



DRAFT

**SOMALI RECONSTRUCTION AND
DEVELOPMENT PROGRAMME**

**DEEPENING PEACE
AND REDUCING POVERTY**

VOLUME I

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GLOSSARY OF ACRONYMS

AfDB	African Development Bank
CDD	Community-Driven Development
CEM	Country Economic Memorandum
CEO	Chief Education Officer
CIRR	Commercial Interest Reference Rate
COMESA	Common Market for Eastern and Southern Africa
CSC	Civil Service Commission
CSO	Civil Society Organization
DDR	Disarmament, Demobilization and Reintegration
EC	European Community
EOD	Exploded Ordnances Disposal
FAO	Food and Agriculture Organization
FCC	Federal Constitutional Commission
FGM	Female Genital Mutilation
FMA	Financial Management Agency
FPENS	Formal Private Education Network in Somalia
FSAU	Food Security Analysis Unit
GAM	Global Acute Malnutrition
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GNP	Gross National Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HIPC	Heavily Indebted Poor Countries
ICU	Islamic Courts Union
IDA	International Development Association
IDPs	Internally Displaced Persons
IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IWM	Integrated Water Management
JNA	Joint Needs Assessment
LAS	League of Arab States
MCH	Mother and Child Health Centre
MDG	Millennium Development Goal
NFE	Non formal Education
NGO	Non-Governmental Organization

NPV	Net Present Value
NRM	Natural Resource Management
NSSP	National Security and Stabilization Plan
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPD	Out-patient Department
PA	Procurement Agent
PPP	Purchasing Power Parity
RDP	Reconstruction and Development Programme
REO	Regional Education Officer
SACB	Somali Aid Coordination Body
SAGRA	Somali Agronomists Association
SATG	Somali Agricultural Technical Group
SSA	Sub-Saharan Africa
SVA	Somalia Veterinary Association
SSS	Somalia Support Secretariat
TB	Tuberculosis
TFG	Transitional Federal Government
TFIs	Transitional Federal Institutions
TFP	Transitional Federal Parliament
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNOSOM	United Nations Operation in Somalia
WB	World Bank
WHO	World Health Organisation
UNDG	United Nations Development Group

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PREFACE

National and international actors use post conflict needs assessments as an entry point for conceptualizing, negotiating and financing a shared strategy for recovery and development in transitional post-conflict settings. The United Nations (UN) and the World Bank (WB) are often requested to co-lead or co-partner post conflict needs assessments (PCNA) in fragile settings with high risk of reversion to conflict, where government capacity is new and untested. The UN and WB bring into a PCNA a mix of experience, neutrality, credibility and technical expertise.

In 2005, the Transitional Federal Government and the international community asked the UN and the WB to co-lead for Somalia a post conflict needs assessment, which in this instance, was named the Somali Joint Needs Assessment (JNA). *The main objective of the JNA process has been to assess needs and develop a prioritized set of reconstruction and development initiatives to support Somali-led efforts to deepen peace and reduce poverty.* The Somali Reconstruction and Development Programme (RDP) is the resultant document coming out of the JNA process.

This Somali Reconstruction and Development Programme presents a shared strategy for deepening peace and reducing poverty in a post-conflict setting. In preparing it, an integrated team of Somali and other technical experts has consulted widely to review needs and develop a prioritized set of reconstruction and development initiatives. Their work has drawn on information from existing sources, workshops, selected field visits and meetings with a wide array of Somali groups and individuals, aid agencies working in Somalia, and questionnaire-based fieldwork undertaken in all regions of Somalia.

Under the possibility of a ‘post-conflict’ environment, the comprehensive implementation of the Somali RDP is expected to lay solid foundations for the establishment of an effective, participatory and transparent system of governance; the achievement of sustainable recovery, reconstruction and development; reversing regression from the Millennium Development Goals (MDGs), and advancing socioeconomic development for all Somalis. Even without a ‘post’-conflict environment, many components of this RDP can be implemented, particularly in areas of tranquillity where further progress on reconstruction and development can be made.

This RDP Synthesis Report (Volume I) covers in a concise form, key national priority actions and outcomes and their financial implications. The following four volumes of the RDP (Volumes II-V) provide more detailed geographic and sectoral information for operational and planning purposes. The Geographic Volumes (Volumes II-IV) group various Somali regions together into 3 sub-reports and should in no way be interpreted as implying anything about the possible future Somali political architecture.

The grouping of Somali areas into three geographic volumes is based on *de facto* differences in the level of stability, socioeconomic data, institutional rebuilding and typology of needs. The terms Somaliland and Puntland are used within the RDP because of common usage and for readability. The United Nations and World Bank are cognizant of the UN Security Council Presidential Statement that affirms its respect for the sovereignty, territorial integrity, political independence and unity of Somalia. The RDP architecture does not stipulate nor attempt to resolve where the disputed regions of Sool, Sanaag and any other disputed areas lie, but ensures that the needs of these regions and areas are sufficiently articulated and addressed.

Volume V of the RDP comprise of a series of 6 cluster reports as below:

- I Governance, Security and the Rule of Law
- II Macroeconomic Policy Framework and Data Development
- III Infrastructure
- IV Social Services and Protection of Vulnerable Groups
- V Productive Sectors and the Environment
- VI Livelihoods and Solutions for the Displaced

Three of the JNA cluster teams that developed Volume V of the RDP were led by the United Nations (UN) (Governance, Security and Rule of Law; Social Services and Protection of Vulnerable Groups; and Livelihoods and Solutions for the Displaced) and three were led by the World Bank (WB) (Macroeconomic Policy Framework and Data Development; Productive Sectors and the Environment; and Infrastructure). The cluster teams were comprised of international and Diaspora experts together with local Somali experts.

The RDP reflects the importance of three key cross-cutting issues – peace building and conflict prevention, capacity building and institution development, and human rights and gender – by addressing them as an integral part of the proposed initiatives to achieve desired reconstruction and development objectives.

The Joint Needs Assessment (JNA) which underpins this RDP was undertaken in a highly participatory manner, reaching all parts of the country and involving extensive consultations with many Somali groups plus others active in efforts to deepen peace and reduce poverty. The JNA teams held in-depth discussions with key representatives from donors, international Non-Governmental Organizations (NGOs), Representatives of the Transitional Federal Government – referred to in these documents as “the Somali Government” or “the Government”, and Transitional Federal Parliament – referred to in these documents as “the Somali Parliament” or “the Parliament”, as well as with UN agencies and WB missions. To ensure additional ownership and participation of Somali stakeholders, consultations, questionnaires and workshops were organized to identify and discuss the JNA methodology, priority needs and proposed areas of interventions. Somali stakeholders additionally involved in the assessment process included regional and local administrations and parliamentarians, private sector business, women’s groups, youth groups, religious leaders, professionals, traditional authorities, civil society organizations, and Somali local Non-governmental organizations (NGOs).

Bilateral development partners and regional institutions – the African Union (AU), the Intergovernmental Authority on Development (IGAD) and the League of Arab States (LAS) - have been consulted and involved in the assessment process. The UN-WB-led technical needs assessment team worked under the guidance and support of a Coordination Support Group (CSG) consisting of the key supporting donors (EC as chair, Italy, Norway, Sweden and the United Kingdom); the Transitional Federal Government (TFG), the Inter-Governmental Authority on Development (IGAD), the NGO Consortium, and the UN and WB.

The Somali RDP results from the priority needs, key strategies and key actions and recommendations of the JNA. The RDP is a pro-poor instrument premised on three pillars of priority needs::

- Deepening peace, improving security, and establishing good governance
- Strengthening essential basic services and social protection
- Creating an enabling environment for private sector-led growth to expand employment and reduce poverty.

The three pillars are interdependent in achieving success, and for each, specific attention has been paid to defining a strategy and priority outcomes and related initiatives. For each area of intervention, the implementation and absorptive capacity, as well as detailed Results-Based Matrices (RBM's) can be found in the Cluster Reports, which constitute Volume V of this document and are available at www.somali-jna.com. Successful implementation of RDP will be challenging and will require a secure political and social environment, a strong absorptive capacity, early and substantive support to build implementation capacity and a transparent and accountable system for monitoring.

The Synthesis Volume of the RDP has five parts. The political, security and socioeconomic context is reviewed in Section I. Key needs together with a vision are given in Section II. Key prioritizing criteria and principles underpinning the reconstruction and development strategy are given in Section III together with a three-part strategy focusing on deepening peace and security, improving social services, and achieving rapid poverty reducing development. Key aspects of phasing, a financing framework and coordination arrangements are discussed in Section IV. Given the continuing existence of significant uncertainties, especially in south-central Somalia this section also discusses what initiatives could be implemented without these uncertainties being resolved.

Drafts of the RDP Synthesis Volume have previously been circulated in October 2006, and December 2006 and in July 2007. Based on key elements of the RDP, international partners to Somalia have begun conceptualizing, planning and aligning funds to their respective shared and coordinated strategies and plans for Somalia including the European Commission (EC), EU Countries and Norway Country Strategy Paper for Somalia 2008-2013, the UN Transition Plan for Somalia and the WB Interim Strategy Note. Other national and regional Somali partners and (I)NGO's are using the RDP as a planning tool to help guide their respective strategies, plans and programmes, all aligning to the one RDP strategic framework for Somalia.

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“There is destruction and hardship. But there is also promise and a better future.”
Somali businessman

EXECUTIVE SUMMARY

Background. Somalis have experienced decades of devastating conflict and debilitating poverty. The toll in suffering has been high:

- Some 43 percent of Somalis live on less than US\$1.00 per day, and 73 percent live on less than US\$2.00 per day.
- The country was ranked 161st out of 163 countries on the 2001 UN Human Development Report.
- Only 22 percent of primary school-age children are in school.
- 22 percent of children die before the age of five.

Following a brutal civil war and the downfall of the central government in 1991, the public infrastructure was left in ruins, social services collapsed, livelihoods and lives were shattered and scores of thousands of people were displaced. Despite this, the remarkable resilience of the Somali people has led to civil society, NGOs, religious groups, and the private sector doing an impressive job of maintaining certain services such as education, health, and water. Though these services fall short of what is needed and many of them are working better in urban than in rural areas, the overall situation would have been even worse without them. Moreover, Somali ingenuity, together with large remittances, has been instrumental in creating new private sector initiatives in this uncertain situation and in preventing even deeper poverty. The results speak for themselves—eloquently.

- Exports in 2004 reached a record high of US\$265 million—about 19 percent of GDP.
- Imports, fuelled by remittances, also reached a record high of more than US\$400 million in the same year.

The resolve and the demonstrated productive capacity of Somalis, locally and in the Diaspora, give every promise that, given peace and security, Somalia can be whole and prosperous.

For the moment though, despite numerous mediation attempts, conflict with intermittent violence persists in the central and southern parts of the country to this day. In contrast, Puntland and Somaliland have managed to limit violence and re-establish the rule law and basic public institutions – achievements that can certainly be emulated in currently troubled areas. Following the Somali National Reconciliation Conference in 2004 a 275-member Federal Transitional Parliament (“the Somali Parliament” or “Parliament” in these documents) was established, Abdullahi Yussuf Ahmed was elected interim President, the Transitional Federal Government (TFG) was formed with Ali Mohammed Ghedi as Prime Minister, and Parliament was finally convened in Somalia in February 2006.

In late 2007, members of the Parliament unanimously voted in favor of the amendment of Article 47 of the Transitional Federal Charter to allow non-parliamentarians to be appointed as Ministers., and thereafter, Mr. Nur Hassan Hussein was appointed as Prime Minister and on a new government was formed comprising 18 ministers and 5 deputy ministers.

Impressive though these achievements are, the Somali peace agreement is founded on a delicate power-sharing formula, that is in itself indicative that reconciliation and the settlement of key divisive issues have yet to be achieved. In June 2006 there was the worst outbreak of violence in Mogadishu since 1991 and the Islamic Courts Union (ICU) took temporary control not only of Mogadishu, but also extended its influence to large areas of south-central Somalia. TFG and ICU talks were mediated by Sudan and the Arab League in June and September 2006 ending in a stalemate. In December 2006, Ethiopian forces entered Somalia to support the Transitional Federal Institutions (TFIs) and since then the government has substantially increased its presence in Mogadishu, whilst the Parliament continues to sit in Baidoa. Independent National Reconciliation Congress talks began in Mogadishu in mid 2007 and the National Reconciliation Commission is expected bring further reconciliation to Somalia. Since the formation of the TFI's there have been some noted successes, including the formation of Independent Commissions; key laws being passed by the Parliament relating to security and civil service and the formation of district and regional authorities.

Objective. This report – a Programme for deepening peace and reducing poverty – presents an assessment of priority needs and then outlines reconstruction and development initiatives to address them. This Reconstruction and Development Programme is designed to: (a) support the Somali people in their ongoing efforts to deepen peace (achieve reconciliation, peace and security in south-central Somalia as well as strengthen them in Puntland and Somaliland) and to reduce poverty (by expanding and improving social services, by expanding economic opportunities and employment and by generating incomes); and (b) support the international community in its their efforts to help Somali society achieve these objectives.

The proposed reconstruction and development initiatives promote and reinforce peace building, address the causes of conflict, and respond to the current situation by incorporating needed capacity building and human development. Moreover, they draw on the following three key features of the Somali situation:

- a) the people are remarkably resilient and resourceful and have created a vibrant and engaged private sector and civil society that can contribute greatly to the peace process;
- b) the need to establish and support effective government institutions after past decades of either oppressive or non-existent government; and
- c) the experiences of Somaliland and Puntland (and more recent cases in other areas of Somalia), provide useful sources of positive experiences with regard to reconciliation, peace building, reconstruction and renewed development that can be drawn upon.

*“I don’t care whether my goats sail from Bossasa or Berbera.
Nor do my customers...or my goats.”
Puntland Business man*

Key Needs. Drawing on existing research, the outcome of workshops held with a wide range of Somali stakeholders throughout the country, information gathered from selective field visits, and the results of questionnaire-based fieldwork to gather information on local perceptions of pressing needs and how best to address them in Somalia, the assessment identified three high priority needs:

- Deepen peace, improve security and establish good governance
- Strengthen basic social services (especially education, health and water supply);
- Rebuild infrastructure, together with other actions, to sustainably expand economic opportunities, employment and incomes.

As expected, the emphasis on and between these three key needs varies somewhat by location because of different stages of reconciliation, peace building, recovery and reconstruction. Moreover, the different stages of recovery of south-central Somalia, Puntland and Somaliland create different challenges and opportunities with regard to the possibilities for effective implementation of sustained reconstruction and development initiatives. However, in all locations, the underlying vision is to deepen peace and reduce poverty for all of the Somali people which will require:

- Achieving reconciliation, peace, and security at all levels of Somali society;
- Developing effective, transparent, and accountable institutions at all levels
- Significantly increasing school enrolments and reducing gender imbalance
- Improving health services with special emphasis on women, children, and communicable diseases
- Achieving rapid poverty reducing private sector development.

The four core criteria for selecting proposed priority initiatives under these three pillars are:

- Impact of peace building,
- Contribution to sustained equitable poverty reduction
- Opportunity and absorptive capacity for effective implementation
- Cost-effectiveness and sustainability.

The Reconstruction and Development Programme. A three-pronged Reconstruction and Development Programme (RDP) is proposed, to address in depth the three identified pillars of key needs:

1. **Deepening peace, improving security and establishing good governance** through disarmament, demobilization and reintegration (DDR), the establishment and strengthening of core public and private sector institutions (including security institutions), decentralization, and implementation of conflict resolution mechanisms;

2. **Investing in people through improved social services** (especially education, health and water supply) to sharpen human skills, and taking actions to address the needs of specific vulnerable groups such as internally displaced persons (IDPs)
3. **Establishing a sustainable enabling environment for rapid poverty-reducing development** to expand employment and reduce poverty. This includes infrastructure, policies and actions to overcome constraints facing the livestock and agriculture sectors and to ensure protection of the environment and sustainable use of natural resources.

Each of the **three pillars** is necessary to address the priority needs and to deepen peace and reduce poverty in a sustainable manner. No two would be sufficient by themselves. Peace, security and good governance are foundations for success in all reconstruction and development initiatives. But sustained peace and security depend on the creation of alternative livelihoods and hence sustained poverty-reducing economic growth and investments in people. In turn, the economic growth that is so necessary for sustained poverty reduction depends on investments in people, peace and security and other actions that reduce the cost of doing business.

Pillar I: Deepening peace, improving security, and establishing good governance are necessary to go beyond the coping strategies supported by humanitarian assistance over past 15 years to achieve reconciliation, peace building and renewed development. First, this involves strengthening initiatives at all levels to achieve reconciliation leading to peace building and complementing these with needed constitutional review and democratization. Particular problems such as land tenure, claims to property and access to water that are a source of conflict and inhibit the recovery of economic activities need to be urgently addressed through transparent, participatory and widely supported dispute resolution mechanisms.

Second, this pivots on conducting a security sector reform focussing on demobilization, disarmament and reintegration of some sixty thousand combatants, the establishment of a police force and a functioning judicial system. Some of the combatants can be absorbed into the new security forces while others need to have alternative livelihoods. In Puntland and Somaliland, this involves strengthening the police forces. Establishing the rule of law necessitates promoting initiatives to create a well-trained civilian police forces and well coordinated and accessible functioning judicial services drawing on the strengths of the existing traditional, shari'a and secular systems.

Third, this necessitates supporting through necessary means including substantial capacity building, the establishment of lean, efficient government institutions embodying good governance processes of transparency, accountability, fair representation, and effective participation, and with extensive decentralization of services and responsibilities and merit-based gender sensitive employment.

For the national structures, this involves following the federal approach within the Transitional Federal Charter (hereinafter referred to as the "Charter") and clarifying what such an approach means as well as building these institutions from the ground up; in Puntland and Somaliland, it involves rightsizing the existing civil services and deepening the decentralization process. Building on existing strengths, the delivery of services such as education, health, and water requires to draw on public-private partnerships in all 92 regions. In all locations and at all levels

of government, civil society and the media will need to help ensure accountability. Part of this building of needed government institutions will involve sound public finance management that over time attracts both local and donor confidence. Capacity building needs to make provision for conducting a census and establishing systems to provide basic timely and reliable data needed to develop and monitor policies. To ensure macroeconomic stability it is important that there be fiscal balance to avoid deficit financing.

Pillar II: Investing in people. The majority of an entire generation have not received basic education and a large number of qualified Somalis have left and joined the Diaspora. There is an urgent requirement to expand education at all levels. This involves the combined efforts of existing private sector providers plus public initiatives to address everything from training of teachers, provision of materials, rebuilding education infrastructure, reviewing curricula and finding ways to ensure much greater gender balance by increasing the number of girls attending school and reaching the children of nomads. Second, improving health indicators such as infant and maternal mortality and fighting common diseases calls for a range of initiatives including:

- Improve access, utilization and quality of health services
- Strengthen financial management
- Build human resources to improve the quantity and quality of health workers
- Ensure the cost effective availability of essential drugs
- Rehabilitate health care infrastructure

In improving education, health, and water supply services, it will be necessary to build on existing experience and the strengths of private suppliers (civil society organizations (CSOs), NGOs, religious groups, and the private sector), strengthen public policy and administrative capacity, and build private-public partnerships to achieve results as quickly as possible. In addition, the special needs of IDPs, refugees, and disadvantaged groups must be addressed to avoid them becoming a future source of conflict and to involve them in recovery and renewed development and thus achieve an improvement in their social indicators and reduce the high incidence of poverty among them.

Pillar III: Creating an enabling environment for private sector-led growth to expand employment and reduce poverty. The rebuilding of infrastructure and other initiatives to reduce the cost of doing business and accelerate growth in key traditional productive sectors (especially livestock and agriculture) and to expand economic options and diversify livelihoods are critical for sustained employment creation and poverty reduction. During reconstruction, there will be employment opportunities will be created through labor-intensive works programmes and community-driven development (CDD) initiatives but the only long term way to increase employment, economic opportunity, and incomes is sustained and sustainable private sector development. The Somali people have proven their ability to create private sector growth even in the absence of peace and stability. It can only be enhanced in a more secure environment. Key infrastructure initiatives that make up the third pillar include:

Potential output in all subsectors is higher than both historical and current levels: 50 percent higher for livestock; 300-400 percent for crops; up to 1,500 percent for fish and crustaceans.

FAO estimates

- Rehabilitation of transport facilities (primary and secondary roads, bridges, ports and airports)
- Expansion of power generation and distribution networks
- Further rehabilitation of irrigation systems
- Expansion of the human water supply and sanitary services.

In all these areas, drawing on proven energy and capacity of the private sector will be a key to success.

This pillar also includes actions to expand financial services by building on the strengths of existing *hawala* companies. To support livestock activities directly, it focuses on expanding veterinary services and eradicating tsetse fly to improve animal health, and the establishment of a livestock export inspection system that meets international standards. Reducing the cost of doing business of course depends broadly on the maintenance of peace and security, but more specifically on the establishment of a simple, transparent and stable and market-friendly regulatory environment for the private sector and a continued commitment to keep public sector enterprises from re-entering productive sector activities - as they did before the civil war. In terms of support to productive sectors to overcome impediments to their sustained expansion it includes improvements in veterinary services, and agricultural services and the expansion of financial services. Ensuring the environmental sustainability of economic activities requires licensing and regulation of fishing, controls on charcoal exports, the development of alternative energy options, and better management of grazing to halt deforestation.

