows and in line with international best practices.

The CBS has made progress in enforcing international obligations on anti-money laundering and combating the financing of terrorism (AML/CFT). Measures already taken to comply with AML/CFT obligations include development and implementation of procedures for annual licensing of banks and MTBs; and enhanced inspection of banks and MTBs. Other measures are publication of AML regulations governing customer registration, operations and reporting by MTBs; and submissions of the Targeted Financial Sanctions Bill to Parliament in 2018. The Financial Reporting Centre (FRC), responsible for monitoring suspicious financial transactions has been operational since December 2017. Going forward, FRC capacity will continue to be strengthened; application of AML/CFT regulations will be extended to cover other financial institutions, including mobile money operators; and the draft regulations on Targeted Financial Sanctions Bill will be implemented once enacted by Parliament. Compliance with AML/CFT standards by Somali financial institutions is necessary to maintain their correspondent banking relationships, and more importantly to guarantee inflows of FDI and diaspora remittances, which are a lifeline for the economy.

3. Fiscal Policy and Management

The objective of Government's fiscal reform agenda is to enhance revenue mobilization, expenditure controls, and transparency and accountability in the management of public resources. Implementation of fiscal reforms has improved markedly in recent years; and as a result domestic revenues have increased, the national budget has become more realistic, and the execution of the budget has improved. These results are beginning to improve the predictability and credibility of the budgeting processes and should in the medium term enable the government to generate sufficient resources to scale delivery of services to citizens.

3.1. Domestic Revenue Mobilization

The government has embarked on a concerted effort to increase domestic revenues by broadening the tax base, enhancing compliance, and improving collection. FGS revenue collection has improved steadily over the last five years, with remarkable gains from 2017. Total revenue (domestic revenue plus donor grants) more than doubled between 2015 and 2018, rising from \$141.1 million to \$298 million (Figure 42).

The rise in domestic revenues have been driven by new revenue measures, including a sales tax on telecommunications and hotels, the removal of income tax exemptions for parliamentarians, and imposition of sales tax on all airline services, including collection of arrears on landing fees. As a result, domestic revenue increased from \$114 million in 2015, to \$173 million in 2018 and is projected to rise to \$190 million and \$221 million in 2019 and 2020, respectively.

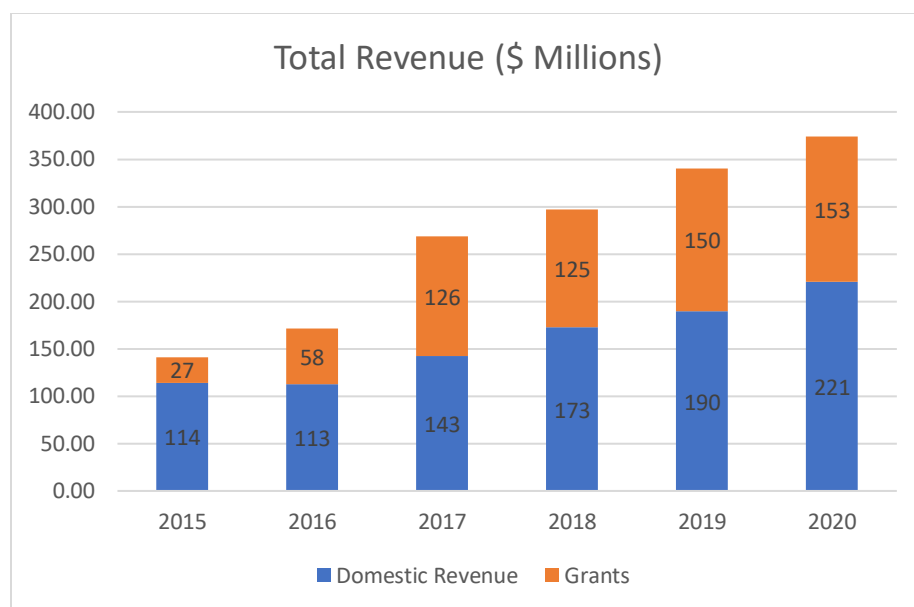


Figure 43: Sources of Revenue (2015-2019)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

Trade taxes (taxes on international trade) are the main source of revenues and amounted to \$72.9 million in 2015, and has consistently increased to \$100.3 million in 2018 and is projected to rise to \$116.4 million in 2020 (Figure 43). The second largest tax category is administrative charges and fees (non-tax revenue), which accounted for \$30.2 million in 2015, and had increased to \$44.5 million in 2018. Income and corporate taxes contribute the least to total revenues, however, their contributions have consistently risen from \$1.9 million in 2015 to \$8.63 million in 2018 and are projected to rise further to \$9.1 in 2019. The government will undertake legal reforms and develop capacity of Inland Revenue Services, to increase receipts from this tax category, the potential for which is great.

Despite progress in revenue collection, domestic revenue remains very low, at 4.0 percent of real GDP²⁴¹, making it difficult for the Government to provide public services. Total domestic revenue which stands at 55.2 percent of total revenue in 2019 covers 63.2 percent of recurrent expenditure; leaving over one third of the recurrent budget to be financed through donor support. Given the large financial requirements for social and infrastructural development, significant increase in government revenues is necessary.

²⁴¹ This figure is understated since it reflects only taxes collected in Mogadishu and the surrounding Banadir region while real GDP used is for all the whole country including Somaliland.

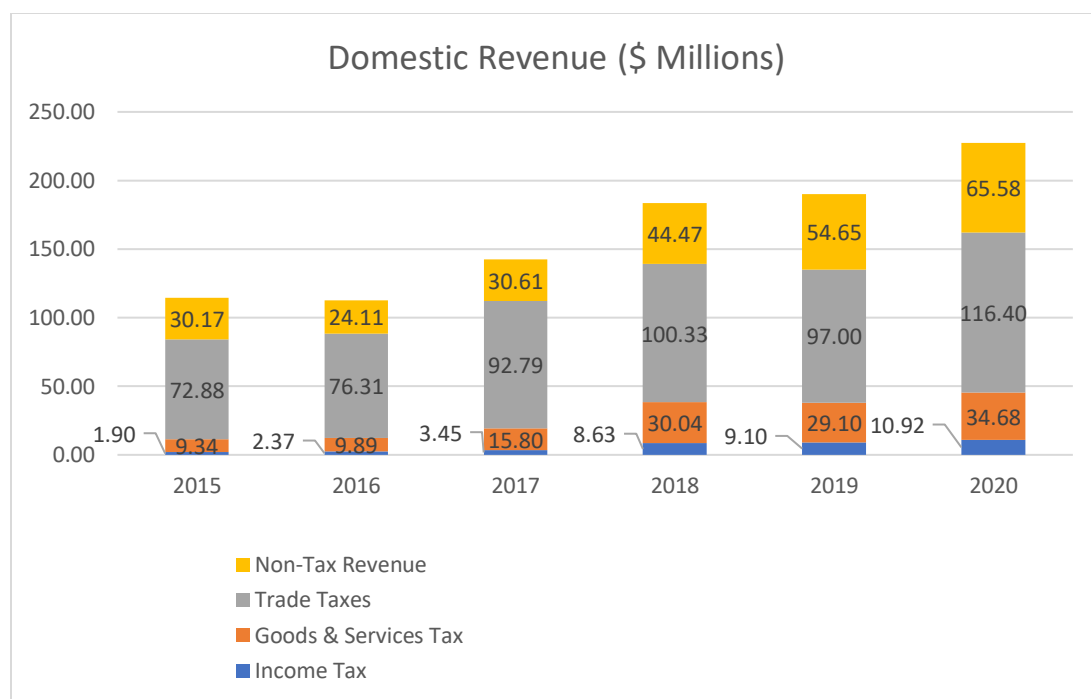


Figure 44: Composition of Domestic Revenue (2015-2019)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

Donor grants have risen four-fold from USD 26.9 million in 2015 to USD 124.6 million in 2018 and are projected to reach USD 150.2 million in 2019 (Figure 44). Turkey, World Bank and EU are the major source of grants for Somalia, and support by the World Bank and EU has increased over the last two years (Figure 44). The three donors are projected to contribute \$144.7 of on-budget grants in 2019. This signifies increasing confidence by the donor community on the improving financial management capacities of the Federal Ministry of Finance. The FGS will continue consultations with development partners with a view to encouraging greater allocation of funds for budget support.

Donor on-budget grants are miniscule relative to total off-budget ODA to Somalia. On-budget grants rose from 2.3 percent of off-budget ODA in 2015 to 7.5 percent in 2018 (Table 23), leaving financing of development almost totally in the hands of development partners. Although the FGS coordinates development financing with donors in the context of Somalia Development and Reconstruction Facility (SDRF), resource flows from the Facility are limited. For effective monitoring and implementation of NDP-9, the government will work with development partners to promote increased use of country systems; by aligning donor support to NDP-9 priorities and increasing off-budget support.

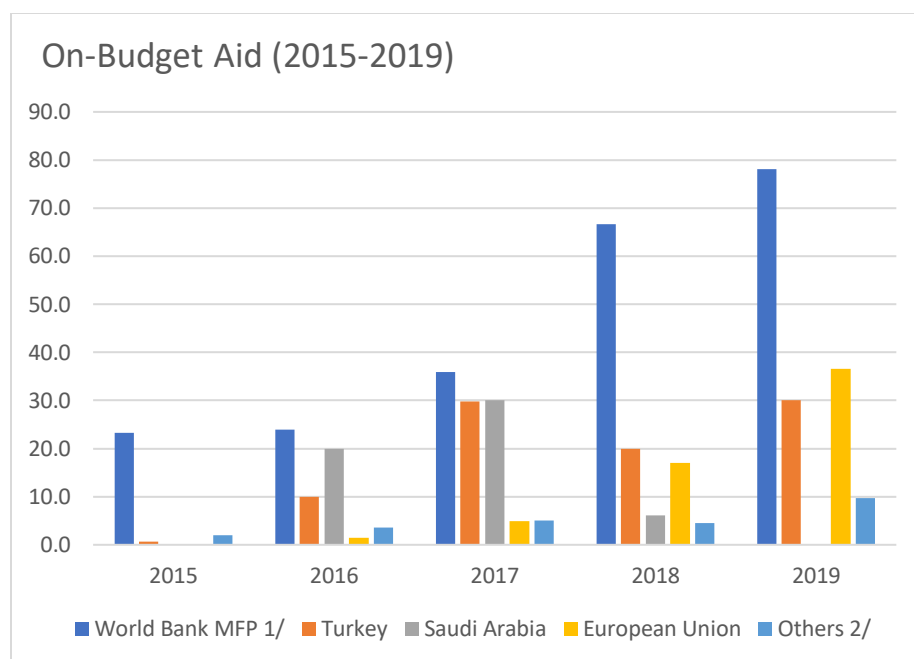


Figure 45: Donor Budget Support

Sources: FGS, Appropriations Act, 2019

1/ Multi Partner Fund administered by World Bank

2/ AfDB, Qatar, Norway, UAE and UN

Table 23: Off-Budget Aid to Somalia

Grants (US\$ Millions)		2014	2015	2016	2017	2018
Total Grants		1,685	1,741	1,688	2,171	2,091
Total Official Development Assistance (ODA)		1,218	1,172	1,186	1,627	1,513
Of which:1/	Humanitarian	672	588	563	1,011	909
	Development	546	584	623	616	604
Peacekeeping 2/		467	569	502	544	578
On-Budget Grants to FGS		61	26.9	55.4	105.6	114.2
On-Budget Grants as % of total Off-Budget ODA		5.0	2.3	4.7	6.5	7.5

Source: Somali Authorities and IMF Estimates

1/Excludes on-budget grants

2/Excludes bilateral military aid

3.2. Public Expenditure Management

Government expenditures have grown significantly in recent years, rising from \$135 million in 2013 to \$286 million in 2018 (Figure 45). This is projected to rise to \$344.2 in 2019. Expenditure allocations have also become more predictable as manifested by the small deviations between approved and actual estimates during the fiscal years 2017 and 2018 relative to the previous years.

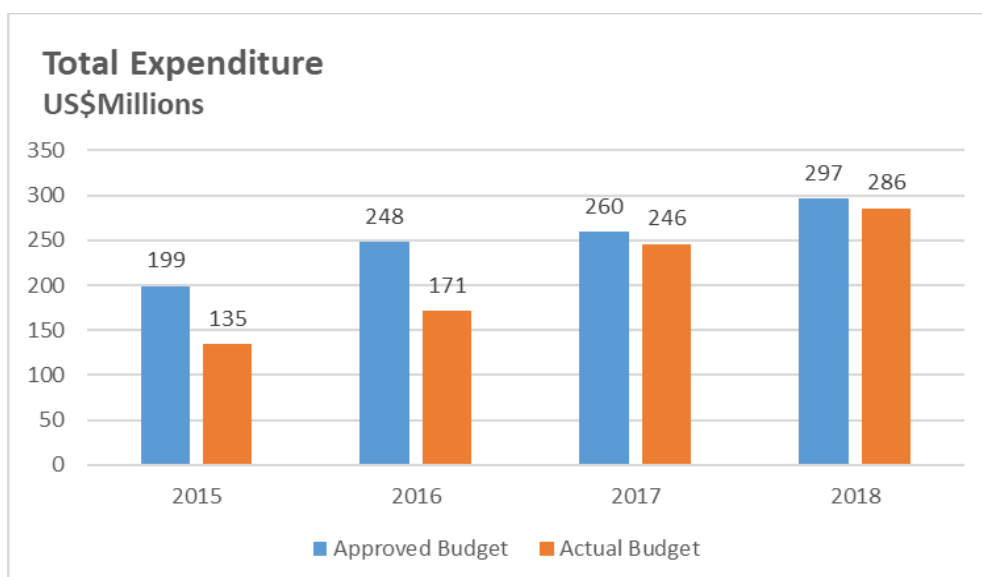


Figure 46: Expenditure by the FGS (US\$ Millions)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

Recurrent expenditure accounts for almost all expenditures, the bulk of which goes to compensation of employees and purchases of goods and services. Expenditure on these categories accounted for 78.2 percent of expenditure in 2018. Capital spending was nonexistent in 2013 and 2014, but began to grow in 2015 rising from 3 percent of total spending and is projected to account for 8 percent and 20 percent of the budget in 2019 and 2020, respectively (Figure 46). Low capital expenditure is a major drawback to the development of Somalia, and allocation of resources to this spending category will be given priority in future budgets.

The number of civil servants increased by 94 percent between 2013 and 2018, rising from 2,849 to 5,526; raising expenditure on wages from 44 percent of total expenditure in 2013 to 52 percent in 2017 (Figure 46). However, even as revenues rose, expenditure on compensation of employees declined from 52 percent in 2017 to 50 percent in 2018 and is projected to decline further to 38 percent in 2020, while expenditure allocations to capital rose.

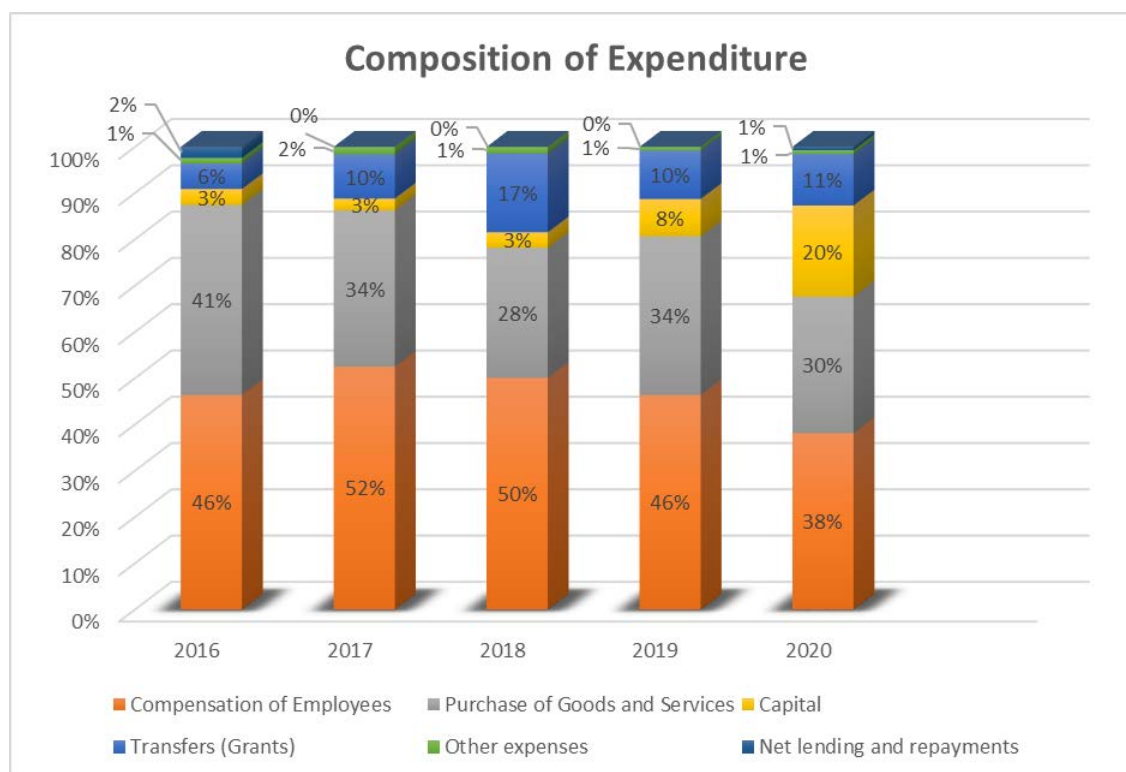


Figure 47: Composition of Expenditure

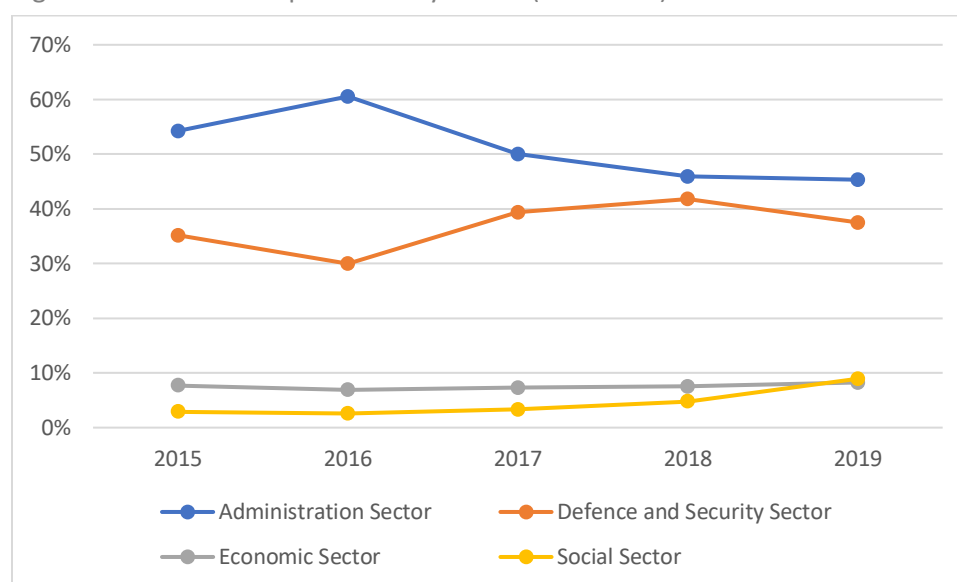
Source: Data from the Ministry of Finance of the Federal Government of Somalia

In terms of sectoral expenditures, administration and security sectors accounted for about 85 percent of recurrent expenditure in 2016 (Figure 47), but had declined to 80 percent in 2018; with allocations to administration declining from 57 percent of total expenditures in 2016 to a projected 43 percent in 2019. Budget allocations for provision of social services rose from about 2.5 percent of total expenditure in 2015 to about 10 percent in 2019. As revenue collection improves the government will increase budget allocations to economic and social services sectors to enhance service delivery and finance development projects.

Current FGS budgeting is based on the principle of zero or positive budget deficit. In this regard, the government is committed not to borrow, either domestically or externally, to finance its expenditures. However, given that over 80 percent of expenditures cover recurrent expenses, adherence to balanced budgets will constrain government financing of development; including the financing of the NDP-9 priorities.

In the medium to long term, innovative strategies and instruments such as blended finance will be promoted to catalyze private sector investments directed at financing development projects, including NDP-9 priorities. In particular, the government will work with development partners to use ODA to reduce risk return profiles of identified projects in order to make them attractive to private sector investors. In this way, additional private investments will be generated to supplement ODA associated investments. Some of the sectors which could benefit from blended financing in Somalia are energy, water and sanitation, ports, and value chain development in agri-business and fisheries.

Figure 48: Recurrent Expenditure by Sector (% of Total)



Source: Data from the Ministry of Finance of the Federal Government of Somalia

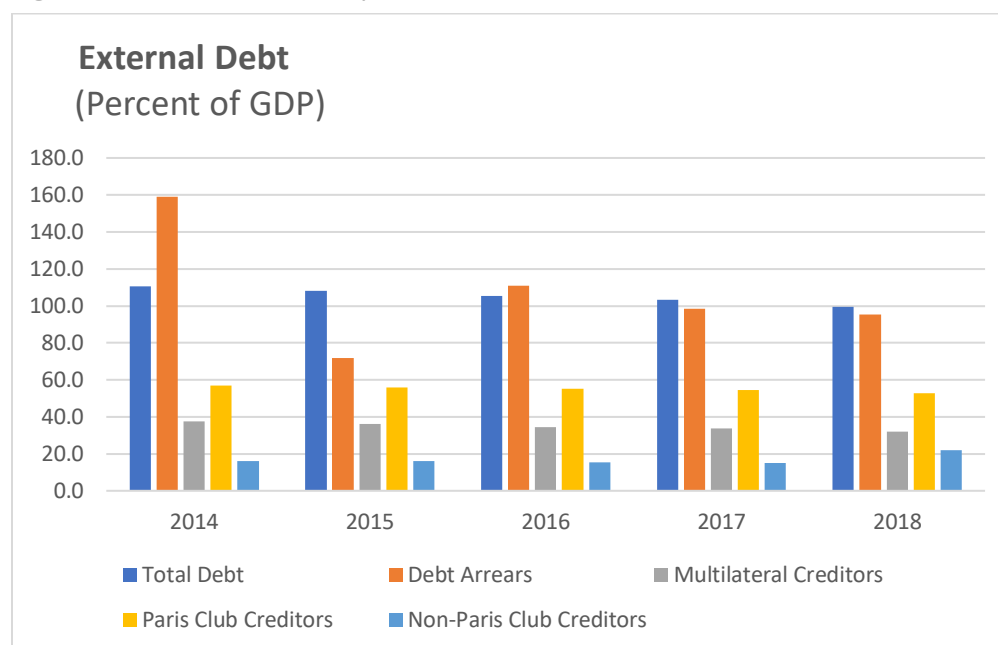
3.3. Public Debt Management

Since the government of Siad Bare collapsed in 1991 debt owed to bilateral and multilateral creditors have not been paid and arrears have piled up. With the formation of a new civilian government in 2012, one of the issues of most concern to the government was the reconciliation of data on external debts since most of the relevant records got lost during the conflict. More recently a Debt Management Unit was established to carry out the task; and working with the development partners and creditors the Unit has made substantial progress. So far 100 percent of Multilateral and Paris Club debt has been reconciled, while reconciliation of Non-Paris Club debt is at about 95 percent. The government is confident that the reconciliation of all external debt data will be completed by April 2020.

Somalia's outstanding total external debt in 2018 is estimated at \$4.7 billion, which is equivalent to 99.5 percent of GDP and debt arrears at \$4.5 billion make up about 96 percent of the total debt. The largest debt is owed to bilateral creditors, out of which the Paris Club members are owed the most at 52.8 percent of GDP, followed by multi-lateral creditors at 24.4 percent GDP (Figure 48). In the case of individual creditors IMF, World Bank, France, Italy, and USA together were owed \$2.9 billion or 61.7 percent of Somalia's total outstanding debt in 2018.

Due to large external debt arrears Somalia has been unable to access to financial assistance from international financial institutions (IFIs). This has constrained the country's development. In an effort to address the challenge FGS has been undertaking policy and reforms under the SMP. The process has enabled FGS to build a track record for implementation of reforms as the basis for engagement with donor community including IFIs on development assistance and debt relief. The recent increase in on-budget grant support by EU and the World Bank signifies improved credibility on the governments' capacity to implement reforms.

Figure 49: Somalia's external public debt burden



Sources: Somali authorities; and IMF staff estimates.

The SMP IV agreed in July 2019 has been endorsed by the IMF Board as meeting the Upper Credit Tranche (UTC) standards for debt relief under the HIPC process. This paves the way for Decision Point to be reached, in the early months of 2020, enabling the debt relief process to start for Somalia under the HIPC Initiative. The FGS has started discussions with the creditors and development partners on the necessary support for the HIPC process and debt forgiveness. The government will seek waiver on debt arrears in lieu of the country's tragic history of civil wars and insecurity and the resulting humanitarian crisis and state of fragility which continues to make it difficult to mobilize surplus resources to pay down debts. However, to show commitment to the process, FGS will allocated resources in the 2020 budget to make token payments to the IMF and other IFIs.

Debt forgiveness will enable the government to channel more resources to development and delivery of public services. The FGS is also hopeful that debt relief will also encourage development partners to enhance financial support for development projects and programmes, including those outlined in the IPRSP. The government recognizes that prudent management of public debt will be necessary post debt relief, and will take the necessary steps to strengthen the Debt Management Unit. More skilled staff will be recruited for the Unit and technical assistance will be sought build capacity for the Unit.

3.4. Fiscal Federalism and Intergovernmental Transfers

Although the 2012 Provisional Constitution(PC) introduced a federal system of governance, it did not provide for clear legal and institutional structures for managing fiscal federalism. It provided for three levels of government, at the federal, state and district levels. However, the PC neither assigned functions to each level of government nor provided an institutional framework for intergovernmental relations. On the distribution of revenues, the PC provided that it would be agreed between the FGS and the FMS, but this remains an ongoing process. The result has been a fiscal regime with asymmetrical results, where the FGS collects and spends most of the revenues in Mogadishu and the surrounding region (Banadir) while the FMS collect and retain all taxes within their jurisdiction.