Effective implementation of the RDP will be challenging and will depend on a number of factors including, a secure environment, implementation capacity, reliable data, a decentralized mode of governance and service delivery, sound and transparent fiscal management, ownership and inclusive partnership between the public and private sectors, and donor confidence. Hence, it is important that authorities and those responsible for implementation give due attention to these foundation and commonly agreed principles.

Options in the face of ongoing uncertainty. Ongoing uncertainties including whether Ethiopian forces will withdraw; whether the African Union or United Nations or other forces will come further into the fore; whether the National Reconciliation Congress and National Reconciliation Commission decisions will be appropriately implemented; and whether the Somalis themselves and, particularly the political, business, and religious elite within and outside the country can reach a peaceful resolution, all make immediate implementation of many of the elements of this Programme challenging, yet distinct opportunities should be supported, as and when the present themselves.

For the first pillar, some components that could be implemented to varying degrees, include core capacity and institution building; reconciliation activities; administrative governance; deepening the rule of law; implementation of the National Security and Stabilization Plan (NSSP) establishing and/or strengthening fiscal policy and public finance management and supporting the completion of the remaining tasks as laid out in the Charter, including preparing for multiparty, fair and democratic elections in 2009..

More could be done, within the existing circumstances, to implement components of the second pillar - investing in people through improved social services – though in some cases, this too will inevitably be challenging with ongoing uncertainties are resolved. Existing education, health and water supply services could be expanded and built upon with NGOs, religious groups, and private sector partners. Community-driven initiatives could help expand services and foster community dialogue by demonstrating the benefits of collaboration. However, this would be more cost-effective and generate better results in an environment of improved security and basic public institutions.

Finally, some components of the third could also be implemented including the expansion of microfinance, and building on ongoing efforts to improve livestock health. But the resolution of land and water disputes that are so important for the full recovery of crop production, especially in the Shabelle and Juba valleys, requires reconciliation mechanisms that are not yet present in south-central Somalia. Because these regions hold some of Somalia's richest agricultural resources, on-going disputes in the Shabelle and Juba valleys over land and water need to be addressed in the context of the larger national reconciliation exercise that the Independent National Reconciliation Congress has embarked on. Similarly, large infrastructure initiatives cannot be cost effective without peace and security. Indeed, before such projects can be implemented, basic peace should be established and the security risks that are exacerbating tensions eliminated. Similarly, ensuring sustainable use of natural resources requires collective action and the institutional capacity to monitor and enforce such action.

SOMALI RECONSTRUCTION AND DEVELOPMENT PROGRAMME

1. BACKGROUND CONTEXT

A. INTRODUCTION

1.1 Despite a widespread humanitarian crisis and, the lack of peace and security, the Somali people have shown remarkable resilience and the ability to adapt since the onset of civil war in the late 80's and the collapse of the central government. Since 1995, there has been intense reconstruction, especially in the urban centers of Mogadishu, Hargeisa and Bossaso. Thanks to remittances from the Diaspora and international aid, combined with community and private sector initiatives, some services such as communications, water supplies and electricity, transportation, schooling and health services have, in some locations, been re-established. In the years of absent government, the Somali people have used all their entrepreneurship to provide basic services during the war economy, though these services fall short of what is needed. Meanwhile, there has been unsustainable use of forest resources for charcoal production, pastures for grazing, and fishing of some marine species, which is compromising future productivity and livelihoods. Frequent natural disasters also threaten the livelihoods of many Somalis.

1.2 Recent developments have significantly changed the political scene, highlighting the importance of establishing and supporting good governance and accelerating reconstruction and development efforts. The formation of the Somali Transitional Federal Government (TFG) and Parliament, and their gradual establishment inside Somalia, together with continuing stability, democratization, and recovery to date in Puntland and Somaliland, generate hope that further reconstruction and renewed development would be achieved for the Somali people.

1.3 This report **a reconstruction and development programme for deepening peace and reducing poverty** – is designed to support the Somali people in their continuing efforts to (a) achieve peace and security in South-central Somalia and strengthen peace and security in Puntland and Somaliland and reduce poverty by expanding and improving social services and by increasing economic opportunities and incomes); and (b) support the international community in its efforts to help Somali society achieve this objective. It will be essential that proposed reconstruction and development initiatives promote and reinforce peace building, address the causes of conflict, and be responsive to the current situation by incorporating needed capacity building and human development. Initiatives will draw on the following three key features of the current Somali situation. First, the people are remarkably resilient and resourceful and have created a vibrant and engaged private sector and civil society. Second there has been a general distrust of government institutions after decades of either oppressive or non-existent governments. Third, Somaliland and

Puntland provide a fertile source of positive experiences with regard to reconciliation, peace building, reconstruction and renewed development to draw upon.

B. POLITICAL CONTEXT AND SOCIOLOGY OF CONFLICT

1.4 Having gained independence, the formerly British Somaliland and Italian Somalia united in 1960 to form the Republic of Somalia. However, this multiparty democracy only lasted nine years before the Siad Barre regime took power. Over the 21 years of this regime there was gradual deterioration, especially during the 1980s, in governance, social services, infrastructure and the economy, which led to increased domestic dissatisfaction. The regime's response to mounting opposition was to reinforce a growing system of clan-based nepotism and exaggerated centralization, which in turn eventually led to an armed rebellion. Civil war broke out in 1988, with widespread destruction especially in Hargeisa and Burao, and in 1991, the Barre regime was overthrown and the central government collapsed.

1.5 Since the early 1990s there has been widespread and large-scale conflict and lack of effective government in South-central Somalia. Much of the public infrastructure was destroyed in the early 1990s, social services collapsed, livelihoods were disrupted, and large numbers of people were displaced. Despite numerous mediation attempts, and the deployment of United Nations Operation in Somalia (UNOSOM) troops, a low-intensity state of conflict with widespread intermittent violence has persisted until the present day.

1.6 In contrast, the northern areas of Puntland and Somaliland have managed to limit violence and establish democratic systems and institutions, and are providing some basic services, although both need strengthening in various ways. Somaliland formally declared independence from Somalia in 1991, and has, in spite of being twice affected by civil strife (1992 and 1994-96), achieved substantial reconciliation with the involvement of traditional leaders, built democratic political and administrative institutions (a bicameral parliament, judiciary and municipal structures), and held a referendum on the constitution (May 2001) while maintaining peace, security, basic social services and an active civil society and private sector. Somaliland held local elections in December 2002, presidential elections in April 2003, and parliamentary elections in September 2005. However, Somaliland's claim to independence as a sovereign nation state has not gained international recognition and hence remains an issue for dialogue between Somaliland and the government. Following the failure of various national reconciliation efforts, the Puntland State of Somalia was formed in August 1998 as an autonomous self-governing entity in the northeastern region—albeit one still wedded to the long-term goal of Somalia's unity rather than seeking independence. Since then, it has established a Puntland parliament and local administrative institutions: improved security: and maintained some basic social services, an active civil society, and growing private sector activities. While Puntland and Somaliland are more peaceful, secure and stable than

south-central Somalia, they have had some internal conflicts over the past 15 years and are still disputing over the border regions of Sool and Sanaag, over which they both claim sovereignty.

1.7 In August 2000, a Somali National Peace Conference in Djibouti formed a Transitional National Government (TNG), but the TNG was unable to establish itself as an effective administration beyond a small area in and around Mogadishu, and its official mandate expired during the summer of 2003. Subsequently in August 2004 the Somali National Reconciliation Conference in Nairobi in 2004 led efforts to establish a 275-member Federal Transitional Parliament (TFP of herein after referred to as the “Parliament” or the “Somali Parliament”) in August 2004. In October the Parliament elected Abdullahi Yussuf Ahmed as the interim president of the TFG. The following month, President Yussuf selected Ali Mohammed Ghedi as Prime Minister, who in turn obtained approval of his cabinet in January 2005 and moved the TFG from exile to south-central Somalia. However, it was not until February 2006, following reconciliation of a Jowhar-Mogadishu cabinet divide, that the full Parliament was convened in Baidoa and parliamentary committees were formed.

1.8 On 7 November 2007, members of the Parliament unanimously voted in favor of the amendment of Article 47 of the Charter to allow non-parliamentarians to be appointed as Ministers. This major political move granted President Yusuf the freedom to appoint a non-parliamentarian as his Prime Minister. On 22 November 2007, Mr. Nur Hassan Hussein was appointed as Prime Minister and on 6 January 2008, Prime Minister Nur Hassan Hussein formed a new government comprising 18 ministers and 5 deputy ministers. The appointment of the new Prime Minister is viewed by many observers as a renewed opportunity to make further progress in the peace process in Somalia and a positive move towards the completion of the transition period.

1.9 Since the formation of the TFI’s, the Parliament has approved key basic laws relating to the civil service, national security plan, and enabling laws for 3 commissions. The Government has approved a draft affirmative action decree for empowerment of women; a city charter for Mogadishu is being developed; Supreme Court members have been trained and some 2,000 police have also been trained and deployed. The Independent Federal Constitutional Commission has received capacity building and technical assistance and is intending to comply with the constitutional referendum time frame. The Civil Service Commissions is actively functioning and has drafted a Civil Service Law. The National Reconciliation Commission has already developed a strategy and undertaken reconciliation work in Bay, Bakool and Gedo Regions. The participatory selection of district and regional authorities has been concluded in Bay and Bakool regions and is on-going in Gedo, Middle Shabelle and Hiraaan regions.

Impressive though these achievements are, the IGAD-led Somali National Reconciliation Conference (SNRC) that led the formation of the TFI's. is in itself founded on a delicate power-sharing formula, that is indicative of the reality that reconciliation, and the settlement of key divisive issues (see Box 1.1), have yet been achieved. Divisiveness continues to afflict Somalia with regard to security, the location and nature of the government and the role of foreign troops. Moreover, the Transitional Federal Charter (Charter), though it presents a basic legal context and guidance for future state structure, including the division of power and resources, remains vague on important issues such as the future constitution, nature of federal units and the balance of secular law, religious law and traditional lineage-based justice systems,.

Box 1.1: Drivers of Conflict in Somalia

The 2004 World Bank report, "Conflict in Somalia: Drivers and Dynamics," outlines major factors affecting conflict escalation and de-escalation in Somalia and provides a set of recommendations for creating a conflict-sensitive reconstruction and development programme. The following common patterns and common drivers of conflict were identified:

Clannism. Clan identities are a double-edged sword, acting as both conflict escalators and de-escalators. Nearly all armed conflicts in contemporary Somalia break out along clan lines. Yet clan identities are not the basis for conflict; it is rather their deliberate manipulation that creates and exacerbates divisions. Clans have the potential both to drive conflict and to act as constructive forces and traditional conflict moderators. Clan elders use traditional laws to settle disputes in non-confrontational ways.

Governance. Governance if effective can serve as a potent conflict de-escalator, yet experience of Somalis' experience with a repressive state under Siad Barre made them generally suspicious of centralized governance, considering it "an instrument of accumulation and domination, enriching those who control it". After collapse of the government, when the state divided across regional lines, south-central Somalia and the two northern regions of Somaliland and Puntland followed different routes and achieved different levels of success in governance. In the south-central regions, faction leaders created narrow geographical areas of control, exerting control over constantly shifting boundaries where their authority is repeatedly challenged. In Puntland, a regional administration has been established that provides for relative peace and law and order, but that can be easily undermined. Finally, Somaliland's budding democratic institutions assure relative stability and peace.

Resources. Competition among clan groups over access to and control over resources has been a key driver of the conflict in all parts of Somalia. Clashes over crop production, animal grazing and use of water points have been common. Negotiations over return of property and land are thus an integral part of achieving peace, but could

also potentially further escalate conflict. The fundamental, most chronic form of resource conflict occurs between pastoralists and agriculturalists, and is exacerbated by water crises and environmental degradation and desertification.

Militarization. Continued proliferation of small arms from neighbouring countries has made small-scale conflict more lethal and has strengthened the militarization of a society in which violence is the norm and guns an accepted form of conflict resolution. Lack of accountability creates a culture of impunity, which further exacerbates conflict. This has been most acute in south-central Somalia. In Puntland, in fact, a general aversion to weapons is growing and large groups are voluntarily demobilizing. Somaliland has made big strides in demilitarizing its society through systematic demobilization, although disarmament lags behind and the small-arms market remains active.

Regional Disputes. Sool and Eastern Sanaag remain disputed by Puntland and Somaliland. Inhabitants of the regions are torn over their allegiance, which acts against conflict de-escalation. The Mudug region also remains disputed by south-central Somalia and Puntland.

International Involvement. International actors exert both positive and negative influence on the complex Somali conflict. With external actors sometimes propping up clans that are willing to broaden their sphere of influence, Somalia has often been the battleground for divisions between its African and Arab neighbours.

Source: World Bank (2004)

1.10 The establishment of peace and security, remains a critical challenge, and will be a key precondition for achieving effective and sustainable reconstruction and development in the nation. While international assistance is needed in this process, experience shows that peace and reconciliation can be achieved through locally driven governance institutions drawing on traditional power structures, and the involvement of civil society. Although Puntland and Somaliland are currently engaged in a dispute over the two border areas, Sool and Sanaag, relative peace there has enabled the establishment of law and order, basic political and administrative structures, fostered private commerce, business, and service provision, and permitted inward investment by the Diaspora, and through greater aid flows.

The security situation in south-central Somalia remains unpredictably fluid and continues to give cause for concern. Two alliances struggled for the control of Mogadishu during the first half of 2006: the Islamic Courts Union (ICU) and the Alliance for the Restoration of Peace and Counter-Terrorism (ARPCT). Although Mogadishu has been the site of intermittent fighting over the past 15 years, the confrontation between the two alliances during June 2006 was the worst outbreak of violence in the former capital since 1991 and resulted in the ICU not only taking brief control of Mogadishu, but also extending its influence to large areas of south-

central Somalia. TFG and ICU talks were mediated by Sudan and the League of Arab States (LAS) in June and September 2006 meetings held in Khartoum but led to a stalemate. In December 2006, Ethiopian forces entered Somalia to support the TFI's and since this time, the TFI's have substantially increased their presence in Mogadishu. The dispersion of the ICU and the opposition to an Ethiopian troop presence by a portion of the Somali community has led to skirmishes and the emergence of an 'insurgency' type situation. An Independent National Reconciliation Congress held in mid 2007, came up with recommendations that if implemented are hoped to bring further reconciliation to Somalia. The deployment of the African Union Peace keeping force AMISOM and potential other future forces are important factors affecting the re-establishing peace and security.

1.11 A peaceful solution to the Somali situation will have clear implications for regional stability and economic activity, given the country's strategic location on the Horn of Africa. Neighbouring countries depend on the continued flow of people and goods across borders with Somalia. On the one hand, peace and stability will likely create a more robust and viable cooperative environment through strengthening regional bodies like IGAD, the African Union, COMESA, LAS, and East African countries that can positively impact ongoing integration efforts. At the same time, the positive social and economic results of peace will likely also include the massive return of refugees from neighbouring countries, as well as the opening up of new export markets and trading routes. By rebuilding the Somali infrastructure, establishing commercial banking systems, introducing an effective livestock export inspection system, and putting in place effective measures for protecting and rehabilitating the natural environment including fishery resources, a conducive environment will be created for employment, creating private sector-led growth to reduce poverty and lessen the current economic burden on neighbouring countries.

1.12 The future and prosperity of the Somali people will be heavily influenced by the state structures that are established, and significant thought will need to be given to the further consolidation and development of the decentralized governance system, regardless of its political leaning, and the roles of Puntland and Somaliland. While there have been positive developments to this end over the past two years, any future governance system in Somalia will have to be viewed in the context of the legacy of state failure and existing structures that emphasize regional differences and localized power bases. Therefore, it is important to recognize that any reconstruction and development effort needs to look for solutions that are adaptable within the Somali context. During the years of state collapse, civil society and local traditional community structures have emerged as important social and political forces, playing roles in both peace and governance, and service delivery. A continued strong and vibrant civil society will be of vital importance, working in partnership with governance structures, for the development of the country.

1.13 The challenges confronting reconstruction and development efforts are many, especially in light of the vastly different situations in the various regions, decades of deterioration of infrastructure and the gap in access to services and income-earning opportunities, the sociological impact of decades of war and insecurity on an entire generation of young people. Nonetheless, valuable experience and lessons exist from the peace and reconciliation processes in Puntland and Somaliland. Puntland currently has a draft constitution, planned for popular ratification along with parliamentary elections in 2008-09, and the Somaliland constitution was ratified by popular vote in 2001. Adding to this challenge is the fact that years of conflict have left a mark on significant segments of the population, for whom transparent governance structures with a government accountable to the people through democratic processes is unfamiliar. Furthermore, the historical experience means that any future Somali government should probably adopt a largely liberal attitude, aiming for the decentralization of administrative power and service provision. The Charter largely recognizes these constraints and conditions (box 1.2), and the reconstruction and development priorities outlined here should also be viewed in this light.

Box 1.2: The Transitional Federal Charter: Summary of Guiding Principles

The Transitional Federal Charter of the Somali Republic, approved in February 2004 at the Somali National Reconciliation Conference in Nairobi, provides a temporary legal underpinning of the Government of Somalia. The Charter will be operational until a federal constitution is adopted through a popular referendum during the final year of the transitional period. The 1960 Somalia constitution and other national laws apply in respect of all matters not covered and not inconsistent with the Charter. Key guiding principles emerge from the transitional Charter and these are as follows:

Inclusive Governance: The Charter upholds democracy as the guiding principle of a future governance structure. Sovereign authority of the Somali state is invested in the people of Somalia, who might either directly or indirectly exercise their democratic right.

Decentralization: Article 11 of the Charter provides for a decentralized system of administration based on federalism. The Somali Government is envisioned to comprise four levels of governance: (1) the Federal Government; (2) state governments (two or more, based on free will); (3) regional administrations; and (4) district administrations. The Government shall ensure that the process of creating a federal Somalian state will take place within a period of 2.5 years from the date that the Federal Constitutional Commission is established.

Resource Sharing: The Charter sets as the task of the TFG the fair and equitable appropriation and allocation of resources. Land should be used and managed in a manner that is equitable, efficient, productive and sustainable. Natural resources of the country such as the minerals, water, flora and fauna should be public property.

Power Sharing: According to Article 13 of the Charter, the TFG shall ensure that all appointments in the service of the Government are based on qualifications and fair distribution among the citizens: the “4.5 formula” applies for power-sharing among

major clans with 61 seats going to each of the four major clans and 31 seats going to the “minority” groups.

Gender Balance: According to Article 29, at least 12 percent of all members of the Government should be women. According to Article 26 of the Charter, the government promises to promote participation of women in all aspects of society.

Free Market Economy: The Charter stipulates that free enterprise should form the basis of the economic system. The government shall encourage and provide full guarantee to foreign investment, guarantee the right to private property under law and protect intellectual property.

Respect for Human Rights: The Somali Government recognizes all international human rights conventions and treaties. It guarantees equality of citizens before the law, providing for rights guaranteed under the Charter, including the right to law and legal proceedings in a competent court; the right to personal liberty, security, and protection of family, the right to freedom of information and media; the right to assemble and strike; the right to establish political parties and social organizations; the right to properly remunerated labor; and the right to political asylum and education.

Social Welfare: The Charter pledges that the Government will be responsible for protecting motherhood, children, aged persons, persons with disabilities, orphans, widows, and heroes who contributed and fought in defense of the country, and shall provide public health to all citizens and place emphasis on the control of communicable diseases. The Government shall encourage the establishment of civil society and social development institutions for the public. The Charter further stipulates that the law shall regulate the establishment of private health centers and clinics. The Government shall safeguard public morality of the society and promote social welfare of the rural population.

1.14 In order to assure conflict-sensitive and even conflict-mitigating reconstruction and development assistance, two directives stand out from previous experiences and analyses of the Somali situation (see box 1.3):

- Do not build from scratch but rather capitalize on community strengths and structures already in place, and reinforce them by using the vast resources of the vibrant private sector.
- Combine broad institutional development with cross-group, community-driven approaches at the local level, in a simultaneous development effort of good governance from top-down and bottom-up.

Over the past 15 years, Somalis have already managed to adopt these principles in developing and strengthening existing complex coping mechanisms, informal support systems in trade, remittances (*hawala*³) and a rich lineage-based system of

³ *Hawala* is an informal money transfer system, a vital financial link between the Diaspora and the homeland.

governance and justice (*xeer*⁴). Such systems not only empower and give voice, ownership, and responsibility to the communities, but they also foster cross-group cooperation for a common goal. Reinforcing this, Somali workshop participants throughout the Somali Joint Needs Assessment process expressed a preference for decentralization of administration and service delivery.

Box 1.3: Conflict-Sensitive Reconstruction and Development

Conflict-Sensitive Economic Development

Aid Flows: Donors should avoid creating dependence on aid. As Somali history shows, dependence on aid means weakness, as it can lead to state demise and give rise to conflict once aid is withdrawn.

Project Scale: Small-scale projects should be favored, as high-value investments are likely to attract lineage-based competition. As a rule, small-scale projects with well-defined goals, developed across clan groups, are more likely to have a positive impact in a conflict environment. Infrastructure projects benefiting multiple clans could be exceptions.

Community Involvement: Donors should build on community strengths and mobilize Somalia's human resources.

Cooperative Activities: Economic activities that unite rather than divide should be supported at all times.

Inequality: Fueling of horizontal inequalities should be avoided.

Natural Resources: Donors should focus on developing systems for fair natural resource management. Careful consideration is needed of how Somalia's abundant resources can be exploited in a way that provides equitable benefits across the local population while preventing over-exploitation.

Youth Unemployment: Unemployment, especially among young men, should be a pressing concern. Most studies on conflict observe that large numbers of unemployed young men in a society increase the chances of conflict escalating into violence. Improvements in key economic sectors would help bring unemployment down.

Nonpartisan Governance

Neutral Oversight: Donors should be prepared for political struggle around state building. The process of state building seems to exacerbate instability and armed conflict in Somalia because the revival of the state structure tends to be viewed as a zero-sum game, creating winners and losers over potentially high stakes. Thought needs to be given to mechanisms that can provide nonpartisan oversight of institutions responsible for functions such as customs, taxation and other revenue collection, the judiciary, law enforcement, and internal and external security.

⁴ *Xeer* is a traditional form of governance which comprises political, economic as well as legal aspects.

Inclusive Institutions: Governance functions should be clan-neutral and only those institutions that are neutral should be supported. While there is not a one-to-one link between democracy and absence of violence, there is a strong positive correlation.

Existing Structures. Rather than create completely new structures, donors should learn from and build on the institutions that already work.

DDR. Attempts should be made to disarm the society in a nonpartisan manner, and to demobilize and reintegrate combatants.

Safeguards. Proper assessments and safeguards should be applied as part of development assistance in order to minimize negative external effects and prevent tensions between countries and among population groups within Somalia.

Source: World Bank (2004).

C. SOCIOECONOMIC PROFILE

1.15 Somalia scores well below average on most social and economic indicators. This section reviews population estimates and welfare and social indicators to offer a brief profile of the current human situation. It then reviews the macroeconomic environment, budgetary constraints posed by limited domestic resources, challenges posed by the need to build service delivery mechanisms, and public sector capacity from a very modest base.

i. Welfare: Poverty, Inequality and Vulnerability

1.16 **Population.** In 2005, Somalia had an estimated total population of about 7.7 million, with people under 18 comprising 53 percent of the total⁵. The fertility rate is high at about 6.8 births per woman: at that rate, the population is estimated to grow at 3 percent per year, and thus rise to about 8.7 million by 2010.⁶ If peace prevails, this number would increase further as the Diaspora repatriates and refugees return. Broadly, the population figures can be divided into three population categories: nomadic-pastoralist (52 percent), sedentary-rural (24 percent) and urban (24 percent). Population figures are estimates which an independent consultant confirmed, during 2007, to be the most appropriate estimates to use. A census is recommended within the RDP to take place in 2009. The costed actions to address the needs as identified in the RDP Results Based Matrix are only partially calculated based on population size. Para 4.7 provides details of how the costed actions are calculated.

⁵ The population census of 1974/5 was published, but the 1985/6 population census for Somalia was never published. In the absence of up to date census figures, efforts have been made to estimate the size of the population and its age and sex distribution, and to make projections. The most notable attempts were made by UNDP/UNFPA in 1997 and the 2006 Settlement Survey, and the figures given in these reports have been generally accepted as the most reliable estimates available. Projections from those figures assume a growth rate of 3 percent per annum. A census is recommended to be carried out in 2009 of the RDP.

⁶ Footnote 5 refers

1.17 **Income Measures of Welfare.** The portion of the population living in extreme poverty (less than US\$1.00 per day) is around 43 percent. However, this figure hides a large difference between urban and rural areas, where the rates of extreme poverty are currently 24 and 54 percent, respectively. Although the figures are large in absolute terms, the incidence of extreme poverty has in fact decreased significantly over the past 20 years, from about 60 percent.⁷ About 73 percent of the population live on less than \$US2.00 per day—61 percent of urban and 80 percent of rural dwellers.

1.18 Somalia's poverty and inequality outcomes are mixed when compared to those of neighboring countries,⁸ reflecting the development failure of large parts of the continent as much as the resilience of the Somali people. Somalia's per capita income (US\$226.00) is lower than that of Kenya (US\$350.00) and Tanzania (US\$280.00), but higher than that of Eritrea (US\$190.00) and Ethiopia (US\$100.00). Incidence of extreme poverty is much higher in Somalia (43 percent) than in neighboring countries (23 percent in Kenya and Ethiopia,) but lower than in other conflict-affected countries (90 percent in Southern Sudan, 57 percent in Sierra Leone, 55 percent in Burundi, and 52 percent in Rwanda). Similarly, Somalia's poverty gap ratio measuring the depth of poverty is 18 percent, which is higher than in Ethiopia and Kenya (5 and 6 percent, respectively) but lower than the ratios for Sierra Leone (41 percent), Burundi (23 percent), and Rwanda (20 percent). A significant factor in elevating per capita income in Somalia, which explains why Somalia performs relatively well in income-based monetary measures of poverty when compared to countries in the region, is the large inflow of remittance (about US\$1 billion per year).

				Incidence of Poverty (percent)		Depth of Poverty (percent)	Income Inequality
Country	Pop. (million)	Year	Pop. below US\$1/day (PPP⁹)	Population below US\$2/day PPP	Poverty Gap Ratio at US\$1/day (PPP)	Gini Coefficient	
Somalia	6.8	2002	43.2	73.4	18.3	39.7	
Sierra Leone	3.9	1989	57.0	74.0	40.6	62.9	
Burundi	6.6	1998	54.6	88.0	22.7	42.4	
Rwanda	5.9	2000	52	84	20	..	

⁷ 1985-1990 average - UNDP Somalia Human Development Report, 2001.

⁸ World Development Index 2005

⁹ PPP is purchasing power parity

Ethiopia	64.3	2000	23.0	78.0	4.8	30
Kenya	28	1997	22.8	58.0	5.9	44.9

Source: World Bank Povcal database for Burundi, Kenya, Ethiopia, Rwanda, and Sierra Leone (with exception of pop. < US\$.00,2/day measure which comes from World Bank, 2005, Development Data Platform (DDP). Somalia data come from WB/UNDP 2002 Socioeconomic Survey of Somalia. All other data come from the DDP.

1.19 Income inequality is significant in Somalia, with household surveys suggesting that the poorest 10 percent of the population receives only 1.5 percent of the total income generated in Somalia, whereas the top 10 percent receives 35.6 percent of the total income (UNDP 2003). The estimated Gini coefficient¹³ is 39.7 on a range from zero (absolute equality) to 100 (absolute inequality). Out of this group of countries, only Ethiopia has lower inequality as measured by the Gini coefficient.

Social Indicators of Welfare.

1.20 Poverty is associated not only with insufficient income and consumption but also with low outcomes in terms of health, nutrition, literacy, access to basic services, and levels of security, among others.

1.21 Somalia scores well below average on most social indicators, and was ranked 161 out of 163 countries in the 2001 UN Human Development Report. Access to basic services as well as humanitarian aid is extremely low. Only 29 percent of people have access to clean water (53 percent in urban and 4 percent in rural areas) and a mere 26 percent of Somalis have access to improved sanitation. Primary school enrolment stands at 22 percent, which ranks among the lowest in the world.¹⁴ Meeting the most basic humanitarian needs poses huge challenges because access to humanitarian and development assistance has been severely restricted by the lack of security in much of south-central Somalia.

1.22 Health indicators are among the worst in the world, with under-five and maternal mortality at a staggering 22.4 percent and maternal mortality at 16 women per 1,000 live births, respectively.¹⁵ Wasting (as measured by low weight for height) is particularly relevant in assessing short term stresses, which have frequently

¹³ The Gini coefficient measures the extent to which the distribution of income among individuals or households within a country deviates from a perfectly equal distribution.

¹⁴ UNICEF Technical Report 2004/05

¹⁵ UNDP MDG Report, 2006

reoccurred during the Somali civil conflict and in the recent four-year drought in the central and northern regions. In Hargeisa, one of the most developed and vibrant Somali cities, average rates of wasting were 14.4 percent in February 2003¹⁶. In Galkacyo, an important commercial center in Puntland that is experiencing strong economic growth and where one could expect relatively low rates of malnutrition, wasting was 9.7 percent in 2004 and 8.3 percent in 2003. In the drought-devastated northern regions of Sool and Sanaag and in the conflict-affected central rangelands, in Gedo region and other riverine communities in southern Somalia, child wasting rates above 20 percent are common. While there are countries in West and East Africa with worse indicators (for example, Malawi, where the wasting rate is as high as 50 percent in some areas) and regions with child wasting levels similar to those of Somalia, wasting of children in Somalia is high by world standards (WB Country Economic Memorandum 2006). Measures of malnutrition status are better indicators of the longer-term impact of civil conflict and drought, and they are high, particularly in South-central Somalia. Between the years 2002 and 2004, stunting (height for age) among children reached close to 37 percent in the Gedo region, which has been severely hit by droughts. In 2003, stunting reached 24 percent in the Lower Juba, 27 percent in Hiraan, 35 percent in Bay, and 36 percent in the Bakool region. Such high stunting rates will have a major long-term detrimental effect on the growth and cognitive capacity of Somali children¹⁷

1.23 The large and widespread consumption of khat also negatively influences both the physical and mental health status of users. The socioeconomic consequences of khat consumption should not be underestimated, as it is generally associated with unemployment or inability to perform in the workplace, adding disproportionately to the workload of women in households, as men are the greater users of khat. In addition, khat diverts large parts of the household budget that could be better invested in meeting basic household needs.

1.24 Although the statistics shown above are abysmal, human development conditions have in fact improved slightly over the past 10 years as a result of the intense efforts of community-based groups, private sector initiatives, and NGOs and UN agencies. Primary school enrollment shows an improvement from the rate of about 12 percent in 1988.¹⁹ Life expectancy at 47 years in 2002 is lower than in Senegal and Eritrea (52 and 51 years, respectively), but has increased from 44 years in 1987 and is higher than in Kenya and Nigeria (45 years), Tanzania (43 years), and Ethiopia (42 years). Similarly, under-five child malnutrition prevalence rates are higher at 26 percent than in Senegal (23 percent) and Kenya (20 percent), but are

¹⁶ UNICEF Technical Report 2004/05

¹⁷ World Bank Country Economic Memorandum 2006

¹⁹ World Bank, 1991 Public Expenditure Review

lower than in Ethiopia (47 percent), Eritrea (40 percent), Nigeria (29 percent) and Tanzania (29 percent).

The Geography of Poverty.

1.25 The political and economic chaos of the last decades resulted in increased inequality across regions among different segments of society. Although large parts of the population were negatively affected by the conflict through losses of assets and opportunities, significant benefits were created for those who managed to seize public and private assets, exploited monopoly powers and disregarded environmental protection. Regional disparities are prevalent, and current estimates suggest that the more peaceful Puntland and Somaliland have relatively higher income levels (see Table 1.2 below) and better provision and access to social services than more conflict-afflicted parts of south-central Somalia. Similarly within south-central Somalia, people in and around Mogadishu and the more arid northern parts have above average per capita incomes, while those living in the central and southern parts typically have below average incomes. Table 1.2 indicates that Hiraan, Gedo, Bay and Bakool regions in south-central Somalia have the lowest levels of per capita income (typically US\$100.00-\$150.00 per year), whereas Western Galbeed, Awdal, and Togdheer regions in Somaliland and Banaadir in Mogadishu occupy the top ranks (US\$301.00-\$350.00 per capita per year).

Location	100-150	151-200	201-250	251-300	301-350
Mogadishu					Banaadir
Puntland and Somaliland		Mudug	Nugaal	Sanaag	Awdal
				Sool	W. Galbeed
				Bari	Togdheer
south-central Somalia	Hiraan	Middle Juba	Lower Juba	Galgaduud	
	Gedo		Lower Shabelle	Middle Shabelle	

	Bay				
	Bakool				
Source: Somalia: Socioeconomic Survey, 2002, UNDP and World Bank, 2003					

1.26 **Roots and Causes of Poverty.** Insecurity and violence affect the livelihoods of people in two contradictory ways. Insecurity, violence, destruction of infrastructure and disruption of productive sector activities, including agricultural activities, prevent an optimal use of resources for creation of livelihoods, and increase women’s vulnerability to exclusion and all forms of violence, while lack of oversight and regulation encourages unmanaged extraction of livelihoods from an unsustainable use of natural resources. However, while millions suffer the negative effects of these twin factors, only a small proportion of the population reaps the benefits of an unregulated system and economy of war, and the conflict has to a large degree been fuelled and prolonged by those people who have used inter- and intraclan disputes as a means to f enrich themselves. As a result, poverty has deepened as disputes have disrupted the potential for agricultural production and further depressed incomes through destruction and insecurity. Over time, the disruption of education has also undermined the skill level and flexibility of the workforce, further exacerbating poverty

1.27 Long-term sustainable investment, a key to sustained growth and poverty reduction, has been minimal as a result of the confluence of a number of factors that increase the cost of doing business. These include the lack of security, deterioration of infrastructure, lack of rule of law-based property rights and dispute resolution mechanisms, absence of financial services, and a widespread lack of skilled workers. In such high-risk circumstances, private investors tend to focus on short-term and quick payback initiatives.

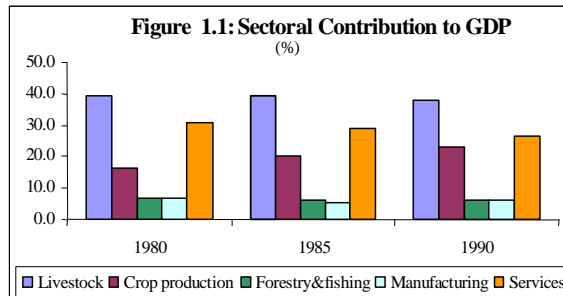
1.28 Exogenous causes of poverty include the largely arid landscape, recurrent droughts, foreign interference, and the imposition of livestock bans that have all severely affected income generation.

Macroeconomic Environment

1.29 **Sources of Economic Growth in the Midst of Conflict.** In the past 15 years, the Somali economy has showed resilience and even expansion in a limited number of areas' though as mentioned above the benefits of this growth are not equitably shared, and on the whole Somalis have not prospered. There is heavy dependence on remittances (which amount to about US\$1 billion annually, that is, 71.4 percent of GNP, as compared to US\$370 million annual average in the 1980s and early to mid-1990s) for consumption, investment, and foreign exchange. Indeed, at about US\$130.00 per capita per year, remittances have a considerable influence on the economy and have contributed to decentralized development.

1.30 Unlike in the 1970s and 1980s, when most of the output of the small industrial sector and many services were provided by the public sector, production and services are now dominated by the private sector. Key areas of private sector activity include agriculture, fisheries and fishery equipment, forestry, trade and marketing, money transfer services, transport, communications, airlines, telecommunications, hotel and construction services and education and health.

1.31 Because of the lack of disaggregated recent GDP data, the share of the various sectors in the Somali economy at present is not known. However, agriculture, specifically agropastoralism and crop production, have traditionally dominated GDP. In 1990, the agricultural sector accounted for about 64 percent of GDP (figure 1.1), with livestock and crops being the largest activities.



Source: WB PER 1991

The most prominent subsectors in services were trade and hotels and transport and communications. However, the level of agricultural production is now well under its peaks of the mid-1980s, mainly as a result of continued insecurity, deterioration of irrigation systems, and absent or weak government. Although the value of crop production is at 38 percent of 1989 levels, livestock slaughter and export (off-take) remain in the same range as during the late 1980s and are well below their potential.²¹ Contribution of manufacturing to GDP in the late 1980s was no more than 5 percent and it still remains low today.

1.32 Cross- border trade grew steadily over the five years beginning in 2000 to reach US\$461 million in 2004 (table 1.3 below). Similarly, during the same period, exports almost quadrupled, reaching US\$266 million. Before the civil war, livestock and livestock products accounted for 80 percent of exports; bananas for 10 percent; and fisheries, frankincense, and myrrh for the rest. Banana exports resumed in 1993 and by 1997 had reached 80 percent of prewar exports, but subsequently fell away again to virtually zero, a major loss as at its peak banana production had employed some 10,000 people. Today, livestock continues to dominate exports, despite the Saudi ban on imports of Somali livestock imports, followed by charcoal, fish, and hides and skins. The largest recorded imports through Berbera and Bossaso ports are food (sugar, wheat and wheat flour, rice, and cooking oil), building materials, and

²¹ According to Food and Agriculture Organization (FAO) estimates, potential output in the livestock subsector is 50 percent higher than actual average output, with potential output in crop production three-four times current production levels.

²³ Note that these import figures do not include khat.

fuel. Khat, a mild narcotic, is thought to be the second largest import at about US\$250 million, though it is not included in the import statistics.

	1980	1988	1990	2000	2001	2002	2003	2004
Total Merchandise Exports	166.4	137.4	163.7	68.2	77.6	118.3	157.9	265.5
Total Merchandise Imports ²³	439.5	267.0	351.8	263.6	280.8	299.8	340.3	460.8

Source: International Monetary Fund (IMF) Direction of Trade Statistics based on partner data.
Note: These data are based on trade data reported by partner countries

1.33 **Inflation and Exchange Rates.** During the past 15 years, inflation occurred as a result of the injection of foreign-printed currency into the economy, higher fuel prices and food insecurity. In south-central Somalia inflation was between 14 and 17 percent per year between 2002 and 2005. In the early part of 2006, drought and consecutive seasons of below-normal and failed crop production resulted in cereal and sorghum prices rising sharply. For example, sorghum prices in some areas increased 66 percent between November 2005 and March 2006, while maize prices in Juba Region rose by more than 200 percent.

1.34 Money exchangers operate freely in the country and the system has become increasingly dollarized. However, despite political uncertainties, both the Somali and Somaliland Shilling have remained relatively stable since October 2004, at 14,500-15,600 So.Sh./US\$1.00 for the Somali Shilling, and at 5,900-6,400 Sl.Sh./US\$1.00 for the Somaliland Shilling. The increase in livestock exports, sustained levels of foreign remittances and containment of the growth of money in circulation, have helped keep the currency relatively stable in recent years.

1.35 **Fiscal Management.** Since 1991, what limited information has been collected on fiscal flows is for Puntland and Somaliland. In both, fiscal management has suffered from the same problems as in the pre-war years: low revenue collections, weak capacity, expenditures mostly for security and general administration, and weak planning and coordination of development projects. Trade taxes, mostly specific rather than *ad valorem* including export taxes, have been the source of more than 80 percent of annual revenue that has fluctuated widely in recent years, but is currently around US\$16 million for Puntland and US\$22 million for Somaliland.

1.36 The Ministries of Finance in both Puntland and Somaliland are preparing annual budgets that although not properly classified, are functional in the sense that expenditures are aggregated from the various ministries and agencies of government. Wages and salaries, operating expenses²⁴ and other general expenses make up the largest share of both budgets-73 percent of the total budget in Somaliland and 83 percent in Puntland. Almost half of recurrent costs are spent on security and police

²⁴ Also referred to as "Services."

alone. On the revenue side, customs duties and indirect taxes account for about 90 percent of the total in both budgets (table 1.4 below).

1.37 It is important to note that capacity for proper fiscal management is weak, and these budgets are not prepared through a consultative process. With most of the expenditures committed to wages and salaries and the other recurrent expenditures, budget preparation is largely a mechanical exercise. Analysis of the Puntland budget also showed that the budget increase from 2004 to 2005 was entirely due to increase in the size of the civil service.

Items	Puntland		Somaliland	
	So.Sh (million)	% of total	Sl.Sh (million)	% of total
Revenue				
Customs duty	228,427	80.1	134,095	90.5
Indirect taxes	23,318	8.2	0	0.0
Income tax	4,277	1.5	3,807	2.6
Government property fee (land tax)	3,978	1.4	2,215	1.5
Government service charge	24,835	8.7	7,983	5.4
Other	318	0.1	152	0.1
Total revenue	285,151	100	148,252	100
In US\$ million	19.7		24.7	
Expenditure				
Wages and salaries	179,676	62.0	82,319	55.5
Operational and general expenses	60,554	20.9	26,145	17.6
Repayment of loans	38,931	13.4	0	0.0
Welfare and reconstruction	4,800	1.7	3,317	2.2
Public works and investment	0	0.0	36,472	24.7
Grants and reserves	5,760	2.0	0	0.0
Total Expenditure	289,721	100	148,252	100
Source: Somaliland and Puntland authorities.				

1.38 Financial planning is also made difficult because of the unpredictability of revenues and the extreme dependence on trade taxes through the ports in Bossaso and Berbera (90 and 80 percent of total customs collection respectively in 2005). Discussions between the authorities and JNA missions indicate that the budget envelopes are based on resource estimates from preceding years rather than on forecasts of economic activity, which has proven to be problematic.