This anomaly is illustrated in Figure 49, showing that out of the 5 FMS and Somaliland, the states of South West, Gulmudug and Hirshabelle hardly collect any revenue; and the fact that Somaliland collects more revenue than the FGS. It is evident that those states with operational ports collect more revenue. Moreover, the main source of revenue in all these jurisdictions are trade taxes (collected mainly in ports), non-tax revenues and taxes on goods and services. Revenues from income and corporates taxes are negligible, signifying weak tax authorities and some element of tax evasion/avoidance. The FGS and FMS also levy similar, but un-harmonized tax rates. These issues are being addressed through the FGS/FMS Intergovernmental fiscal forum (IGFF) established to harmonize tax rates and address other related issues, such as harmonization of fiscal, budget and accounting frameworks, and revenue sharing. It should be noted that municipalities also collect, though insignificant, revenues from charges for services, property rates, licenses, rent and market taxes.

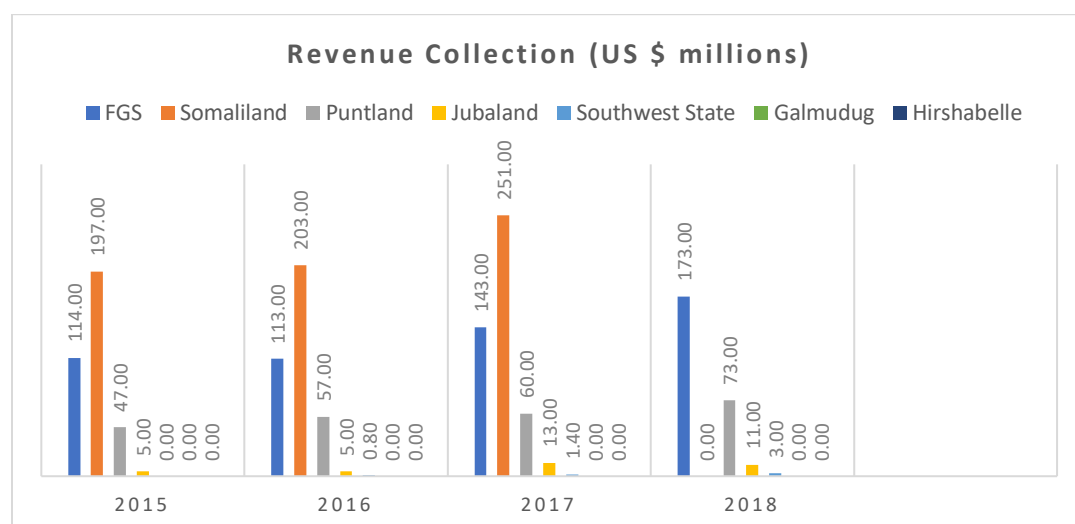
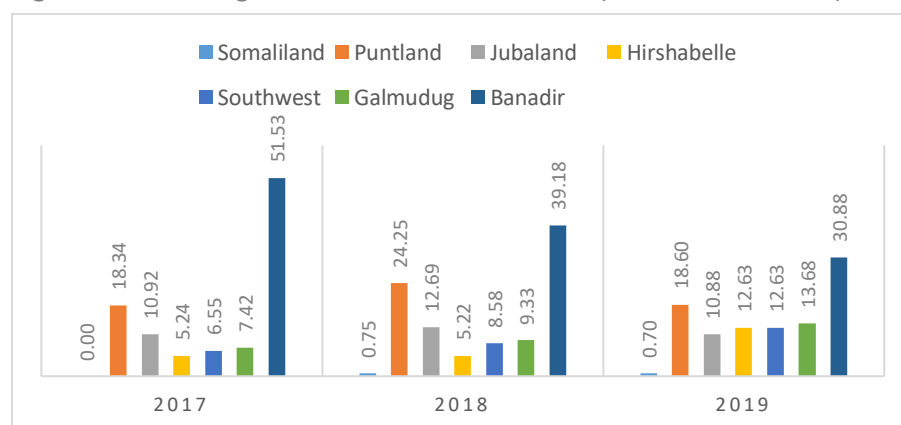


Figure 50: Revenue Collection by FGS and FMS

Source: IMF estimates and Somalia Authorities

In spite of the absence of a revenue sharing framework the FGS budget allocates resources for revenue transfers to the FMS. Over the 2017-2019 the allocations rose from US dollars 22.8 million in 2017 to US dollars 27.6 million in 2019, but declined as percentage of total revenue from 9.2 percent to 8 percent during the same period. Of note is that Banadir gets the largest allocations, followed by Puntland and that even Somaliland gets some nominal revenue allocations (Figure 50).

Figure 51: FGS Budget Revenue Transfers to FMS (% of total transfers)



Source: FGS Budget Appropriate Act, 2019

Under the IGFF arrangements progress has been made in promoting cooperation between FGS and FMS. This has led to a natural resource sharing agreement reached in Baidoa in June 2018 and a fisheries and revenue sharing (Addis Ababa) agreement of March 2019. Legislative Bills on revenue harmonization and revenue administration have been tabled in Parliament to bolster cooperation on fiscal matters. More substantially, the Council of Ministers' Inclusive Politics Forum is reviewing possible fiscal federalism models that could be adopted for Somalia. The outcome of this process will inform the constitutional review process with respect to fiscal federalism. The Forum will clarify functional assignments of FGS and FMS, mechanisms for revenue sharing, management of natural resources and public borrowing powers for consideration during the ongoing review of the Constitution under the Constitutional Review Process.

4. External Sector

As discussed in Chapter 7, traditionally the economy of Somalia is dominated by the agricultural sector and relies on imports for manufactured goods. Climate change therefore has had a great bearing on the country's economic performance in recent years by diminishing the contribution of the agriculture to the economy. Moreover, the 22 years of civil war destroyed productive sectors and with it the country's capacity to engage in external trade. As an example, the 2017 drought increased trade deficit from 75 percent of GDP in 2016 to 81 percent in 2017 (Table 24) as exports fell and imports rose. Exports fell from 25 percent of GDP in 2016 to 22 percent in 2017, but rose to 26 percent in 2018. Imports shares in GDP increased from 100 percent in 2016 to 102 percent (mostly comprising food) in 2017, but declined to 100 percent in 2018, indicating that Somalia is a highly import dependent economy.

The 2016/17 drought devastated livestock exports, as live animal exports which account for more than 70 percent of total export earnings, declined by 75 percent, from 5.3 million animals in 2015 to 2.9 million in 2017. The contribution of the other exports, hides and skins, oil seeds, fruits, vegetables, and gums and raisins, were insignificant. These products are exported to a few traditional markets of Saudi Arabia, Oman, United Arab Emirates and Yemen. Somalia's top imports are sugar, rice, palm oil and wheat flour, cars, spare parts, clothes and footwear, electronics and construction materials. The leading sources of imports are the United Arab Emirates (30%), Ethiopia (12%), India (9%), China (7%), and Kenya and Oman (6%).

Despite the deterioration in the trade balance, the current account deficit remained unchanged at 9.0 percent of GDP in 2016 and 2017. The impact of trade balance on the current account was offset by increased current transfers, mainly remittances and official transfers, which rose from 68 percent of GDP in 2016 to 72 percent of GDP in 2017 (Table 24).

The capital account is largely financed by foreign direct investments (FDI), which have been growing in double digits since 2015 signaling an enormous potential for investment in Somalia. Reduction in the levels of insecurity and improvements in the business environment should substantially increase FDI.

Table 24: BALANCE OF PAYMENTS IN SOMALIA, 2015–19 (PERCENT OF GDP)

	2015	2016	2017	2018	2019	2020 2021	
<i>Item</i>	<i>Prel.</i>	<i>Prel.</i>	<i>Prel.</i>	<i>Prel.</i>	<i>Proj.</i>	<i>Proj.</i>	<i>Proj.</i>
Current account balance	-6	-9	-9	-8	-8	8	8
Trade balance	-73	-75	-81	-74	-73	-71	-71
Exports of goods and services	26	25	22	26	27	27	27
Imports of goods and services	-99	-100	-102	-100	-99	-98	-98
Current transfers (net)	68	66	72	66	65	64	64
Private (net), including remittances	33	32	31	29	29	29	29
Official (including direct budget support)	35	33	41	37	35	35	35
Capital account and financial account	6	9	9	8	8	8	8
Of which foreign direct investment	7	8	8	9	9	9	9
Overall balance	0	-1	1	1	0	0	0

Source: IMF estimates.

5. Sectoral Policies

Contributions at the sector level to the Somali economy are discussed in detail in Chapter 7. In this section a summary review is presented for those sectors which are the major contributors to the national economy through export earnings and tax revenues. Policy reforms to enhance the contribution of these sectors is important for macroeconomic stability is articulated.

5.1. Agriculture and Livestock

Agriculture sector accounted for about 70 percent of GDP between 2013 and 2016, is the largest employer of rural households and the most important source of export earnings. Within agriculture, the share of livestock subsector rose from 37 percent of GDP in the prewar period to about 57 percent in recent years.

Crop production, the main activity of rural households, contributes 20 percent of GDP. However, productivity in the subsector is very low largely due to dependence on rain water and low value chain development. Current production in the subsector is only 5 percent irrigated compared to 50 percent during the pre-war period. Productivity in the sub-sector will be improved through enhanced infrastructure investments, access to credit, inputs and extension services, promotion of climate smart agriculture, and ultimately by reduction of conflict and insecurity.

The 2016–17 drought and the December 2016 Saudi ban on imports of Somali livestock led to huge reductions in earnings from livestock exports. Livestock exports dropped by more than 70 percent in 2017. Recent improvement in climatic conditions and the lifting of Saudi ban in July 2018 are expected to promote foreign exchange earnings from livestock exports.

5.2. Fisheries

Somalia has the longest coastline in Africa and the country's large Economic Exclusive Zone that is rich in high value fish which should be exploited for export. Foreign commercial fishing operators have taken advantage of a weak and absent government to fish in Somali waters without authority. In recent years some of these operators have been licensed in nontransparent manner by some FMS. The government has reached agreement FMS on the licensing and sharing of revenues from license fees.

5.3. Oil and Gas

Oil and gas exploration in Somalia has been ongoing process since 1956, but insecurity, including piracy has discouraged oil exploration in recent times. Regulations governing the management of petroleum and mineral resources and especially ownership and revenue sharing, has been agreed between the FGS and FMS and is expected to improve accountability and transparency in the licensing of exploration of oil and gas.

5.4. Transport

Many years of civil war damaged Somali infrastructure and it is estimated that it would take US\$ 1.8 billion to bring it to good working condition. Increased urbanization in the country would yield high returns to infrastructure development as it would bring citizens close to markets and public services. Moreover, infrastructure to the interior will improve connectivity by linking rural to urban areas and Somalia to neighboring countries thus promoting local and regional trade. Development of airports and seaports will also improve connectivity, enhance productivity and lower costs of doing business. Ultimately development of the sector will lead to higher revenues and taxable income.

5.5. Telecommunications and ICT

The ICT sector makes up 11 percent of GDP and is highest employer, with over 25,000 employees in 2014. It has contributed to the growth of financial services, through mobile money services, including money transfers and payment of bills and services. In the past licensing, frequency allocations and setting of spectrum fees in the sector have been informal, making it difficult to determine operator revenues and potential revenues from taxes and fees. It is estimated that enforcement of a legal framework for taxation and regulation would raise revenues of US\$82.5-103.1 million annually. The government has now made it legally mandatory for operators to report revenues and international remittances delivered through mobile phones. This will enable tax authorities to raise more revenues from the sector by enforcing tax compliance.

5.6. Manufacturing & Commerce

The manufacturing sector remains sluggish. Private investment is limited by both the difficult security environment and the harsh business environment. It faces one of the lowest access and most expensive electricity rates in the world (between US 50 cents and \$1 per kilowatt hour). These circumstances, coupled with security threats, have made it difficult to attract private investment or the technology needed for modern manufacturing. Low investments in the sector also contributes to the poor rankings Somalia receives from international rating agencies. The government is addressing these challenges

through policy, institutional and legal reforms and by engaging rating institutions. The government is ready to provide the agencies with all the necessary information they require to undertake objective evaluation of policy development and implementation of reforms.

6. Medium Term Developments (2019-2022)

6.1. Introduction

It is estimated that Somalia's real GDP grew by about 3.0 percent in 2018 and is projected to grow by 3 percent and 3.2 percent in 2019 and 2020, respectively. The outlook going forward is dependent on maintenance and consolidation of the security gains achieved in the recent past, improvements in weather and agricultural production, a gradual increase in private investment, continued support to the government by development partners, and improved revenue collection.

The growth recovery is also set to continue beyond 2019, lifted by gains from ongoing reforms. Rising domestic demand, remittances, and donor inflows and consolidation of peace and security are expected to drive growth in the medium-term.

Achieving higher growth will however require acceleration of structural reforms, aimed at improving fiscal policy and public financial management; social inclusion through enhanced provision of basic services; and improved resilience of the agriculture sector. In this regard:

- FGS will continue building fiscal buffers needed to provide basic service; broadening the tax base and enhancing compliance, and reducing wasteful expenditures.
- Human development programs will emphasize reduction of infant and maternal mortality, increased enrollment and transition rates at all levels of education, and availability of clean water and sanitation.
- Resilience of agriculture sector will be developed through irrigation and better water management, land management, environmental protection, improved agricultural technology and extension.

6.2. Risk analysis

Although economic growth is improving, Somalia remains fragile, as ongoing security challenges continue to impede economic activities. Below are risks that may weigh on the country's growth prospects.

Security remains a concern: Insecurity in Mogadishu and southern Somalia continues to pose significant risks to economic activity in the medium term. Al-Shabaab remains a resilient force, diminishing prospects for development activities. The FGS will continue building the capacities and capabilities of the security forces to improve security in Mogadishu and will work with Federal Member States to enhance stability across the country.

Rising oil prices: it is projected that oil prices will hover around \$62-63 in 2019–2020 and remain at or above that price in the medium-term. This could affect both production and consumption and undermine Somalia's growth prospects.

Impact of drought and floods on Agriculture: the country relies on rain fed agriculture for crop development and regeneration of pasture and water resources for livestock. However, the heavy rainfall and subsequent flooding also leads to fatalities, massive displacement, and damage to infrastructure and cropland. Similarly, prolonged droughts destroy the livelihoods of farmers and pastoralists and expose the most vulnerable groups in society to deteriorating health and nutritional conditions. Building resilience to

these shocks at the national and household levels is critical for reducing vulnerability over the medium term.

Weak implementation of structural reforms: weak institutional capacity, including inadequate capacity in the public sector may undermine domestic economic reforms. Strengthening institutional and legal frameworks is a prerequisite for successful reforms.

Political uncertainty: lack of trust among political leaders undermine broader political processes and may destabilize the fragile political settlement. This impacts negatively on policy making and credibility of political leadership and ultimately on the financial and investment inflows necessary for development. The government is putting in mechanisms to ensure the forthcoming elections is free and fair.

6.3. Medium-Term Macroeconomic Framework

Medium-term economic and fiscal framework provides five (5) year estimates (2020-2024) for national income and prices, FGS finances, and balance of payments (Table 27). This is followed by a detailed analysis of sources of revenues and expenditures items, including budget deficits and public debt over the same period (Tables 28 & 29). Allocation of budgetary resources by sector is provided in Table 30, while Table 25 outlines strategies and interventions for macroeconomic and fiscal reforms.

It should be stressed that analysis of Somalia's economic development continues to be difficult, as reliable statistics are mostly unavailable. Most of recent macroeconomic data presented here are estimates by the FGS and IMF and at best should be interpreted as such. Discussions on data challenges and proposals to address them going forward are discussed in Chapter 13.

6.4. Growth Prospects

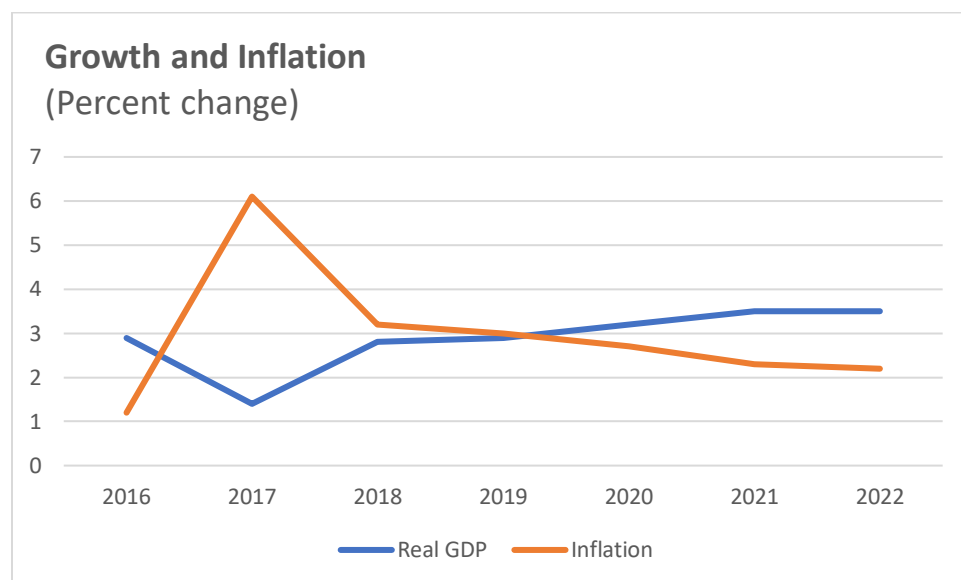
Somali economy has been on the road to recovery over the recent years, driven by Somali private sector, donor assistance and public consumption. The recent recovery has been lifted by the rebound in the agriculture sector following the end of the 2016/17 drought and famine, and the robust growth of the construction, telecommunications, and energy sectors. Political uncertainty and continuing terrorist attacks particularly in Mogadishu, together with slow return to peace in many areas of the country remain a drag on the country's economic growth.

Going forward a conservative stance is taken on growth prospects, with real GDP growth projected to increase by 3.0 percent in 2019, rising to 3.2 percent in 2022 and 3.5 percent thereafter to 2024 (Figure 51). Over this period, inflation is projected to decline from 3 percent in 2019 to 2.7 percent in 2020 and stay flat for the rest of the NDP-9 period.

6.5. Expenditure Prospects

In the medium term prudent expenditure management will be applied, including implementation of pay reforms and expenditure controls in order to ensure operations and maintenance costs remain within budget. Funding of non-salary expenditures of the security sector will remain outside the Core Budget, but the Somali National Army and Police will be reformed. The sizable additional non-salary expenditures required to support the security sector will be financed from external aid. Payments for expenditure arrears mostly related to unpaid salaries and allowances totaling US\$ 65.4 million will be given priority. In general, with a balanced budget policy regime, expenditures will be reallocated in favour of activities which are necessary for effective implementation of NDP-9.

Figure 52: Economic and Financial Indicators



Source: IMF estimates.

Total expenditures increased from US\$297.1 in 2018 to US\$340.10m 2019 (Table 28); and the trend will continue with total expenditures projected to rise from US\$ 363.6 million in 2020 to US\$ 436.5 million in 2022. Leading expenditure items are compensation to employees and purchase of goods and services (Figure 52). Expenditures on capital and transfers are low, but are also projected to rise as more resources are directed to development and promotion of fiscal federalism.

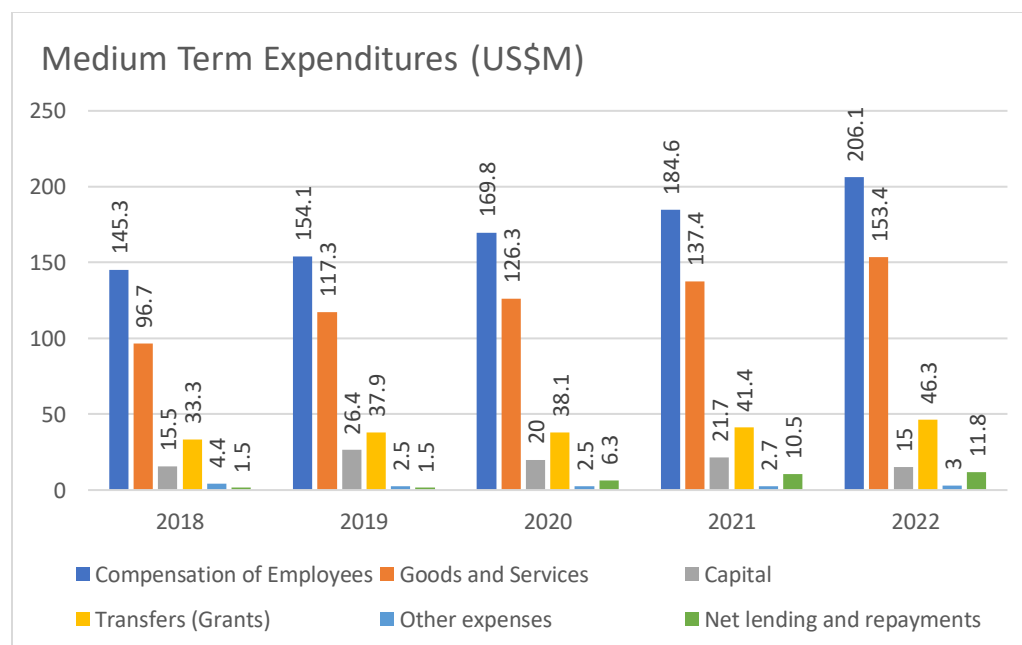


Figure 53: Medium term expenditures (2018-2022)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

The share of compensation of employees will decline from 48.9 percent of the budget in 2018 to 45.3 percent in 2019 and are projected to stagnate at between 46 and 47 percent for the rest of the period (Figure 53). Similarly, expenditures on goods and services are projected to remain steady at 34 to 35 percent between 2019 and 2022. Expenditures on the other budget items will follow a similar pattern over the plan period.

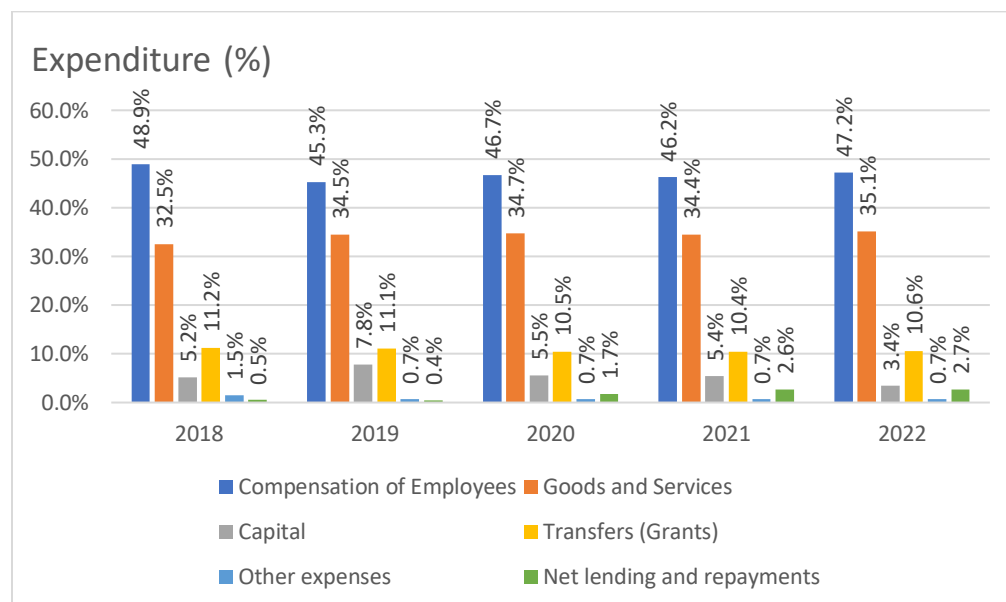


Figure 54: Medium term expenditures by category (2018-2022)

Source: FGS Ministry of Finance

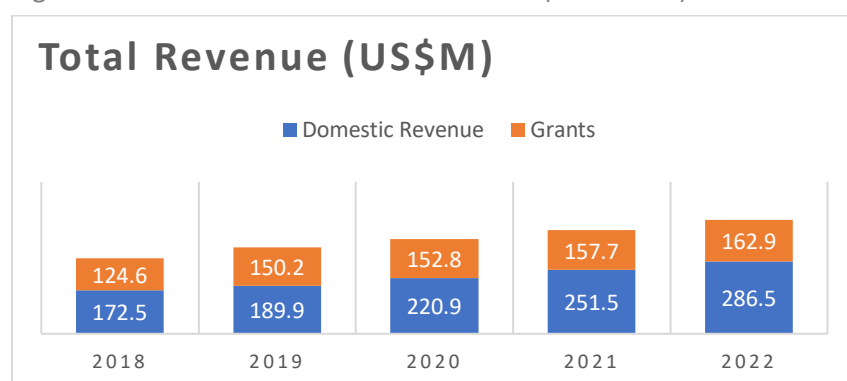
6.6. Revenue Prospects

The main source domestic revenue is customs duties collected at the Mogadishu port and Mogadishu Aden Adde airport, amounting to US\$5.5 to 8.5 million monthly. This is supplemented by sales tax on Khat, also collected at the port and airport, and income tax on government wages and salaries.

In the medium term the Government will increase tax revenues by reforming tax administration, expansion of the tax base, and customs reforms. In this respect, the Federal Government will issue licenses to financial institutions, telecommunications firms (including telephone, TV and radio companies), airlines, large manufacturers and firms engaged in the import and export trade. This assist in providing information for assessing tax liabilities of the companies. All businesses with fixed premises will be issued licenses by local governments.

The tax reform program is estimated to increase domestic revenue collection from \$172.5 million in 2018 to \$286.5 million in 2022 (Table 28 & Figure 54). While the increase in revenue will more than double between 2017 to 2022, as a percentage of real GDP it would be 3.2 percent, a relatively miniscule ratio by international standards. Grants will continue to be a major source of revenue, but stabilizing around 45 percent and 46 percent of total revenue between 2019 and 2022. However, bilateral aid is projected to decline as a source of revenue from 36 percent in 2019 to about 9 percent annually between 2020 and 2022. Multilateral debt is in turn projected to rise from about 9 percent in 2019 to 36 percent annually between 2020 and 2022.

Figure 55: Medium Term Domestic Revenue (2020-2024)



Source: Data from the Ministry of Finance of the Federal Government of Somalia

In terms of domestic revenue mobilization, the pattern of tax structure is assumed to remain unchanged in the medium term. Trade taxes will be the main source of domestic revenue, contributing \$97 million in 2019 and rising to \$147.8 million in 2022 (Figure 55). Similarly, non-tax revenue will be the second major source of revenue, contributing \$54.7 million in 2019 and rising to 94.4 million in 2022. Income taxes remain the lowest source of domestic revenue. Over the medium term the FGS will implement major tax reforms to improve tax effort.