1.39 No reports were made available for budget execution and the 2006 Puntland and Somaliland budgets do not report actual expenditures for 2004. Evidence also indicates that the budgets are released to the respective ministries upon request, and that allocations as such are rather arbitrary, and based on cash balance and availability rather than firm commitments and expenditure heads presented in the annual budget. Discussions also revealed that these governments frequently reallocate funding to pay for unexpected expenses.

1.40 Minimal allocations of expenditure are made for the provision of public goods such as infrastructure and social services. Compared to the pre-war period, deficit financing is limited to semi-voluntary loans from major business people rather than inflationary central bank financing. Budgeted pro-poor development spending ranges from 11 percent in Puntland to about 15 percent of the total budget in Somaliland, although without closed accounts these numbers are hard to verify. It is nonetheless clear that the extremely weak revenue base makes it almost impossible for the local authorities to engage much in service delivery.

1.41 **External Debt and Official Development Assistance (ODA).** At the end of 1989, Somalia's external debt was estimated at US\$1,774 million, almost twice the value of GDP, or nearly 30 times the value of merchandise exports. Of the total debt outstanding, 47 percent was owed to multilateral institutions. The government showed little interest in working with external creditors after a major reorganization in 1987. Financial policies slipped out of control, the exchange rate became increasingly unrealistic, and official aid virtually ceased. In May 1988, with arrears of US\$33 million (54 percent of quota) and with no prospects for an agreement on an economic programme in sight, the Executive Board of the IMF declared Somalia ineligible to use Fund resources and the undrawn balance of International Development Association (IDA) credits with the World Bank was also frozen.

1.42 From 1990 to 2006, as a result of significant arrears on past debt-servicing obligations, the lack of a functional national government, and the unstable security situation, Somalia neither borrowed nor serviced its public debt. Somalia's total external debt (public and publicly guaranteed) was estimated at US\$3.2 billion at the end of 2004, of which an estimated US\$ 2.5 billion was in arrears (table 1.5). Of this debt, 40 percent is owed to multilateral creditors, 46 percent to Paris Club bilateral creditors, and 14 percent to non-Paris Club bilateral and commercial creditors. The net present value (NPV) of the total debt stock is US\$2.9 billion. There is yet to be any substantive discussion of debt relief and without the development of an agreed reform programme with national authorities Somalia is yet to reach a decision point with regard to debt reduction under the Heavily Indebted Poor Countries (HIPC)²⁵ initiative. Meanwhile, in the absence of new lending, total official grant development

²⁵ This initiative, first launched by the IMF and World Bank in 1996, is a comprehensive approach to debt reduction for HIPC pursuing IMF- and World Bank-supported adjustment and reform programmes.

assistance to Somalia has been rising steadily, reaching US\$119 million in 2000 and US\$222 million in 2004. This means that per capita aid to Somalia in 2004 had reached US\$ 30.

Table 1.5: Stock of Public and Publicly Guaranteed External Debt at End-2004 (US\$ million)						
Creditor	Nominal Stock					NPV of total debt b/
	Total		Arrears a/			
	Stock	(%)	Principal	Interest	Total	
1. Multilaterals	1,273	39.7	479	344	822	1,118
World Bank – IDA	491	15.3	81	46	127	353
IMF	345	10.8	174	171	345	345
AfDB Group	126	3.9	37	21	57	102
Others	310	9.7	187	106	293	318
2. Bilaterals & Commercial	1,935	60.3	924	833	1,757	1,861
Paris Club creditors	1,472	45.9	573	740	1,314	1,398
Non-Paris Club & commercial creditors	462	14.4	351	93	444	463
Total Debt (1+2)	3,207	100.0	1,403	1,177	2,580	2,979
<i>Sources:</i> Creditor Statements and World Bank Global Development Finance.						
a/ Includes principal and interest arrears as well as penalty charges.						
b/ Calculated using end-2004 exchange rates and, as discount rates, currency-specific average CIRR from OECD.						

2. PRIORITY NEEDS

2.1 Section 1 of this report summarized key aspects of the current Somalia situation along with recent developments, and in so doing highlighted that the needs are immense. The destruction of institutions, infrastructure, human resources, and livelihoods over the past two decades is extensive; reconstruction and development will be a great challenge and will take considerable time. Given such vast needs, together with limited financial resources and limited absorptive capacity, it is essential to prioritize the most important initiatives. There are many more good ideas than can be implemented in five years; so many good initiatives will have to wait. This section assesses the priority needs, outlines a set of priority actions to address these in Section 3, and elaborates on them in the RBM (Section five).

2.2 This second section builds on the description of recent developments and the Somali situation in general by examining needs more closely, with particular reference to those by Somalis at the local level, and seeks to distill out key priority needs. The Somali JNA that underpins this RDF builds on the wealth of existing research and donor assessments on various relevant issues, including:

- Work done as part of the Somali National Reconciliation Conference (SNRC)²⁴ (box 2.1)
- The Somaliland Poverty Reducing Strategy (box 2.2)
- Existing analyses from academic sources (for example, Peter Little, 2003. "Somalia, Economy Without State")
- Ongoing donor and UN assistance programmes (for example, the European Commission Strategy for the Implementation of Special Aid to Somalia, 2002-2007)
- The World Bank (for example, the "Drivers of Conflict" report, 2004 and the Country Economic Memorandum, 2006)
- Resource materials from the Somali Aid-Coordination Body (SACB).

2.3 Building on this existing body of analytical work, the Somali JNA teams conducted extensive fieldwork and wide consultation with national stakeholders to

²⁴ The Somali National Reconciliation Conference (SNRC) took place in Kenya (2002-2004) under the auspices of IGAD and led to the inauguration of the Transitional Federal Parliament (TFP) in August 2004, the election of the President in October 2004, the endorsement of the Prime Minister in November 2004 and the Transitional Federal Government (TFG) in January 2005. As part of the SNRC there were expert working groups on (i) The Transitional Federal Charter; (ii) Economic Recovery, Institutional Building and Resource Mobilization; (iii) Land and Property Rights; (iv) Disarmament, Demobilization and Reintegration (DDR); (v) Conflict Resolution and Reconciliation; and (vi) International and Regional Relations.

gain an understanding of priority local needs. First this involved a workshop with the Transitional Federal Government, Puntland State Authority and Somaliland Administration Representatives; secondly, a series of consultative workshops in Hargeisa, Garowe, Jowhar, and Mogadishu with the following local groups:

Regional administrations and parliamentarians

- Business people
- Women's and youth groups
- Religious leaders
- Professionals
- Traditional leaders
- Local Somali NGOs.

2.4 These workshops each covered two days and generated much valuable information on local priority needs and proposed initiatives for addressing them for the six cluster teams.

Box 2.1: Somali National Reconciliation Conference: Economic Recovery, Institution Building and Resources Mobilization Report

Background. The task given to the Economic Recovery, Institution Building, and Resources Mobilization Committee was to develop a post conflict recovery programme that included:

- Macroeconomic framework for a federal structure
- Promotion of trade and commerce
- Plans for credible institution building
- Rehabilitation and reconstruction of the socioeconomic sectors.

Vision. The vision called for peace, good governance, democratization, federalism, rule of law, dynamic private sector, sound socioeconomic policy, efficient public services, diversified economy, good infrastructure, sustainable development, and gender equity.

Programme:

1. Define the role of federal, state, regional, and district authorities in socioeconomic management.
2. Create a sound macroeconomic policy; a credible monetary authority; effective and operative federal fiscal policy; debt management; and credible resource mobilization, including revenue collection.
3. Introduce a sound regulatory framework to: re-establish competitive livestock, meat, and banana exports; rehabilitate and modernize irrigated

agriculture; improve agro processing, human resources development, and technological and scientific innovation to achieve sustainable and productive crops, livestock, and fisheries; and a commercial court system for conflict resolution.

4. Create a lean, efficient, corruption-free, merit-based, adequately remunerated, and inclusive public administration, including Parliament, Presidency, Prime Minister's Office, 20 Ministries, and 6 autonomous agencies.
5. Improve health and education services.
6. Rehabilitate and expand physical infrastructure such as roads, seaports, airports, water supply and sanitation, telecommunication, civil aviation, urban services, and power.
7. Rehabilitate and develop the agricultural sector, including livestock, crops, and fisheries.
8. Facilitate private sector-dominated industrial rehabilitation and development.
9. Improve institutional arrangement and aid coordination, including:
 - Improved regulation
 - Enhanced private sector development
 - Rebuilding of key institutions
 - Introduction of community driven development (CDD)
10. Establishment of a trust fund co managed by the donor community and key ministries.

The cost of the first two year recovery programme was estimated to be about US\$ 1.13 billion.

2.5 Second, to ensure extensive local expert involvement in the assessment, six local experts were identified in each of six geographic zones²⁶ – Somaliland, Puntland, Central, South-West, South, and Benadir – plus a zonal coordinator and deputy coordinator. These local experts were part of the cluster teams and participated in consultative workshops. In the case of Benadir (essentially Mogadishu) this zonal team organized and ran the consultation workshop together with the Formal Private Education Network in Somalia (FPENS), Coalition for Grassroots Women Organizations (COGWO), and Centre for Research and Dialogue (CRD), as security concerns prevented international experts from participating. Third these local experts undertook questionnaire-based fieldwork in all six zones. Questionnaires were developed for all six clusters plus a seventh reaching across all clusters to collect local information on priority needs and suggested initiatives to address them, complementing the consultative workshops and reaching into locations that were inaccessible to international cluster team members.

²⁶ These six zones were simply developed as a means of organizing local involvement in the Somali JNA and hence ensuring that the assessment was well informed by and responsive to local needs. This formulation had no implications for possible future administrative structures.

2.6 Third, cluster teams of Somali and other international and local experts made selected field visits to add to their understanding of priority needs and possible reconstruction and development initiatives. Together these four sources of information – existing analyses, consultative workshops, questionnaire-based field assessments by local experts, and selected field visits by cluster teams – have formed the basis of this technical assessment. Finally, to further ensure the local grounding of this assessment, draft findings and proposals were shared with national and local groups in validation workshops held in Hargeisa, Garowe, Beletweyn and Baidoa and feedback received and where relevant, fed into development of, and the revisions of the RDP.

2.7 Fourth, given limited representation in the Somali Joint Needs Assessment by women, a special Women’s Symposium was held in Entebbe, Uganda in February 2007 comprising 140 representatives. The purpose of this symposium was to ensure that gender priorities are well reflected in the final RDP and that the very important contribution of women to peace building and effective implementation of the RDP is drawn upon and incorporated.

2.8 Fifth, in view of the limited access to parts of south-central Somalia, consultations with some 30 non-state actors from south-central regions of Somalia took place in Entebbe, Uganda, in May 2007. This provided an invaluable opportunity for dialogue on the RDP with people from the business sector, elders, women’s and youth groups, community and professional associations, NGOs, and the media in south-central Somalia.

2.9 Lastly, the Coordination Support Group provided feedback from their respective constituents including from the Somali Donor Group, the NGO consortium, the UN Country Team and the Somali Government, with the Government confirming that the priorities and suggested responses to the priorities as outlined in the RDP, broadly reflect the priorities from their perspective.

2.10 **Priority Needs.** Throughout this assessment, Somali stakeholders and cluster teams consistently identified three broad groups of needs as the highest priority:

- *Deepen peace, improve security and establish good governance*
- *Strengthen basic social services (especially education, health and water supply)*
- *Rebuild infrastructure, together with other actions, to sustainably expand economic opportunities, employment and incomes.*

As expected, Somali stakeholders in different locations placed slightly different emphases within and between these three broad priorities. But elements of these three broad areas of need were consistently highlighted as key priorities in all locations. This is consistent with the fact that the different stages of political, economic and

social development in south-central Somalia, Puntland and Somaliland create different challenges and opportunities with regard to the effective implementation of sustained reconstruction and development initiatives.

2.11 *First*, while security and peace ranked high in all locations as a central need in achieving reconstruction and development. Understandably, the emphasis in south-central Somalia was on establishing peace and security, and in Puntland and Somaliland, it was more on deepening peace and security.

2.12 In south-central Somalia, this includes demobilization, disarmament, and reintegration of combatants and the establishment of a police force. Some of the combatants can be absorbed into newly established forces; others will need to be channeled to alternative livelihoods. In Puntland and Somaliland, there has been progress with disarmament and demobilization, so the focus there is on finding alternative livelihoods for some 6,000 and 5,000 ex-combatants, respectively, who have yet to be reintegrated, and on improving the police forces.

Accompanying this concern was widespread recognition of the need to improve governance and the rule of law, with focus, especially at the local level, on building transparent and accountable institutions that deliver services and attract public confidence. It included:

- Maintenance of stable macroeconomic management (sound fiscal and monetary management)
- Dispute resolution mechanisms with special reference to the judiciary
- Effective and accountable private and public sector service delivery institutions
- Democratic government
- Capable public service with transparent public finance management at all levels of government.

2.13 *Second*, given Somalia's acute human needs, it is not surprising that there was widespread agreement that provision of basic education, health, and water supply is a priority. Indeed, stakeholders in Somaliland rated social service improvements as their top priority. As has been noted, social indicators are very low by global standards, and human capital has clearly been eroded over the past two decades, as the majority of an entire generation has not received basic education and many qualified Somalis have joined the Diaspora. Increasing enrollments in primary education is a key need in all regions, requiring the combined efforts of existing private sector and NGO providers plus public sector and international support. Health services, especially for women and children, are inadequate, and most Somalis do not have access to safe drinking water. The combined effect is high infant and maternal mortality. Expanding the provision of basic health services in urban and rural areas is a critical need. Similarly, providing wider access to safe drinking water and improved sanitary facilities is essential for improving social indicators. In addition to this

general concern around basic services, the special needs of IDPs were also highlighted by stakeholders, especially in Mogadishu. They are among the most needy and must be helped—both for humanitarian reasons and to avoid their threatening future peace and security. .

2.14 *Third*, the rebuilding infrastructure and other initiatives to stimulate productivity through private sector development—and hence expand employment opportunities, especially in livestock and agricultural production—were widely seen as essential for sustaining peace and reducing poverty. Income-earning opportunities are an essential foundation of sustained poverty reduction and effective demobilization of militias. This third prioritized area of need includes rehabilitation of key transport and production infrastructure (roads—primary and secondary ;), ports and airports power; irrigation and flood control. Additional pressing needs, in view of increasing urbanization and the infrastructure deterioration of the past 15 years, are the rehabilitation and expansion of urban infrastructure (water and sanitation, housing, transport, and power). Investments can create employment, link markets, and reduce the cost of doing business, making Somali enterprises more competitive. Direct support of key productive sectors to overcome impediments to sustained expansion includes improvements in veterinary and agricultural services, the establishment of financial services, and maintenance of a market-friendly regulatory environment. and

2.15 Without invigorated private sector growth, it will be impossible to generate the sustainable revenue base needed to meet essential public needs such as security, basic education, health services, and key infrastructure improvements. Without export earnings and the continuation of remittances, the required flow of imports will be impossible to sustain. In short, without investment that drives private sector development that increases economic and employment opportunities, peace itself will be very difficult to sustain.

2.16 **Medium-to-long-term vision.** These three priorities constitute the core of the JNA contributors' vision for reconstruction and development. Its goal is to deepen peace and reduce poverty for the Somali people by meeting these three groups of needs:

- First, by fostering reconciliation, peace, and security at all levels of Somali society and by promoting good governance, maintaining a stable macroeconomic framework, and developing effective, transparent and accountable institutions at all levels
- Second, by providing essential basic services such as education, health services, and water supply
- Third, by fostering rapid, poverty-reducing, private sector development by improving infrastructure and other aspects of the operating environment for productive enterprise.

2.17 Designing and prioritizing strategies and initiatives to pursue this vision are the core of the reconstruction and development framework outlined below in Section 3 and in the RBM (Section 5). To make these initiatives monitorable, key aspects of the vision are concretized by quantifying target outcomes.

3. THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME

3.1 The current situation brings both opportunities and challenges for Somali authorities, civil society groups and NGOs that play a role in service delivery, and the international community. Clearly, the economic and human opportunities for Somalis are many times greater if there is peace than if there is further conflict. At the same time, lessons learned from the past suggest that the Somali situation requires a “Somali solution,” and that the chosen approach to development should take into consideration the past failed attempts to build peace. Security and the re-establishment of lean accountable core public institutions are necessary but not sufficient to achieve Somali aspirations for improved social indicators and renewed poverty-reducing economic growth. In particular, there is a need to support the people of Somalia in establishing good governance at all levels, improving social services, and achieving rapid equitable private sector-led economic growth.

3.2 To respond to the three key groups of needs outlined above and to pursue the basic objective of deepening peace and reducing poverty, a three-pronged Reconstruction and Development (RDP) is proposed, composed of three pillars described in Section 1.

3.3 All three pillars of this strategy are necessary to address the priority needs and to achieve agreed-upon key reconstruction and development objectives. The following section presents the three pillars of the RDF. For each pillar, specific attention has been paid to defining a strategy and priority outcomes and related initiatives. For each area of intervention, the implementation and absorption capacity, as well as detailed results matrices, can be found in the cluster reports available at www.somali-jna.com. A more comprehensive description of proposed initiatives and their sequencing, together with target outcomes and estimated costs for each initiative, are given in **Section 5** in the Consolidated Results-Based Matrix (RBM). The three pillars of the RDP incorporate elements of a cross-cutting nature, including (a) Peace Building, Reconciliation, and Conflict Prevention; (b) Capacity Building and Institutional Development; and (b) Gender and Human Rights. The mainstreaming of these cross-cutting issues permeates the RDP, and is reflected in the detailed Results-Based Matrices.

3.4 **Criteria used in prioritizing initiatives.** In keeping with the basic objective of this Somali JNA, together with global experience with post conflict reconstruction and development initiatives, the four core criteria for selecting proposed priority initiatives from alternatives to compiling specific initiatives under these three pillars are:

- Impact on peace building
- Contribution to sustained equitable poverty reduction
- Opportunity and absorptive capacity for effective implementation
- Cost effectiveness and sustainability.

3.5 The first two criteria relate directly to the impact of initiatives on the two foci of this RDP—deepening peace and reducing poverty. Impact on peace building naturally includes impact on reconciliation and improvements in security. Initiatives need to go beyond the basic principle of Do No Harm (for example, ensure that initiatives never spark renewed outbreaks of conflict through, for example, unintended favoritism or unequal redistribution of resources) to foster peace building actively at all levels and promote fairness, inclusiveness, and participation of all stakeholders in the process. Contribution to poverty reduction includes economic stabilization; impact on social indicators; and impact on employment, livelihoods, and incomes. The third and fourth criteria relate to how effective initiatives are at achieving these outcomes in the context of two key limiting constraints: implementation or absorptive capacity and the availability of financing. Implementation or absorptive capacity is in short supply and critical for success, so it is essential to be realistic and include the necessary institutional development and capacity building; it is worth considering options that require little implementation capacity or for which implementation capacity already exists. Naturally, this also affects sequencing, as capacity building often needs to precede the actual implementation of reconstruction and development initiatives such as infrastructure investment. Last, cost-effectiveness (the amount of impact on peace and poverty per unit of scarce financial resources used) is important because resources are limited. It is impossible to proceed with all good ideas at the same time, so it is important to concentrate on those that have the most impact for any given amount of financing. Hence, the importance of using these four criteria to prioritize among various reconstruction and development initiatives and achieve as much sustainable improvement as possible as quickly as possible.

3.6 In keeping with the current Somali situation, the vision outlined above, and experience from other countries that have transitioned from conflict to reconstruction and renewed development, these core prioritizing criteria have been complemented by the adoption of the following additional broad **guiding principles** and **basic assumptions**:

- a. **Responsiveness to existing realities while maintaining equity.** Accommodate differences in priority needs and absorptive capacity among south-central Somalia, Puntland and Somaliland by tailoring initiatives to the current situation. Ensuring a transparent and equitable distribution of resources and interventions among regions will also be important, as will support for gender equity and disadvantaged groups.

- b. Transparency and accountability.** Implementation and monitoring arrangements of the RDP need to be cognizant of the Organization for Economic Cooperation and Development Assistance Committee Paris Declaration on Aid Effectiveness that underscore the need for effective national leadership over national policies and strategies; national coordination for development actions and a harmonized; inclusive and transparent approach by donor countries and mutual accountability between Somalis and the donor countries (to beneficiaries (Somali communities/claim holders), national stakeholders (government at all levels plus civil society), and participating donors (those providing funds). Such accountability requires corrective mechanisms and involvement of and participation by various stakeholders during implementation, and corrective mechanisms.
- c. Keep the public sector small and focused.** Encourage and support the development of a lean, transparent and efficient public sector complementing the existing strengths of the private sector and NGOs. At the federal level, the capacity to perform core regulatory functions, including the constitutional process and peace and reconciliation challenges, should be established. This means building on existing successes and strengths evident in the remarkable resilience and ingenuity of the Somali people and establishing smart and innovative public-private partnerships.
- d. Decentralization.** In the planned decentralized system of governance and service delivery, every effort should be made to ensure that local communities and administrations, in particular at the district level, are empowered to respond to the needs in service delivery, thereby reducing the risk of localized conflict over resources or the persistence of grievances that might prompt a return to outright war.
- e. Build on successes.** Lessons learned from recent achievements in regions and areas of Somalia should be incorporated and built upon. Similarly, as mentioned above, the achievements of civil society, NGOs religious groups and the private sector in providing services can be built upon.
- f. Recognize specific challenges in the transition period.** Implementation of the proposed initiatives will have a distinct impact on the future sustainability of the reconstruction and development process, in particular on social and state institutions. Given initial limitations to institutional and absorptive capacity and financing, it is important to note that, while international partners will initially be crucial to ensure the improvement of people's daily lives, such initial arrangements should be transitional, underscore the need for capacity building and have a clear sunset clause.

A. DEEPENING PEACE, IMPROVING SECURITY AND ESTABLISHING GOOD GOVERNANCE

3.7 The first key priority of the reconstruction and development programme is to expand and sustain peace and security and to establish good governance. Although in the traditional sense is not covered by the RDP, the basic elements for achieving security, namely reconciliation, conflict resolution, peace building, the rule of law and DDR are addressed. The concern for achieving security and peace permeates each of the policy and programme areas outlined below, and raises additional key factors related to the framework for good governance and a stable macroeconomic framework.

3.8 The first pillar includes the following:

- (i) **Reconciliation, conflict resolution and peace building:** reconciliation, constitutional processes (in south-central Somalia), democratization and electoral process;
- (ii) **Security and rule of law:** demobilization, disarmament and reintegration of militias, police, mine action, and judiciary;
- (iii) **Administrative governance:** architecture of government, capacity building for government institutions, civil service, decentralization of responsibility and service delivery, and the role of civil society and the media;
- (iv) **Macroeconomic stability and data development:** fiscal and monetary policy, resource mobilization, and data development; and
- (v) **Public finance management:** budgeting, expenditure management and procurement.

Naturally, the differing stages of reconciliation, peace building, and government structures in south-central Somalia, Puntland, and Somaliland will result in appropriate initiatives often being different in the different locations. Following the principles of the federal Charter, Somaliland constitution, and Puntland charter, local governance in Somalia is considered to be a key instrument for building peace as well as the structural, political framework that will enable Somalis, through decentralized service delivery, to achieve better social outcomes. Simultaneous support to a top-down process of political development of local government, as part of the new framework of the governments of Somalia, and to a bottom-up empowerment of communities to participate in local governance, building on the renowned resilience and ability to survive of Somali communities, is therefore crucial.

Reconciliation, Conflict Resolution and Peace Building

Reconciliation.

3.9 Somali stakeholders emphasized the urgent need for reconciliation and placed particular focus on the grassroots and local level. Reconciliation is needed at all levels, from communities to regions to the entire nation. Previous experience suggests that reconciliation at one level is vulnerable to being undermined if it is not complemented by reconciliation at all levels. At the regional and national level reconciliation is fundamentally a political process combining mediation and settlement of disputes both those that are underpinning conflict and those disputes that have arisen from or were aggravated by violent conflict. National dialogue and reconciliation, with an important role played by traditional and religious leaders and active participation by all stakeholders, remain critically important over the next five years, and are closely related to the constitutional process and progress on the democratization agenda. The independent National Reconciliation Commission has been established and a strategy, policy and communication set of plans developed. Reconciliation work by the Commission has already been undertaken in Bay, Bakool and Gedo regions and the Commission participated in the National Reconciliation Congress carried out in Mogadishu from June 2007.

3.10 Somaliland's reconciliation experience where traditional leaders played a significant role and with the establishment of *Guurti* (house of elders) suggests that there is good potential for inclusive arbitration and reconciliation initiatives that are adapted to the Somali culture, stakeholders suggested that *Guurti* could possibly be developed and used nationally. The involvement of civil society with adequate representation of women in reconciliation effort in all areas and at all levels will promote conflict resolution and enhance peace building. The South African type Truth Commission initiatives could be considered to address protracted disputes and past crimes to discourage impunity.

3.11 The Somalia National Reconciliation Conference, which led to the establishment of the Transitional Federal Institutions (TFI's), brokered a power-sharing agreement, but comprehensive reconciliation is yet to be achieved. Some sensitive issues, such as return of stolen or occupied real estate, political and military control over territory, and the multiple judicial systems, will require a process of consensus building, partly through traditional conflict resolution mechanisms (see below). Competition over access to resources - especially land and water—has been a key driver of conflict and needs to be addressed in order to sustain and deepen peace, and traditional conflict resolution mechanisms will be important in this.

3.12 A major constraint to the resolution of land disputes is the lack of comprehensive survey data and records of land tenure, particularly in south-central Somalia, where the immediate post conflict period will be a critical time for both current inhabitants and returnees to establish their land rights, on both urban and rural land, as security of tenure is critical for renewed investment. Without legal ownership and protection, many people could lose access to their land and thus their livelihoods

and residences, or both. Recent work suggests that an immediate priority is to establish and facilitate the proper functioning of the Land and Property Disputes Commission, which could define land use policies and arbitrate difficult cases. Again, Somaliland has made substantial progress in its efforts to resolve land titling disputes, which could provide a valuable model for other areas.

3.13 Human rights abuses, both perpetrated by members of the former regime and linked to some current parliamentarians and leaders, are an important problem with regard to reconciliation. While the Transitional Federal Charter (article 35) recognizes most international human rights conventions and treaties, it appears to provide extensive immunity from prosecution for members of Parliament. In keeping with internationally accepted practice, such immunity should generally be excluded for war crimes and crimes against humanity, and provide a transparent investigative process establishing the evidence of such crimes. One possibility could be an apolitical, independent peace-building and reconciliation commission, composed of members of the highest integrity, impartiality, and independence, and including traditional and religious leaders who would deal with issues of reparations, restitution, compensation, and rehabilitation that would be satisfactory to victims or their families, and that would guarantee non-reprisal.

3.14 There are three priorities with regard to reconciliation:

1. **Clarify roles and reinforce structures responsible for reconciliation** in all areas of Somalia and amongst key stakeholders (including the National Commission for Reconciliation and local level mechanisms), and continue dialogue and ensure broad and inclusive participation in reconciliation at all levels;
2. Initiate and strengthen processes to encourage further **dialogue within the Independent National Reconciliation Congress; dialogue and conflict prevention between Puntland and Somaliland** regarding Sool and Sanaag; and **dialogue on the status of Somaliland**,
3. **Establish a Land and Property Disputes Commission** to rapidly resolve disputes and clarify titles.

Involving civil society organizations and ensuring that women, Diaspora, youth and minority groups participate in these reconciliation efforts will be important for their success.

Constitutional process.

3.15 Preparation of a new constitution for Somalia in an inclusive, participatory manner, and its adoption by popular referendum, will be critical for deepening long-term peace in Somalia. Such a constitutional process is mandated by the Charter. A Federal Constitutional Commission has been established, and a constitution is

scheduled to be drafted in early 2009 and then adopted by popular referendum. The Federal Constitutional Commission includes women and minority participation; a validation process is to be designed and implemented; and a referendum is expected to be prepared and successfully conducted, upon which the adopted constitution is to be launched with a civic education campaign. However, the emergence of the ICU and the concurrent slow progress in establishing the TFIs exacerbates the uncertainty surrounding these plans. Much will depend on progress in the ongoing dialogue between the ICU and the TFG and their success in developing a common plan for the future. Another challenge is the need for harmonization between the Puntland constitution and that of south-central Somalia in the federal context. Democratization and the electoral process. In a modern democratic society, elections are an essential instrument for building the legitimacy of governance institutions, improving accountability, and giving power to the people.

3.16 To date, in Somalia, there is little experience of electoral process with the independent Electoral Commission has not been appointed, there is no legal framework in place, the capacity to undertake the required census process is non-existent and mechanisms for ensuring women's representation in the legislatures. For Somalia, the experience of Somaliland is an important step towards building democracy that provides a valuable example of how this can be achieved. One of the lessons is the importance of time as a factor in the process towards elections. It took Somaliland close to a decade of peace building, reconciliation, development of government institutions and civic education before the 2005 parliamentary elections were held. The 2005 Somaliland elections were fair and the outcome was accepted by all parties. It also presents an example of how an opposition that commands a majority in parliament can allow a minority governing party to run the government. Given the present situation in Somalia, the national democratization and electoral process must be seen in a medium- to long-term perspective. Prior to the effective establishment and functioning of an independent and gender balanced electoral commission and associated mass education campaign and voter registration, it is fundamental that there be progress with the basic work of peace building, reconciliation and security. In Puntland, the first elections have been scheduled for 2008 and thus it is imperative that due emphasis and time is given to civic and voter education campaigns prior to the elections.

3.17 There are three priorities for the democratization process:

1. **In south-central Somalia**, following progress with security, peace building and reconciliation, **establish an independent electoral commission** and support it with the necessary gender responsive legal framework. Holding of elections will necessitate preparing and conducting voter and civil registration, civic education with special focus on gender, minority and youth issues, and training of civil society leadership. Ensuring a successful, valid, and accepted

- outcome of the election process will also necessitate institutional support to Parliament.
2. **Strengthen the Somaliland electoral system.** Provide institutional support to Parliament, the Electoral Commission and local authorities; institutionalise representation of women effect improvements in the voter registration system; undertake a review of constitutional and electoral legislation, and support for human rights institutions and CSO's in civic education, with special attention to gender issues and disadvantaged groups. The next stage will be to prepare for and hold successful Somaliland local and presidential elections in 2007/2008.
 3. **Support the democratization process** in Puntland by establishing electoral bodies, institutionalising representation of women preparing and conducting civic and voter education, with special focus on gender and young adult participation, and preparing and conducting presidential and parliamentary elections.

Security and rule of law

3.18 The lack of security is a significant hurdle and challenge to the establishment of a peaceful and prosperous Somalia. The institutional vacuum in much of South Central Somalia over the last 15 years has created an open field for carrying arms and staking claims and influence over territories and resources, feeding a culture of warlordism and militias. However a modern Somali State cannot rely on multiple informal policing structures without systemic and functional integration. In a modern democratic state the power of coercion resides with the state which draws its authority from the governed.

3.19 The guiding document for security with the TFIs is the National Stabilization and Security Plan (NSSP)²⁷ which has been approved by the Council of Ministers and Parliament. It places emphasis on specific areas for the establishment of the rule of law and order (police, judiciary and custodial corps) as well as increased security through disarmament, demobilization and reintegration and the establishment of national and regional security committees. With regard to law enforcement, the Strategic Development Plan for the re-establishment of the Somali Police Force outlined a three year (2006-2008) plan which includes risk analysis, deployment, training and infrastructure requirements. Support to the TFG in the context of rule of law and security will need to work within and strengthen these frameworks. In Somaliland and Puntland, the developing public institutions and robust traditional

²⁷ The NSSP lays out a path for the establishment of the rule of law, strengthening democracy and human rights for all Somalis on the basis of national reconciliation, political stability and economic reconstruction, as enshrined in the Transitional Federal Charter. Its strategic vision for the transition period is to secure an enabling environment for peace leading to democratic elections, national recovery and regional reintegration through the scrupulous implementation of the peace agreement signed in Nairobi on the adoption of the Charter.

mechanisms for conflict resolution and reconciliation underpin peace and stability and pre-empted radicalism.

3.20 Security is an essential precondition for basic governance, economic and social development especially in the transition period when the need to secure an enabling environment for peace leading to democratic elections, national recovery and regional integration is urgent. Taking cognizance of the NSSP and Strategic Development Plan for the re-establishment of the Somali Police Force this section looks at the key interrelated aspects of security sector reform – (a) the demobilization, disarmament and reintegration of militias, (b) the training and deployment of a civil police force, and (c) judicial systems. Geographically specific experiences can provide valuable lessons for Somalia, and the essential role of community processes in achieving the objectives of security sector reform is acknowledged. Undertaking a comprehensive security sector review including all these aspects is a key priority as final policy decisions on national security, including the nature, size and funding of the security sector including a national army remain to be made. The Draft NSSP of the Somali Republic passed by Parliament and currently under revision for detail on the time frame and the exact number of militias to be demobilized, de-armed and reintegrated has to adapt to the prevailing security situation in Somalia including the presence of the Ethiopian and African Union forces, as well as the possible future deployment of UN Peace Keeping forces.

Demobilization, Disarmament and Reintegration (DDR).

3.21 DDR of militias is a process linked to reconciliation, legitimacy of the state conferred by factions and groups in conflict, and a decision to transfer the security function to government institutions for the rule of law. Reintegration must consider the large-scale migration of local population and militias, and the prevalent use of khat by militias. Weapons control must be addressed at both international and local levels. To be successful DDR will require the full support of Somali militia commanders, political, traditional and religious leaders, the private sector and civil society. Whereas successful disarmament and demobilization is largely the product of the decisions by the command structure, successful reintegration is fundamentally about social adaptation, education and employment for ex-combatants and is critically important, if remobilization and renewed conflict are to be prevented. Hence investing in reintegration is the key to a sustainable DDR programme. There are geographically specific lessons to be learned with regard to DDR, and upon which Somalia can build an effective DDR programme.

3.22 The vision is for DDR to be substantially achieved in all Somali regions within five years, with priority programmes targeted to communities or areas where there is a commitment to disarm and demobilize. In this, south-central Somalia, with some

53,000 diverse militia with varying agendas (freelance, political, business, religious)²⁸, presents an immediate challenge.

3.23 Considerable progress with DDR has been achieved in Puntland and Somaliland where some 40,000 militia have been demobilized since 1993. About 25,000 of these have been absorbed by the public sector, mainly in security-related functions, but this self-demobilization exercise is fragile because of the lack of sustainable alternative employment opportunities and disarmament has not kept pace with demobilization. It is therefore important that disarmament is routinely accepted and adopted officially as the first step in demobilization. Retraining and reintegration still require attention, with approximately 6,000 ex-combatants remaining unemployed and in need of reintegration assistance in Puntland. An additional 5,000 people in Somaliland are currently being progressively demobilized and will be in need of reintegration assistance.

3.24 In order to refine DDR plans it will be important to have more comprehensive information, for example, on location, nature and composition of the various militia groups. Then a large programme of visibly impartial DDR will need to be implemented in south-central Somalia coupled to the successful implementation of the NSSP and SDP especially as it relates to the creation of a national army and a police force. In all areas, alternative employment and economic opportunities are urgently needed to complete the DDR process with effective reintegration. Training and education alternatives will be particularly critical for young people, in the age range of 16-24, in south-central Somalia, so they are well equipped to earn an alternative living and hence less likely to again pick up arms. Without effective retraining and reintegration of former militia, the financial drain on scarce public resources will continue to crowd out critical public investments in reconstruction and development, as it is currently doing in Somaliland and Puntland. Vocational training will also be essential for war widows in order to facilitate their recovery process, as women and especially war widows are often the sole providers for the family.

3.25 In the context of a comprehensive security sector review noted above, there are two DDR priorities:

1. **Launch a DDR process in south-central Somalia**, building on lessons learned and incorporating community-driven processes: Establish a DDR Commission and implement selected and feasible DDR programmes. Some demobilized militia could be integrated into police and security forces, but many will need to be retrained and reintegrated into the civilian workforce.
2. Build on DDR achievements to date **in Puntland and Somaliland to broaden and deepen the disarmament, retraining and reintegration process**, drawing on community-driven processes. To create fiscal space for other

²⁸ National Security and Stabilization Plan of the Somali Republic

expenditures there needs to be a progressive reduction in the size of the security force, complemented by reintegration assistance.

3.26 **Police.** After the collapse of the Somali state, various informal policing structures evolved, linked to militias or to the various informal judicial bodies. However, a modern Somali state cannot rely on multiple, informal policing structures without systemic and functional integration. The vision is to have throughout Somalia an effective and accountable civilian police service focused on local needs policing, within an overall national or federal security framework, with the full involvement and cooperation of civil society.

3.27 Police force reform is underway. Puntland reconstituted a police force (PPF) with the intention of amalgamating it into the new Somalia Police Force (SPF). The State has established a modern Police Academy at Armo that draws candidates nationally from all parts of Somalia. Meanwhile in Somaliland, there is a Somaliland Police Force that is also improving through training. It has a modern Police Academy at Mandera catering for its needs. In both Puntland and Somaliland, former police and military personnel, together with ex-militia, were brought together to constitute the force. Moreover, the police forces in Somaliland and Puntland follow basic democratic principles, practice community policing, and adhere to the principles of a civil service institution. However, though both accept the principle of female police officers, the representation of women in the police force is very low.

3.28 For south-central Somalia the SPF is being reactivated based on the SDP. Some 2,000 police have been trained and deployed. In addition to that, various informal police structures are still present in some areas of south-central Somalia and 200 police have recently graduated from training in Mombasa, Kenya. Achievement of the ambitious objective of having at least 10,000 police personnel in south-central Somalia will depend on the development of the ongoing political process, as well as on an expanded capacity for training beyond the capacity of the current Puntland police academy, through for example rehabilitation of the Mogadishu police academy. It is intended that the police will be civilian in nature and community-based; recruited from suitable²⁹ members of the former SPF and informal police but also include qualified civilian men and women, and coexist with informal police, who would receive short intensive courses and come under the command and control of the Commissioner of Police. Naturally, the framework for policing will need to be linked to discussions and development of the overall constitutional framework during the process of development.

3.29 An integrated police force should be established, with the possibility of absorbing (with proper vetting, qualification, recruitment and training) elements from the informal police into the state police; and the possibility of maintaining some

²⁹ i.e. Screened to ensure exclusion of personnel associated with past human rights abuses

informal police units mobilized under civilian command and control of the state police, performing specific, delegated functions as part of an integrated framework for policing.

3.30 There are two priorities for developing the police force:

1. **Developing a civilian, democratic, effective, community-based Somalia Police Force in south-central Somalia with at least 15 percent women.** This necessitates recruiting and training some 10,000 officers and hence rehabilitation of the Mogadishu Police Academy.
2. **Sustaining the established police forces in Somaliland and Puntland, training and continued capacity building to ensure that they have adequate skill levels, and expanding the participation of women to at least 15 percent.**

Mine Action.

The problem of landmines reflects a legacy of 30 years of conflict. Landmine surveys have been conducted in Somaliland and Puntland, but there is still no reliable information for Sool, Sanaag and south-central Somalia. Successful mine-clearing action has been conducted in Puntland and Somaliland, leading to coordination structures in both areas and 75 percent clearance of high and medium-priority areas. Some clearance work was also conducted in south-central Somalia during the UNOSOM30 period in the 1990s. Meanwhile there is no significant national capacity for mine clearance. Recent surveys suggest that there is some awareness of the danger of mines and that there has been a decrease in casualties over the past few years, but that both further awareness-raising and mine clearance is required.

3.31 The vision is for mine and unexploded ordinance clearance to be completed in all high and medium-priority areas during the five year RDP period. To achieve this, it will be necessary to establish and train mine clearance and Explosive Ordnance Disposal (EOD) teams in south-central Somalia and Puntland, while increasing capacity in Somaliland, and to complete stockpile destruction and clearing of high and medium-priority areas, and support implementation of the Ottawa Treaty³¹.

Rule of law.

3.32 Despite the collapse of the state, there has not been a total lack of judicial function. Legal pluralism is a key feature of the rule of law in Somalia, with three sources of law: traditional customary law (xeer); shari'a law grounded in Islam; and formal secular law based on colonial and post independent developments. The vision

³⁰ United Nations Operations in Somalia

³¹ Formally, the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.

for deepening the rule of law and increasing access to justice is a coordinated justice system, accessible to all, making use of the strengths of the three existing mechanisms currently operating under traditional, religious, and secular systems. The need to delineate the jurisdictions of customary and Islamic versus formal secular court systems, also affecting integration and management of the police, prisons, and prosecution services, is one of the major challenges facing the new administration.

3.33 The Somali Government has nominated the President of the Supreme Court and the Attorney General as a first step toward establishment of a credible Federal Supreme Court. Somaliland and Puntland have High Judicial Commissions, but they are not independent of government and consequently subject to political interference. Somaliland has 93 judges and Puntland 53, but the legal background and training of judicial staff are minimal, and women are seriously underrepresented (only one woman lawyer and no female judges in Somaliland). Improvement in and expansion of judicial services (Somaliland wants to double the number of judges) and a comprehensive programme of training (supporting Hargeisa University Law Faculty and creating new training institutions), with particular attention to a gender balance, remain of critical importance. Meanwhile, the rise and expansion of the ICU increased the profile and importance of shari'a law and may well influence the future blend of legal pluralism. And there are concerns that women generally receive unequal treatment, particularly under the *xeer* and *shari'a* systems of justice

3.34 The vision for deepening the rule of law and improving access to justice can be achieved through the below two priorities:

1. **Developing and implementing a strategic framework for coordinating the three legal systems and improving access to justice** for all, and
2. Complementing this with needed **capacity building for judicial personnel** (with particular reference to improving gender balance), **reform of case and court management systems, and rehabilitation or construction of infrastructure and equipment.**

Promotion of human rights.