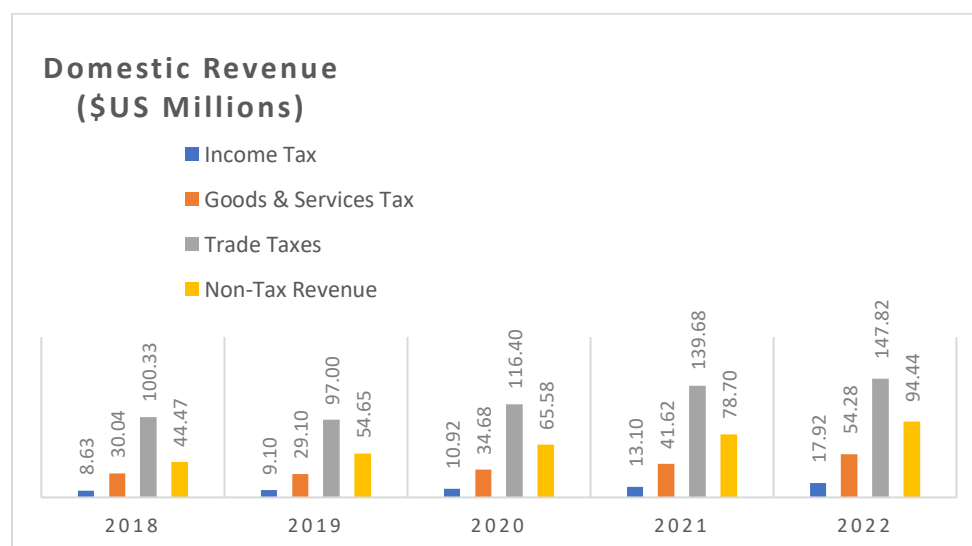


Figure 56: Medium Term Domestic Revenues by Source (2020-2024)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

The following are some of the specific measures to reform the tax administration.

1. Strengthening, consolidating, and harmonizing the current tax system to enable FGS to extend collection taxes outside Mogadishu and Benadir;
2. Expanding the tax base and extending coverage to include all large taxpayers not currently paying taxes;
3. Focusing on improving compliance among potential taxpayers and areas with the highest revenue yields;

4. Simplification of the tax system to eliminate nuisance taxes, curb illicit levies, and avoid double taxation;
5. Introduction of income tax on the salaries of employees of registered private companies and hotels;
6. Building of capacity of the tax and customs administration;
7. Draft and pass necessary legislations;
8. Strengthen the single Treasury account;
9. Building staff capacity to implement reforms;
10. Provide tax education and information to companies and individuals on their tax obligations;
11. Encourage taxpayers to pay taxes by linking compliance to service delivery and development;
12. Introduce corporate tax for all registered companies;
13. Reform the tax regime to reduce loopholes and remove tax exemptions; and
14. Introduce strict controls to reduce mismanagement and corruption.

The FGS will also review and finalize a revenue-sharing mechanism with Federal Member States, through the intergovernmental fiscal forum and the ongoing constitutional process. FGS and FMS will harmonize their tax regimes and FGS will develop capacity of local/district councils to mobilize local revenues.

6.7. Budget Allocations by Sector

Sector budget projections indicate the level of ambition in financing NDP sector priorities. Overall, in the medium-term domestic revenues and on-budget donor support are not sufficient to scale up reallocation of budgets within sectors towards key NDP-9 priorities, such as the social sector and capital spending. Administration and defence and security sectors receive the largest budget allocations throughout 2019-2022 period (Figure 56). However, allocations to projects and the social sectors will rise over time; with allocations for projects rising from \$48.7 million in 2019 to \$84 million in 2022 and those to the social sector rising from \$26.4 million in 2019 to \$35.8 million in 2022.

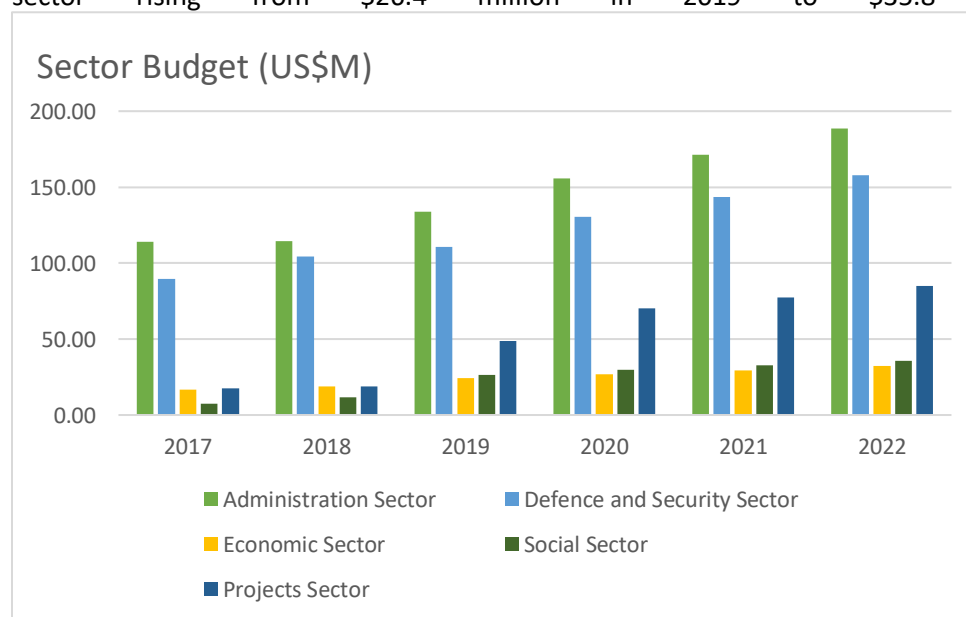
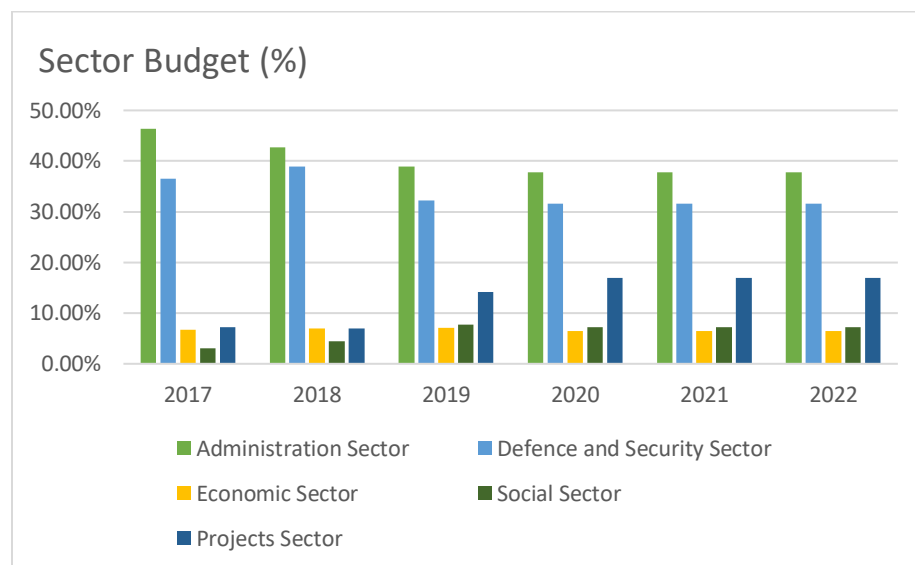


Figure 57: Medium term sector budget allocations (2017-2022)

Source: Data from the Ministry of Finance of the Federal Government of Somalia

More specifically, allocations to administration sector declined from 46.4 percent of the budget in 2017 to 38.9 percent in 2019 and are projected to remain at 37.7 percent thereafter to 2022. On the other hand, allocations to defence and security sector rose from 36.5 percent in 2017 to 38.9 percent in 2018 and declined to 32.0 percent in 2019, where it is projected to remain to 2022. Allocations to the social sector rose from 3.1 percent in 2017 to 7.8 percent in 2019 and will remain constant at 7.2 percent between 2020 and 2022. Allocations to the projects sector is projected to rise from 7.2 percent in 2017 to 14 in 2019 and are projected to rise annually at 17 percent during 2020-2022 period.

Figure 58: Budget Allocation by Sector (%)



Source: Data from the Ministry of Finance of the Federal Government of Somalia

7. Strategies and Interventions for the Macro-Economic Fiscal Framework

The strategies for macroeconomic and fiscal framework relate to formulation and implementation of monetary and financial policies, and fiscal reforms are summarized in Table 25, below. This includes an outline of the interventions under each of the strategies.

8. Financing of NDP-9 Priorities

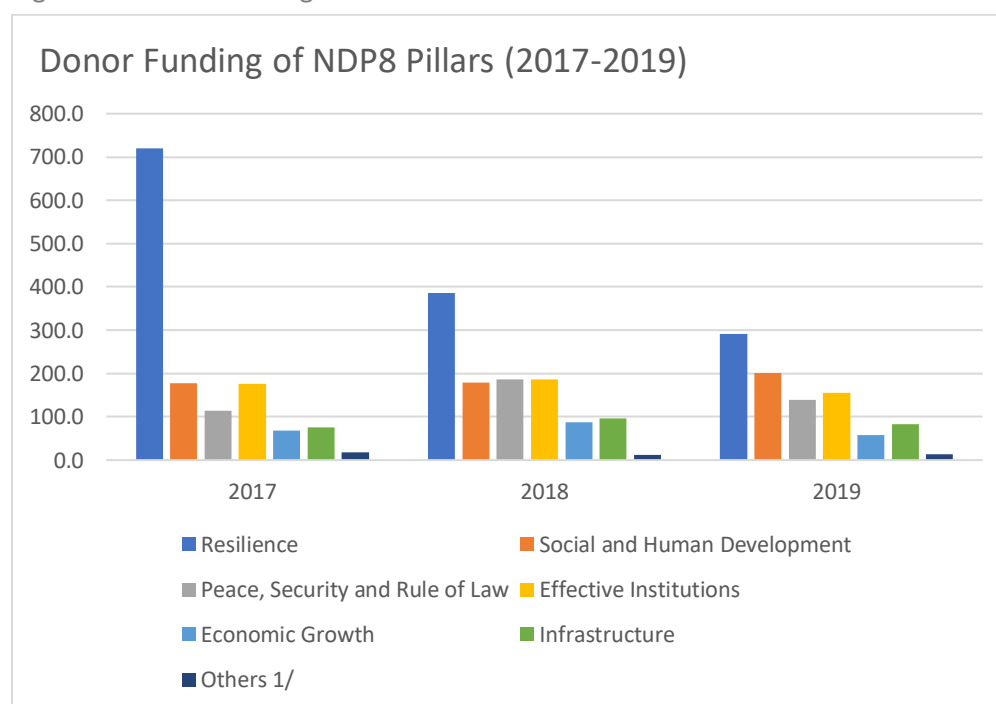
Given the policy of balanced or surplus budget in the medium term, the FGS budget mainly finance recurrent expenditure with little funds available for development. Alternative sources of funding will have to be to supplement government's budgetary resources to finance implementation of NDP-9 priorities. One sources for consideration is the off-budget development expenditures by the development partners.

Total donor expenditures on NDP8 pillars amounted to \$1,371.1 million and \$1,135.8 million in 2017 and 2018, respectively and are projected to decline to \$941.6 million in 2019. The largest amount of the expenditures (Figure 58) go to the resilience pillar (disaster management, food security, social protection, environmental protection, and migration and refugees). This is followed by social and human development (education, health and nutrition), effective institutions (public administration, PFM and Planning, M&E and statistics), and peace, security and rule of law. Economic growth (agriculture/fisheries/livestock, employment and skills development, and private sector development) and infrastructure (transport, energy, ICT, water and sanitation) gets the least support.

Table 25: Macroeconomic and Fiscal Reform Strategies and Interventions

Strategies	Interventions
Strengthening Monetary Policies and Financial Services Oversight	Complete currency reforms
	Reform financial services to enhance transparency and competitiveness of the banking sector
	Improve transparency of mobile money transfer services
	Strengthen regulatory and oversight capacity of the Central Bank of Somalia
Strengthening the Fiscal Framework	Initiate and complete debt relief negotiations under the HIPC Initiative
	Broadening the tax base and enhance compliance
	Review expenditure reforms to increase budgets for social services, economic development and capital investment
	Increase revenue transfers to FMS
	FGS and FMS to harmonized taxes, licenses and regulations

Figure 59: Donor Funding of NDP8 Pillars



Source: FGS (2018), *Aid Flows in Somalia*

1/ Support for civil society, media outlets and cross-cutting areas.

The relatively high expenditure in 2017 is linked to the drought and famine which occurred in that year.

This is indicated by the \$720.3 million allocated to the Resilience Pillar, which has since declined as the impact of the drought receded. While allocations to the social sector have progressively increased, allocations to peace and security and effective institutions Pillars have declined over the last two years.

In developing NDP-9 priorities, attention has been paid to aligning the pillar strategies and interventions to OPM Roadmaps; priorities and plans of FGS ministries; and interventions outlined by the RRF. However, the costing of implementation of priorities has not been carried out pending further work, including consultations between the FGS and the development partners and the IMF.

Considering that the resource envelope in the national budget is not sufficient to finance the implementation of the plan, it is proposed that donors are approached to align ODA expenditures to NDP-9 priorities. Donor support of NDP-9 priorities is expected to be in line with the current support for NDP8. What would be required is an agreement on a mechanism for monitoring the donor financing and implementation of the plan; and a modality for evaluating the impact of the support.

It is anticipated that discussions on the financing of NDP-9 with the donors and IMF will guide the FGS in clarification of the projects and programmes aligned to the Plan priorities and ultimately in the costing of the priorities. The proposal is to review and agree on the priorities outlined in Pillar chapters and thereafter develop costings of each pillar or where possible each strategy. This process will be concluded by June 2020.

Table 26: Government Investment Budget for NDP-9 Year One

Strategy	Intervention	Budget
Enabling Business Environment	Legislation, Regulations, Capacity Development in FGS	PENDING
	Improving Macro-Economic framework	PENDING 5%
Establishing Regulatory Framework	Hiring and training of enforcement personnel; regulatory monitoring systems; investment in judicial services, establishment of Commercial Court	PENDING
	Improving oversight of financial services to better facilitate remittances	PENDING
	Fiscal Federalization	PENDING 25%
Infrastructure	Power Master Plan	PENDING
	Strategic Infrastructure	PENDING
	Water management projects (including river management and irrigation)	PENDING 50%
Pre-requisite investments	Statistical Function	PENDING
	Monitoring & Evaluation	PENDING
	National Identification provision	PENDING

		20%
TOTAL for 2020		PENDING
		100%

Table 27: Somalia: Selected Economic and Financial Indicators, 2016-2022

(IMF Quota = SDR 44.20 million; Population: 13 million, 2015 estimate)

(Poverty Rate: n.a.; Main Export: Livestock)

	Estimate			Proj	Projection		
	2016	2017	2018	2019	2020	2021	2022
Nominal GDP in millions of U.S. dollars	4,198	4,509	4,721	4,958	5,218	5,507	5,816
Real GDP, annual percentage change	2.9	1.4	2.8	2.9	3.2	3.5	3.5
Per capita GDP in U.S. dollars	313	327	332	339	347	357	368
Consumer prices (e.o.p., percent change)	1.2	6.1	3.2	3.0	2.7	2.3	2.2
Central government finances 1/	(Percent of GDP)						
Revenue and grants							
of which:	4.1	6.0	5.7	6.9	7.2	7.4	7.7
Grants 2/	1.4	2.8	1.8	3.0	2.9	2.9	2.8
Expenditure, of which:	4.1	6.6	5.7	6.9	7.0	7.2	7.5
Compensation of employees	1.3	2.8	3.0	3.2	3.3	3.4	3.5
Purchase of non-financial assets	0.2	0.1	0.2	0.5	0.4	0.4	0.3
Overall balance	0.0	0.1	0.2	0.1	0.2	0.2	0.2
Stock of domestic arrears	1.8	1.5	1.5	1.3	1.1	0.8	0.6
Central bank assets	(Millions of U.S. Dollars)						
Foreign assets (gross)	60.9	89.2	118.9	...	...	...	...
Gross Reserves of the Central Bank	41.8	48.1	51.1	...	...	...	...
Net Foreign Assets, excl. IMF	21.6	24.0	26.2	...	...	...	...
CBS Liabilities to Government	5.4	29.3	39.5	...	...	...	...
	(Percent of GDP)						
Current account balance	-9.4	-9.0	-8.3	-8.3	-8.0	-8.0	-8.9
Trade balance	-74.5	-80.5	-73.7	-72.6	-71.1	-71.4	-70.6
Exports of goods and services	25.4	22.2	25.9	26.8	26.5	26.2	27.0
Imports of goods and services	-99.9	-102.6	-99.6	-99.4	-97.6	-97.6	-97.6
Remittances	32.5	31.5	29.2	28.8	29.1	29.3	28.8
Grants	33.3	40.8	36.9	36.3	34.7	34.7	33.7
Foreign Direct Investment	7.9	8.2	8.6	9.0	8.9	9.0	9.0
External debt	105.3	103.3	99.5	99.5	99.5	99.4	99.3
Market exchange rate (SOS/USD, e.o.p.)	24,00	24,00	23,60	24,475			
	5	5	5				

Sources: Somali authorities; and Fund staff estimates and projections.

1/ Budget data for the Federal Government of Somalia. Fiscal operations are recorded on a cash basis. GDP data cover the entire territory of Somalia.

2/ Includes only donors' support provided to the Federal Government of Somalia through treasury accounts at the Central Bank of Somalia.

3/ Includes Treasury deposits, grants, and asset recovery balances.

Table 28: Somalia Federal Government Operations (2016-2022) in US\$ Million

Sources: Somali authorities; and Fund staff estimates and projections.

	Budget	Budget	Projections		
	Rev. Budg.	Budget	>		
	2018	2019	2020	2021	2022
Total Revenue and Grants	297.1	340.1	373.7	409.3	449.5
Domestic Revenue	172.5	189.9	220.9	251.5	286.5
Tax Revenue	127.9	135.20	154.4	175.8	200.3
Tax on Income, Profit and Capital Gains	7.2	9.10	10.3	11.8	13.4
Taxes on goods and services	19.4	22.10	26.7	30.4	34.6
Taxes on international trade and transactions	94.5	97.00	109.3	124.4	141.8
Other Taxes	6.8	7.1	8.1	9.2	10.5
Non-Tax Revenue	44.47	54.7	66.1	75.7	86.3
Grants	124.60	150.2	152.8	157.7	162.9
Bilateral	43.5	30.0	31.00	32.0	33.0
Multilateral	81.1	120.2	121.8	125.8	129.9
Expenditure	297.1	340.1	363.6	399.2	436.5
Compensation of Employees	145.3	154.1	169.8	184.6	206.1
Purchase of Goods and Services	96.7	117.3	126.3	137.4	153.4
Capital	15.5	26.4	20.0	21.7	15.0
Transfers (Grants)	33.3	37.9	38.1	41.4	46.3
Other expenses	4.4	2.5	2.5	2.7	3.0
Net lending and repayments	1.5	1.5	6.3	10.5	11.8

Table 29: Somalia: Federal Government Operations, 2016–2022 (Percent of GDP)

In US\$ Million	Actual 2016	Actual 2017	< - Actual Projecte d 2018	Budget Budget 2019	Proj - > Projection 2020	Projectio n 2021	Projectio n 2022
Total Revenue	100	100	100	100	100	100	100
Domestic Revenue	67.10	57.50	63.10	55.20	55.10	54.20	54.00
Tax Revenue	52.70	45.10	47.80	39.30	39.20	38.00	38.00
Tax on Income, Profit and Capital Gains	1.40	1.40	3.00	2.60	2.60	2.70	3.00
Taxes on goods and services	5.90	6.40	10.30	8.50	8.40	8.60	9.00
Taxes on international trade and transactions	45.40	37.40	34.50	28.20	28.20	26.70	25.00
Non-Tax Revenue	14.40	12.30	15.30	15.90	15.90	16.20	16.00
Grants	32.90	42.50	36.90	44.80	44.90	45.80	46.00
Bilateral	14.30	17.60	26.80	36.10	8.70	8.90	9.00
Multilateral	18.60	24.90	10.20	8.70	36.10	36.90	37.00
Expenditure	100	100	100	100	100	100	100
Compensation of Employees	46.40	52.50	50.10	45.30	38.10	33.10	28.40
Purchase of Goods and Services	41.10	33.80	28.10	34.70	29.50	25.50	24.10
Capital	3.50	2.60	3.40	8.00	19.70	25.90	29.80
Transfers (Grants)	5.50	9.50	17.00	10.50	11.10	13.70	15.80
Other expenses	1.20	1.60	1.40	0.80	0.80	1.30	1.40
Net lending and repayments	2.40	0.00	0.00	0.70	0.70	0.60	0.50

Sources: Somali authorities; and Fund staff estimates and projections.

Table 30: Budget Allocation by Sector

	2017	2018	2019	2020	2021	2022
Grand Total						
Administration Sector	114.00	114.48	133.94	155.72	171.29	188.42
Defence and Security Sector	89.65	104.18	110.77	130.57	143.63	157.99
Economic Sector	16.64	18.74	24.37	26.62	29.28	32.20
Social Sector	7.58	11.86	26.39	29.57	32.53	35.78
Projects Sector	17.69	18.72	48.72	70.20	77.22	84.94
Administration Sector	46.43	42.72	38.91	37.73	37.73	37.73
Defence and Security Sector	36.51	38.88	32.18	31.64	31.64	31.64
Economic Sector	6.78	6.99	7.08	6.45	6.45	6.45
Social Sector	3.09	4.43	7.67	7.17	7.17	7.17
Projects Sector	7.20	6.98	14.16	17.01	17.01	17.01

Sources: Somali authorities

CHAPTER 10: IMPLEMENTATION ARRANGEMENTS

1. Introduction

The NDP-9 sets out a broad agenda of political, security, rule of law, economic and social development, and governance interventions that together, as described in the theory of change (Chapter 4), will significantly reduce poverty and vulnerability in Somalia.

Chapter 3 describes poverty in Somalia as a complex phenomenon that is experienced in multiple, interrelated dimensions. These are monetary poverty, a low level of education, a low standard of living, and limited access to water, sanitation and health services. Based on this description, nearly all Somalis experience poverty of one kind or another, while 70 percent of the population experience poverty in 2 or more dimensions.

Moreover, the depth and severity of poverty in Somalia point to extremely high levels of vulnerability within the population, meaning that relatively small shocks and perturbations can easily send poor households into destitution, and nearly-poor households into poverty, from which they will struggle to recover. But Somalia too often is subject to severe shocks, whether arising from natural disasters driven by climate change and environmental degradation, or from conflict, insecurity and displacement caused by the country's political and economic fragility.

The scale and complexity of poverty in Somalia, combined with still-nascent government capabilities and capacities, significantly increase the challenge of plan implementation. To meet this challenge, we proposed to adopt an implementation approach based on **3 guiding principals**.

The first principle is that **implementation will be multi-dimensional**. Government and partner interventions, at national and state levels, while composed of the strategies described under the 4 Pillars, will be programmed and coordinated to reflect explicitly the conclusions of the stakeholder consultations, poverty analysis and theory of change that underpin the NDP-9, and to align with the regional and national priorities identified by the Recovery and Resilience Framework (RRF).

The second principle is that **implementation will preserve national ownership** and be commensurate with Government capacities. This does not mean that interventions will all be Government-managed, or small; Government will work with development partners in a manner that effectively multiplies its capacity and allows interventions to be taken to scale. Ultimately, however, interventions conducted under the NDP-9 must be fully owned by Government.

The third principle is that **interventions will be focused and demonstrate progress against one or more indicators contained in the NDP-9 results framework**. In this regard, the ambition of the NDP-9 demands an incisiveness of its interventions that will be best achieved through very clear articulation of targets, outputs and outcomes and how these contribute to the goals of the NDP-9.

Adherence by Government and its development partners to these 3 principles will help address the challenges of scale, complexity and capacity, and will enhance implementation effectiveness.

2. Implementation Framework

2.1. Context

The past 7 years have been a period of establishment for the FGS and the FMS. For the first 4 years (2013-2016) there was no NDP, and the Somali Compact in effect took the place of a national development planning process. Implementation of the Compact's 5 Peacebuilding and State Building Goals (PSGs), which depended almost entirely on development partner (DP) support, was managed through the jointly-owned Somalia Development and Reconstruction Facility (SDRF), set up in 2014 as a national aid management and coordination architecture.

During 2016, the FGS led the preparation of Somalia's first NDP since the 1980s, which was adopted in full by the newly elected Government in early 2017. The new NDP – the NDP-8 as it was termed – ran for the 3 years 2017 to 2019.

At the same time, following the expiry of the Somali Compact at the end of 2016, the newly elected Government agreed with international partners the New Partnership for Somalia (NPS) and Security Pact, which included a Mutual Accountability Framework (MAF), based on a set of partnership principles, enabling actions, key themes and selected indicators drawn from the new NDP-8. The NPS retained the SDRF as the body responsible for the overall direction and delivery of the NDP-8 and NPS.

In this way, implementation and oversight of Somalia's national priorities, as set out in the NDP-8, rested with the jointly-owned aid management and coordination system, rather than being embedded fully within Government as would ordinarily be the case. It was an arrangement born of necessity, given the Government's limited capacities and resources at the time. Going forward, responsibility for oversight of national development planning and related aid coordination shall be described in a new national aid policy and implemented through an aid architecture, which is being reviewed at the time of writing. Over the life of the NDP-9, however, and as government capacities become more established, it can be expected that these responsibilities will start to migrate to sit more completely within Government.

2.2. Implementation strategy

The NDP-9 has adopted a six-fold implementation strategy, as described below.

Strengthen national to local structures and systems

The implementation of NDP-9 will need to be supported by effective and efficient technical working relationships between federal, state and district-level institutions. This applies equally to the delivery of social services, such as health, as it does to the strengthening of judicial systems and public financial management.

Such effective relationships will be built on a **clear division of roles and responsibilities between federal and state-level government**. That is, Federal Line Ministries (FLMs) will be primarily responsible for policy development, vertical coordination with FMS, data collection and management, and monitoring. In addition, FLMs will develop standard operating procedures by which programme development and implementation will be managed.

FMS FLMs, on the other hand, will be primarily responsible for implementation of the initiatives (projects and programmes) by which national and state-level priorities will be met. FMS will in addition be

responsible for localising the frameworks, strategies and policies prepared by federal FLMs, and conducting state-level data collection and monitoring, all as set out in standard operating procedures.