3.35 Several important international and regional human rights conventions and humanitarian law treaties have been ratified by Somalia and the Charter recognizes a large number of fundamental human rights. Ratified conventions and treaties include the Universal Human Rights Declaration, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment. But more recent treaties have not yet been signed or ratified. Moreover, as indicated by the annual reports of the Independent Human Rights Expert

on Somalia,³² human rights abuses persist, especially cases of gender violence. The main challenge in terms of fundamental human rights is to enforce in daily practice within the different judicial systems the international instruments that have been ratified, including providing access to justice for women, children and vulnerable and hitherto disadvantaged groups (for example, the Bantu Somali). In addition, the role of civil society and independent human rights groups in advocacy, monitoring and training in relation to human rights issues will be vital in promoting human rights including women's and children's rights.

3.36 The priorities for the promotion of human rights are:

1. Establishing a Human Rights Commission with a quota for women
2. **Developing and promoting a culture of human rights within all public institutions, especially rule of law institutions**, through training, establishing oversight and accountability structures, and promoting gender, child, disabled and minority rights strategies;
3. **Ratify, implement and adhere to international human rights treaties**, such as the Convention on the Elimination of Discrimination against Women and the Convention on the Rights of the Child³³; and
4. **Involving and supporting civil society and human rights groups** in efforts to promote human rights.

Administrative governance

3.37 **Architecture of government.** Years of dictatorship and political mismanagement, in the past, have created widespread misgivings regarding government, which has been, and in some cases, still is perceived to be an oppressive instrument for the benefit of a minority, rather than a critical provider of public services to the Somali people. The Charter specifies that Somalia shall have a decentralized system of administration based on federalism with four tiers of administration - federal, state, regional and district. However, many of the specifics regarding the role and functions of the various levels of government is yet to be clarified and accepted. Even some of the items that are specified in the Charter (for example, the assignment of trade taxes to a federal government) do not appear to be widely accepted. Meanwhile, Somaliland and Puntland both have their own constitutions.

3.38 The vision for the architecture of government is for a lean, gender inclusive efficient federal structure of institutions embodying good governance processes of transparency, accountability and participation, with extensive decentralization of

³² ECOSOC E/CN.4/2005/117 11TH March 2005: Report of the Independent expert on the situation of human rights in Somalia, Ghanim Alnajjar.

³³ The Convention on the Prevention and Punishment of the Crime of Genocide, the International Convention on the Protection of the Rights of All Migrant Workers and Members of their families, the two Protocols to the Geneva Conventions.

services and responsibilities. Detailed functions for each tier of government need to be determined as quickly as possible and then implemented. In doing this, the assignment of revenue sources and responsibilities needs to be clarified while keeping in mind the commitment to a lean government that complements the initiatives of a strong private sector. At the outset, the specific roles and functions of each ministry need to be clearly defined, and the number of ministries rationalized. Once roles and functions are clarified, staffing needs, budgets and recruitment and deployment plans for each ministry and department can begin. It is important to note that although Puntland has consistently positioned itself as a “state” within a federal system, Somaliland has maintained its claim for independence.

3.39 **Local governance.** Traditional local governance structures that have played an active role in peace and consensus-building efforts in Somaliland and Puntland also form the basis for a decentralization process at village and district levels and at the neighborhood level in urban centers. They provide a prime source of governance, with primary responsibility for land management and dispute settlement, coexisting with shari’a and secular courts to provide justice. This phenomenon can become a building block for formal governance structures, provided adequate provisions are made for developing representation, participation of all citizens – in particular emphasizing and sustaining women participation - transparency, and accountability. In order to increase credibility and legitimacy of local governance structures, emphasis has to be put on empowering local communities with special attention to women in facilitating and monitoring service delivery.

3.40 Participatory selection of district and regional authorities took place in 2007 in Bay, Bakool and Gedo regions, with Middle Shabelle and Hiraaan region underway and rehabilitation and equipping of district and regional councils buildings also underway. Notably in the Benadir region, the selection of the regional authorities has been undertaken in a less participatory or consultative process. Somaliland and Puntland have both put in place decentralization systems, with devolution of the delivery of services to district councils. All basic functions relevant to social welfare and livelihoods form part of the decentralization model, including education, health, water and sanitation, agricultural, livestock and forestry extension services and local regulation of businesses. Implementation is well under way in Somaliland and developing in south-central or Puntland. Local governance will play a pivotal role in strengthening local community structures and social organization to improve pro-poor and pro-women service delivery.

3.41 The vision of local governance is to support existing governance systems and establish new local systems in all Somali regions that are participatory and inclusive of all population groups, including women and minorities, that facilitate the delivery of good-quality, reliable, affordable and sustainable services to all citizens; and that contribute to reconciliation. Locally elected bodies are accountable to the citizens and

are the best placed to manage local investment funds and to avoid domination by any party that does not necessarily represent the voice of the community.

3.42 **Capacity building for government institutions.** Building a state does not require a heavy set of government institutions, but the challenge of building even core government institutions from the Somalia baseline for the various levels of government is enormous. These core institutions consist of government, parliament, and the civil service (security and judicial institutions were covered earlier). Taking into account the differences among the TFG, Somaliland, Puntland, and the ICU, a joint strategy needs to be developed to build institutional capacity of government and the civil service, with a vision for lean, professional, efficient institutions that function with competent civil servants and that are capable of planning, providing key regulatory functions, and engaging partners to deliver social services and promote human development.

3.43 The Transitional Federal Parliament has 275 members, with only 8 percent women. There are 18 ministers, 5 deputy ministers and 1 Prime Minister, reduced from earlier numbers of 31 ministers and 30 deputy ministers. There are no more than two women in the TFG Cabinet. Information on Puntland and Somaliland structures can be found in RDP Volumes III & IV.

3.44 The TFG have few civil services, with the exception of a small number senior officials, in key cabinet ministries and the offices of the President, Prime Minister and Speaker. During 2007 the international community have provided limited financial support to build capacity within the civil service. Puntland employs 2,200 civil servants and Somaliland 5,559 (with both including front-line services providers). In addition, both Puntland and Somaliland also pay regular salaries to military, police and militia (15,000 people in Somaliland and 8,000 in Puntland). At the local government level, functioning structures exist in south-central Somalia, and in Puntland and Somaliland district councils have been operating in spite of serious budgetary constraints. In Puntland the government has recently approved a decentralization system with devolution of services to the district councils. However, in order to transform the district councils into professional and efficient institutions, both scarce financial resources and the lack of technical and administrative capacity need to be addressed. In Somaliland the insufficient availability of resources, coupled with a bloated administration, has hindered the provision of service delivery. A review of the current law is under way to increase local autonomy and enhance the role of councils in economic development.

3.45 The skill level of civil servants in Somaliland and Puntland is generally low and women are underrepresented, with most employed in subordinate posts. People working for the TFG are generally not being paid a salary, though some are being supported through development partners. These people, members of the Diaspora, and new graduates should all be drawn into capacity-building efforts. Regularity and

trust in government salary payments will also be important to encourage the establishment of a professional and efficient civil service. Experience from other post-conflict countries shows that salaries of a small number of high-quality staff (possibly from the Diaspora) could temporarily be funded by donors, though for reasons of equity this might not just apply to key federal-level civil servants.

3.46 In view of limited public sector capacity and existing private sector initiatives, improvements in delivery of core social services will naturally depend initially on a partnership between the public and private sectors. During the first two years, the public sector at different levels should focus on ensuring (a) interim regulatory frameworks (for example, minimum-quality standards), (b) a degree of geographic and gender equity, (c) the needs of vulnerable groups such as IDPs and returnees, and (d) aid coordination. The district-level expansion of services would naturally build on existing capacity of the private sector and NGO providers (for instance in the construction and rehabilitation of schools and health centers, water systems, and training of new and current staff), while ensuring that gender and geographic equity are addressed through joint participatory planning with local authorities.

3.47 Somaliland has a Civil Service Commission, established in 1993. In Puntland it is the Ministry of Labour, Youth and Sports that is responsible for civil service affairs, and a Civil Service Commission has not been established. The total numbers of civil servant are not considered viable, but a right-sizing exercise is yet to take place.

3.48 The Somali government has appointed a Civil Service Task Force, and is looking at establishing a Civil Service Commission. There is an immediate requirement for 210 staff at the federal level to support core government functions. Over the five-year reconstruction and development period this should be expanded to 2,000 at the Federal level and 4,000 at regional and district levels in south-central Somalia as resources allow. In addition, some 10,000 police and 10,000 teachers and health personnel will be required to achieve the objectives of the RDP.

3.49 The achievement of these targets for the TFG will require a programme of affirmative action, focusing on intensive training and fair recruitment (for example, based on merit, quotas based on regions as well as clans, and gender quotas). The nearly 5,000 students currently enrolled in Somali universities in areas such as economics; business administration and IT constitute a critical asset for the recruitment of new civil servants according to high ethics, efficiency and accountability standards.

3.50 Four prioritized capacity-building initiatives for government institutions are proposed:

1. **Create a new federal civil service and a civil service for the TFG:** Draft and adopt merit-based civil service recruitment and training policies taking

into account clan and gender balance; recruit directors and key staff and progressively the rest of the structure; train in policy analysis, human resource management, public financial management, other critical capacities; train all civil servants in ethics, transparency, accountability; prepare and implement comprehensive capacity programmes; promote gender equity and access with affirmative action policies developed and applied; and rehabilitate/build physical infrastructure.

2. **Decentralize service delivery through establishment of inclusive participatory local governance systems in all Somali regions** Conduct a review of service delivery in all districts and support decentralized reform to achieve effective decentralized service delivery; develop planning tools for use in social service provision and monitoring; complete selection of district councils; ensure that gender issues are incorporated into all policies, including affirmative action for employment and access to services; promote participatory local economic development planning; and develop transparency, accountability and citizen participation initiatives.
3. **Create and staff four core civil service institutions with equitable gender representation immediately as top priority to build confidence.** These are (a) a key policy management and advisory unit; (b) a Civil Service Commission; (c) an expenditure management and financial accountability system (see section v below); and (d) a revenue mobilizing agency (see section iv below);
4. **Design, support and implement civil service reform in Puntland and Somaliland:** Design policy for staffing structures, functions, salaries, recruitment, promotion, and training; develop capacity in ministries for planning, policy analysis, monitoring of service provision, and partnerships with nonstate actors; strengthen transparency and accountability; evaluate and strengthen Auditor General's office; develop comprehensive capacity-building programme for civil service, in coordination with TFG; use ICT for training and coordination; promote gender equity and access with affirmative action policies; incorporate conflict sensitivity, human rights, peace building and gender into policies and training; review the pension law in Somaliland and begin implementation.

3.51 **Promoting Accountability through Civil Society and the Media.** In recent years civil society has emerged as an important social and political force. Civil society organizations are today active in service provision, are contributing to peace, reconciliation and development and have taken on many of the traditional functions of the state. This positive role needs to be reinforced further by extending it to promoting good governance. Although most NGOs and CSOs are concentrated in the major cities of Bossaso, Hargeisa and Mogadishu and operate in areas of relatively security and stability, there are few nation-wide NGOs with the exception of the

Somalia Red Crescent Society. Religious groups play an increasingly significant and influential role in public life, perhaps most visibly through Qu'ranic schools, shari'a courts and provision of social services. While many Mogadishu based organizations are engaged in popular peace and dialogue efforts, some of the Somaliland organizations are increasingly giving attention to social issues through advocacy, including political reform, human rights and freedoms, gender equity and HIV/AIDS prevention. Professional associations and networks are a relatively new category of civil society actors, though networks like the Formal Private Education Network in Somalia (FPENS), journalist associations, the Somali Veterinary Association (SVA) and Somali agriculturalist associations (SATG and SAGRA), the Lawyers association of Somaliland and the Somali Chamber of Commerce show that there is a growing space for these institutions. With the emergence and development of government institutions, the role and nature of civil society organization will necessarily change in Somalia. There is an important opportunity for Somali civil society to develop and play a crucial role in strengthening popular participation, addressing gross gender inequalities providing channels for dialogue and debate, exerting public pressure, raising awareness and acting to improve accountability in general. As part of this, the potential role of Somali civil society in nation building through reconciliation efforts and service delivery should not be underestimated but indeed built upon.

Media can also play a critical role in building democratic governance. Since 1991, there has been resurgence in the Somali media sector, particularly with regard to newspapers, though these are limited to an urban readership. In a predominantly oral society, it is radio stations that have become the main tool with which to deliver information and raise public awareness. Mogadishu has a vibrant media sector with several local radio stations and newspapers, all of which are privately owned. There are also many websites, some with clan influences and some religious. Whereas in south-central Somalia and Puntland media businesses are not subject to regulation there are in Somaliland currently only one public radio and two TV stations (one private and one state-owned) operating, though authorizations for private radio stations are in process. Whilst there are reported cases of poor journalistic practices and partisan behaviour, the general trend seems to be towards a remarkably free media, although some 7 assassinations of prominent media personalities during the later half of 2007 now question how free the media really is in Somalia

3.52 Priorities for strengthening transparency and accountability through participation of civil society and the media are:

1. **Increase participation.** Global experience highlights the importance of participation of non-state actors, especially women, as part of ensuring accountability. Transparency in public decision making, a capable and free media, and actively engaged civil society, NGO and private sector organizations, all help ensure equitable and efficient utilization of available resources.

2. **Strengthen civil society as a governance actor.** Enhance the role of NGOs, CSOs and professional associations in advocacy and participation in the constitutional process and gender mainstreaming.
3. **Promote civic education and enhance media capacity.** Improve the media's capacity through training of journalists, editors and managers; establish an independent Media Commission and a campaign on fundamental rights; implement a civic education campaign through the development of community media programming; increase awareness/training/debate with and within media on reconciliation, minorities and gender related issues.

Macroeconomic stability and data development.

3.53 A key goal of macroeconomic policy management during the first five years of reconstruction and development is to establish and maintain economic stability. This calls for the development and implementation of a medium-term macroeconomic framework, with fiscal balance and conservative monetary policy to contain inflation. For the first few years, the objective is to avoid fiscal deficits and domestic financing while rebuilding a sustainable and growing public revenue base. To achieve these objectives it will be necessary to build core fiscal policy formulation and implementation institutions as quickly as possible, and complement this with a capability for monetary policy over time. Training and capacity building for (a) a policy management and advisory unit for the President, Prime Minister and Cabinet, and (b) a revenue mobilizing agency (both mentioned about under administrative capacity) will be critical parts of this.

3.54 **Fiscal and monetary policy.** The two key instruments for maintaining macroeconomic stability are the budget and the supply of local currency. To rebuild public confidence and provide a stable environment for private sector initiatives, governments should avoid spending beyond their revenue base, which is expected to be a blend of rising local revenues and development assistance (the latter falling towards the end of this five-year programme). Given the widespread dollarization of the economy the overall money supply cannot be strictly controlled, but containing the supply of local currency will still be important to maintaining stable local currency prices. A macroeconomic policy department in the Ministry of Finance and a monetary policy department in the Central Bank should eventually formulate and implement macroeconomic policy. However, for the first two years, small units would be sufficient to carry out this function in keeping with the limited availability of public resources. The macroeconomic policy department, or unit, in the Ministry of Finance would be responsible for formulating tax policy changes, making revenue forecasts for the annual budget, monitoring monthly revenue collections and making at least quarterly revisions of the annual revenue forecasts. The Central Bank could initially focus on providing exchange and payments services and acting as a banker to

government as there is no possibility of, or need for, genuine monetary policy in the early transition years.

3.55 **Revenue mobilization.** Given the large existing needs, the public sector will need substantive domestic and external resources in order to finance a lean federal structure and service delivery at the district level. Whereas Puntland and Somaliland have some budgetary and revenue collection capacity, limited domestic public resources have been mobilized in south-central Somalia by the TFG. Meanwhile, some local authorities have been collecting revenues through fees on infrastructure usage. Currently, tax laws are inconsistently enforced, and revenue collection is weak in most areas beyond customs collection. Proper tax collection will be a critical challenge for all of the areas, but in particular for districts in south-central Somalia. Whereas external support would initially be necessary for most expenditures, domestic resources should cover the government payroll and all recurrent expenditures by the end of the five-year RDP period. The target for combined tax collection in the country should amount to at least 6 percent of GDP within five years, as it was in the early 1980s.

3.56 The policy priorities for ensuring macroeconomic stability are:

1. **Maintain macroeconomic stability through balanced budgeting.** Urgently create effective Ministry of Finance capacity to cover budgeting, treasury functions, and macroeconomic and tax policies and their implementation; rehabilitate physical infrastructure and provide essential equipment; prepare, immediately and in a participatory manner, budgets for the first two years.
2. **Mobilize public revenue.** Increase capacity to administer custom duties, domestic sales tax and personal and corporate income taxes, enact tax laws on agreed-upon revenue areas; establish a revenue administration agency; rehabilitate or construct physical infrastructure; provide equipment; organize immediate collection of import duties at critical points (such as, airports and ports).

3.57 **Collection of basic statistics.** Some of the basic macroeconomic statistics such as national income, balance of payments, and money supply have not existed in Somalia for almost two decades. Neither do the sort of social statistics needed to design and implement well designed social services. It is crucial to have reliable statistics for decision making in policy formulation, planning and budgeting. Statistics also play a central role in supporting implementation of policies through monitoring and evaluation, which in turn demonstrate transparency and accountability. At present, information systems in Somalia are inadequate, with a lack of trained staff and resources to collect economic and social data. There is an urgent need to design and implement a national strategy for data development in Somalia with a strong partnership between data producers and users.

3.58 **Data development** priorities in Somalia are the launching of a population census, and the institution of reliable data collection and analysis on social sector and macroeconomics data. All data collected should be disaggregated by gender in order to better reflect the disparities and the real society situation. The major statistical need dominating all others is the human population census, since it is essential for socio and macroeconomic policy analysis, and would provide a framework for almost all further data collection activities (for example, household surveys). However, the census needs to be kept relatively simple by focusing on a limited amount of essential data in order to ensure its implementability. Given the importance of human capital and its erosion, there is a need for data on population and social indicators by gender to enable the design of effective investments in people. In addition, it would be valuable to compile an inventory of skilled Somalis in the Diaspora, as they could be drawn upon in implementing reconstruction and development initiatives.

Public Financial Management

3.59 All levels of government need an efficient and sustainable financial management system that provides relevant, accurate and reliable financial information to management at each of the decentralized levels, in a timely and transparent manner, not only to ensure that resources are well used for intended purposes, but also to rebuild public confidence. Such a system should be buttressed by an oversight mechanism. Moreover, a good financial management system is an essential requirement if development partners are to have the confidence in government that is necessary to underpin development assistance. In addition it is essential that budgetary processes be transparent and participatory and gender sensitive to further strengthen public confidence and support. At present there is a lack of both financial resources and staff capacity hinders effective establishment of a financial management system at the federal, regional and district levels in Somalia.

3.60 To meet this need it is proposed that a Financial Management Agent and a Procurement Agency be contracted for the first two years as part of an extensive programme of institution building that would include computerization, software acquisition, accounting and training on financial management, procurement, and participatory budget preparation and monitoring systems. Actions to clarify modalities for inter-government transfers and to establish the needed laws Actions to clarify modalities for intergovernment transfers and to establish the laws (for example, for procurement) and institutional systems needed to underpin establishment of sound financial management systems will also be required. To get the system up and running, staff and other operating resources will be needed at all levels of the financial management process and at all levels of government

3.61 For the Somali government, the financial management capacity will have to be built from scratch—and enormous challenge, particularly given the extremely limited resource base. It is proposed that a financial management firm and a procurement

agent be immediately hired. In addition to concurrently providing the much needed initial operational capacity, these two entities will be charged with rapidly building the required indigenous capacity, including working with the Ministry of Finance in ensuring rapid and effective staffing, and further training for key staff. In Puntland and Somaliland the existing financial management capacity can be further built upon. For example, there is a need to include actions to develop comprehensive procurement regulations, amend laws as needed, and to strengthen procurement units, train staff and produce standard bidding documents.

3.62 There are five public financial management priorities:

1. **Establish sound and transparent public financial management systems.** Recruit a financial management agent; conduct accountant training; prepare financial management policies and procedures; equip staff; generate annual financial reports, and establish oversight mechanisms.
2. **Strengthen procurement capacity.** Hire a procurement agent; establish a procurement unit; strengthen procurement law and regulations; develop standard bidding documents and training programmes; elevate Somaliland and Puntland tender board to procurement oversight authorities.
3. **Establish participatory, transparent and gender-sensitive budget preparation** processes at all administrative levels.
4. **Promote effective and equitable fiscal decentralization.** Implementation of planned fiscal and functional decentralization; strengthen district level financial planning and budgeting; design criteria for targeted pro-poor and pro-women transfers; and develop local revenue generation.
5. **Ensure transparent monitoring of public financial management and procurement** through the active involvement of civil society, NGOs, private sector and the media.

B. INVESTING IN PEOPLE THROUGH IMPROVED SOCIAL SERVICES

3.63 Throughout Somalia, the coverage and quality of social services such as health, education, and water and sanitation provision are extremely low, especially in rural areas. This situation, combined with high levels of poverty and unemployment, is reflected in negative welfare outcomes such as unacceptably high infant and maternal mortality rates, critical malnutrition levels, low primary school enrolment rates, and extremely limited access to safe water and sufficient dietary quantity and diversity. Conflict and recurring natural disasters exacerbate the situation, and have caused widespread internal and external displacement. Certain groups are more disadvantaged in their access to services and more vulnerable to adverse health and social problems because of their age, gender, livelihood type, or minority and displacement status.

3.64 Against this backdrop the key will be to invest in people, and in particular disadvantaged groups by expanding equitable access to basic social services across all regions and population groups. These initiatives will positively affect other areas of the RDP, in particular through increased productivity, improvement of social indicators and poverty reduction. Support from national leaders and those responsible for macroeconomic and fiscal policies will be needed to ensure that a growing allocation of public resources is directed toward investments in people.

3.65 The following areas of intervention for investing in people through improved social services are proposed:

- Expanding education and training services
- Improving health services
- Improving provision of water, sanitation, and shelter
- Assisting displaced persons and returning refugees
- Protecting vulnerable and disadvantaged groups

3.66 It is important to note that social service initiatives cannot be implemented in a vacuum, and that successful reconstruction and development will depend on the creation and adaptation of appropriate policies, financing, legislation, development of sufficient capacity (both government and private), and provision of incentives, skills training and gender equity programmes. Public institutions cannot be the sole providers of basic social services if the desired levels of coverage and access are to be achieved, and local government partnerships with religious and humanitarian organizations, NGOs and the private sector, as well as community participation in service provision, planning and implementation, need to be strengthened. At the same time, appropriate mechanisms need to be established to ensure that external partners address nationally agreed-upon priorities, and that capacity is transferred to local authorities as new institutions and trained staff become operational.

Expanding education and training services

3.67 As noted in Section 1, the Somali people have one of the lowest primary school enrolment rates and the highest levels of estimated adult illiteracy in Africa: less than 23 percent of primary school-age children are in school, and only 4 percent complete primary schooling. The gross enrolment rate for girls is 15 percent compared to 27 percent for boys, and the female adult literacy rate is estimated at 27 percent as compared with 50 percent for males, indicating that particular attention is needed to increase access to education for girls.

3.68 Since the early 1990s, what education services exist have largely been provided by community-based organizations, educational umbrella groups and networks, NGOs and faith-based groups. Teachers are for the most part paid through

user fees, although local governments in Somaliland and Puntland are paying for an increasing number of teachers. It is clear that one of the major constraints to the development of the public education sector are the limited amount of government finance, and the limited availability of well-qualified teachers.

3.69 There has been some progress in providing formal primary education in Somalia, but schools generally lack vital resources and materials and rely on a very large number of untrained teachers (for primary and secondary education). There are an estimated 1,512 primary schools and 11,347 (more than half of them untrained) currently in Somalia. The outcome target for the five-year RDP period is to more than double the primary enrolment rate from 23 percent to 48 percent, significantly balance the enrolment of girls to boys at all levels and improve the quality of education. For south-central Somalia, Puntland and Somaliland, the targeted gross primary school enrolment increases are from 16, 24, and 33 percent to 41, 52, and 53, percent respectively. In addition, the enrolment rates for girls should be almost at par with that of boys within five years. Overall, this will require the recruitment and training of about 11,000 teachers for more than half a million new students over the five years, and rehabilitation or construction of about 160 schools. Building on existing provisions, this expansion of education services will rely greatly on civil society, NGOs, faith-based groups and the private sector. Public sector provision could initially focus heavily on disadvantaged groups and expand over time as resources and capacity increases.

3.70 While access to formal primary education remains limited, Qu'ranic schools have continued to function. This can be attributed to the high value attached to this system of education, which has also allowed a larger number of girls to access it. The number of Qu'ranic schools offering basic education subjects (in addition to the normal role of teaching of the Quran) is estimated at approximately 30 percent of total schools. These schools constitute a key opportunity for expanding the provision of basic education.

3.71 Nomadic and pastoralist groups have largely been excluded from formal education. It is not known how many have access to other channels; however these groups traditionally travel with a Qu'ranic teacher. Appropriate solutions such as mobile schooling and flexible schedules should be explored to meet this nomadic need.

3.72 Since the collapse of public education, a very small percentage of children go on to secondary school. In fact, there are only 16 secondary schools operating in Puntland, 26 in Somaliland, and an unknown but small number in south-central Somalia. This must be increased and students need to go on to university to meet the demand for skilled professionals. It will clearly be years before it becomes the norm for the majority of Somali children to complete high school, but actions need to be taken now to increase the number who do. Meanwhile, several universities and

colleges, many of which are private, have begun again to train and graduate students. This will help provide the needed skilled personnel in areas such as medicine, teaching, engineering, accounting, and financial management.

3.73 Non-Formal Education (NFE) Programmes or alternative education programmes are offered by NGOs to a limited few beneficiaries in accessible districts. NFE will need to focus on assisting the “lost generation” of young people who were unable to pursue education during the conflict. Life-skills education development will be crucial for preventing a major HIV/AIDS epidemic and reducing gender based violence. Literacy and numeracy are critical for sustainable development, as prerequisites for vocational training for different life skills, as well as for the reintegration of ex-militia. The targets by 2011 are to have 15 percent of youth between 18 and 35 years, 20 percent of adults, 50 percent of women and 60 percent of ex-soldiers/militia enrolled or graduated from the NFE programmes. Similarly, Technical and Vocational Education and Training (TVET) efforts need to focus on the needs of an expanding private sector.

3.74 For maximum benefit, these NFE programmes will need to be closely linked with other initiatives such as health and nutrition awareness, efforts to expand livelihoods, and solutions for the displaced. The same applies to TVET, the limited provision of which is NGO-led and centred in the more secure urban areas.

3.75 During the civil war, the entire cultural and information infrastructure, including records, books and precious artefacts stored in museums, libraries, archives of governmental and non-governmental institutions, was destroyed or damaged. This was compounded by the loss of many talented people who fled the country and have dispersed all over the globe. Culture is important as a contributor to conflict resolution and peace building’ as part of social capital and in its own right. Somaliland’s reconciliation experience using *Guurti* is a testament to this. The deep interest by Somalis and within the Somali Diaspora can hopefully be mobilized to help rebuild cultural infrastructure and increase awareness of its value.

3.76 In summary, the key education and training priorities are:

- a) **Improve access, quality, and gender equity in primary education** by rehabilitating schools (including providing clean water and appropriate sanitation facilities), increasing the number of trained teachers, developing an appropriate harmonized curriculum, improving supplies of teaching material, and improving the learning environment. Introduce special initiatives to increase education for girls and the children of pastoralists. This could involve the simultaneous development of a range of public and private education facilities, with the government concentrating on providing education to vulnerable children (such as, pastoralists and the poor).

- b) **Over time improve access, quality and gender equity in secondary and tertiary education** by rehabilitating schools, training teachers, providing materials, and developing special programmes to ensure access for children from the poorest families and communities.
- c) **Expand non-formal education (NFE)**, including literacy, technical and vocational training and commercial and life skills education. Establish NFE centers, develop teaching and learning materials and coordinate related initiatives. A special focus of this would be young and adult NFE students to ensure that unemployed youth are provided with life and relevant workplace skills.
- d) **Support institutional and systems development** through a package of dedicated technical assistance; provide support to the capacity building of the Ministries of Education and regional and other education officers to manage and plan effectively for the education sector. At the administrative level, focus on the developing standardized and harmonized curricula, sector budgeting, monitoring and evaluation, and assessment and certification. Support curriculum development, education policy development, and implementation modalities.

Improving Health Services

3.75 The impact of 15 years of conflict on the health system has been profound, affecting all its components: human resources, infrastructure, management, service delivery and support systems. Access to health services is extremely low and uneven. According to the World Bank Country Economic Memorandum for Somalia a typical person in Somalia visits a health facility once every 3.6 years. Distance, economic hardship, cultural and gender barriers limit the access to health services. Further limiting factors to the utilization of health services are lack of confidence in the system and insufficient knowledge and awareness. Overall the coverage and quality of public health services has suffered despite the support given by international agencies and special programmes, while private sector provision of curative care services has expanded but fall well short of meeting the need.

3.78 Most health facilities were seriously damaged and looted during the civil war, and only a few have been completely rehabilitated. Overall, the public health care network is small, concentrated in the main towns and where security conditions allow. Unevenness and lack of continuity of service provision are the rule. Hospitals are on average small (50-100 beds), providing in most cases sub-standard services. In total, only a few thousands beds are available. Private health care outlets have proliferated, and are now estimated to be in the thousands, with large variations in their size, services offered, staff qualifications and performance. Overall, the quality of provided care is a concern.

3.79 Access to and utilization of health services remain limited with only a fraction of the population accesses public health services and even those who do tend to do so in a very irregular way (for example, EPI coverage, and maternal health statistics). Despite being widespread, this problem is thought to be particularly acute in rural and nomadic communities due to such factors as geographical limitations, user fees and low quality of services provided. However, the knowledge on the barriers to the health sector is limited and common strategies to address the known obstacles are not yet in place.

3.77 The health workforce is small and under-skilled. No reliable counts are available for Central - Southern Somalia. There are fewer than 200 skilled health workers in Puntland and about 400 in Somaliland. Health professionals are concentrated in urban centers, where overstaffing of facilities is reportedly frequent. The proportion of workers lacking formal training, but providing health care, is considered to be significant and a substantial proportion of them are unlikely to benefit from retraining, due to poor education, professional background or advanced age.

3.76 There is no consolidated estimate of the resources allocated to health care provision in Somalia from public and private sources. According to a 2007 study by the World Bank, external contributions in 2006 were approximately US\$7 per head although important funding sources, such as non DAC donors, have so far not been captured. Private financing is considered important; best estimates set private spending between 55 percent and 80 percent of all health financing.

3.80 Most externally-financed programmes (such as nutrition, polio eradication, EPI, HIV/AIDS, tuberculosis and malaria control) remain of humanitarian or disease-specific nature. Very few interventions, if any, have tried to address systemic and capacity issues. These modalities of service delivery lead to both vertical and horizontal fragmentation of interventions and, therefore, to low efficiency in the use of already scarce resources. Future strategies should focus on building basic health management systems, tools and procedures and strengthening the existing coordinating mechanisms.

3.81 While humanitarian and disease specific control programmes will continue to receive support through the existing mechanisms (CAP, GAVI, GFATM), additional assistance is needed for developing/strengthening key components of the health system, including financial and personnel management, health care provision, drug procurement and distribution. This approach aims at creating and strengthening the management capacity of health authorities while incrementally impacting on the provision of services by increasing resources and improving the operational efficiency of the health system.

3.82 The health sector vision is to reduce the high levels of mortality and morbidity, especially among women and children through (i) ensuring universal coverage of an equitable, effective and efficient package of health services which are available, accessible, and of reasonable quality, especially in rural areas, and (ii) the development of the capacity to deliver the necessary services. By the end of 2013, zonal and local health authorities will have acquired a stronger technical, managerial and financial capacity and will be able, with the support of partners - including external agencies and private health care providers - to lead and sustain (a) an increase in coverage and improvement of quality of basic health care, (b) the development of efficient health systems, and (c) the substantial reduction of inequality in access to basic services.

3.84 Allocative and operational efficiency are needed to ensure efficient, effective and equitable health care delivery. This will be pursued through strengthening health care facilities, upgrading human resource skills, building necessary institutions and health care management systems, and investing in underserved areas,

The priority health sector initiatives are:

1. **Improve access, utilization and quality of health services** by (i) prioritizing interventions based on cost-effective activities that can be realistically scaled up and on equity considerations; ii) setting basic standards for health facilities (develop a minimum service package for the different levels, identify required human and material resources, define diagnostic and treatment guidelines, design a common M&E system); (iii); supporting local health authorities and progressively strengthen their stewardship and regulatory role; iv) studying private health care providers and identifying ways of regulating their activities and integrating them into the overall health sector framework; and v) explore options for providing health care to nomadic and semi-nomadic populations.
2. **Strengthen financial management** by (i) carrying out an health expenditure review; (ii) establishing performing aid management tools; and (iii) exploring issues related to reducing financial barriers, in particular cost recovery and user fees.
3. **Build human resources to** improve the quantity and quality of health workers by (i) designing curricula and training programmes for key categories of health workers; (ii) assessing the health training network and the ongoing in-service training activities; (iii) organizing and conducting standard training courses for clinical and managerial staff; (iv) negotiating a common salary scale, package of incentives and standard contract formats; and (v) establishing an autonomous certification body for reviewing qualifications of health workers and issuing standard diplomas.

4. **Ensure cost-effective availability of essential drugs** by (i) finalising an essential drug list and standard treatment guidelines; (ii) establishing an independent non-profit drug purchasing agency; and (iii) establishing regional drug supply agencies.
5. **Rehabilitate health care infrastructure** (hospitals, mother-and child health centers/out patient centers, and health posts/clinics) and ensuring that they have adequate equipment and material. However, no major new investment decision will be taken before a thorough review of the health care network is carried out. Hence the focus will be on: (i) assembling data and preparing preliminary area-based development plans; (ii) making an inventory of the investment in health infrastructures under way and under discussion; and (iii) identifying a sub-set of health facilities to be rehabilitated, strengthened or expanded.

Improving Provision of Water, Sanitation and Shelter

3.77 More than 70 percent of the Somali population was without access to improved water sources in 2000 (table 3.1), and 50 percent had no toilet facilities. In rural areas, domestic water needs are met primarily by rivers or wells, which are often contaminated. During the survey it was noted that some settlements, during the dry season, are 5.5 km from a water source, with the average time to collect water being 72 minutes each day. The quality of rural water supplies varies widely. However, there is currently no designated institution with the mandate or capacity to undertake quality standard testing of rural water sources.

3.78 The vision for this area of intervention is to increase environmentally sustainable and equitable access to safe and affordable water and sanitation facilities, and to develop services to satisfy basic domestic needs. In keeping with the vision for small government it is anticipated that much of the expansion of water and sanitation services will be achieved through private providers and public-private partnerships. The targets are to provide improved water supply and sanitation facilities for 400,000 urban and 830,000 rural/nomadic populations (the latter group will receive priority as they face the biggest challenges in this area). Promoting health education in tandem will reduce water and sanitation-related diseases.

Table 3.1: Access to Improved Water Sources, 2000		
Location	Served (%)	Unserved (%)
south-central Puntland and Somaliland	26.6	73.4
Urban (all areas)	56.2	43.8
Rural/nomadic (all areas)	10.5	89.5
Source: UN monitoring data		

3.79 **Rural water.** The target is to increase the number of rural residents with access to safe rural water to 830,000, up from 437,000 in 2000. Women access to water will be paid special attention as they are commonly tasked with collecting water for the whole family. This will be achieved by upgrading and rehabilitating existing water sources and through replacement by new improved sources.

3.80 **Urban water.** The priority is to increase service coverage in urban water supply and improve access to safe water for 400,000 beneficiaries in small urban centers and in large urban centers that will not be served in the medium term by expanded reticulated systems. The objective is to provide safe access to water for the urban populace that is currently receiving water from vendors that may come from unsafe sources or be contaminated during haulage. This will be achieved by upgrading and rehabilitating unprotected sources to improved water quality or installing new Mini Water Supply Systems and kiosk distribution systems. The dedicated water initiatives will need to be closely coordinated with the infrastructure developments discussed below in Section 3C that extend the reticulated supply systems in order to avoid service gaps.

3.81 When achieved the overall target of having an additional 1,23 million people accessing safe drinking water will increase the coverage from below 20 percent in 2000 to more than 30 percent within five years of RDP implementation. Achieving coverage for 830,000 rural inhabitants within 5 years is considered a reasonable extension of basic services, given that 730,000 people benefited from investments during the 12-year period 1994-2005. However, the higher target rates of service delivery in five years, while significant, will fall short of the ideal of Target 10 of the MDGs (in this case, reaching 63 percent coverage in rural areas). Achieving the target by 2015 would require tackling the basic needs of nearly 4 million people within eight years.

3.82 **Sanitation in urban and rural settings.** (a) expand access to improved means of excreta disposal and improve hygiene practices for 170,000 beneficiaries in small urban centers and 250,000 in larger urban centers by upgrading existing systems to improved traditional pit latrines; and (b) do the same for 1.4 million beneficiaries in the rural areas (especially among sedentary rural populations).

3.83 The following four priorities for Improving Provision of Water, Sanitation, and Shelter are:

1. **Rehabilitate, extend or improve existing water and sanitation facilities and improve affordability for disadvantaged groups.** Support existing waste collection systems; provide sanitation to households; build water retention structures (for example, wells, boreholes, and ponds); introduce

subsidies for the poor in urban areas, and develop alternative, low-cost water supply systems prioritizing appropriate technology (protection of community *berkedo*³⁴, springs and hand dug wells where possible, promoting use of hand pumps) thus minimizing the maintenance requirements.

2. **Develop institutional, legal and training structures for integrated water management, including water, sanitation and infrastructure Committees.** Assess existing facilities and promising new methods (for example, rainwater harvesting); formulate gender sensitive water and sanitation policies, strategies, laws and standards to regulate and improve the efficiency of private sector service delivery; and deliver public awareness messages through community outreach programmes on personal health and hygiene. Part of this will also need to include a framework for addressing conflicts related to water use.
3. **Enhance private sector participation in water and sanitation service delivery** through support to private water and sanitation suppliers associations in the preparation of legislative frameworks, and by encouraging private-public partnerships (PPPs) for efficient management. A community service management system, when well planned and designed through participatory processes, can become a catalyst for improved governance, as diverse groups are brought together around issues of common interest.

Shelter. Though remittances have helped provide and maintain shelter, many Somalis have inadequate shelter, particularly IDPs and the poor and disadvantaged. Hence, efforts to expand the provision of shelter will naturally be closely linked with these programs. The common lack of land tenure and limited access to financing are two barriers to expanding and improving shelter. Over time, these issues need to be resolved so the private sector can take on the challenge of meeting the need for shelter. In the shorter term, though, the priority will be to design a shelter program as part of efforts to resettle IDPs and refugees. This will involve identifying resettlement sites, providing the necessary infrastructure, and then constructing housing. To avoid conflict, this should be done with extensive involvement by the local communities, and, where possible, undertaken with contributions, through labor if nothing else, of the future occupants.

Assisting Displaced Persons and Returning Refugees

3.84 In 1991-1992, more than 01 million people fled war and famine in Somalia to seek refuge in neighboring countries, and many rural and urban poor became

³⁴ “Berkedo” are cement-lined water storage tanks usually of a capacity of 300,000 litres or more, that collect and store surface run-off rain water.

internally displaced after fleeing the violence. While displacement has continued, resulting in multiple waves of security-seeking population movements, it is now less drastic than in the early 1990s. Nonetheless, approximately 400,000 IDPs and 250,000 refugees (around 8 percent of the Somali population) are now seeking protection and assistance in achieving durable solutions, including self-reliance, reintegration, or resettlement to a third country. Refugees—the majority originating from south-central Somalia—are located in camps in the neighboring countries of Djibouti, Eritrea, Ethiopia, Kenya, Yemen, and Uganda. In addition, there are asylum seekers and refugees from Ethiopia and eastern and central Africa in Somalia; a documented 3,000 Ethiopian asylum seekers in Puntland and an unknown number in Somaliland would be recommended for resettlement elsewhere in Somalia, because local integration is not a viable option, especially for women.

3.85 IDPs, mainly from rural agricultural and nomadic populations, subsisting under very difficult conditions, frequently in destroyed and abandoned former government structures or on privately owned land where they pay rent. Land and property disputes, including restitution, are the main obstacle for people in displaced households, who are vulnerable to harassment, extortion, and eviction because government institutions have little or no authority to protect or assist them. IDPs lack income-earning and educational opportunities and adequate health and sanitation facilities, which pose particular problems for women and girls.

3.86 The vision for this area of intervention is to support and enhance existing livelihoods and create new livelihoods by diversifying and adding value to existing livelihoods practices, and improving infrastructure capacity and service delivery in rural areas. Specific targets are to support the return of 40 percent of refugees to their communities of origin or alternative place of choice while resettling 10 percent of refugees to a third country, and reintegrating 200,000 IDPs. In the reintegration process, it will be important to support various peace-building and reconciliation efforts aimed at bringing social harmony between host communities and returnees, particularly in those areas where huge numbers of returnees are being resettled. Again, Somaliland can provide lessons learned in dealing with returning refugees, as most of its former refugees have returned from Ethiopian camps.

3.87 There are three priorities for IDPs and returning refugees:

- a) **Provide direct assistance to IDPs and returning refugees to reintegrate and secure sustainable livelihoods.** The assistance programme will implement activities identified by an integration and livelihoods study, and it includes a reintegration package covering travel and basic establishment needs as well as support to social and productive capital. Priority will be given to some 45,000 mainly women-headed households.

- b) **Provide academic and vocational education**, beginning before to relocation, as education for all, including women will make a critical contribution to successful relocation.
- c) **Promote a conducive legal environment for IDPs and refugees**, including adoption of the Guiding Principles on Internal Displacement and promulgation of refugee legislation in host countries.