Joint Implementation

For many years, Somalia's public service needs have far exceeded the government's capacity for provision. During this time, DPs have often formed close relationships with UN and non-governmental organisations (implementing partners), which have assumed the role of government in the provision of a range of public services: in particular, health, education, water and sanitation. In future, implementing partners will continue to play an important public service provision role, even as Government once again start itself to have a significant service delivery function but with the objective of increased government implementation in a phased manner.

The implementation of NDP-9 offers **an opportunity for Government and implementing partners to work more closely together to ensure the harmonised and quality-assured scaling up of public service delivery through Government**. Under such joint implementation, all public service delivery interventions will be based on needs identification and design conducted jointly by Government (FGS and FMS) and implementing partner, in compliance with the provisions of Government sectoral policies and in alignment with national and FMS development priorities. Resource mobilisation through DPs will also be done in close liaison between the FGS. Initially, implementation may indeed be led by the implementing partner, but in a manner that explicitly strengthens Government (FGS and FMS) service delivery capacities and systems. Finally, intervention monitoring and evaluation shall be conducted jointly and linked to FGS systems of data collection and management.

Joint implementation will become Government policy, and over the lifetime of the NDP-9 is expected to become the primary public service delivery modality. This policy will be developed in the course of 2020 and will be based on consultations with relevant stakeholders.

Cost and prioritise

A key to effective implementation of the NDP-9 and development planning in the future will be the consistent and informed costing and prioritizing of strategies and policies so that commitments are made according to national means. In this regard, the preparation of the NDP-9 has not been as closely informed by costs as should have been the case – a shortfall that reflects the Government's still-developing fiscal, data management and planning capacities.

Going forward, therefore, implementation of strategies and policies contained in the NDP-9 shall begin with a rigorous process of costing and prioritization of their constituent interventions – the programmes or projects that are the manifestation of strategy and that will ensure that policies are delivered. Concretely, strategy and policy development will be prioritized by applying criteria similar to those used to shape the choice of interventions in the NDP-9. That is:

- Is the strategy/policy/intervention pro-poor?
- Will the strategy/policy/intervention be supportive of generating domestic revenue?
- Is the strategy/policy/intervention supportive of the NDP-9 cross-cutting policy imperatives?
- Will the strategy/policy/intervention be supportive of progress in more than one pillar of the NDP-9?

- Is the strategy/policy/intervention consistent with stakeholder consultations undertaken for the NDP-9?
- Is this strategy/policy/intervention required before others in the pillar can be completed?

Applying such an approach will have the effect of properly grounding implementation of the NDP-9 in fiscal reality (costing) and an ongoing consideration of the most pressing needs of the people. Furthermore, it will help to ingrain the practice of costing and prioritizing in development planning and related Government work processes.

Apply area-based approaches

At the local level, area-based approaches will be developed to target regions, identified by the FGS in consultation with FMS (see institutional arrangements, below), and prioritized in relation to the poverty analysis (that is, the needs of vulnerable populations) and a consideration of enabling factors such as security, political economy and resource availability (that is, opportunities). Note that the term target “regions” need not necessarily correspond to the country’s administrative regions, but to areas where the Government judges both needs and opportunities to be high. As such, targeted areas may fall within either a single FMS, BRA, disputed areas or may straddle administrative boundaries.

The intention will be to focus NDP-9 interventions on the regions so-targeted, in effect creating local developmental synergies that accelerate progress towards the 3 national priorities and/or that address one or more of the cross-cutting imperatives. Implementation will be incremental, focusing initially on a small number of target regions – perhaps 1 or 2 to begin with – so that confidence builds and early success can be demonstrated in a way that encourages the replication of the approach in other parts of the country.

As noted in Chapter 4 (Strategy Framework), the NDP-9 is unable to address each and every priority need of each and every FMS. There will be some local priorities that will not fall within the scope of NDP-9 interventions. In such cases, and where feasible, unmet priorities will be reflected in FMS-level strategic plans. These will be formulated both to align with the NDP-9 national priorities and cross-cutting imperatives, and, as resources and opportunity allow, to address other FMS-specific development needs.

While the scope of the NDP-9 is necessarily constrained, Government is firmly convinced that the focused, area-based rolling out of selected NDP-9 interventions by the FGS in partnership with FMS has relevance for all parts of the country. The approach, combined with the second and third elements of the implementation strategy (described below), will demonstrate that local poverty-reduction is possible and will start to create examples of success that can be scaled up and replicated across Somalia.

Focus on the monitoring of development results

The paucity of data available to Government on progress being made against development indicators contained in the NDP-8 renders decision making difficult at many levels. At a technical level, Government and DP officials struggle to know what works and what doesn’t, and what needs are being met and what needs remain. It follows that key decisions about resource allocation are not as informed as they need to be. As a partial result, aid spending in Somalia has tended to be sub-optimally balanced – or at least perceived to be so – with certain sectors appearing to attract a greater proportion of aid than other sectors, without any clear justification.

An emphasis on monitoring by Government of a more accessible set of leading indicators, for which reliable and consistent data is available, is therefore needed. To this end, the Department of National Statistics and the Monitoring and Evaluation Department of the Ministry of Planning, Investment and Economic Development (MoPIED) will be mandated and resourced to provide improved information flows to aid policy and operational decision makers.

Build core government functions

The final element of the implementation strategy is to strengthen core government functions that are essential to meeting the demands of the NDP-9 and to sustaining the progress achieved. The rolling out of NDP-9 interventions, therefore, will mainstream the building of selected federal and state-level government capacities. These will include:

- NDP oversight
- Results management
- Management of the humanitarian-development nexus
- Data management
- Monitoring and evaluation
- Aid management and coordination
- Performance management
- Communications

2.3. Cross-Cutting Policy Imperatives

Chapter 4 outlined six cross-cutting policy imperatives, each of which is vital to achieving sustainable and inclusive national development. Summary coverage of how these policy imperatives have been represented in NDP-9 has been placed in implementation arrangements because for each of these imperatives it not only matters what interventions have been planned, but equally for which target group(s), for what purpose, and how the interventions will be implemented. For example, achieving greater gender equity is not merely a matter of having a few stand-alone interventions in each pillar, or even having a dedicated gender pillar, but an implementation question to be asked of each pillar and intervention.

The following chart outlines where each cross-cutting imperative is located in NDP-9. It also serves as a check on implementation arrangements for all stakeholders in project and programme design:

Cross-Cutting Themes in NDP-9

The Pillars	Gender and Other Excluded Groups	Durable Solutions	Environment	Resilience	Governance	Humanitarian Interface
Pillar 1: Inclusive Politics and Reconciliation	Increased involvement of women, disabled and youth in: Political parties Government employment Senior government employment (women) Community reconciliation efforts	Ensuring IDPs can vote; Ensuring IDPs are involved in CP review; provision of formal identifications				
Pillar 2: Improved Security and Rule of Law	Women and youth to be included in security forces, including police and judiciary. Security Forces to reflect values of human rights, respect and inclusion. Violent crime to be reduced, particularly GBV	Ensuring IDPs have access to legal aid and alternative dispute resolution	Water management security; Regional Water agreements	Water management security	All Pillar Chapters are focused on governance strengthening	Cooperation and Coordination with Development Partners features in all Pillar Chapter and in implementation arrangements. Reducing dependency on Humanitarian Agencies a focus of Pillar 4, improved Social Development
Pillar 3: Improved Economic Growth and Employment	Youth employment and skills training, TVET and Stem programs Investment in agriculture and water systems to promote	Development of urban infrastructure to improve electricity and water supply and affordability.	Water management investments, livestock health, new agriculture methods; Power Master Plan;	Water management investments, livestock health, new agriculture methods; Power Master Plan		

Pillar 4: Improved Social and Human Development	<p>employment for women and youth</p> <p>Investment in fish processing plants (for women)</p> <p>Formalisation of micro and small enterprise to improve profitability and employment</p> <p>Improved health priorities focused on maternal and early childhood health</p> <p>Education focused on girls and youth (skills training)</p> <p>Social protection programs for the excluded</p>	IDPs and implementation of Durable Solutions Policy (health, education, social protection, food security, urban planning,)	Improved Disaster Risk Management	<p>Improved Disaster Risk Management</p> <p>Food Security</p> <p>Social Protection</p> <p>Improved Health and Education</p>		
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2.4. Institutional arrangements

As a means of managing and accelerating implementation of national priorities under the NDP-8, the Office of the Prime Minister (OPM) has established 4 Road Maps, for inclusive politics, security and rule of law, economic development, and social development. The 4 Road Maps align with the Pillars of the NDP-9, thereby harmonizing existing coordination frameworks within the country and as such positioning the NDP-9 as the Federal Government's principal tool for management and oversight of progress being made towards national development priorities.

With guidance from MoPIED, FGS ministries, departments and agencies (MDAs) will align their programmes with NDP-9 priorities, strategies and interventions. As noted, these shall be costed, prioritised and sequenced to reflect budget ceilings and on-treasury aid flows and carried forward through the national budget. Oversight of budget execution will be the responsibility of the Federal Ministry of Finance (MOF). Overall direction and policy coordination will be provided by the OPM.

Each FMS, under the leadership of its Minister of Planning (or equivalent), will establish state level roadmaps that set out state targets and milestones pertaining to the implementation of NDP-9 strategies and interventions, and those relating to other regional priorities contained in FMS strategic plans. As for the federal level, the targets will be reflected in state MDA plans and budgets.

Progress towards national development goals, as measured through the NDP-9 results framework (see Chapter 13), will result from budget implementation by Government (federal and FMS) and off-treasury (but on-plan) programme implementation by development partners (through Government or otherwise). This progress will be monitored by MoPIED, working in collaboration with FMS and BRA planning counterparts, and reported to the OPM, the National Development Council (NDC), and the SDRF Steering Committee (see aid coordination below).

2.5. Technical assistance

The NDP-9 implementation strategy represents a significant departure from the NDP-8, and will require the Government to strengthen its performance across a range of functions. Inclusion in the strategy framework of a cross-cutting governance/institutional strengthening imperative recognises this challenge.

However, the building up of core government functions is a long-term undertaking, which will extend beyond the time span of the NDP-9. Technical assistance from development partners will therefore form a critical part of the implementation strategy.

3. Relationship with international development partners

Since 2017, the international community's contribution to Somalia's development has been shaped by the New Partnership for Somalia (NPS) and an accompanying Security Pact, carried forward through a Mutual Accountability Framework (MAF). As already noted, the MAF consists of a set of partnership principles, enabling actions, key themes and selected indicators drawn from the NDP-8, and is reviewed bi-annually at the Somalia Partnership Forum (SPF).

During NDP-9 implementation, the SPF is expected to continue to be a forum for inclusive political dialogue between the Government of Somalia and international partners at the highest level. The MAF shall be replaced by the NDP-9 and it will reflect lessons learned from its implementation during 2017 to 2019, and shall continue to be a central feature in Somalia's relationship with its development partners.

However, in addition to and ahead of NDP-9 implementation **the Government will put in place a National Aid Policy**. An inclusive and fully owned aid policy establishing the overall framework for development cooperation at the country level, agreed to by all key stakeholders, is essential for implementing international commitments on maximizing the effectiveness and results of development cooperation²⁴². Research shows in this regard that aid recipient countries need to adopt a strong aid policy to ensure balanced mutual accountability for results between governments and their development partners.

In Somalia, the absence of a national aid policy reduces the value that aid can contribute to the country's development goals, for lack of a formal framework linking it to management of the government's budget. It follows that high proportions of aid are managed off-budget by donors (via their own implementation agencies or civil society organizations). A national aid policy will help to channel development assistance flows through the budget, as well as to coordinate and monitor off-budget flows.

In addition, a strong Aid Policy strengthens partnership and is one of the criteria by which progress on mutual accountability is being measured as part the agreement reached by development partners in the follow up to the Busan conference.

3.1. Aid management and coordination

At the time of writing, the FGS is conducting a review Somalia's aid architecture that will be dove-tailed with the development of the new National Aid Policy. The new Aid Policy and revised aid architecture will be rolled out together as central components of NDP-9 implementation arrangements under the leadership of the Federal Ministry of Planning, Investment and Economic Development.

a) Current arrangements

In 2018, official development assistance (ODA) to Somalia totalled US\$ 2.012 billion, or 27 per cent of the country's gross national product (GNP)²⁴³. Of this amount, US\$ 874.2 million was estimated to be development aid (rather than humanitarian aid). The management and coordination of development aid to Somalia, and oversight and guidance of the NDP, is conducted jointly by the FGS and DPs under the umbrella of the SPF, through the Somalia Development and Reconstruction Facility (SDRF) and the Comprehensive Approach to Security (CAS) Executive Group. See Figure 59, below.

The SDRF currently consists of the following:

- The SDRF Steering Committee, co-chaired by the Deputy Prime Minister and a DP representative, usually a head of agency. The Steering Committee provides strategic oversight and guidance for NDP implementation; serves as a forum for FMS reports on state level progress and challenges; monitors adherence to the New Partnership for Somalia; and acts as a governing board for three

²⁴² National aid policies: Key pillars of mutual accountability. A guidance note for stakeholders of development cooperation. Inter-Parliamentary Union, 2015

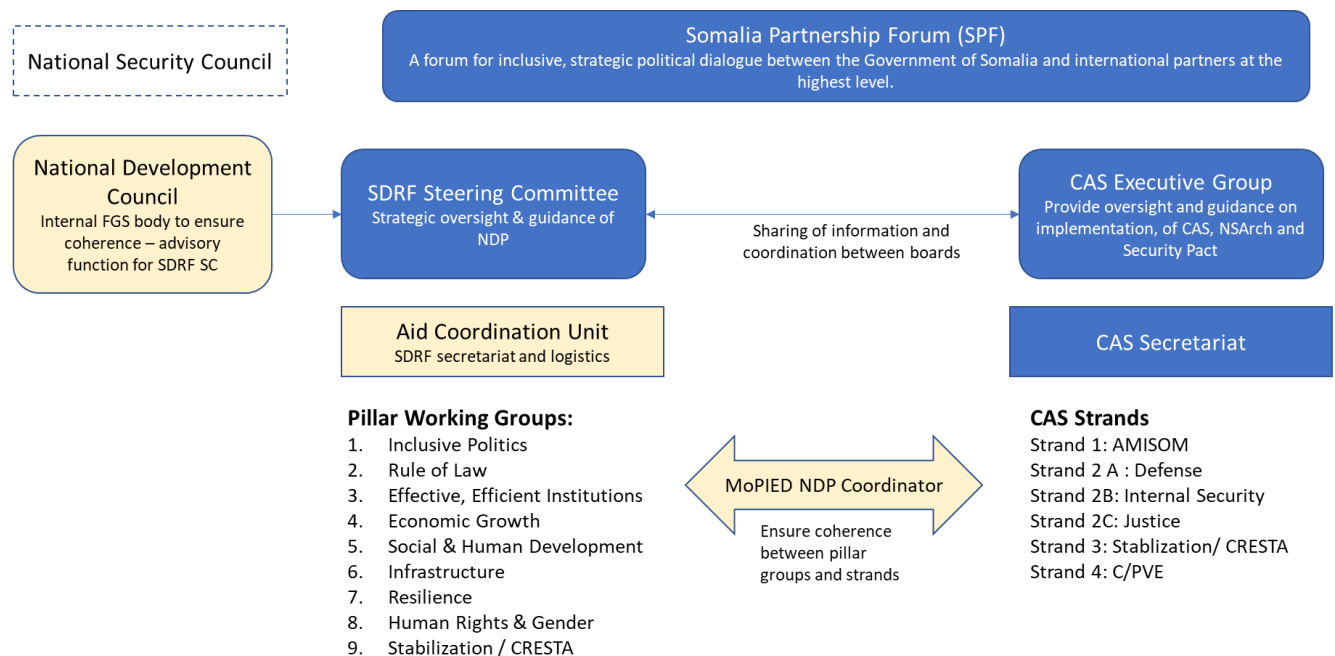
²⁴³ Aid Flows in Somalia – 2019; draft aid flow mapping report, MOPIED

multi-donor trust funds, reviewing and endorsing pipelines and approving project funding decisions.

- Three multi-donor trust funds: the UN Multi-Partner Trust Fund (UNMPTF); the World Bank Multi-Partner Fund (MPF); and the African Development Bank Somalia Infrastructure Fund (SIF).
- Nine NDP Pillar Working Groups, co-chaired by FGS and DP representatives. The Working Groups provide sectoral and programmatic coordination, including the review and endorsement of funding proposals to the SDRF trust funds; promote knowledge sharing and policy coherence; and prepare NDP progress reports.
- The National Development Council (NDC) is a ministerial level forum for vertical inter-governmental coordination between FGS and FMS. The NDC, also plays an important role in preparing government for its participation in the SDRF and plays an advisory role to the SDRF Steering Committee.

The SDRF and CAS will require adjustment to reflect the content of the NDP-9 and the outcome of the ongoing review of Somalia's aid architecture.

Figure 60: Somalia's current aid architecture



The CAS Executive Group is co-chaired by the Prime Minister and DP representative (usually an agency head), and is responsible for

- Strategic decision making; risk management; coordination on policy and mutual accountability
- Monitoring and supporting progress on milestones; agreeing on success criteria and timelines
- Overseeing coherent delivery of policy, technical/operational and financial support under 6 CAS work streams, or Strands:
 - Strand 1: AMISOM
 - Strand 2 A : Defense
 - Strand 2B: Internal Security

- Strand 2C: Justice
- Strand 3: Stabilization/ CRESTA
- Strand 4: C/PVE

Current coordination and secretariat support to the aid architecture is currently as follows:

- Technical/programme coordination within the SDRF between the SDRF and CAS Executive Group is provided by MoPIED
- Secretariat and administrative support to the SDRF is provided by the Aid Coordination Unit, domiciled within the Office of the Prime Minister.
- Technical and secretariat support to the CAS Executive Group is provided by a CAS Secretariat.

The aid architecture is further supported by **the tracking of aid flows** by MoPIED, which has been conducted annually since 2015. The monitoring process has strengthened during the intervening period, as its underlying data collection and analysis processes have become more developed and as DP engagement has grown. As a result, the latest report offers a detailed account of humanitarian and development aid to Somalia in 2018, and a projection of funding likely to be available in 2019. The analysis breaks down aid flows by donor and location, looks at use of country systems and SDRF trust fund performance, and maps development aid against the pillars of the NDP-8.

In future, while the government's tracking of aid flows will continue, the expected launch of the Somalia Aid Information Management System later in 2019 will start to bring the process online and to offer a "real-time" picture of aid flows, rather an end of year snapshot of the past year and a partial estimate of the current year.

Accurate and dependable aid flow information will be a key component of the revised aid architecture and, along with the monitoring of development results (see below), is required for effective aid coordination and NDP oversight.

b) [The revised aid architecture](#)

At the time of NDP-9 preparation, the review of the aid architecture was still ongoing. However, it is likely to be a more streamlined version of what currently exists, with mandates of the constituent structures – committees, working groups – more clearly **focused on the strategic purpose of aid management and coordination**.

In this regard, the strategic purpose of the aid architecture is four-fold: (a) oversight and guidance of the NDP and NPS²⁴⁴, (b) aid coordination²⁴⁵, (c) partnership strengthening, and (d) programme coordination (e.g. the nexus). These strategic functions are supported by (d) SDRF trust fund governance, and (e) systems such as aid flow tracking, development outcome monitoring and the MAF (until December 2020 after which it will be replaced by the NDP-9). This proposed purpose can be represented schematically, as in the figure below.

²⁴⁴ The monitoring progress towards national development targets and partnership milestones.

²⁴⁵ The matching available resources with national development needs.

Figure 61: Aid architecture purpose

STRATEGIC PURPOSE ?	ENSURE AID FLOWS ALIGNMENT WITH NATIONAL DEVELOPMENT PRIORITIES	PARTNERSHIP BUILDING AND PROGRAMME COORDINATION	
SUPPORTED BY ?	SDRF TRUST FUND GOVERNANCE		
UNDERLYING SYSTEMS ?	HDP OUTCOME MONITORING	THE MUTUAL ACCOUNTABILITY FRAMEWORK (Until December 2020 after then replaced by the NDP-9)	AID FLOW TRACKING

The purpose then becomes a fixed point of reference for the aid architecture, and is reflected systematically in the terms of reference of its constituent parts.

It is also expected that during the life of the NDP-9 the aid architecture will support **the establishment of a strong Government-domiciled aid coordination function**. Over the past 7 years, this function has been assumed by the SDRF (at least for projects funded by the SDRF Trust Funds). Going forward, and as the NDP-9 rolls out and the new National Aid Policy is put in place, the Government will quickly seek further modification of the aid architecture to accommodate an evolution towards a properly empowered Somali aid coordination function. In such an arrangement, the MoPIED would be responsible for liaising with DPs to assess how a proposed intervention (programme or project) aligns with national development priorities, and if it does, to ensure that required horizontal and vertical coordination across Government takes place.

4. The role of the private sector

Drawing on the experience since 2016 of the Somali Public Private Dialogue (PPD)²⁴⁶, and building on the financing strategy of the RRF, the Government will continue to explore the role of the private sector in reaching development targets.

The PPD is a structured and inclusive discussion between a set of relevant and local stakeholders that identify, prioritize, and recommend consensus and fact-based solutions to a specific need, challenge, or problem. It is a framework that structures the partnership between the Federal Government of Somalia and Private Sector and guides both development impact and business benefits, going beyond what each stakeholder could have achieved individually. Key to its success is an environment where private actors and public officials can discuss the regulatory and competitiveness environment in structured and systematic conversations.

The RRF financing strategy attempts to mobilise new blended finance and alternative financing modalities in furtherance of the shift towards New Ways of Working (NWOW), Funding to Finance (F2F) and Maximizing Financing for Development (MFD). Such an approach assumes close collaboration between

²⁴⁶ See <http://somalipppd.com/>

five partners: governments; the private sector; Official Development Assistance (ODA) providers; non-governmental organizations; and banks.

In this regard, new strategic partnerships, including private sector, are critical to building sustainable capacities through knowledge transfers and technical advisory support. In support of building core government competencies in key economic and infrastructure areas, high feasibility opportunities for blended finance and options for realistic new strategic partnerships will be identified.

Therefore, working closely with potential new partners, and in consultation with development finance institutions -- such as the IFC, the World Bank and the African Development Bank -- the Government will identify and review high feasibility investments within the NDP-9 that could be trialed for blended financing and other modalities. Such investments would in effect be pilots and would set the stage for wider adoption.

It is acknowledged that private investment in Somalia is beset with substantial risk. These risks not only reduce capital and commercial expansion, but they also starve the economy and communities of important opportunities for wealth creation. Overcoming the barriers to private capital in Somalia will, in part, occur once debt is forgiven and normal financial markets are restored. At the same time, because markets do not function very well, returns are often too low to warrant investment, and donors have focused on creating an enabling environment only, with direct collaboration between public and private funds being limited. Blended finance models have the potential to shift the investment risk-return profile with flexible capital and favorable terms, in key sectors identified in the DINA-RRF where such investments make sense.

CHAPTER 11: RISK MANAGEMENT

1. Introduction

Fragile countries are particularly exposed to risks – the challenges are broad and deep compared to more stable jurisdictions and often the risks that created conflict in the past remain as threats to implementing national development plans.

Each Pillar chapter has outlined the major dependencies for achieving progress, each of which represents a risk to be managed. The Macro-Economic chapter has also outlined some risks to growth. In addition to these pillar-specific risks, there are a number of higher-level risks which could hinder progress.

This chapter identifies risks under two broad categories: external and internal, and offers a risk mitigation plan.

2. Risk Identification

Risk Identification		Risk Analysis	Assessment	Impact
External	Climate Change	Two specific climate risks are listed separately (drought and floods) but Somalia's coastline, energy costs, and air quality are exposed to climate change impacts.	High	High
	Drought	Somalia's traditional cycle of droughts has shortened considerably in the last decade. Somalia's economy and households cannot withstand an increased frequency of shocks.	High	High
	Flood	In conjunction with drought, floods in river valleys have created economic and living hardships.	High	High
	World Economic slowdown	The US yield curve has inverted, signalling a possible economic recession in the coming year. Trade wars and recessions will impact funding and availability of capital for the NDP.	High	High
	Price of Oil	An increase in the price of oil would impact growth prospects.	Medium	High
	Regional Conflict	National conflict rarely does not involve regional actors with vested interests in outcomes. As Somalia negotiates new federal arrangements and system there are risks of influence and involvement from elsewhere. In addition to the risks	High	High

		of regional interests at work within Somalia there also exists risks of regional conflict outside of Somalia which go on to create economic, social and refugee pressures. (e.g. refugees from Yemen)		
	Disease	There are several disease related risks which could jeopardize the NDP. Human disease, including measles, polio, HIV, tuberculosis. Livestock disease and crop disease are also significant risks for food security and export markets.	Medium	High
Internal	Fiscal	Efforts are underway to better manage fiscal arrangements within the Somalia financial system, but much remains to be done and there are significant macroeconomic risks.	Medium	High
	Monetary	The NDP outlines a number of monetary reforms, including currency reform. Having access to capital along with effective money transfer systems are key to progress and represent risks to the system.	Medium	High
	Development Partner	The NDP outlines plans to grow domestic revenue but there will remain a funding gap for the duration of this plan. Somalia will need to rely on development partner support even as they develop their own capacity and revenue going forward. This will require ongoing cooperation and partnership even as relationships are redefined.	Medium	High
	Scope of plan	A national development plan, by definition, is broad in its ambition and puts forth strategies to deal with the numerous challenges. The breadth of interventions can pose an implementation risk.	Medium	High
	Conflict	Al Shabaab and other tribal based conflicts can place parts of Somalia off-limits for implementation.	High	High
	Inter-government relations	Negotiating agreements between levels of government is a key priority for achieving the NDP. Should these efforts		

		stall or be subject to worsening relations there is substantial risk to domestic revenue arrangements and other necessary intergovernmental cooperation.		
	Low Capacity	The low starting point of government capacity at all levels places sustainable delivery at risk.	High	High
	National Implementation	Line Ministries, FMS stakeholders and local level government may not align annual workplans to the NDP, or align budgets to NDP priorities	High	High
	Monitoring and Evaluation	Establishing baseline data and developing capacity in all Ministries, and other levels of government, for annual review continues to be a point of vulnerability within Somalia government.	High	High

3. Risk Mitigation

The NDP Pillar chapters outline plans to mitigate specific sectoral risks. The underlying analysis in each chapter outlines the challenges and highlights the priority interventions, chosen to directly address the risks. For instance the risk of livestock and crop disease are addressed by agricultural interventions, including the possibility of introducing crop insurance, while health risks are covered through increased vaccination interventions and other disease prevention measures.

There are some important plan-wide risks, however, which require monitoring and managing. These include:

Fiscal Risks:

Somalia is making good progress on implementing Public Finance Management, tied to modern systems and policies and capacity. Increased transparency and a settled revenue sharing system along with a harmonized tax base are critical to funding the plans in the NDP, and to providing political and security stability, as well as attracting foreign investment. Completing PFM is a key risk-management priority for the entire NDP.

Environmental Risks:

The consequences of drought and floods are widespread, impacting the economy, domestic revenue, livelihoods, and leading to displacement and human misery at the individual, household and community level. Climate change is a global phenomenon and risk, but NDP-9 outlines priority interventions in each pillar to both prevent and respond to environmental crises. These include water management investments as well as investment in renewable energy for Somalia.

Implementation Risks:

NDP-9 has incorporated lessons from NDP-8 and applied a methodology and set of criteria to reduce the total number of interventions. More importantly the interventions were chosen for their interdependency with other pillar areas – i.e. selected because progress in them would also concurrently deliver progress in at least one other pillar area. Finally the implementation approach helps mitigate risk – in taking a multi-dimensional approach at a local level the NDP supports a joint effort by implementation partners without having to create specific projects and budgets. The funding risks are lessened and the risks of projectization are also reduced.

The Mid-Term Review of NDP-8 discussed that it was unclear, and perhaps doubtful, that line ministries and other government entities had aligned their workplans to the priorities of the NDP. The methodology adopted by NDP-9 mitigated this risk through extensive consultations in all rounds of developing the plan and worked with Line Ministries to each identify only three workplan priorities under the strategies developed in the NDP. It is intended that FMS planning ministries align to priorities and strategies rather than specific interventions. As well the OPM Roadmaps were used to align pillars and strategies to ensure harmony between the two initiatives.

Monitoring and Evaluation Risks:

One of the early priorities of NDP-9 is to invest in the collection and management of data, and the capacity of the National Directorate of Statistics to ensure that an extensive baseline of performance data is collected and analyzed. This investment is concurrent with investment in surveys and production of national IDs in order to establish beneficiary registries and track individual and household supports in poverty reduction.

External Risks:

The table of risks outlined a number of significant events that lie well outside the control of any single actor. These include climate events, regional conflict, epidemics, refugee influx, world economic slowdown, amongst others.

As indicated earlier the pillar chapters contain interventions meant to mitigate risks and increase resilience. Water management systems will assist with the impacts of drought and flood; renewable energy against the cost of fossil fuels; ongoing reconciliation at community level and establishing working agreements with all levels of government helps reduce security and political conflict; and many other examples are offered in pillar chapters.

However in the event of a crisis impacting the progress of the NDP in spite of mitigation, it will be important to have these following principles operational:

- Early warning systems where possible, particularly for drought and conflict/displacement signals;
- Ongoing monitoring of key indicators, including health, economic and poverty ones;
- Ongoing dialogue with development partners at local level;
- Ongoing and regular coordination meeting with development partners in order to respond quickly to emerging threats;
- Pipeline initiatives which are pre-approved and pre-funded to launch in times of crisis.

4. Next Steps

The low level of resourcing currently available for government investment substantially increases the risk of slow progress against aspirational targets. The macro-economic targets have been conservative in nature while the poverty reduction target is aspirational, and dependent on economic growth and employment growth within the five-year time frame.

NDP-9 is an interim Poverty Reduction Strategy – it has been published as a learning document, one that requires ongoing review and course-correction, as more answers are provided to outstanding questions. As with the Monitoring and Evaluation framework, which is intended to be reviewed periodically and often in order to be deepened and amended as required, so too will the risk management framework. NDP-9 will be responsive to new and developing risks, amending direction as required. It will be reviewed at least annually through the five-year time frame.

CHAPTER 12: MONITORING AND EVALUATION

1. Progress since NDP-8

The Somalia National Development Plan of 2017-2019 outlined the data gaps and challenges associated with monitoring progress, and the plans in place to strengthen the national monitoring and evaluation system. These initiatives included:

- A M&E Framework for monitoring NDP-8
- A M&E Policy – establishing the requirements, roles and capacity development required to establish government-wide systems of monitoring and evaluation

Since the publication of NDP-8 progress has been made on three fronts:

1. The M&E Policy was finalized and adopted (as outlined in a later section)
2. The Directorate of National Statistics (DNS) has deepened its capacity and regular data collection for use by a wide range of stakeholders.
3. A National M&E Strategy was completed and approved.

The DNS compiles four annual (or more frequent) data sets, and a further number on a more periodic basis:

Table 31: Surveys carried out by FGS

Survey	Purpose	Frequency	Most recent
Consumer Price Index	To measure inflation	Monthly	January 2019
External Trade	Trade data (Import and Export)	Quarterly	2008
Social Statistics	Education, Health and Gender Statistics	Annual	2018
Annual National Statistics and Gender Statistics Booklet	Summary headline data (Somalia Facts and Figures)	Annual	2018
Somalia Population Census	Household and individual characteristics	Ten years	2014 – funds are being sought to complete a Census
Agriculture Census	Agricultural Holdings and Building Survey	Ten years	
Household Budget Survey	Household survey	Three years	2017 – a further survey is planned for early 2020
Enterprise Survey	GDP and national accounts	Five years	1985 – plans are at an early

			stage to conduct a business survey in line with Doing Business survey
Labour Force Survey	Working age person's economic activity	Periodic	2015 – a further survey is pending and will be complete in 2019
Somalia Demographic Health Survey	Health, fertility, mortality, morbidity and population growth	Five years	2018 – results pending
Multiple Indicator Cluster Survey	Household cycle survey on women and children	Five years	2006
Civil Registration and Vital Statistics		Currently under construction	
Establishment Survey	Employees of Enterprise Survey including Labour Force indicators	Periodic	Under discussion

Ongoing and planned initiatives are covered later in this chapter. Given the significant surveys that are currently underway and will be completed by early 2020 (particularly the Labour Force Survey and the Demographic and Health Survey) the M&E framework in NDP-9 will be updated regularly with additional indicators and baselines being incorporated as they are finalized.

2. Principles for the M&E Framework

As outlined in prior sections of the NDP there is a need for continued institutional strengthening of DNS, and other statistical offices across FGS (along with FMS and district governments). A dearth of available data hampers the ability of government and partners to target appropriate interventions, establish evidence-based policies and to monitor progress.

Lessons learned in completing mid-term reviews of NDP-8 included the risks associated with including baseline metrics provided (and collected) by development partners. Government has no access or control over the surveys or raw data and tracking progress against targets proved difficult. A number of principles were established for NDP-9 to mitigate the risks of the M&E plan:

1. To limit the baseline data, and targets, to metrics endorsed by government and nationally collected. In this way progress against the plan can be monitored.

2. To limit the initial M&E framework to a small number of strategic baselines and targets linked to high level objectives. (this is covered in more detail below). This table is titled M&E Framework at the Strategic Level.
3. To present a secondary “pipeline” table as a road-map for development for the statistical function in government (this is covered in more detail below). This table outlines baseline indicators by Pillar area and provides an indication, where possible, on when the baseline data will become available.
4. To make institutional strengthening not only a key component of the M&E plan but of the national development plan itself. (this is covered in more detail below)
5. To map all indicators, pipeline and current ones, to SDG indicators. The choice to use SDG targets allows the NDP-9 to be aligned to development partners within a common global framework, making alignment of funding and interventions straight-forward. This table is presented in Annex 3.
6. To not establish targets in the first iteration of the M&E Strategic Framework. This is based on two limiting factors: costing of NDP-9 was limited to a one-year time frame, and the budget was limited to \$10-15 M in the first year. Meaningful targets in most areas were not possible given these constraints. A later discussion outlines the intentions for deepening the M&E framework over the five-year scope of the NDP. Macro-Economic targets have been included, however, based on the agreed three-year projections.
7. Though targets have not been established for many of the strategic indicators, the intention is to monitor progress against the baselines on a regular basis (minimum every year, but within six months of publication) to track whether progress is going in the right direction. Once trends have been confirmed, and spending increased in priority strategies, meaningful targets can be established by government.

These last two principles are consistent with NDP-9 being an interim PRSP compliant document. Given the incipient nature of available data and statistical collection by FGS, NDP-9 will be in a stronger position to increase the number of pillar-related baseline indicators along with targets as the plan unfolds.

The high-level strategic M&E framework is limited to 13 Indicators, which have an endorsed baseline and an ongoing monitoring plan, linked to many of the most important strategic lever points of the NDP.

3. 2030 Agenda

As with NDP-8, this Plan has made extensive use of the 2030 Agenda, not only for the M&E Framework but for the mapping of initiatives and linkages to ensure that strategic management of the initiatives takes place at the programme and strategic level, rather than through proliferation of projects. Tackling the poverty issues of Somalia must take place on a multi-dimensional basis, as provided through the SDG framework.

With the vast number of signatory nations committed to making progress on each of the 17 SDGs there is a wealth of knowledge sharing, tools, experience and support for nations such as Somalia, who face unique challenges in their security and natural disaster fragilities.

Somalia has been a member of the g7+ network since 2010. The g7+ member countries share common challenges through conflict, climate change vulnerability and other fragile conditions. Many of these fragile states made little or no progress on MDGs and were determined that the 2030 Agenda wouldn't face a similar fate. Through their advocacy SDG 16 was incorporated into the 2030 Agenda, with its focus

on Peacebuilding and Statebuilding. The commitment of this group to the SDGs is not framed in terms of adding this work on top of the national agenda, but rather recognition that harnessing the framework and goals is the path to sustainable development. In 2016 the g7+ committed to joint monitoring of 20 key indicators, 3 related to SDG 16 and 1 further indicator for each SDG.

Annex 3 provides the M&E table with a roadmap of baseline indicators, along with suggested future indicators, aligned to the 17 SDGs. As the road-map table of indicators is completed, this SDG linked matrix can also be reviewed and updated, complete with SDG relevant targets. It is important to note that this table is presented only as a guide for consideration by DNS and FGS. Some suggested indicators are based on official SDG indicators, but it's important that these be localized and defined appropriately for Somalia's context. As such Annex 3 is not presented as an M&E plan, but rather as a guide for consideration going forward.

4. M&E Policy for Government

The government published its Monitoring and Evaluation Policy in December 2017²⁴⁷ and its requirements guide the implementation of the monitoring, review, evaluation and reporting of and on NDP-9.

As presented early on in the Policy, the requirement for robust M&E systems within government are not merely a means to an end (i.e. not merely as compliance or best practice) but rather at the core of implementing sustainable development within the country. Weak data allows chaos and a proliferation of temporary projects to clutter the development field, while robust data exposes entry points, catalysts for change and tailored approaches.

The adoption of the policy allowed Somalia to make its first step away from voluntary data collection and reporting to the re-establishment of a national, mandatory system. The policy requirements apply to all member states, line ministries and government agencies.

The policy also spells out:

- Conduct of monitoring and evaluation in the Public Sector;
- Roles and responsibilities of key actors in mainstreaming monitoring and evaluation of Public Sector programmes and projects;
- Creation of supporting institutional structures for monitoring and evaluation systems;
- Reporting framework (and frequency) in the implementation, monitoring and evaluation of Public Sector programmes and projects;
- Monitoring and evaluation capacity building;

MOPIED is the custodian of the Policy, the Directorate of National Statistics has the legislative mandate for the collection, dissemination and publication of national statistics, while the Directorate of M&E has the mandate for oversight of all monitoring and evaluation in the national system.

5. Directorate of National Statistics Strategic Plan (2018-2022)

Completed in August of 2017, the strategy document lays out the four-year plan to strengthen DNS based on the report's assessment, including the following goals:

²⁴⁷ Full policy is contained in Annex 4

- Overall goal – to make DNS an authoritative source of accurate, reliable and timely official statistics on Somalia that satisfies the needs of different data users;

Accomplished through:

- Improved data production and dissemination
- Strengthened statistical coordination
- Established conducive statistical environment
- Strengthened human resource development and management

6. Objectives, Roles and Responsibilities for Monitoring NDP-9

The objectives of M&E of NDP-9 remain the same from NDP-8:

- To inform the development and the design of policies programmes and projects set out in the NDP;
- To Improve the performance of the public sector through the production and use of objective information to effectively and continuously monitor the performance of the NDP and evaluate its impact;
- To enhance the basis for policy makers and planners to make evidence-based policy, planning and programmatic decisions;
- To promote accountability and transparency and improve the confidence of the Somali people in the capability of Government to account for achieving results based on reliable information;
- To generate knowledge and ensure policy makers to know about what works and does not work for wider application, and for building new theories and models;
- To strengthen partnerships for the supply and demand of information and promote cross learning;
- To create a new culture of learning from mistakes and increase data demand and information use through changing the mind-set of the leadership and the managers;

The roles and responsibilities of each stakeholder in the M&E of NDP-9 adhere to the roles and responsibilities as laid out in the national M&E Policy.

6.1. Statistics Function

The National Director of Statistics has the prime responsibility for collecting and/or consolidating statistics gathered from line ministries or other agencies as related to the indicators for NDP-9. Line Ministries, Member States, including local governments and other government agencies have a duty to collect up the management information relevant to the NDP as outlined in the M&E Policy and as directed by NDS and MOPIED. Coordination with Development Partners will be vital as the FGS expands its capacity to collect and maintain management information on a sustainable basis. As outlined in the Governance Pillar chapter, there is an urgent need to invest in institutional strengthening in this function, both within the DNS and line ministries. There is also a clear and present priority for the Government to (i) unconditionally have access to all data collected in the country, (ii) set definitions of variables and methodologies on a national level as a pre-requisite for Government endorsement and (iii) set nationally adhered quality control measures on data collection.

6.2. Monitoring Function

Each stakeholder, as outlined in the M&E Policy, has a duty to collect and monitor its relevant management information contained in NDP-9, as requested by MOPIED. The stakeholders must also

ensure a budget is established for the staffing and operational costs of monitoring the relevant NDP initiatives and management information. Overall monitoring of the NDP is the responsibility of MOPIED. The Chapters on Aid Coordination and Implementation outlines joint responsibilities for monitoring implementation.

7. M&E Plan

Two tables have been included in this chapter for the M&E Plan.

The first table below outlines the strategic M&E framework for NDP-9. Indicators have been selected for this framework which:

1. Are linked to many key priorities for the NDP
2. Have a robust and endorsed baseline
3. Are able to be monitored immediately and ongoing through national collection/access. These include:
 - a. Indicators currently being collected & monitored by government
 - b. Indicators being collected by government in partnership with international stakeholders.

What is not included are indicators collected by international stakeholders, as government has no ongoing access to these figures for monitoring or verification purposes.

4. Are significant measures of reducing poverty or achieving national objectives.

Many are macro-economic in nature. Macro-economic data is being tracked by government with the support of the World Bank and the IMF. Social indicators will be collected regularly by government in partnership with WB and Statistics Sweden in late 2019 and early 2020. Eventually this will transition to a regular Household Budget Survey completed by DNS.

One inclusion exception has been made to the Strategic M&E Indicator table: employment baselines will be completed by October, 2019 in the ongoing Labour Force Survey being completed by ILO and FGS. Four employment indicators have been included at the end of the first table without baselines, given the importance of economic development and employment growth to NDP-9 and the anticipation of being able to complete the baselines before the end of 2019.

A second table has been included in the M&E plan, which serves as a roadmap table for completion by government over time. These indicators are gathered under Pillar headings.

It's important to note that there are three current or planned surveys which will have a significant impact on the M&E indicators. These include:

1. The Labour Force Survey, planned for completion and release in December 2019
2. The Demographic and Health survey, planned for completion and release in December 2019
3. The Household Budget Survey, planned for launch in January, 2020.

In addition the DNS has planned a national Census for which they are seeking funding.

These surveys will be important sources for additional baselines within the first six months of 2020, and will serve to deepen the M&E framework. Information on pending surveys has been included for each indicator in both tables. The M&E framework is therefore being presented as a “living plan”, one that will be updated routinely (at least annually) and for which targets will eventually be completed.

The final set of indicators are output related measures, identified in each Pillar chapter which tend to be of a lower and binary level (yes/no completion) in order to track the progress of interventions. These tables can be found at the end of each Pillar chapter.

7.1. M&E FRAMEWORK at the Strategic Level (million US\$ where relevant)

Pillar	Indicators	Baseline	Source	Target	Baseline Year	Notes
NDP-9 strategic indicators	% of households deprived in two or more of these dimensions (monetary; health; education and living standards)	77%	Somalia Poverty and Vulnerability Assessment report (SPVA)		2018	This interim baseline will be replaced in 2020 when Somalia government will complete a compliant MPI measure using the Alkire-Foster methodology using Demographic and Health Survey data.
	% living under \$1.90 a day	69%	SHFS-Wave 2	58% by 2024	2018	Figure accepted by government and World Bank.
	Number of IDPs	2.1 million	Drought Impact and Needs Assessment Report (DINA)		2017	New government endorsed baseline will be determined in 2020
	GDP growth rate	2.8 %	Somalia Economic Update (SEU) #4	3.5 % by 2022	2018	Note there are ongoing discussions to reconcile GDP figures with government, to be completed by September, 2019
	Aid to GDP ratio	27% of GNP	Aid Flows in Somalia report, 2019		2018	Will be updated annually by Aid Flows Report
	Total Annual Domestic Revenue (FGS)	\$184.2	Ministry of Finance	\$286.5 by 2022	2018	This figure represents Mogadishu and Benadir income.
	Proportion of Government budget allocated for capital projects (FGS)	5.2%	Ministry of Finance	3.4% in 2022	2018	Will be updated annually by Ministry of Finance
	Amount of government budget allocated for social services (FGS)	\$26	Ministry of Finance	\$35.8 by 2022	2018	Will be updated annually by Ministry of Finance
	Exports of goods and services (in \$) - annual	\$675	Central Bank		2018	Will be updated annually by Central Bank
	Imports of goods and services (in \$) - annual	(\$3,481)	Central Bank			Will be updated annually by Central Bank

	Export of livestock	\$409	Central Bank		2018	Will be updated annually by Central Bank
	Development Aid as a % of total ODA	43%	Aid Flows in Somalia, 2019 (MoPIED)		2018	Will be updated annually in Aid Flows Report
	FDI	\$408	Central Bank		2018	Will be updated annually by Central Bank
	Remittance	\$1,432	Central Bank		2018	Will be updated annually by Central Bank
	Proportion of citizens with birth certificates	39%	SHFS-Wave 2 calculation		2018	Will be updated in 2020 Household Budget Survey
	Employment to Population Ratio (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
	Youth Unemployment Rate (males, females) (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
	Labour Force Participation rate (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
	Informal/precarious employment rate (males, females, total)	Pending	Coming in 2019 LFS			Defined as those working without pension or health insurance coverage

7.2. Targets

As indicated earlier in this chapter, few targets will be established until baselines have been updated, and a basis on which to establish targets has been strengthened.

However a few exceptions have been made. Three-year macro-economic projections have been agreed with government and these targets have been included in the M&E strategic indicator table.

As well a five-year poverty reduction target was established. The target is based on research conducted by DFID in 2008²⁴⁸ which found, using comparative studies across dozens of developing countries, that a 10% rise in income would lead to a 20-30% drop in poverty (another comparative analysis showed for every 1% rise in average income there was a commensurate drop of 1.7% in national poverty rates).

The NDP-9 M&E framework has an aspirational target of a 20% decrease in poverty rates. During this five year time frame the poverty reduction will be dependent on increased employment and income levels of 10% per capita. This target is based on early and effective investment in economic growth and employment as supported by an improved enabling economic environment, more effective regulation, increased external confidence by investors, and investment in key economic sectors.

7.3. Roadmap M&E Table (by Pillar)

The following table presents possible indicators by Pillar, some of which have no current baseline or ongoing collection or monitoring by government or in partnership with agencies. All of the indicators for which DNS has responsibility are mapped against relevant SDGs in Annex 3, and form an important template for completion, as indicators important to the measurement of progress in each of the four pillars, and thus for the poverty reduction strategy.

Health indicators in particular are out of date and will be updated in the upcoming Demographic and Health survey, to be completed in 2019. It will be important not only to update baselines of suggested indicators but to examine supplementing the suggested indicators with additional baselines from the survey.

A few indicators will be the responsibility of line Ministries (such as crime statistics, judicial indicators, completion of Pillar outputs) and a method for collection will be established in dialogue with the appropriate line Ministries as part of the ongoing implementation of NDP-9.

²⁴⁸ Growth, Building Jobs and Prosperity in Developing Countries; DFID; 2008

Table 32: Roadmap Indicator Table (by Pillar) - for review and completion periodically								
Pillar	Strategies	SDGs	Indicators	Baseline	Source	Target	Baseline Year	Notes
Inclusive and Accountable Politics	Deepening the Federalization Process Stabilization and Establishment of Local Governance Finalization, ratification and implementation of the Constitution Preparation and conduct of fair and credible elections in 2020 and 2024. Reconciliation Institutional Strengthening	1 (Poverty) 5 (Empower Women) 10 (Reduce Inequality) 16 (Peace & Justice)	Amount of FGS transfers to subnational jurisdictions (in \$)	\$23 M	Macroeconomic Chapter NDP-9		2017	
			% FGS meeting conditions of transfer	Baseline pending				
			Proportion of Female employment in government (%)	24%	HR Audit report		2018	
			Proportion of Female Employment in Grade A (%)	15%	HR Audit report		2018	
			% Disabled employed by government	2%	HR Audit report		2018	
			Number of local governments established	Baseline pending				A line ministry responsibility to collect and monitor. To be agreed in discussions.
			Number of FMS Development Plans completed	Baseline pending				A line ministry responsibility to collect and monitor. To be agreed in discussions.
Improved Security and Rule of Law	Reform of Security Forces Reform of Judiciary Embedded Human Rights Improving Access to Justice for the most vulnerable Protecting the most vulnerable	1 (Poverty) 5 (Empower Women) 10 (Reduce Inequality) 16 (Peace & Justice)	% reporting feeling very safe (disaggregated by group and demographics)	48%	SHFS Wave 2		2018	To be updated in 2020 Household Budget Survey
			Establishment of Commercial Court	Yes/no				A line ministry responsibility to collect and monitor. To be agreed in discussions
			% Increase (decrease) in crime rate (Property, GBV, Assault, Murder)	n/a				Police specific reporting. A household specific question may be

								included in upcoming Household Budget Survey
			Number of judges per FMS	Baseline pending				A line ministry responsibility to collect and monitor. To be agreed in discussions
			Number of court facilities per FMS	Baseline pending				A line ministry responsibility to collect and monitor. To be agreed in discussions
			Number of cases settled per judge	Baseline pending				A line ministry responsibility to collect and monitor. To be agreed in discussions
Improved Economic Development and Employment Growth	Create an enabling economic environment Sustainable food production Diversify private sector Sustainable communities Opportunities for disadvantaged	1 (Poverty) 5 (Empower Women) 7 (Energy) 8 (Prosperity) 9 (Infrastructure) 10 (Reduce Inequality) 11 (Sustainable Cities) 13 (Climate Change) 14 (Protect Oceans) 17 (Partnership)	% living under \$1.90 a day	69%	SHFS-Wave 2 (government endorsed)		2018	
			Share of women in work force (%)	35%	DNS (LFS)		2016	Will be updated in new LFS by late 2019
			Employment to Population Ratio (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
			Unemployment rate (Men, Women, Rural, Urban)		Labour Force Survey			Data of 2019 LFS will be available by end Oct 2019
			Employment in manufacturing (share of total employment)		Labour Force Survey			Baseline Data will be available by Oct 2019

			Youth Unemployment Rate (males, females) (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
			Labour Force Participation rate (%)	Pending	Coming in 2019 LFS			Projected to be completed by October 2019
			Informal/precarious employment rate (males, females, total)	Pending	Coming in 2019 LFS			Defined as those working without pension or health insurance coverage
			Export of livestock	\$409	Central Bank		2018	Will be updated annually by Central Bank
			% Annual Growth in Crop Production (in tons) – Southern Somalia only	76,700 tons	SEU #4 (figures sourced from FAO)		2018	Government to provide national estimates in economic updates
			% Annual Growth in Livestock Production					Government to provide estimates in economic updates
			% households with access to electricity	52%	SHFS Wave 2		2018	Will be updated in Household Budget survey in 2020
			Domestic revenue for FGS (in \$)	\$184 M	Ministry of Finance		2018	Will be updated annually by Ministry of Finance
			Kilometres of main inter-city, inter-state and inter-region rehabilitated/constructed					
			% with birth certificates	39%	SHFS-Wave 2 calculation		2018	To be included in Household Budget Survey 2020
			% mobile phone penetration					To be included in Household Budget Survey 2020

			% with access to mobile banking	70% urban 55% rural	SPVA		2018	To be included in Household Budget Survey 2020
			Exports of goods and services (in \$) - annual	\$675	Central Bank		2018	To be updated annually by Central Bank
			Imports of goods and services (in \$) - annual	(\$3,481)	Central Bank			To be updated annually by Central Bank
			Proportion of Government budget allocated for capital projects (FGS)	5.2%	Ministry of Finance	3.4% in 2022	2018	Will be updated annually by Ministry of Finance
			FDI	\$408	Central Bank		2018	Will be updated annually by Central Bank
			Remittance	\$1,432	Central Bank		2018	Will be updated annually by Central Bank
			Abroad (Diaspora) remittance transfers (% of GDP)	29.2%	Ministry of Finance		2018	Will be updated annually by Ministry of Finance
			Doing Business Rank					
			Number of kW's produced by renewable energy					
			Number of floods per year					
Improved Social Development	Improving Access to Health Care Improving Education and Training Improving Social Protection Improving Disaster Risk Management Improving Public Service Delivery	1 (Poverty) 2 (Nutrition) 3 (Health) 4 (Education) 5 (Empower Women) 6 (Water & Sanitation) 10 (Reduce Inequality) 11 (Sustainable Cities)	Amount of government budget allocated for social services (FGS)	\$26	Ministry of Finance	\$35.8 by 2022	2018	Will be updated annually by Ministry of Finance
			Prevalence of wasting (%)	14%	DNS (DHS Nutrition Survey)		2016	To be updated in December 2019 with completion of Health Demographics Survey
			Under five mortality rate	137 per1000	DNS		2016	To be updated in December 2019

		13 (Climate Change)						with completion of Health Demographics Survey
			% Survival rate to Grade 5 (children continuing to attend school)	66% boys 62% girls	SEU #4		2018	
			Proportion of households with access to improved housing	55%	SHFS Wave 2		2018	Will consider disaggregation by groups (urban, rural etc) Note that for many of these socio-economic baselines the international definitions have been applied. Somalia will investigate tailoring definitions to local context in near future.
			Proportion of households with access to improved sanitation	46%	SHFS Wave 2		2018	Updated in 2020 HBS
			Proportion of households with access to improved drinking water	77%	SHFS Wave 2		2018	Updated in 2020 Household Budget survey
			Maternal mortality ratio	732 per 100000	DNS		2016	Will be updated by December 2019 in Health and Demographic Survey
			Prevalence rate of FGM	98%	DNS (MICS, DHS)		2016	DNS to confirm ongoing plans to monitor
			Prevalence of stunting in children age 0-59 months	12%	DNS (DHS Nutrition Survey)		2016	Will be updated by December 2019 in Health &

								Demographic Survey
			% of primary school teachers qualified (certified) to teach	pending (20-30% estimates)	Somalia Economic Survey		2018	
			Gross and Net Enrollment rates for Primary School (%)	pending	Somalia Demographic and Health Survey			
			Gross and Net Enrollment rates for Primary School (%)	pending	Somalia Demographic and Health Survey			
			Human Capital Index rank	pending				To be completed

8. Next Steps

8.1. Plans to Complete Data Gaps and Strengthen the Statistical Function

Pillar 1, Inclusive and Accountable Politics, includes a strategy for the strengthening of Core Government Services. A key aspect of this strategy are interventions to invest in planning, policy and monitoring functions in executive functions of government, along with investment in the capacity, systems, resourcing and professionalism of the Directorate of National Statistics, along with the function of statistical management across government.

Specifically there are plans underway between FGS and the World Bank and the Government of Sweden (Statistics Sweden) to collect and analyze key statistical data and to work with statistical offices across FGS to strengthen their function and to conduct Household Budget Surveys, to be completed every 3-4 years. In the intervening time the WB plans to conduct Integrated Rapid Monitoring Surveys (IRMS) to update poverty statistics and other key indicators through light and quick data collection (less onerous than the High Frequency Surveys). The IMRS is intended to improve the quality of GDP and poverty indicators, should funding be approved for this initiative.

In addition, the World Bank will work with the Government to collect, compile and analyze administrative and economic surveys to produce Somalis' first production-based GDP estimates in decades. To achieve this will require the relevant statistics units in the line ministries, departments and public agencies (MDAs) of the Federal Government of Somalia (FGS) and Federal Member States (FMSs) to contribute to the wider national statistical system by producing timely, high-quality statistical information that adheres to international standards. And finally, the World Bank will work with the Government to produce a nationally-representative Consumer Price Index, needed for monitoring inflation, while in close coordination, Statistics Sweden will support with the collection, processing and analysis of price data. Subject to availability of funding, the World Bank proposes to support the automation of Price data collection across FMS.

Overall this program is intended to strengthen the National Statistical System to monitor the core social and macroeconomic statistics - Poverty, GDP, Inflation and Socio-economic indicators. The anticipated cost for this program is estimated at \$15 M for the World Bank with additional funds to be provided by Sweden.

By the end of the NDP-9 period, therefore, it is anticipated that more relevant indicators will be collected by government to broaden and deepen the monitoring of progress against strategies and priorities. Specific plans for four additional surveys, ongoing or planned, have been outlined earlier in this chapter.

The intention is to review the M&E framework often during the five years of NDP-9 implementation. The first review should take place no later than June, 2020, when it is anticipated that at least two substantial surveys will be complete (LFS and the Demographic and Health Survey). Results of these surveys can be inputted as updated baselines in both M&E tables. Established targets should be reviewed for any indication of progress. Discussions with government ministries and other stakeholders can take place in order to set new targets for NDP-9.

The intention is to have monitoring and evaluation be an iterative and learning process, where baselines and targets are expanded and strengthened.

ANNEX 1: STAKEHOLDER CONSULTATIONS

National-Level Consultations (Mogadishu)

First round consultations with national-level stakeholders took place in Mogadishu in January 2019.

Civil Society

The civil society group agreed that poverty means being unable to obtain the basic needs in life. In this regard, the group distinguished between **primary needs** (food, water, shelter, fuel or power) and **secondary needs** (access to health and education services).

Interestingly, the group also identified **environmental vulnerability** as an important dimension of poverty in Somalia. Environmental vulnerability denotes lacking access to an environment that supports sustainable livelihoods and resilience to drought and other kinds of natural disaster. For example, when drought occurs many households are left with no choice but to leave their homes and to seek refuge in settlements for displaced persons. The group further stressed the importance of environmental considerations in the return or resettlement of such displaced households.

The civil society representatives identified **Somalia's national debt** as being an important contributor to poverty. Here it was argued that the Government must prioritise the debt relief/forgiveness process as a means of freeing up resources that could be used to pay for poverty reduction measures.

Continuing insecurity and the absence of (or lack of access to) **the rule of law** in many parts of the country, and their impact on personal safety, freedom of movement and justice, were identified as important underlying drivers of poverty. It was noted that these also reduced the government's ability to establish and strengthen institutions needed to support economic growth and sustainable development, and fuelled crime and other social ills.

In general, **poor governance** – limited capacities, knowledge and skills, and corruption – was seen as an important driver of Somalia's continuing high level of poverty. Related to this, the group also identified **political exclusion** -- being unable to participate in or influence political processes in which corruption is rife – as being a contributor to continued poverty in Somalia.

The Private Sector

Unsurprisingly, the representatives of the private sector who took part in the consultation viewed poverty mainly through the lenses of economic development and employment creation. Their definition of poverty was consistent with that of the civil society group, but their thinking on poverty reduction had a quite different emphasis.

In terms of what causes poverty, the private sector identified Somalia's **poor transport infrastructure** as a constraint to economic growth and, as such, a contributor to poverty. *Insecurity* was also referenced as a driver of poverty, but in the sense that it restricted freedom of movement of goods and people.

The group identified **poor education and limited vocational skills** as negatively affecting employment opportunities for young people, and therefore contributing significantly to poverty in Somalia. Both should become a priority for future government spending. However, **cultural norms and behaviours** that prevent people from striving for a better standard of living were also cited as an important factor.

Looking forward, business leaders view poverty reduction in terms of **investing in and promoting Somali-owned business**. The group argued that the process of building Somali-owned business needs also to be supported by the **regulation of imported goods**, whether through tariffs or import caps, which would encourage local production.

Finally, the group recognised the importance of **strengthening tax collection** from the business sector to support government revenues needed for economic development measures.

Federal Government Institutions

The group was comfortable with the proposed multi-dimensional description of poverty to be used in the NDP-9, and agreed that the new plan should be focused on poverty reduction and economic growth. However, the relevance of the \$1.90 international poverty line to the Somali context was questioned on the grounds that it is too low to meet basic needs.

Turning to causes of poverty, the group identified **conflict and widespread insecurity, and environmental degradation**, as key drivers. High **unemployment** and **limited livelihood opportunity**, exacerbated by **low levels of training and skills** among the youth, both emerge from and amplify the poverty and vulnerability arising from conflict and environmental causes.

Another important factor in this analysis are **barriers within Somali society** that result in unequal access to education, employment and other kinds of economic opportunity. The challenge of gender equity in Somalia is one such social barrier.

The group suggested that Somalia's poor cope with poverty through a cascade of options, starting with taking on **unskilled or manual labour and drawing support from family and social networks**. The important role of **remittances** to Somalia was highlighted in this regard. If these options are unavailable, **migration** to another part of the country (especially urban migration) or out of Somalia altogether may be considered. Young men are most likely to take this route. A last resort, if all else fails, is to **relocate to an internally displaced settlement** in order to gain access to available relief supplies and services.

Government officials were of the view that the **NDP-9 should focus on security and environmental degradation as its top priorities**. The group said that the low resilience arising from recurrent conflict and drought needs to be addressed through a range of interventions. These include **employment generation and skills development**, and the strengthening of key productive sectors of the economy, namely **agriculture, livestock and fisheries**. All will be required urgently as part of a national strategy for recovery and economic growth.

In addition, the group identified a number of **political and governance-related challenges** that will need to be addressed by the NDP-9. These include:

- Persistent tensions between federal and FMS governments
- The limited capacity of government institutions to develop the policies and programmes required for poverty reduction and economic growth, and to coordinate governance systems in a federated system
- Poor awareness of national development planning among Government officials, which in itself may constrain successful plan implementation

- Increasing and better managing government revenues needed to fund and deliver essential social protection and employment creation programmes.

Members of the National Parliament

The fourth stakeholder group to participate in the consultation was national parliamentarians, represented by the Parliamentary Oversight Committee of Budget, Planning and Finance.

Committee members were generally satisfied with the account of the NDP-9 process and the approach being taken to the definition and analysis of poverty. They also agreed that the key drivers of poverty in Somalia included **conflict and insecurity, and repeated exposure to natural disaster**, in particular drought. In respect of the latter, the Committee urged the Government to prioritise **the development of national disaster risk management strategies and capacities**.

The group went on to highlight the importance of the productive sectors of **agriculture, livestock and fisheries**, and argued that a larger portion of Government spending should be focused on poverty reduction initiatives, including **employment creation schemes**.

Finally, the Committee's attention focused – perhaps unsurprisingly – on **the key issue of NDP-9 affordability**: would the priorities identified by the plan and the financial, human and other resources required for their implementation align with available resources? The Committee members also stressed the importance of the plan being **firmly grounded in Somalia's own resource base** – revenues and capacities – and not dependent on external donor funding.

Hirshabelle

Consultations in Hirshabelle were conducted in the state capital, Jowhar, over a 4 day period from 10 to 15 February, 2019.

Civil Society

Participants reflected on the events and underlying causes leading to the extreme poverty now seen in Somalia, and affirmed that a strong national development plan is an important means of identifying and countering these phenomena. For this reason, the group welcomed the consultation and expressed optimism for the national planning process and confidence in the Ministry of Planning, Investment and Economic Development, noting that Hirshabelle is the youngest of Somalia's FMSs and therefore in need of considerable support from the Federal Government.

The discussion then probed more deeply into the key issues facing the people of Hirshabelle, and concluded that **the highest priority facing the State is the management of the Shabelle river**, upon which so many livelihoods and indeed national food security depend. In this regard, the river is prone to recurrent flooding yet almost dries up at other times of year. The problem is especially apparent in Jowhar, where river management and related disaster prevention and mitigation are almost completely absent. The result is the accumulation over the past 30 years of high levels of silt and rubbish in the river channels, which in turn causes **increasingly frequent bank over-topping and damage to surrounding farmland**. Then, dry seasons water flows in the river have become lower and lower, sometimes failing altogether, due to **upstream damming and over-use in Ethiopia**.

An immediate consequence of flooding is the displacement of local populations and their further impoverishment. The group therefore urged the Federal Government to assist local communities and the State Government to set up **a programme of desilting of the Shabelle river channel, and to engage the Ethiopian authorities on the excessive diversion and abstraction taking place further upstream**. Furthermore, in addition to desilting the river channel, effective flood control will require **the repair of old water management infrastructure**, including dams, offtakes and sluices.

Surprisingly, some group members suggested that sometimes the flooding was deliberately caused by local communities in order to attract additional humanitarian assistance and to benefit from related employment opportunities.

These challenges aside, the group also highlighted the **high agricultural potential of Hirshabelle State**, and in particular the areas around Jowhar. The **unmet potential of fresh water fisheries** in the state was also pointed out.

However, exploiting this potential is made difficult by **the poor state of transport infrastructure** in the state. For example, the main road between Jowhar and Mogadishu is critically important for the marketing of agricultural produce – also for accessing social services like health and education – and its poor state of repair is a real constraint in this regard.

Continuing **high levels of insecurity in the rural areas** is also a serious constraint on economic activity development in Hirshabelle (the main towns in the state are under the control of the government). The group linked the problem of insecurity with **weak and corrupt local governance** and on limited access by ordinary citizens to good and affordable justice. Participants described local politicians as inaccessible and inclined to nepotism, and accused the state administration of failing to manage public funds in an effective and transparent way. The group therefore stressed the importance of **strengthening the capacities of local leadership and institutions**, and noted that accountability, transparency and effective service delivery are needed to build trust in and respect for government. It follows that the activities undertaken by those in public office must be monitored and evaluated to ensure accountability for performance.

Finally, criticism was levelled by participants at **the World Food Programme (WFP)** for contributing to food insecurity in Hirshabelle. Here it was argued that by using imported grains for its food distribution activities WFP weakens local markets and undermines production by local farmers. Instead, where possible **WFP should look to procure its food supplies from local sources**, and thereby help to support local markets. WFP's increasing use of ration cards or food vouchers as an alternative to general food distribution was noted.

The Private Sector

Representatives of the Hirshabelle private sector met on the second day of the consultation.

Similar to the civil society consultation the day before, the private sector group immediately focused on **the role of the agriculture sector**, and noted the importance of Hirshabelle to regional and national food security. The agriculture sector requires support and stimulation, starting with **the more effective management of the Shabelle river** (the group confirmed the earlier analysis by civil society representatives). The group also suggested that **the Government should limit the import of rice and encourage aid agencies to locally source food** for general distributions and other feeding programmes.

The private sector group was generally critical of NGO activities in Hirshabelle, which they perceive as not addressing the interests or priorities of the state. Instead, NGOs responses tend to be driven by their own priorities, rather than by local needs.

The group also highlighted the difficulty of marketing fresh agricultural produce and livestock (both meat and milk) in **the absence of a functioning transport infrastructure**. Again, the poor state of the Jowhar to Mogadishu road was mentioned, which, combined with **ongoing insecurity in rural areas, significantly increases the cost of transportation and further reduces the region's competitiveness**.

Separately, **the impact of outbreaks of pest and disease** – affecting both livestock and food crops -- was cited by the group as another important constraint on local productivity. It was suggested here that the combination of inefficient traditional crop cultivation and poor road infrastructure has led some farmers to produce marijuana for the Mogadishu market as a cost-effective alternative.

Finally, the private sector representatives stressed the role of the private sector in **promoting “industrialisation” and employment creation**, which underpin and sustain economic growth.

State Assembly Representatives

Consultations were held with representatives of the Hirshabelle State Assembly (parliament).

The group immediately identified **insecurity as being the most significant cause of deprivation and under-development in Hirshabelle**, and an important driver of displacement within the region. The point was also made that collaboration between the public and government security organs is hampered by **the public's fear of and intimidation by the insurgents**.

Concern was also expressed about **the planned withdrawal of AMISON troops** from the region. The group believes this will have a significant negative impact on the ability of government to maintain security in the areas it currently controls, small as they are.

Like the previously consulted groups, the parliamentarians pointed to **the poor management of the Shabelle river** as being a key contributor to poverty, citing the recurrent flooding that now takes place and the severely reduced flows during the dry seasons. Flooding is clearly linked to the accumulation of silt and debris in the river channels over the past 30 years, which causes frequent over-topping of the river banks and immense financial loss to farmers. **Repeated drought**, which has become a feature of Somalia's climate, equally impacts on agricultural and livestock productivity.

Both flooding and drought cause frequent population displacement within and from Hirshabelle.

The parliamentarians identified one other key structural driver of poverty in the region, which is **the poor state of its transport infrastructure**. They also noted the reluctance of traders to use Somali Shillings and the hardship that this causes among the majority who have no access to US Dollars.

The negative **impact of poor governance and administration** on the region's development was noted by the parliamentarians. Similarly, security and justice institutions are weak in Hirshabelle: for example, the state lacks a strong police force and adequate prison facilities, and the judicial system is very under-developed.

A large part of the governance problem is **the lack of institutional capacity**, including office space, equipment and personnel, which limits the state's ability to develop and implement effective policies to

reduce poverty and promote economic growth. In this regard, the group suggested that **training in skills needed for good governance** – teachers, planners, administrators, legal professionals -- and access to Federal Government scholarships would help to overcome the challenge.

Finally, the group pointed to **the importance of education** and the need for strong educational institutions in the fight against poverty. Education increases access to employment opportunities and promotes self-sufficiency, and is a prerequisite for the alleviation of poverty.

State Government Institutions

Consultations were held with Director Generals (DGs) of Hirshabelle State Government line ministries.

The DGs were in **broad agreement with the definition of multidimensional poverty**, which is stated in terms of a minimum level of income and food consumption, education and access to adequate shelter, fuel (for cooking and heating), water supply and health services.

The group was aligned with the conclusions reached during the earlier consultations, namely that poverty in Hirshabelle is driven principally by **insecurity, recurrent drought, repeated flooding caused by the poor management of the Shabelle river, and a degraded transport infrastructure**.

However, the group also identified a range of other contributory factors. For example, **insecurity is driven by political instability in the country and by poor governance** that result, *inter alia*, in weak security and justice institutions.

The DGs suggested that weak governance in Hirshabelle – limited capacities alongside nepotism and corruption -- drives poverty by **limiting people's access to essential services**, such as health, which are themselves under-developed.

The problem of **limited employment opportunities** in the region is itself fuelled by **low levels of education and a lack of vocational skills** among the population, and compounded by the tendency for appointments to be made on the basis of family or social connections, rather than on merit (similar to weak governance, above). One consequence of this is the **outward migration to other regions of young people** that do have education and/or skills, but who are frustrated by the lack of opportunity on offer.

In common with other stakeholder groups in Hirshabelle, the DGs were **critical of the activities of NGOs** working in the region, who are perceived to work according to their own agendas rather than the needs of the people.

Hirshabelle Vice President and Ministers

The final day of the consultations presented an opportunity to meet informally over dinner with the Hirshabelle Vice President and a number of Ministers.

The Vice President noted that Hirshabelle is the youngest FMS, and that substantial assistance from the Federal Government will be needed to realise the desired levels of development. Both Vice President and Ministers concurred with the outcomes of the discussions held with the other stakeholder groups, and concluded that **Hirshabelle's principal needs** lie in the following areas:

- Security
- Management of the Shabelle river

- Strengthening of transport infrastructure
- Education
- Health

Jubaland

Consultations in Jubaland were conducted in the state capital, Kismayo, from 15 to 19 February.

Opening session

The consultations started with an opening plenary session that allowed senior government officials and representatives from civil society and the private sector to receive an overview of the NDP-9 preparation process and to ask questions of the MOPIED team.

Following presentations by the MOPIED team, a number of questions were raised:

What were the challenges faced by the Federal Government during the implementations of the current NDP (NDP-8)? The midterm review of the NDP8 is near completion, and this document will answer all the challenges that the government has faced during the three-year implementations of the NDP8.

Will these consultations be the basis of the NDP-9? The NDP-9 is a “blank document” that will be filled by the outcomes of the consultations that we receive from the Somali people. It was stressed that the whole process of NDP-9 is a Somali owned and led process.

How will diaspora communities be able to input to the NDP-9 consultations? The diaspora will be engaged and there will be consultations in Somali populated cities.

How the government can retain the technical people who are working in Somalia since they are required to pay visa fees whenever they enter the country? Visa fees are a form of revenue generation for the country and cannot be abolished. The option for our diaspora returnees is to apply a permanent residency if they intend to stay in the country for a long period of time.

The Private Sector

The group agreed with the multi-dimensional description of poverty being used by the MOPIED team. However, one additional characteristic was proposed, which concerned **access by elderly people to care in their old age**, including health care.

Drivers of poverty highlighted by meeting participants included:

- Unemployment
- Conflict
- Weak governance and corruption
- Lack of education/vocational training
- Natural disasters and an absence of disaster preparedness planning
- Poor markets for livestock and local produce
- A lack of investment in productive potential
- Dependency on foreign aid

The population copes with poverty by taking on unskilled and low paying work (women also); sending children to work; petty trading and small business. They also look for education. Groups pointed out that begging, stealing, migration/immigration and displacement are part of the coping mechanism that people use. The poor people also risk their lives by taking unsafe employment.

Strategies that would be useful for poverty alleviation include:

- Employment creation through agricultural development schemes and infrastructure rehabilitation
- Support and promote investment in small businesses and equality in employment
- Strengthen vocational skills
- Strengthen the security sector and access to justice
- Strengthen governance by tackling corruption, tribalism, favouritism and nepotism
- Improve access to clean water, housing, healthcare services and education
- Invest in the energy sector
- Invest in agriculture, livestock and fisheries

Civil Society

To begin with the civil society representatives asked five questions:

Will Jubaland create a new strategic plan for the state after the current regional plan of Jubaland ends in 2020? From 2020, the NDP-9 will be used as a sole development plan for Jubaland.

Given Somalia's plentiful agricultural land, shouldn't Somalia focus on production instead of importing our food from outside of the country? One of the proposed NDP-9 pillars is economic growth, which should include a focus on productive sectors such as agriculture and livestock. Further discussion of the issue will take place during the consultation.

Will MOPIED open an office in Kismaayo for inputs on the NDP-9? The Ministry of Planning and International Cooperation (MOPIC) of Jubaland is the focal point in Kismaayo where any inputs about NDP-9 can be forwarded.

Will the NDP-9 prioritize women? Women play and have played a significant and prominent role in every aspect of the Somali society; thus, the NDP-9 will focus on addressing women's concerns.

Will security be included in the NDP-9? Security is central to one of the NDP-9's proposed pillars.

The group defined poverty as not having basic necessities of life, such as food, water, shelter and clothing. Also, the group added that poverty is lack of income/employment, education and health services. This corresponds to the multi-dimensional definition being used during NDP-9 preparation.

It is estimated that 80% of people in Jubaland live in poverty and insecurity. **The group identified the following causes of poverty:**

- Unemployment
- Drought
- Poor environmental and natural resource management
- Insecurity
- Poor governance and the mismanagement of aid resources

- Insufficient government revenues
- Low levels of education
- Lack of economic activities/production
- Political instability
- Poor infrastructure
- Social inequality

The effects of poverty, according to the group, is displacement, loss of livestock and agriculture, poor healthcare, low purchasing power.

There are different **approaches that the people of Jubaland use to manage or cope with poverty**.

Unsafe labor, petty crimes, displacement and migration are some of the ways people engage. Also, the civil society group stated that people reach out their relatives and NGOs/INGOs for support to manage poverty. Furthermore, engaging low level jobs, such as loading and unloading, constructions, fishing, seeking help from within the community, remittances from diaspora relatives and taking loans are pointed out as some mechanism for coping with poverty. On the negative side, the group reported that stealing, begging, child labor/child militarizing and joining radical organizations to seek income are also used as mechanisms for confronting poverty.

In terms of **poverty alleviation**, the civil society group stressed the following:

- Strengthening peace and security
- Enforcing justice and rule of law
- Increasing local economic production
- Investing in and marketing of national/local commodities (e.g. bananas)
- Improving access to quality education
- Promoting political stability and national unity
- Promoting good governance and fighting corruption
- Prioritizing infrastructure development (roads, ports and airports, agriculture and industries)
- Creating employment opportunities and building vocational skills
- Managing natural resources more effectively

The group placed emphasis on the importance of effective institutions and fighting corruption, equal resource sharing and the enforcement of justice and equality as key mechanisms for poverty alleviation. Somalia is a country with resources, and the group underlined that awareness on how to utilize the natural resources, increasing the country's production, re-starting industries, such as the sugar factory, meat industry, leather and fishery and exporting our natural resources and national products and minimizing imports are some of the means for poverty alleviation.

Finally, the group also **stressed the importance of strengthening national and state level planning for poverty reduction**. However, there is also a need to ensure integration between national and sub-national plans, which should be based on a comprehensive approach to local planning for poverty reduction.

Jubaland State Line Ministries

This consultation engaged principally Directors General and technical advisors of line ministries within the Jubaland government. Following the MOPIED presentation, participants asked three questions:

Has MOPIED conducted surveys and population census? The Directorate of Statistics at MOPIED conducts surveys with the support of international partners. Some of the statisticians from MOPIED regularly visit federal member states when they conduct surveys, such as the Household Surveys. For population census, MOPIED has not conducted yet, but plans to conduct when conditions allow at the right time.

Has the NDP8 been able to address poverty, and if so, what did we learn? The NDP8 addresses the poverty condition of the country; however, there is a midterm review (MTR) document that will be finalized soon. After this document comes out, we will then draw and include lessons learned into NDP-9.

How will the reprinting of the Somali currency be planned and managed in relation to the use of the EVC + system? The Somali Shilling is still in use and valid, and the government will incorporate the new notes into the economy of the country. However, it was stressed that the printing of new currency is the responsibility of the Central Bank of Somalia (CBS) in collaboration with other relevant institutions to come-up with the requisite policies, institutional and regulatory frameworks regarding currency printing and related issues including EVC+.

The line ministries of Jubaland groups confirmed that poverty is the condition where a person/individual who does not have the basic needs such as food, water, healthcare, clothes, and education. Also, in the case of accessibility, the group defined poverty when a person does not have water, electricity, healthcare and education. The definition that the group contributed captures and reinforces some of the universal definition of poverty. In answering the question of whether poverty exists in Jubaland regions, the group discussion of the line ministries affirmed that poverty exists in Jubaland regions.

In terms of causes of poverty and its effects on people, the group listed the following:

- Insecurity
- Natural disaster, including drought
- Dependency on foreign aid
- Injustice
- Unemployment and a lack of vocational skills
- Low levels of education
- Lack of infrastructure
- Poor governance and corruption
- Tribalism
- Loss of assets, including livestock

The group went on to describe coping mechanism of poverty, which include: migration/displacement or immigration legally or illegally, joining militant or gang groups, begging in the streets and engaging in unskilled labor. In addition, the group listed obtaining support from diaspora relatives, aid from relief organizations, risking their lives by doing hardship jobs, engaging criminal activities and drug abuse are also other factors that the line ministries group listed as coping mechanisms that the people of Jubaland use in order to manage poverty.

Finally, the group considered **interventions that should be prioritized to support poverty reduction:**

- Strengthening security and the rule of law

- Reconstruction and rehabilitation of infrastructure
- Improving governance and fighting corruption
- Better management of risks and natural disasters, such as droughts and floods
- Employment creation
- Vocational skills training
- Investing in local production and markets
- Building awareness on how to utilize natural resources
- Improving access to affordable (free) quality education
- Improving access to clean water and clean energy

State Assembly Representatives (MPs)

Following a presentation of the NDP-9 and a round of group discussion, Jubaland State Assembly Representatives reported that poverty is when an individual is unable to fulfil their basic human needs such as food, water and housing, and other services such as healthcare and education. The MPs overwhelmingly underscored that there is poverty in Jubaland region.

In terms of **the causes of poverty** and its effect on Jubaland people, the MPs noted the following:

- Insecurity and conflict
- Natural disasters, such as droughts and flood
- Aid dependence
- Injustice
- Unemployment and a lack of vocational skills
- Low levels of education

Displacement was noted by the group as both a result of some of the above and an additional driver of poverty.

According to the MPs, there are a number of **strategies that Jubaland use to cope with poverty**, including: migration, radicalization, begging, dependency on relatives or aid organizations, taking on unsafe & unskilled labour.

In terms of **what needs to be done to address poverty**, the group suggested the following:

- Strengthening of security
- Reconstruction of infrastructure, such as roads, highways, ports and airports
- Proactive management of natural disasters
- Employment creation
- Improved access to education
- Increasing local agricultural, livestock and natural resource productivity
- Strengthening private sector accountability

Finally, the MPs underscored that the Federal Government should develop a plan to eradicate poverty, and closely engage and work with the federal member states (FMS) on poverty alleviation strategies.

District Commissioner of Kismayo

The Commissioner update the MOPIED team about the Master Plan that is now in progress, and there are two commissions within the city who are working on this project. One commission is responsible for land issue, and the other is working on any conflict resolution that is needed.

The Commissioner stated that **the needs of the city are huge** and include the following:

- The city needs equipment for agriculture and health
- Water is the most critical issue in Kismaayo, and Yoontooy is one of the two only sources of water
- The river is short of water, and dams and canals could help for irrigation
- Electricity is very expensive as people in the city pay \$1 per kilowatt
- Awareness about fishing is needed
- Education is needed especially the IDPs
- Housing project is needed
- Health care facilities are needed as there is only one free hospital in the city
- Waste Management equipment is a critical issue for the city
- Infrastructure is the biggest issue as there is only one road in the city
- IDPs are the most vulnerable groups in the city
- There is high unemployment
- Kisomayo port is badly managed

In addition, the Commissioner reported **the needs of the city administration**, which include:

- The offices that are now used are old, and there is a need for new offices
- There are no fire extinguishers, and no waste management mechanism
- There are only two tracks equipped with machines
- No salary is given to the city workers due to lack of taxations and other resources

In conclusion, the Commissioner identified **the three most urgent priorities for Kismaayo**:

- Water and sanitation
- Waste management and equipment
- Infrastructure

Southwest State

Civil Society

The group agreed that the multi-dimensional nature of poverty presented by the MOPIED team covered key characteristics of poverty but proposed that the definition should include a limited physical ability to earn living through the traditional (regional) productive activities of livestock and agriculture production. They indicated that, in the context of South West region, being disable coincides with being poor.

On whether poverty existed in the region of South west state, the answer was unanimously and emphatically yes.

The group noted that there is a large of number people living in IDP camps and relying on irregular handouts, and among them there a lot of destitute households.

Poverty causes misery and loss of independence. Over the past two decades, **people have been forced by conflict and droughts to leave their way of living, that is farming and livestock rearing.** They gradually aggregate into IDP camps or settle in cities and town with meagre existence. These IDP residents are subjected to malnutrition and diseases, and access to no or little education and health service, as well as water and hygiene and sanitation facilities.

Poverty is caused by **prolonged civil war and insurgents Al Shabaab having displaced a lot people from their villages and rural dwellings**, forcing them to seek themselves to main towns and cities in the hand of government.

NGOs often refuse to serve outside the main cities, which creates long-term displacement by encouraging people in safe areas to abandon the rural villages and countryside by setting up IDP to provide assistance. Once one settles in a camp, they are unlikely to go back to their place of origin even if the condition that forced them to leave has favourably changed. Therefore, they become completely dependent on hand outs, accepting to live in condition with little means to support their families.

Impact of frequent droughts is a major cause of displacement. The rains become erratic in recent decades. **Traditional water reserves have become filled with sand** after three decades without any maintenance leaving the community with very little capacity to withstand droughts. **Canals of agriculture have fallen to disrepair** with no or little irrigated crops increasingly grown in the region, except those who can use powerful water pumps. **The poor condition of roads** has also made it difficult to market agricultural produce to cities.

People in the region use **a variety of coping mechanisms**: manual odd jobs in towns and cities such as building work, collection of wood, cropping in marginal land in rainy season; taking up rural labour opportunities such as working farm assistant or tending livestock on behalf of owners. Other jobs include driving TukTuk, however mainly by the youth in order to earn a small income, many receive remittance from relatives in the diaspora and beggary has also emerged as a means of coping with poverty.

Concrete poverty alleviation interventions were called for:

- **Improving security** in the region with the government strengthening the capacity by equipping the national army.
- **Resettling IDPs to rural areas** and supporting them to return to farming and livestock production
- **Justice and equity** by ensuring that countries resources and opportunities are shared among the population, especially poor, unrepresented people. Most poor people historically own assets (e.g. land and properties) which are illegally taken over by others, with no hope of reclaiming these assets under the weak governance in the region.
- **Free education** to people to gain skills in order to better themselves and proper health service to reduce disease and mortality is highly important.
- **Rebuilding canals and rural water reserves** and also construct wells as a means of encouraging the displaced to return to farming and livestock rearing.

The Private Sector (Chamber of Commerce)

The chairman of the Southwest state chamber of commerce, noted that Baidoa and other cities of the Southwest state used to be one of the most resourceful regions in Somalia, explaining that the region used to provide produce, livelihood and resources to the remaining parts of the country, the chairman also stated that it is a great loss that a country like Somalia with immense resources today are facing disasters like drought and for poverty to be a factor in the country.

Poor administration is described to be a contributing factor to poverty.

Lack of security and poor infrastructure are identified as the main causes of poverty. Poor roads, and connecting roads from Baidoa to Mogadishu is so bad that the private sectors find it very difficult to expand the commerce beyond cities in the immediate vicinity.

Agriculture needs to be promoted as it is a prerequisite for sufficiency and poverty reduction. Import needs to be minimized and regulated, it is important for domestic production and export to be promoted.

The political structure and power sharing structure was described as a factor for the various needs in regions not being met accordingly.

Industrialization and domestic production is the foundation for poverty reduction, the national development must function as a promoting base for industrialization in the country, through the promotion of the industrialization, job creation will increase and larger portion of the society will be able to attain jobs. Skills, technical and vocational skills need to be promoted.

There need to be mechanisms to support **cooperation between the private sector and foreign businesses**.

Security is described as the participants to be one of the driving causes of poverty and lack of sustainability. **Security is repeatedly emphasized by the different participants of being the main cause for poverty**.

Roads, although poor, are also inaccessible due to presence of the insurgent group of Al Shaba, this hampers the transport of goods.

The private sector would also like to see **a stronger oversight and coordination of NGOs**, adding that NGOs should function as job creating, rather than cash support/food vouchers. With many NGO present in the region and in Somalia overall, the NGOs were also described as to be visiting the region, to collect data and carry out research, only to disappear and reappear to collect more data, the NGOs are described by the private sector as failing to function as desired but rather causing more problems in the region. **NGOs should function as job creating, rather than providing cash support/food vouchers**.

Over dependency of NGOs is described to be causing farmers to collect aid rather than producing own which consequently leads to lack of motivation to self-sufficiency which also leads to poor production rate.

Resettlement of displaced people and supporting returnees to restart farming was also mentioned as a means of poverty alleviation.

Livestock and agricultural promotion is identified as critical in order to increase the quality of the livestock and produce in the region.

The private sector also described **poor governance and political structure to be hampering the development in the region.**

The private sector identified **Somalia's weak system of justice** to be one of the drivers of poverty and strengthening of the judiciary in the region is important as a lack of a strong judiciary presence simultaneously contributes to the lack of security in the region.

The importance of **creating markets for local produce**, livestock and agricultural were also mentioned and appeared to be a communal opinion amongst all participants.

Poor infrastructure and youth employment is identified as a key means of reduce poverty in the country, the youth in Somalia is estimated to be around 70% of the Somali people, inevitably youth unemployment must be eradicated.

Presence of security forces, the armed forces logistical and equipment are scarce, armed forces, especially **the military needs to be strengthened, financially, logistically and provided with right and adequate equipment**. Armed forces are present in the region; however, they are constrained due to equipment scarcity.

Integration between government and community (governance) needs to be strengthened. Health services, education and **public services in general** also needs to be promoted in the region, although, health institutions are present, the quality and the capacity is very limited due to lack of resources.

Water resources are managed poorly and in a non-transparent way. **Water scarcity is a problem**, with the number of boreholes in the city of Baidoa being very few, and very far from sufficient.

Tax collection by various authorities including insurgents due to the insecurity to safely travel by land leads to higher costs of products in the region, forcing local businesses to sell at higher prices. **The private sector identified the following points to be the most pressing for poverty reduction.**

- Security/ Justice
- Infrastructure, roads etc.
- Domestic production - Aid dependency (Accountability of NGOs)
- Education/ Health services
- Resource management (governance)

Regional Assembly Members (MPs)

The group viewed the poverty line **\$1.9/day as too low for regional context**. They argued that a large number of people in the region have been exposed to extreme poverty conditions and multiple deprivations over the course of a longer period of time, in the context of lacking any infrastructure and services, so a household would need much higher money to achieve an adequate standard of living. On whether there was poverty in the region, telling examples of the existence and extent of poverty in the region is that **there are more than 300, 000 displaced people in Baidoa alone**. These people live in extreme poverty. Other towns and cities in the region also have large centres for IDPs.

The group described **poverty to be caused mostly by conflict, insecurity and natural disaster risks from frequent droughts and floods. Poor road infrastructure and dilapidated canals and riverbed exasperate the situation**. People are forced to move to safer areas controlled by the government e.g.

Baidoa, these cities and towns are surrounded by Alshabaab and road movements among these centres is limited, making trade of livestock and agricultural produce very difficult, especially to Mogadishu. As result **there is little employment opportunity** for youth and households to earn living.

Poverty exposes people in IDP camps to disease, poor hygiene and sanitation conditions and insecurities due to overcrowding. It also creates situation of helplessness in which people lose hope and independency to have a dignified life; therefore, loss of self-esteem and pride. There is **a loss of skills in among generations as children who were born in an IDP camps or brought at a young age to camps**. These youths are unable to learn basic life skills in the traditional agro pastoral livelihoods. **The loss of productive activities and livelihoods makes people dependent on handouts by NGOs**, which in turn has wider negative implications for the society and economy of the country. **Cash transfers used by NGOs in particular has a negative impact on productivity**. The NGOs are described as unwilling to support people affected by droughts and floods in their villages and towns, even if they live in a safe area. As result **people move to IDPs in main cities to access assistance**. The continued assistance long after the conditions have improved makes the return of people to their livelihood activities impossible.

People seek support often by moving to IDP camps. They may ask relatives to send in remittance or seek their support in towns and cities in which they reside. They also seek employment in cities or towns to which they moved, often working in low paid manual labour jobs. Beggary has also emerged in the streets. Meals may even be reduced in order to cut on expenses.

The group noted that **the government needs to prioritise security of the country**, developing a clear strategy to gain controls of Somali territory. A well-equipped and resourced military and police forces with sufficient numbers of regular soldiers is necessary to restore and maintain security across the country. **Restoration of justice is also described as an important component of peacebuilding, so that trust in public institutions and leadership is enhanced and a greater civic engagement in political, social and economic decision-making of the country is possible**.

Employment opportunities for youth must be created through infrastructure building and recruitment for public sector.

Investment to **increase access to free education and health service** is critical for welfare of citizens.

Maintenance of canals and riverbed, as well as rural water reserves is critical for returning people to rural areas and increasing productivity of agriculture and livestock.

Resettlement of IDPs back to regions of provenance is required to resort rural livelihoods. Provision support in the form of agricultural input (tractors, fertilisers, pesticides, veterinary services) will help people to resettle.

State Line Ministries

The representatives of the regional ministries differentiated poverty from being poor, in the context of the Somali language, poverty can be divided into two states. Being poor is described by the representatives as not having any income at all, whereas poverty is described as having an income, however very limited. (Sabool, and Faqri)

Different levels of poverty were also described, lack of basic needs as, food, water, shelter is described as a kind of poverty, where lack of education and health services were described as another type of poverty.

The group also described **various conditions that result from poverty**, amongst them were **ill-health and displacement**. Although lack of education, was described as a form of poverty, the group also noted that, a big part of the Somali community are farmers and pastoralists, therefore lack of education being poverty is not applicable to this part of the Somali community. However, the group noted that **for the Somali people in urban settings, lack of education can be described as poverty**. With many youth in the urban setting being forced to work rather than going to school. .

Poverty can be alleviated by **strengthening the security in the region**.

The group identified **a chain of circumstances and events as to being the causes poverty**: lack of security, lack of employment, injustice, and corruption. Climate change, natural disaster and poor disaster prevention and management was a part the circumstances causing poverty. Stagnant development, poor health, education and public services were contributing to the inability for people to prosper away from poverty, often leaving people with a sense of being caught in a vicious cycle.

Remittances from relatives in the diaspora, NGOs and beggary are described as **means of coping** with poverty, however, the group also described the very same coping mechanisms to be causing dependency. Many people have simply gotten adjusted to receiving aid in various forms which leads to a lack of motivation.

Lack of security, and insurgent groups in the region is also described to, not only causing poverty, but also to be sustaining poverty and hampering the development in the region. Poor governance.

Strengthening government institutions, maximising the capacity of the armed forces were identified as most pressing in order to alleviate poverty. Government funding's to regional institutions must be increased as many of the regional government institutions are constrained due to a sufficient budget, often hampering their work.

Finally, the group identified **reconciliation between the different communities** in the region as critical, and also trust building between the government needs to promoted. Decades of anarchy has led to poor public trust in the government.

Galmudug

Representatives from Federal MOPIED travelled to Dhusamareb, the capital of Galmudug State, during the period 22 to 27 February 2019. An introductory session was held with high level state government officials and other public figures, at which the NDP-9 and consultation process was explained and questions answered by the Federal MOPIED team. Strong interest in and support for the national planning process was expressed, as was the importance of grounding such plans in local needs and opinions, and avoiding top-down prescriptions from federal government. Economic diversification and social cohesion were identified as leading issues that need to feature in any poverty reduction effort in Galmudug.

Civil Society

In the meeting with civil society representatives, there was agreement with the proposed multi-dimensional definition of poverty. The group stressed that poverty was widespread throughout Galmudug, and is driven principally by **insecurity, injustice (or limited access to justice), weak infrastructure (roads), low levels of education and skills, and recurrent drought.**

The group also highlighted **problems with the availability of the Somali Shilling**, which has been replaced by the US Dollar and mobile money transfer. This limits market access by poor people – who may have neither hard currency nor mobile phones – and in addition drives inflation because of the lack of small denomination currency units.

In Galmudug, **people cope with these challenges in a variety of ways**, including taking on unskilled work (labouring, etc), small scale trading and migrating to look for work (which can amount to economic displacement). Social and family networks were also identified as being important in this regard, as was access to relief handouts from NGOs. The group also highlighted the tendency for young people to be drawn to criminal activity when faced with poverty.

In terms of **Galmudug's poverty alleviation priorities**, the group identified the need for **political stability and reconciliation, the strengthening of security, the rebuilding of economic infrastructure (roads, ports, etc), and job creation.** The importance of **improved governance** was also highlighted, which is required for improved access to health and education services, good environmental management, and effective disaster preparedness and risk management. Finally, poverty alleviation will require **investment in small business** to help drive economic growth and employment, and increasing the availability of the Somali Shilling.

The Private Sector

Representatives of the private sector concluded that poverty is defined as the lack of basic needs – shelter, food, clothing, etc – and limited access to essential services such as health care, education, clean water and sanitation. Using these criteria, poverty is indeed widespread across Galmudug.

The group observed that the business community is often a source of support to destitute households in the state.

In terms of **what drives poverty in Galmudug**, the group identified a range of factors. Foremost of these is insecurity and recurrent conflict, the degraded road infrastructure, and the lack or absence of health and education services. Water shortages arising from drought is a significant driver of poverty, as is limited opportunity for employment in the region. Weak governance and the corruption and mismanagement found in public institutions also contributes to poverty and results in the region's lack of development programmes and support to the agriculture and livestock sectors. Interestingly, the private sector group agreed with the view expressed by civil society representatives that the unavailability of Somali Shillings is an important factor bearing on poor people.

The group stressed that it is the poor and vulnerable who are most exposed to these drivers. However, it was also noted that herders and farmers are also greatly affected both by political instability and related interclan violence and by recurrent drought.

The group's analysis of **how people in Galmudug cope with poverty** echoed the conclusion reached by civil society representatives. People seek out unskilled work, engage in small-scale trading or migrate.

They rely on social, diaspora and family networks for financial support and will often borrow money. Relief handouts from NGOs were also identified as a key means of coping with hardship.

In terms of **poverty alleviation priorities**, the group identified **reducing insecurity and supporting local reconciliation**. In this regard, emphasis was placed on **strengthening the rule of law**, and the role of the police and justice system in preventing violent conflict.

The group also noted the prime importance of **rebuilding old and degraded economic infrastructure** (roads, ports, airports). They also noted the need to **increase the number of deep tube-wells** in the area to support livestock herding and agriculture, and the importance of developing sources of **affordable energy/electricity**.

The group went on to highlight the need for **small business investment and micro-finance schemes**, and advocated for the introduction of Technical and Vocational Education and Training (TVET) programs in the state as a way of supporting **employment growth**.

Underlying all of these priorities is the need to **strengthen state and local level governance** across Galmudug as a prerequisite for poverty alleviation.

Senior government officials and public figures

A short meeting was held with an “elite” group of senior government officials, academics and businessmen. The discussion highlighted a number of key issues.

The importance of **institution building** in Galmudug was highlighted. For example, in the justice sector there is no clarity of the respective roles of traditional elders and state institutions. At present, people seek mediation from traditional elders, but doing so is more about reducing conflict than serving justice. Moreover, decisions made by traditional elders are not considered binding. Conflict often results. Therefore, a first priority needs to be the **strengthening of the state government administrative capacities needed to enforce the rule of law**.

There must be a focus placed on **increasing government revenues to allow for improvements in public services**. In this regard, agriculture, livestock and fisheries are not systematically taxed and represent significant lost revenue to the government.

It follows that the productive sectors – and in particular **livestock and fisheries** – should be key development priorities for Galmudug. Within this priority, attention needs to be given to the challenges of marketing – see infrastructure below.

Improved education and healthcare services were identified by the group as key priorities. For example, in Dhusamareeb, the state capital, there is no functioning hospital.

The group then noted that a key component of Galmudug’s economic development will be the repair and **rehabilitation of the state’s infrastructure**. In particular the Mogadishu-Bosasso road that runs through Galmudug, and which is in very bad condition, is needed to support inter-regional trade. In addition, development of the port at Hobyo would contribute greatly to the region’s economy, while the paving of airstrips would promote aviation links, which at present are negligible.

Another critical need identified was the **development of the state’s water resource infrastructure**, and in particular water points for livestock. These are particularly important given Somalia’s recurrent

droughts, the high livestock mortality rates that result, and the conflicts that flare up when herders compete for scarce pasture.

Representatives of Galmudug State Assembly (Parliament)

The Parliamentarians agreed that poverty is defined as a lack of income, of basic needs (food, water and shelter) and of access to essential services (health, education) and employment. On this basis, the group confirmed that poverty is widespread in Galmudug.

Driving poverty in the state is **insecurity arising from political instability and internal conflict**. However, these drivers are **linked closely to climate change, drought and gradual environmental degradation, which causes loss of livestock and livelihoods**. Moreover, generally **low levels of education** mean that people are not equipped to seek alternative livelihoods. The impact is seen in high levels of displacement and malnutrition among children, women and the elderly.

People – especially the young – cope with these circumstances by taking on unskilled work and becoming involved with criminal gangs. Petty-trading is also important. Support from the diaspora and social networks plays a role, as does relief from NGOs.

In terms of poverty alleviation priorities, the Parliamentarians stressed **the importance of the livestock sector**, including the development of livestock water sources and the introduction of technology to help with the processing and storage of hay. The **rehabilitation of the region's road infrastructure** would support this and other economic development in the region.

Also of key importance is the need to **strengthen political stability and seek reconciliation** of long-standing clan-based conflicts in the region.

Finally, the group singled out the need to **strengthen governance in Galmudug in order to improve the delivery of essential services**, including health, education and water supply.

However, it was also noted that a key requirement of the NDP-9 is affordability, with **clear and practical financing of the activities included**.

Representatives of State Government Line Ministries

The government officials agreed with the earlier assessment of poverty – its definition and extent -- by the Parliamentarians.

The group identified **conflict, recurrent drought and the lack of infrastructure (roads and water) as key drivers of poverty** in Galmudug, which are **exacerbated by the state's weak capacity for governance and disaster preparedness and planning**. Also of importance is the region's **weak economy, limited employment opportunities** and the problem of the availability of Somali Shillings currency in the market.

To cope with poverty, people turn to support from social and family networks, including diaspora, seek out unskilled work, and engage in small business (petty trading) and charcoal production. Relief from NGOs is also of importance. The group also noted that the young may be tempted by criminal gangs, including the insurgents, who offer regular income.

Turning to poverty alleviation, the Government Line Ministry group singled out the need to **rebuild Galmudug's governance institutions, in order to strengthen law and order and justice, and to improve the availability of essential services**. The importance of **restoring economic infrastructure** (roads, ports, airports, water resources, energy) was also emphasised.

In addressing natural disaster, the group pointed to the need for **effective preparedness and planning, social cohesion (unity), and the strengthening of the productive sectors as a means of leading economic development and job creation**.

Importantly, the group also underscored **the need to include women and youth (social equity)** in poverty alleviation processes.

Puntland

The team from the MOPIED NDP Secretariat conducted Round 1 consultations with Puntland stakeholders over the three-day period 26-31 March 2019. Four stakeholder groups participated in the consultations: civil society; the private sector; state government line ministries; parliamentarians from the Puntland State Assembly.

Civil Society

Consultations with Puntland civil society were conducted in 3 groups: non-governmental organisations (NGOs); civil society organisations (CSOs); and university personnel.

NGOs

Poverty was described by the group as existing on less than \$1 per person per day, and there unable to meet their essential needs. In Puntland, the group concluded that **poverty is driven by** frequent droughts with ever greater impact; price inflation; weak governance; limited employment opportunities; poor natural resource management; corruption and nepotism in both public and private sectors; limited government revenues and the impact of this on public services; and low levels of education and vocational skills.

The impacts include displacement; family dependency; desertification due to overexploitation of natural resources; crime; a "brain drain" resulting from the emigration of educated youth; water scarcity; family break up and separation; political dispute and interclan conflict; and greater corruption and abuse of power abuse in the public sector.

People cope with these impacts by obtaining help from family networks (including remittances) and local charities; accessing international humanitarian assistance; engaging in micro-business or petty trading; and taking on low paid manual work.

Poverty reduction requires the eradication of widespread corruption and the strengthening of economic and social policies that would strengthen social justice and equity, build civic awareness and tackle inflation. The government in addition should increase collect revenue in order to provide key social services, including education and health, and provide vocational training. To increase household and community resilience to drought, a strategy to increase agriculture, livestock and fisheries production is required, as is better water and other natural resource management. Economic growth and commercial

development would be encouraged through the development of renewable energy sources to bring down high energy costs, and the strengthening of Puntland's infrastructure (ports and roads).

CSOs

The group defined poverty as being unable to meet basic needs such food, shelter and water; however, no income level was specified.

Poverty in Puntland is driven by a weak justice system and corruption and a lack of accountability in public life. Insecurity is a contributing factor as is an under-qualified and unskilled workforce that is unable to meet the demands of the labour market.

Responses to poverty include illegal migration of youth, piracy and displacements, with the latter often resulting in limited social services in safe urban centres being further over-extended. The poor cope with poverty by engaging in micro-business activity and manual labour, and by seeking out help from international NGOs and from social and family networks.

Poverty reduction requires the strengthening of governance, equity in resources access and use, public investment in key productive sectors of agriculture, fisheries and livestock, skill development through TVET, building infrastructure, support of energy sector to bring down prices, and environmental protection strategies to reduce deforestation and land degradation in countryside.

Universities

Poverty was described by the group as being unable to meet the basics needs such as food, water, shelter, lack of education. Lack of education, and especially for girls, is seen too as an indicator of household poverty.

Poverty is caused by poor leadership/governance, underutilizing the natural resources of Puntland, especially fisheries, endemic corruption, discrimination against women and disable people, lack of good education, lack of quality health services, recurring droughts and natural disasters, lack of security/tribal conflicts, poor quality of institutions, low productivity agriculture and livestock sectors, as well as business.

Poverty results in migrations, corruption, urban infrastructure and service collapse due to over use, social class systems with exclusion of poor, injustice and nepotism, insecurity and conflict over limited resources, destitution and beggary due to loss of livelihood and widespread unemployment, often resulting malnutrition. **Common coping strategies** include relative and family support, creating micro business if one has access to savings or loan, remittances from diaspora relatives, support from NGOs, community (clan) educational support to get support on cost of schooling or university especially for very poor households and/or those with orphan children.

Poverty reduction priorities should include promoting good leadership/governance, improving justice systems, reduction of/fight against corruption, job creation, creating small industries e.g. cement factory to replace import and therefore create jobs, improving education system, investing productive sectors (agriculture), rebuilding the infrastructure, improving business access to finance through e.g. micro-finance, encouraging inclusive economic growth and politics, develop clear policies towards the natural disasters, and proving TVET opportunities.

Private Sector

Poverty was defined by private sector representatives as when a person cannot afford the basic needs such as: food, shelter, clean water, electricity, education, sanitation and hygiene.

Poverty is caused by a lack of technical skills, a dependency culture with able people living on other's support rather than working, lifestyle management problems with people often living beyond their means, corruption, unfair distribution of opportunities and resources with the country.

Poverty results in a high unemployment rate, limited income to afford basic needs and dependence on international aid. Poor people seek the support of relatives, charitable donations, loans, international and local charity, and engage in micro business.

Poverty reduction priorities should include utilization of rainwater, energy sector investments, improve education systems, community awareness, strengthen domestic production and marketing.

Government Institutions

In consultation with Puntland MoPIC, the participants from the public sector were divided into five subgroups along the line of area policies covering infrastructure, social sector, governance, livelihood (productive) sector, security and justice.

Synthesising the conclusions of the groups, **poverty was defined as** having insufficient food and access to basic needs such as shelter, water, sanitation, clothing and employment, and to essential services such as education and health services. The \$1.90 poverty line was considered realistic.

The main causes of poverty include: insecurity (both on land and in coastal waters); limited employment opportunities; low skill levels in the workforce; the consumption of khat; weak systems of justice; weak infrastructure; corruption and weak governance; recurrent drought and desertification; low levels of literacy; poor political leadership; and resource inequality.

Poverty results in: displacement; illegal youth migration; radicalization; crime (including piracy); deforestation and environmental degradation; separation of families; poor public services; economic depression, low productivity and hyperinflation; aid dependence and reliance on others; a shortened life expectancy.

People cope with the effects of poverty by seeking access to zakat (religious obligation to support poor), remittances, charitable donations and international aid; and undertaking micro-business activity and unskilled or manual labour. Those with means will invest in livestock, seek out microfinance loans or take part of social saving schemes.

Poverty reduction interventions should include reducing insecurity and strengthening Puntland's systems of justice; employment creation and skills training; and increasing access to essential services (health, education, housing, water, sanitation, etc). The importance of improved governance seemed to underpin these suggestions and the desire to see corruption addressed.

In addition, the group highlighted the importance of attracting foreign investment to induce economic growth and the financing of livestock, agriculture and fisheries as key to creating employment and

improving food security. Economic growth will also require the strengthening of Puntland's infrastructure -- roads, airports, sea ports, the bridges, water catchments.

Environmental conservation and management, and rural development generally, were identified as key to building resilience to recurrent drought. However, the importance of improved disaster management and preparedness was also highlighted.

Parliamentary committee for economic development and planning

In line with the approach to consultation with the federal parliamentarians, the discussions with Puntland's parliamentarians were less formal than they were for other stakeholders, with the focus placed on assessing the extent of poverty and preferred options.

The extent of poverty in Puntland

The committee members indicated that there is widespread poverty among the local population. Rural population is in particular affected **reoccurring severe droughts** over the past 10 years or so, with livestock numbers falling and rural livelihoods becoming untenable for most nomads. Consequently, many are increasingly moving to cities and towns as internally displaced people. **Conflict in the regions of Sool and Sanaag** particularly affected the rural people as, unlike other regions, they cannot access international aid support due to security challenges. The indication is that people in those regions are facing extraordinary hardships with livestock left in their possession. Other social factors such as **consumption of Khat** contribute to poverty as they affect one's ability to support family but also divert income from household, and also move hard currency to Ethiopia without no meaningful exchange for Somalia to reduce trade deficit.

There is growing interest and investment in farming but **lack of skills in modern agricultural practices** and limited availability of water are limiting productivity. **Fishery resources are not protected** and exploited by other countries using modern fishing vessels, leaving local fishermen who use low technology, with little resources to earn living. **Limited institutional capacity within the public sector** make situation more challenging as skills and resources necessary to improve productivity across the sectors are lacking. **Poor infrastructure** limiting people ability to access markets, support and opportunities elsewhere make things more difficult too.

Government intervention to reduce poverty

The committee identified a number of possible intervention options for the government to alleviate poverty. Government should first of all develop a **holistic strategy** to tackle the multiple causes of poverty including:

Rehabilitation of infrastructure to improve road connectivity across the cities and towns and therefore promote trade and movement of goods and services.

Restocking of livestock for nomads, **creation of water reserves** (dams), **resettlement of displaced rural populations** living in camps, **environmental protection** measures to reduce deforestation. It was recognized that the traditional nomadic way of life is no longer viable due to climate change impact and a shift to agro-pastoral livelihoods is the way forward. However, introduction and **training in modern**

farming and livestock systems is necessary for people to undergo the necessary cultural changes and adjust their livelihood strategies accordingly. Resettlement and reorientation of large displaced population in rural areas is important to rehabilitate the rural economy.

Better exploitation of natural resources including oil and minerals through foreign investments by those who have interest. However, a conducive legal framework and local business willing to engage in partnerships is necessary for new sectors' development. Bilateral agreement with other countries should be considered to invest large projects for economic development.

Fisheries need to be protected and local fisherman supported to access more modern fishing gear and investment in cool chain technologies and supported to gain access in regional markets for export. Presence of foreign antipiracy taskforce is seen to create protection for foreign fishing vessels and prevent local fishermen to go known good fishing ground away from coast.

A clear aid policy to guide to best use but also prevent negative aspects of aid. WFP interventions were in particular seen to create some disincentives for displaced people who once they settle in a camp and receive food and cash on a regular basis become no longer interested to go back to their place of residence and livelihoods. This entails a **culture of dependency** which undermines the country's ability to be economically productive and meet its needs.

Skills development, especially in construction which increasingly employs foreign migrants from Yemen, Pakistan, India and Bangladesh. There are real employment opportunities within the sector which is growing fast. In all sectors technical skills development should service to meet demand and therefore training in vocational skills encouraged and invested in.

Improved civic awareness in governance to support good civic behaviour and support for good policymaking. There is much public resistance to new policies which limits government's ability to make large scale changes to restore country's governance, develop economy and so on.

Benaadir Regional Administration

Consultations with Regional Administration, civil society and business representatives from Benaadir took place in Mogadishu on 7 March 2019.

Regional Administration officials

On 7 March, a consultation was held with Regional Administration officials at which the NDP-9 and consultation process was explained and questions answered by the Federal MOPIED team. Meeting participants split into 7 groups to consider the characteristics and causes of poverty in Benaadir and what could be done most urgently in terms of its alleviation.

Overall there very similar themes emerged from the breakout groups with **improved security** identified as the highest priority needed to reduce poverty and as a prerequisite to stability and prosperity. **Good governance and justice** were also identified as important condition for attaining political stability. Improvements of **urban infrastructure**, such as roads, were seen to have impact on the mobility and movement of business and trade with the region.

There was a common view that Banaadir region is rich in resources, but that development is held back by **poor public resource management and the continued presence of large numbers of IDP in the region**. The second of these is thought to overwhelm public services and has a negative impact on security. Unlike the consultations in other parts of the country, **the group viewed poverty as a consequence of external factors**.

When asked to select **the top three regional priorities** to consider for inclusion into NDP-9, the attendees selected **security, good governance and justice, and improved tax collection and revenue management** in descending order.

The Private Sector

The second day of the consultation, the private sector was consulted and the objective was to get the thoughts of Somali business owners when it comes to tackling poverty and creating employment opportunities.

The participants expressed their appreciation for the consultation and the government approach, they underlined the importance of getting viewpoints of the different sectors of the society in order to accomplish highly consultative National Development Plan that aims to alleviate poverty and improve the standard of living.

The main questions that was asked to the participants were, what defines poverty, how poverty affects them. The answers that came out of this consultation did not differ from those of participants consulted in the Federal Level. The viewpoints of defining poverty were all similar, but the causes of poverty and coping mechanisms were slightly different. The participants which came from different layers of the business spectrum pointed out that, **security and justice must prevail** to have any chance of alleviating poverty in Somalia. They also emphasized the importance of **investing in local production to nurture small business** owners. This will create job opportunities and at the same time it lowers the rate of young people joining extremist groups.

The participants suggest that, the government need to come up with **a plan to solve the ever-growing number of IDPs living in the major cities**. They urged the government's immediate attention because these less fortunate people live in a dire situation, they don't have enough latrines, affordable education and free health care. On top of that, they suffer continuous evictions every now and then by the local district authorities.

Finally the group summarized the following **lack of security, poor infrastructure, corruption, lack of skill trainings, lack of justice and nepotism** as a key drivers of poverty in Somalia.

Civil Society

In the previous round of the Federal level consultations, civil society was consulted because BRA and Federal civil society is more or less the same, so this consultation was a follow up meeting which we intended to reach un-consulted stakeholders in BRA.

The outcomes of these two civil society consultations was similar, the participants expressed a great concern about the **continuous displacement from rural areas caused by drought and lack of security**. They stressed the importance of developing comprehensive National Development Plan that addresses the key burning issues, such as the **widespread poverty, deteriorating security situation, neglected IDPs and lack of investment and job opportunities**.

On the other hand there was a great optimism and the group recognized the efforts of the current government to put in place the necessary mechanisms to reduce poverty by conducting a nationwide extensive consultations with the grassroots communities.

When defining poverty, the group generally had a similar perception of poverty. They defined poverty as, the lack of basic needs in one's life and they divided poverty into two categories, Primary needs such as shelter, food, water, and secondary needs such as education, health etc. The group believed that, **lack of security and natural disasters such as droughts** are the two major triggers and contributing factors of the current situation of poverty.

Finally, in order to alleviate poverty, the consulted participants suggested the government should address the following issues; **improve security, re-integrate and resettle the IDPs, provide quality health services, improve vocational and skill trainings, create job opportunities and improve judicial systems**.

Summary of Round 2 Consultations

In June, 2019, a set of three consultations was held with members of the private sector, CSOs/non state actors, and with the Parliamentary Committee of Budget, Finance and Planning. The following is a summary of their discussions.

Feedback from the first workshop with private sector participants focused on addressing constraints for economic growth. Their points included:

- Investment in infrastructure development as priority; infrastructure development as key to job creation; and job creation contributes to improved security.
- Leading role and potential of the private sector in job creation.
- Development/strengthening of cooperatives in the fishery sector (job-creation).
- Development and enactment of investment, insurance and copyright laws.
- Establishment of legal/regulatory framework for controlling business monopolies.
- Development of quality control policies, laws and institution.
- Poverty as the main driver of conflicts.
- Challenges of the private sector: poor governance, lack of infrastructure, costly power/lack of alternative sources of affordable energy, and lack of protection for domestic production from imports.
- Shift in cooperation modalities between Somalia and its development partners through the NDP as the guiding policy framework with which all development interventions must be aligned and enhanced coordination role of MOPIED.

Stakeholder participants from CSOs/NSAs raised the following key points:

- Availability and access to safe and clean drinking water for all the people.
- Management of drought and floods including river management (river bursts).

- Vocational skills training and job creation for the youth.
- Establishment of the Constitutional Court.
- Human development to improve lives and wellbeing of the people.
- Economic growth through increased productivity of the productive sector and promotion of small scale industries which leads to employment generation.
- Infrastructure development.
- Banks which finance/provide loans for the development of small scale factories.
- Civic education and raising public awareness on federalism.
- Water management through water policies and construction of dams.
- Inclusive politics and good governance.
- Need for policy to guide cash transfer programs.
- Need for a law which governs FGS-FMS relations (the Constitution).

Finally the Parliament Committee members provided the following feedback:

1. Security and Rule of Law

Security is the crucial issue

Challenges:

- Poverty
- Lack of inclusive politics and reconciliation
- Federalism (thorniest political issue)
- Lack of public trust/confidence
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Requirements:

- Security sector – technical know-how, equipment and assets (e.g. bomb/explosives detection devices, etc.)
- Emphasis on security – specific security agenda and action points
- Reform of the justice sector
- Security and development nexus
- Rwandan style local justice/reconciliation process – Gacaca courts (NRF)
- Capacity development and rationalization of the security forces

2. Economy Growth

Challenges:

- Lack of legal and regulatory frameworks and banking systems
- Inability to export local products such as salt and fish to neighboring countries
- Problem of water management is one of the biggest challenges

Requirements:

- Livestock export – livestock is backbone of the economy and food security; need for clear government policies for the livestock sector development
- Construction abattoirs and slaughter houses
- Promotion of domestic trade
- Establishment of Letter of Credit (LC) bank guarantee systems

- Job creation
- Nutrition and food security
- Development and reconstruction of schools
- Development and reconstruction of infrastructure – roads
- Technical skills training/education – need for specific agenda
- Poverty reduction

3. Inclusive Politics

- Realization of inclusive politics is a prerequisite for security and rule of law, and economic growth
- Census – to facilitate registration of citizens/voters
- Federalism will be decided by the Somali people through referendum, however, has thus far become a source of division/tension
- One national goal and unity of people
- Establishment of local government structures/councils
- Reconciliation and cohesion/cooperation between local governments and people
- Fundamental human rights (inclusion) vital for the constitutional review process
- Resumption of FGS-Somaliland dialogue and resolution of the Somaliland issue – priority for Somali unification
- Multi-layered reconciliation at all levels including intra/inter-regional

4. Crosscutting (Social Development/Governance)

- Capacity development for the civil servants of the various FGS Ministries
- Health for both people and livestock – necessary
- Government service delivery (basic service provision) – very important
- IDPs – part of war economy – need interventions to address the issue

ANNEX 2: IMPACTS AND COSTS OF THE CONFLICT IN SOMALIA

General impact	Physical/bodily harm	Impact on livelihoods
Widespread loss of lives / deaths	Death toll: Necrometrics, around 500,000 people	Displacement and refugees: the conflict created about 1m IDPs and 1.1 refugees.
Widespread displacement, poverty and vulnerability	Widespread physical violence	Destruction houses and properties caused widespread destitution, poverty and displacement
Distortion of social relations, culture, & traditional systems (governance, lifestyle, gender relations, economy)	Maiming of/handicapped youths who were/are militarized	Loss of income and assets: people's earning capacity and purchasing power have suffered significantly
Restricted access to public utilities, social services and infrastructure	Destruction of government apparatus and security institutions	Shifts in means of livelihood and changes in gender roles: most women assumed the role of head of the household and main breadwinner
Insecurity	Destruction of public and private property	Access to resources became limited: competition for scarce resources heightened potential for violent conflicts
Uncertainty	Destruction of the country's physical and socio-economic infrastructure	Destitution due to destruction of employment opportunities and property
Loss of manpower and loss of productivity	Increased civilian casualties caused by Al-Shabaab's asymmetric terrorist attacks	Loss of and shift in land ownership: farmers lost their farms and moved to IDP camps
Curtailment of public and private services and opportunities	Increased number of widows and orphans	Collapse of agriculture, manufacturing and related activities
Disruption of all economic activities		Traders: limited access to markets due to insecurity and therefore loss of income

ANNEX 3: SDG Linked M&E Roadmap Table

SDG Linked M&E Roadmap

This table provides alignment between the SDGs and the strategies of NDP-9 for future consideration. It offers a Roadmap for future completion as and when baseline data and supporting surveys are in place. Where existing baseline definitions are absent, baseline indicators from the official list of SDG indicators are suggested for consideration. However it will be important for the government of Somalia to tailor indicators appropriate to their context. Not all targets will be relevant, but all have been listed for future consideration.

Perspective	SDGs Goals/Targets	Pillar Area	Cross-cutting Policy Imperative	NDP Strategies	Baseline (from 2018 unless otherwise stated) (US \$)	Data Source
	Goal 1. End poverty in all its forms everywhere					
People	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	Security; Politics; Economy; Social Development;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance		69%	2018 SHFS
People	1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	Security; Politics; Economy; Social Development;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance			

People	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	Economy; Social Development	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance			
People	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	Economy; Social Development; Politics; Security	Gender & Social Equity; Humanitarian Interface; Resilience; Environment		2.1 M displaced (2017)	DINA report
People	Goal 2. Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture					
People	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	Economy; Social Development;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance			Baselines to be provided in 2019 Demographic and Health Survey
People	2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons	Economy; Social Development	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance	Improved Social Protection (Food Security) & Adapt national food production systems to the realities of climate change		

People	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	Economy;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance	Adapt national food production systems to the realities of climate change		
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People	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	Economy;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance			
People	2.5 By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and ensure access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed	Economy;	Gender & Social Equity; Humanitarian Interface; Resilience; Durable Solutions; Governance			

People	Goal 3. Ensure healthy lives and promote well-being for all at all ages					
People	3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	Social Development;	Humanitarian Interface; Resilience; Gender & Social Equity; Governance	Improving access to Health Care		Baselines to be provided in 2019 Demographic and Health Survey
People	3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births					
People	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases					
People	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being					
People	3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol					
People	3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents	Social Development; Security	Humanitarian Interface; Resilience; Gender & Social Equity; Governance	Improving access to Health Care		
People	3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including	Social Development;	Humanitarian Interface; Resilience;	Improving access to Health Care		Baselines to be provided in Demographic

	for family planning, information and education, and the integration of reproductive health into national strategies and programmes		Gender & Social Equity; Governance			and Health Survey
People	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Social Development	Humanitarian Interface; Resilience; Gender & Social Equity; Governance			
People	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Social Development; Economic Development	Humanitarian Interface; Resilience; Gender & Social Equity; Governance	Improving access to Health Care; Create the economic foundations for sustainable communities and businesses		

People	Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all					
People	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	Social Development;	Humanitarian Interface; Resilience; Gender & Social Equity; Governance; Durable Solutions	Improving Education and Training;		
					64%	EES
People	4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education					
People	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university				<20-30%	EES
People	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship					
People	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations					
People	4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy					

People	4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development					
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People	Goal 5. Achieve gender equality and empower all women and girls					
People	5.1 End all forms of discrimination against all women and girls everywhere	Economy; Social Development; Politics; Security	Gender & Social Equity; Humanitarian Interface;	Reforming the Security Forces; Reforming the Judiciary; Strengthening Institutions; Ratifying Constitution	Human Rights legislation	
People	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	Social Development; Security	Gender & Social Equity; Humanitarian Interface; Durable Solutions; Governance	Reforming the Security Forces; Reforming the Judiciary		
People	5.3 Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation	Social Development	Gender & Social Equity; Humanitarian Interface; Durable Solutions; Governance	Improving access to Health Care		Baseline to be provided in DHS 2019
People	5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate					
People	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	Economic; Inclusive Politics;	Gender & Social Equity; Humanitarian Interface;	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society; Strengthening Institutions for more effective governance		LFS 2019
					24 % 15%	LFS 2019
People	5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences					

Planet	Goal 6. Ensure availability and sustainable management of water and sanitation for all					
Planet	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all	Economic Development; Social Development	Humanitarian; Environment; Resilience; Gender & Social Equity; Durable Solutions; Governance	Strengthening key economic infrastructure; Improving access to clean water and sanitation;		HBS
Planet	6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations					HBS
Planet	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally					
Planet	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Economic Development	Humanitarian; Environment; Resilience; Governance	Strengthening key economic infrastructure		
Planet	6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate					

Planet	6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes					
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Planet	Goal 13. Take urgent action to combat climate change and its impacts					
Planet	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Social Development	Resilience; Humanitarian; Environment; Durable Solutions; Governance	Strengthening Disaster Management	Yes - national	
					2.1 M displaced (2017)	DINA
Planet	13.2 Integrate climate change measures into national policies, strategies and planning	Economic Development	Resilience; Humanitarian; Environment; Durable Solutions; Governance	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society	National Environmental Impact Policy	
Planet	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Social Development	Resilience; Humanitarian; Environment; Durable Solutions; Governance	Strengthening Disaster Management	National Disaster Management Plan and Awareness Raising	

Planet	Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development					
Planet	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution					
Planet	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans					
Planet	14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels					
Planet	14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, to levels that can produce maximum sustainable biodiversity	Economic Development	Resilience; Environment; Governance	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society		
Planet	14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information					

Planet	14.6 By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation					
Planet	14.7 By 2030, increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism					
Planet	Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and halt biodiversity loss					
Planet	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements					
Planet	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally					

Planet	15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world					
Planet	15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development					
Planet	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species					
Planet	15.6 Ensure fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources					
Planet	15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products					
Planet	15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species					
Planet	15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty					

	reduction strategies and accounts					
Prosperity	Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all					
Prosperity	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	Economic Development; Social Development	Environment; Resilience; Governance	Create the economic foundations for sustainable communities and businesses; Improving Social Protection (urban planning)		HBS
						HBS
Prosperity	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix					
Prosperity	7.3 By 2030, double the global rate of improvement in energy efficiency					
Prosperity	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all					
Prosperity	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	Economic Development & Macro-Economic Chapter	Resilience, Gender&Social equity; Governance	Create an enabling environment for economic growth; Strengthen key economic infrastructure; Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society; Adapt national food production systems to the realities of climate change		Ministry of Finance
					\$184 M	Ministry of Finance
					1.4 B	Ministry of Finance
						Ministry of Finance
Prosperity	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors				\$408 million	Ministry of Finance
Prosperity	8.3 Promote development-oriented policies that support productive activities, decent job creation,			Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society		

	entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services			Adapt national food production systems to the realities of climate change		
Prosperity	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead					

Prosperity	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Economic Development; Social Development	Resilience, Gender&Social equity;	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society		Baseline to be updated in LFS 2019
Prosperity	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training		Resilience, Gender&Social equity;	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society; Increasing access to Education		Baseline to be updated in LFS 2019
Prosperity	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms					
Prosperity	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment					
Prosperity	8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products					
Prosperity	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	Macroeconomic Chapter	Governance; Resilience	Strengthen the capacity of the Central Bank		Ministry of Finance
Prosperity	Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation					

Prosperity	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	Economic Development	Resilience; Environment; Governance	Strengthening key economic infrastructure		
Prosperity	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries			Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society		
Prosperity	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets					
Prosperity	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities					
Prosperity	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging in innovation and substantially increasing the number of research and development workers per 1 million people and public and					

	private research and development spending					
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Prosperity	Goal 10. Reduce inequality within and among countries					
Prosperity	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average	Economics;	Resilience; Humanitarian; Environment; Gender & Social Equity; Durable Solutions; Governance	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society	69%	HBS
Prosperity	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Economics; Inclusive politics	Resilience; Humanitarian; Environment; Gender & Social Equity	Diversify the private sector, making it more resilient to climate change and accessible to poorer segments of Somali society; Reconciliation; Ratified Constitution; Strengthening Institutions		
Prosperity	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	Inclusive Politics; Social Development	Resilience; Humanitarian; Environment; Gender & Social Equity; Durable Solutions; Governance	Ratified Constitution; Formal Federal System; Social Protection; Strengthening Institutions		
Prosperity	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality					
Prosperity	10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations					
Prosperity	10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions					

Prosperity	10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies	Inclusive Politics; Social Development; Security	Resilience; Humanitarian; Environment; Gender & Social Equity; Durable Solutions; Governance	Improving Social Protection; Reconciliation; Strengthening Institutions	2.1 M	DINA
Prosperity	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable					
Prosperity	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Economic Development; Social Development;	Humanitarian; Resilience; Durable Solutions; Gender and Social Equity; Governance	Create the economic foundations for sustainable communities and businesses; Improving Social Protection (urban planning)	55%	HBS (baseline from SHFS)

Prosperity	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	Economic Development	Resilience; Governance	Create an enabling environment for economic growth; Strengthen key economic infrastructure;		
Prosperity	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries					
Prosperity	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage					
Prosperity	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations					
Prosperity	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Economic Development;	Humanitarian; Resilience; Environment	Create the economic foundations for sustainable communities and businesses		
Prosperity	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older					

	persons and persons with disabilities					
Peace	Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and levels					
Peace	16.1 Significantly reduce all forms of violence and related death rates everywhere	Security; Inclusive Politics	Gender & Social Equity; Resilience; Governance	Reform of Security Forces; Reconciliation	48%	HBS (baseline from SHFS)
Peace	16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children					
Peace	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	Improved Security	Gender & Social Equity; Resilience; Governance; Durable Solutions	Improving Access to Judicial Services		
Peace	16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime					
Peace	16.5 Substantially reduce corruption and bribery in all their forms	Inclusive politics; Macro-economic chapter	Gender & Social Equity; Resilience; Governance	Strengthening Institutions; Completing PFM	rank 180 (last)	Transparenc y International
Peace	16.6 Develop effective, accountable and transparent institutions at all levels					
Peace	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	Inclusive politics;	Gender & Social Equity; Resilience; Governance	Strengthening Institutions; Fair and Credible Elections		
Peace	16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance					

Peace	16.9 By 2030, provide legal identity for all, including birth registration	Social Protection	Gender & Social Equity; Resilience; Durable Solutions; Humanitarian; Governance	Improving Social Protection	39%	HBS (baseline from SHFS)
Peace	16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements					

Partnership	Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development					
Partnership	Finance 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	Inclusive Politics; Economic Development; Macro-Economic Chapter	Resilience; Governance	Create an enabling environment for economic growth; Formalizing a Federal System (tax and customs and revenue sharing); Completing PFM		Ministry of Finance
Partnership	Finance 17.3 Mobilize additional financial resources for developing countries from multiple sources	Economic Development; Macro-Economic Chapter	Resilience; Governance	Create an enabling environment for economic growth	\$1.4 Billion	Ministry of Finance
					27%	Aid Flow reporting
Partnership	Policy and institutional coherence 17.14 Enhance policy coherence for sustainable development	Inclusive Politics	Resilience; Governance	Strengthening Institutions (strengthening Core Government Services)		
Partnership	Data, monitoring and accountability 17.18 By 2020, enhance capacity-building support to developing countries, including for least developed countries to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts	Inclusive Politics	Resilience; Governance	Strengthening Institutions (Strengthening Core Government Services - Statistical Function)		

Surveys: Household Budget Survey (HBS)

Labour Force Survey (LFS)

DINA (Drought and Impact Needs Assessment report)

DHS (Demographic and Health Survey)

SHFS (Somalia High Frequency Survey 2017/18)

ANNEX 4: DEMAND ELASTICITIES

Food Demand Elasticities

Panel A: Expenditure (or income) elasticities evaluated at sample means

	Cereals	Fru_Veg	Pulses	Meat	Dai_Egg	Oil_Fat	Others
YED	0.562	1.196	1.044	1.435	1.452	0.651	0.905
	(0.030)	(0.021)	(0.058)	(0.025)	(0.038)	(0.043)	(0.033)

Panel B: Price elasticities of demand for food group (Row) to price changes in food group (Column) - evaluated at sample means

	Cereals	Fruit/Veg	Pulses	Meat/fish	Dairy/Eggs	Oil/Fats	All others
Cereals	-0.471	-0.332	0.100	0.033	-0.125	0.500	0.206
	(0.151)	(0.111)	(0.054)	(0.069)	(0.048)	(0.054)	(0.049)
Fruit_Veg	-0.595	-0.983	-0.218	0.141	0.250	-0.393	0.314
	(0.148)	(0.134)	(0.056)	(0.071)	(0.037)	(0.049)	(0.067)
Pulses	0.532	-0.562	-0.923	-0.151	-0.053	0.189	-0.063
	(0.157)	(0.116)	(0.075)	(0.058)	(0.042)	(0.068)	(0.077)
Meat	-0.156	0.079	-0.026	-0.723	0.031	-0.554	-0.402
	(0.118)	(0.081)	(0.037)	(0.070)	(0.031)	(0.036)	(0.065)
Dairy_Egg	-0.234	0.236	0.012	-0.084	-0.589	-0.507	-0.567
	(0.098)	(0.052)	(0.033)	(0.049)	(0.049)	(0.047)	(0.049)
Oil_Fat	0.843	-0.562	0.189	-0.586	-0.402	-1.403	0.561
	(0.139)	(0.104)	(0.058)	(0.074)	(0.047)	(0.128)	(0.083)
Others	-0.200	0.575	-0.031	-0.037	-0.168	-0.803	-0.206
	(0.094)	(0.081)	(0.034)	(0.055)	(0.033)	(0.043)	(0.065)