Protecting Vulnerable and Disadvantaged Groups

- 3.88 The most disadvantaged members of Somali society include an estimated 770,000 paternal and maternal orphans up to the age of 17, child laborers (approximately 30 percent of all children ages 10-14), an undetermined number of child militias and street children, minority groups, disabled persons, and people perpetually facing severe drought. These groups constitute a disproportionate share of the population that lives below the poverty line and receive only a small proportion of the existing public and private investments. Although extended Somali families have traditionally assisted those in need, their coping strategies have become overburdened. Protection strategies must be implemented for the members of these groups who are not adequately assisted by traditional mechanisms.
- 3.89 The vision for this area of intervention is to strengthen the capacities of communities to enable better identification of disadvantaged groups and, along with authorities, provide assistance to them while ensuring monitoring of social conditions. As soon as possible, the emphasis should shift from reactive interventions for an unspecified few "lucky beneficiaries" to more equitable, proactive safety nets for disadvantaged individuals in both rural and urban communities, including IDPs. The special requirements of disadvantaged groups are also considered in all areas of intervention of the RDP.
- 3.90 There are three key priorities for Protecting vulnerable and disadvantaged groups

1. Improve community-based identification of disadvantaged groups. Build on the preliminary analysis conducted between February and April 2006 to determine the magnitude and nature of the problems of orphans and other vulnerable children in Somalia to establish baseline data on gaps and constraints in planning and monitoring assistance.

2. Provide targeted services and assistance. Establish and support families and community-based networks for the care and protection of vulnerable children to help them develop mentally, physically, and emotionally. Increase access to the following services for vulnerable groups:

- Legal aid, especially juvenile justice services and child- women-friendly law enforcement mechanisms
- Psychosocial care and support, for example, for boys and girls previously associated with the militias
- Integrated anti-gender-based violence and post-FGM services
- Family tracing and reunification
- Birth registration in conformity with identity and citizenship. Data capturing is envisaged at school registration or health facilities. .

3. Expand the protection monitoring and coordination system. Include the community's traditional and clan management system and disaster awareness and preparation, and increase public awareness and advocacy on protection issues. Establish indicators and data systems to monitor and evaluate implementation of initiatives.

3.91 As in other areas of social services, the majority of the interventions could initially be implemented, owned and managed directly through existing community structures or private enterprises, as the formal public system is generally weak with the notable exception of that in Somaliland. Given this situation, the capacity for effectively engaging communities to own and manage programmes will be a critical determinant of programme success or failure.

C. CREATING AN ENABLING ENVIRONMENT FOR PRIVATE SECTOR-LED GROWTH TO EXPAND EMPLOYMENT AND REDUCE POVERTY

3.92 Broad-based growth to generate employment and incomes is central to effective consolidation of peace and reduction of poverty. The immediate post conflict environment will require that considerable efforts and resources be directed at practical livelihood issues, but broader poverty-reducing growth concerns should underpin the medium- to longer-term development agenda. International post conflict experience suggests that many countries do enjoy a post conflict surge in the level of economic activity. However, these successful experiences also show that a good policy environment, substantial progress in developing effective core public sector institutions, and adequate and timely development finance are critical to sustaining growth and thus generating employment and reducing poverty.

3.93 The key to rapid equitable economic growth will be to support the already vibrant Somali private sector and to expand productive capacity in the traditional agriculture, livestock, and fishery sectors. Achieving rapid private sector-led growth will require (a) large investments in infrastructure to expand access to markets and sustain trade; (b) establishment of a simple, transparent, and stable regulatory framework that is conducive to market-oriented private sector investment and growth; (c) actions to address specific constraints such as the shortage of veterinary and

agricultural services and the poor state of irrigation facilities; and (d) improved access to financial services and access to credit. Given the heavy dependence of traditional economic activities on the natural resource base, sustainability of this renewed growth will also require establishment and maintenance of an effective and sustainable system of management of natural resources.

3.94 Peace and security are necessary for rapid and sustained poverty-reducing economic development. So are investments in people to address immediate needs and to improve skill levels. This third pillar complements the first two to achieve and sustain poverty-reducing growth that is necessary to accomplish the overall objectives of this RDP. To do this will require

- Rebuilding infrastructure
- Expanding financial services
- Rebuilding key productive sectors
- Developing other productive sectors
- Ensuring sustainable natural resource management
- Improving livelihood security.

Rebuilding Infrastructure

a. For physical infrastructure (such as roads, other transport facilities, and power), the needs are immense. Limited maintenance and investment over the past 16 years has resulted in widespread deterioration of infrastructure. Although the severity of the situation differs from region to region, the infrastructure deficit increases the cost of doing business and causes isolation that in turn contributes to and sustains poverty. Improving access to markets by addressing rural isolation and rebuilding infrastructure generally is a key element in the poverty eradication strategy and is important for political and social integration. All areas need improvements in infrastructure, but limitations on absorptive capacity and resources mean that not all infrastructure needs could feasibly be met within the five-year RDP period. Moreover, the challenge of prioritizing and implementing infrastructure improvements is compounded by extremely weak or nonexistent institutional and implementation capacity and the depletion of human resources over the past two decades. In addition, to avoid the risk of exacerbating tensions and doubts regarding favoritism and geographic imbalance, the rehabilitation of infrastructure needs to follow strict and transparent selection criteria.

b. Lessons from other post conflict situations show that infrastructure investments will serve four main purposes in development and poverty reduction: first, they bring direct benefits by increasing access to basic human services such as education, health care, and water supply; second, by reducing production costs and providing access to markets they contribute to job creation; third, if investment programs are well designed, they employ people directly in rehabilitation and maintenance programs;

and fourth, by linking areas together, improving communication, and encouraging communities to work together for common goals, they play a key role in fostering reconciliation and deepening peace.

c. Each of these four elements is desperately needed. Rehabilitating transport infrastructure will help re-establish the physical links destroyed by war, facilitate the strengthening of social links, and expand regional trade. The various reconstruction and development initiatives are closely interlinked, and increased security and demining will be critical preconditions to successful rehabilitation of roads. Success will require a clear policy environment, with the responsibilities of each level of government clearly delineated. A key constraint to infrastructure network rehabilitation and expansion will be implementation and absorptive capacity. Specific emphasis needs to be given to developing implementation agencies that can achieve sufficiently high fiduciary and procurement standards (see Section 3.1 under Public Finance Management) and enable the execution of labor-based construction activities. One part of a strategy to address the constraints facing public institutions is to arrange for public-private partnerships to implement large projects.

d. The proposed infrastructure rehabilitation strategy focuses first on what is achievable in the short term and the preparation of more ambitious programs for implementation in the medium term. A core underlying theme will be employment creation through labor-intensive strategies and approaches such as community contracting.

3.95 The short- and medium-term priorities for infrastructure are:

1. **Road transport.** Initial focus should be on feeder roads with labor-intensive community-led rehabilitation, coupled with design work and the preparation of implementation and regulatory capacity for larger projects. Addressing rural isolation by improving access will be critical to alleviating rural poverty and improving links between people groups. Plans for the rehabilitation of major trunk roads from Kismayo in the south, through Mogadishu to Bossaso, Berbera, and Hargeisa in the north, and also to neighboring countries, should be refined so that actual reconstruction can begin as soon as is feasible. It is expected that reconstruction of some of the major trunk roads will be taken up by bilateral or regional development partners, as this could significantly accelerate progress.
2. **Ports.** Following the recent reopening of the port in Mogadishu, attention can now turn to determining priorities among ports and refining plans for improvements and expansions, then proceeding with the necessary investments to achieve this. Rehabilitation of the ports in south-central Somalia, plus improvements to those in the north, will be important for trade. Extending the

- network of secondary ports and jetties will likewise both facilitate the development of local fisheries and improve sea-based transport links.
3. **Airports.** Rehabilitate the international airport in Mogadishu and refine rehabilitation plans for other international and regional airports as a prelude to further investments.
 4. **Power.** Focus initially on rehabilitating power generation and local distribution systems, together with the development and promotion of renewable energy sources and alternatives to charcoal. In the medium term, expand generation capacity, establish an interconnecting power grid, and expand the distribution system.
 5. **Urban.** Urban infrastructure needs are enormous as a result of increased urbanization and dislocation. Water and sanitation services are an immediate priority. As quickly as possible, integrated urban development plans need to be developed so reconstruction can proceed in a coordinated manner. Given limited overall implementation capacity, urban reconstruction could be phased in, with the initial focus being on a few geographically spread centers.
 6. **Institutional development.** Begin immediately to establish institutions to build capacity to plan, prepare, and implement infrastructure investments and maintenance in south-central Somalia and strengthen those existing in Puntland and Somalia. These institutions should be initiated immediately so that projects, programs, and pledges are not frustrated by lack of implementation capacity. When possible, link the administrative structures in south-central Somalia, Puntland, and Somaliland to ensure coordination and efficiency.

Expanding Financial Services

3.96 The expansion and improvement of financial services will be essential for private sector development to achieve its potential in all regions and for domestic firms to compete effectively for reconstruction contracts. Re-establishing financial services after a period of sustained conflict will be a challenging task, requiring concerted efforts in terms of managing expectations and building trust in government institutions. As in most conflict-ridden countries, the mistrust in government-owned banks (since the collapse of the state-owned commercial bank in 1989) runs deep. Existing financial services in Somalia are now largely organized around *hawala* dealers and focused on money transfers through informal networks.

3.97 The initial focus of efforts to expand financial services needs to be on attracting sound and credible commercial banks and expanding the range of financial services to include deposit savings and the provision of credit. One hopes that these *hawala* companies, which have to a limited extent functioned as informal microfinance institutions, will be able to expand or enter into joint ventures with foreign banks to offer a broad range of banking services such as deposit facilities,

investment lending, and trading services. Naturally, prudential regulations and supervisory arrangements will need to be established, though they could initially be provided by joint venture partners. Success in attracting joint venture investors will depend on establishing an environment in which property rights and strong corporate governance are the norm and providers of financial services can make reasonable profits and develop an expanding business. This involves strengthening corporate governance, reinforcing property rights, and rebuilding public trust in financial institutions.

3.98 Second, small-scale credit facilities or microfinance institutions need to be established to provide financial services to micro-enterprises in rural as well as urban areas, and access for women and minority groups needs to be assured. Third, insurance services are urgently needed to support trade. Without affordable insurance cover, accessing international markets can be prohibitively expensive and hence limit economic growth and recovery.

Rebuilding key productive sectors

3.99 **Livestock production**, a key source of household income and hence livelihoods for people in Somali-speaking regions of the Horn of Africa, has been seriously threatened by repetitive droughts, environmental degradation of rangelands, the threat of serious livestock disease, and the ban imposed by the Kingdom of Saudi Arabia on imports of Somali livestock. Nevertheless, livestock production remains a key source of the potential employment and renewed growth that will be critical for peace building and economic recovery to be successful. Priority initiatives should first focus on achieving international standard export inspection and certification standards and the controlling and eradicating the tsetse fly vectors of trypanosomiasis in the riverine areas of south-central Somalia which has such negative effects on cattle production. All Somali authorities need to work together to establish an internationally accepted export inspection system. In the short to medium term the best option for achieving improved access to international livestock markets is to persist with the current rolling export inspection process, but as soon as possible phase in an international standard simplified export inspection and certification system. Moreover, strategic investments are needed to make inspection more efficient, less costly, and less stressful for animals. If Somali livestock exports are to regain their former prominence then effective control or eradication of major diseases impacting productivity and the quality of exports should be initiated as soon as possible in all regions. This necessitates strengthening public and private veterinary and para-veterinary services in all regions.

3.100 Improving the data base on livestock numbers and production, and developing medium to longer term strategies for the livestock sector will also be important. This includes considering the relative importance of live animal exports versus carcass meat exports, the expansion and improvement of meat processing facilities in strategic

locations, options for improving livestock productivity, the development of more intensive livestock production such as dairy and poultry in peri urban areas, and promoting environmentally sensitive rangeland management. A strategy for more efficient and sustainable production of livestock products could be designed even while traditional production methods are made more effective. As part of this sector development strategy, public and private institutions supporting, monitoring and regulating livestock industries need to be rebuilt, and a human resources development strategy put in place.

3.101 **Crop production** has suffered particularly badly, as it has been at the heart of much of the conflict in south-central Somalia – both geographically and with land being a highly sought after resource. Over the past 15 years, sporadic conflict and lack of maintenance have destroyed flood control levees and irrigation systems, prevented reliable access to input supplies such as fertilizer and seeds, heightened market and price uncertainty, and created land disputes resulting from unlawful appropriation of land by warring parties. Once there is sustained peace, the rehabilitation of flood control levees and irrigation systems in the Shabelle and Juba river basins coupled with a system for resolving land disputes (see Section A.1 of this chapter), would do much to generate a quick recovery of crop production and generate extensive employment. Moreover, the previous profitability of crop production arising from a strong demand for food crops within Somalia, and well-established export markets for such items as sesame, bananas, and other tropical fruits, suggest that this would be an economically sound investment. The revival of agricultural research supported by a vibrant extension service would introduce new and improved crop varieties in the Somali agriculture sector.

3.102 Associated with the traditional field and tree crop production there are considerable prospects in various Somali regions for a number of high value specialized crops such as dates, *yicib* (*Cordeauxia edulis*), vegetables, fodder plants, frankincense and myrrh, gum arabic, honey and a range of medicinal plants that could all be developed into significant sources of income for farmers and pastoralists. To help achieve the potential for broad-based employment resulting from an expansion of high-value crop production, it is recommended that the RDP support the establishment of extension programmes to promote the production and marketing of these crops.

3.103 **Fishing.** The fishing industry needs to be rehabilitated and action taken to allow marine resources to recover from the predation experienced over the last 15 years, if the potential contribution of fisheries to economic development is to be realized. It is estimated that illegal fishing results in a total export loss of about US\$95 million annually, or about 25 percent of the estimated potential annual catch. Somali marine resources have been regularly plundered by between 500 and 1,000 trawlers and other types of ships, few of which are licensed or show regard for

international fishing laws. As a consequence, the once substantial and valuable lobster export trade has suffered, as artisanal fishermen have found it increasingly difficult to sustain an adequate livelihood from lobster harvesting because of the decline in stocks and the destruction to reefs caused by illegal inshore fishing by foreign commercial boats. These boats also destroy nets and other fishing gear owned by artisanal fishermen. Actions are urgently needed to control and license the activities of boats (international and national) fishing in Somali waters, which in turn calls for capacity building of the public and private institutions and services such as a coast guard service to enforce fishing activity. Investments in public infrastructure in coastal towns and creation of a regulatory framework and commercial licensing would also have a positive effect on private investments in on-shore fish-processing facilities along the coast.

Developing other productive sectors

3.104 The private sector will be the driving force for economic growth in Somalia, but it can only achieve its potential only if key needs are removed. Key among these is the need of peace and security (discussed in Section 3.A), the development of a skilled workforce (discussed in Section 3.B) and improvements in infrastructure (discussed earlier in Section 3.C). In addition, there is also a need to improve the policy and regulatory environment to help reduce the cost of doing business and to enhance an enabling environment for private sector investment.

3.105 The entrepreneurial energy of the private sector, which has succeeded in keeping the Somali economy afloat during the past 15 years, can be harnessed to diversify and generate considerably more rapid economic growth and development. Already, there has been significant investment in manufacturing (for example, soft drinks and water bottling) and service sector activities (for example, hotels), albeit with the relatively short payback periods typical in high-risk situations. In 2002, there were 23 functioning manufacturing plants in Mogadishu, covering a range of food-processing and light manufacturing activities. Since 1991, the private sector has provided most of the services that currently exist, such as power and water supplies, transportation, social services such as health and education, and a highly effective telecommunications system, thus proving that governments need not always invest in the provision of services. Specific examples include water supply in Jowhar and Borama, air transport based in numerous small airports, and telecommunications.

3.106 Telecommunications is, in fact, a prime example of Somali success. After the public system was almost completely destroyed in the civil war, a number of private services emerged quickly. Growth was haphazard and resulted in many weaknesses—which led to the establishment in Dubai in November 1999 of the Somali

Telecommunications Association (STA)³⁵ as a means for self-regulation, collaboration, in-house training and technical assistance. The result is that today Somali companies have invested in the latest technology and, using GSM cellular telephony and satellite networks, provide the lowest international calling rates in the African continent. However, there is a need to establish a Telecommunications Regulatory Authority (TRA) that is independent of both the government and the private telecommunications sector, to ensure efficient frequency allocation, effective interconnection between networks, compliance with equitable business practices, and advocacy on behalf of the telecommunications sector in international forums.

3.107 The different levels of private sector development in south-central Puntland, and Somaliland imply the need for some distinct strategic objectives at this stage. In Puntland and Somaliland, economic activity could be boosted by providing market access through licensing and regulation, re-establishment of international relations, and investment in infrastructure. Improvements in financial and insurance services would also facilitate integration of Somali firms into the global economy. In south-central peace and security are the current priority preconditions for increased private sector activity and investments. Once that is established attention would naturally turn to these other concerns.

3.108 Somalia has a range of known mineral resources including coal, gypsum and limestone, sepiolite and meerschaum, and various gemstones, as well as precious and base metals including gold, copper, nickel, lead, and zinc. These should be further investigated, as they present prospects for income and employment generation. Oil exploitation is believed to be a realistic possibility based on oil finds in Yemen in similar geological formations. The requirement is a competent, transparent public regulatory and contracting authority within government that manages decisions over the rights of the private sector to exploit these resources.

3.109 A simple and transparent regulatory framework should urgently be put in place, supported by environmental and regulations and necessary institutions, to provide a stable, predictable, and market-friendly environment in which Somali entrepreneurial energy can generate broad private sector growth. It is recommended that governments work with business associations and consumers to develop and implement a transparent and simple licensing system, establish financial institutions and security markets, and over time, antitrust regulation and anticorruption laws. Moreover, a code of ethics for public officials and businesses needs to be developed to underpin business conduct and the interface between public officials and the private sector. Barriers to entry (such as bid bonds, registration, and letters of credit) need to be reduced, and different clan groups must be seen as having fair access to

³⁵ The STA was based on a Memorandum of Understanding signed by 10 Somali telecommunications companies.

rehabilitation contracts to avoid renewed tensions among various local groups and between local and international competitors.

3.110 During the reconstruction phase, Somalia is also likely to face particular challenges to avoid distortions in the post conflict economy arising from the large number of international personnel expected to be in the country. Experience shows that civilian and military personnel tend to create their own economic enclaves, in terms of demand for restaurants, hotels, rental houses, imported food, and so forth. This will take place at a time when the reconstruction program will be seeing a surge in construction contracts. There is also a risk that cost-of-living differentials across regions will increase, with negative consequences for the urban poor.

Ensuring Environmental Sustainability

3.111 The already fragile environment has been severely damaged in recent years. Causes include the absence of effective regulations, irresponsibility on the part of powerful groups, individuals, and the desperate search for livelihoods by the poor. Huge areas that were once tree-covered rangelands have been reduced to treeless plains, with the result that wildlife has all but disappeared and soil erosion is common. Charcoal is still being produced—a major cause of deforestation—and exported, despite an export ban. The rangeland for livestock is threatened by frequent droughts, deforestation, and overstocking. As a result, biodiversity is also under threat. Marine resources have been so extensively plundered that the potential of the Somali fisheries industry may soon evaporate unless substantial actions are taken now. Deficiencies in waste management systems have resulted in hazardous waste being dumped at numerous sites where they pose health risks. Urgent and rigorous actions are needed to address these issues and to ensure environmental sustainability.

Given limited public sector capacity, this needs to involve initiatives to stimulate proactive, community-based natural resource management. Given that some environmental issues stretch across national boundaries, coordination with neighboring countries and international agencies will also be needed. And given that the desperate search for livelihoods is part of the threat to natural resources, success with efforts to achieve sustainable natural resource management will depend on success with concurrent efforts to generate alternative livelihoods and employment through private sector development and labor-intensive works programs.

The key 5 priorities for ensuring environmental sustainability are:

1. **Enforce the charcoal export ban;**
2. **Intensify pilot reforestation programmes;**
3. **Design and establish institutional capacity to enforce controls of fishing to ensure sustainability of marine resources;**

4. **Undertake a thorough “State of the Environment” report**, including land, forest, water and ocean resources, establish a broad-based National Environmental Coordination Committee, and establish needed laws and regulatory capacity to ensure the sustainable management of natural resources; and
5. **Investigate the alleged toxic waste sites** south of Gara’ad plus the former missile site in Berbera, and clean up the chemical contamination at the former Desert Locust Control Organization site in the Ayaha Valley.

Improving Livelihood and Food Security

3.112 Improving and diversifying livelihoods and reducing food insecurity depend critically on the success of initiatives throughout the three pillars of this RDP, from dispute resolution and the rule of law to investments to increase workplace skills and the achievement of rapid, sustainable, poverty-reducing economic development. It is estimated that 55 percent of the population depends on livestock and related activities for their livelihoods, and that 25-30 percent of pastoralists is very vulnerable to livelihood failure because their herd sizes are less than 12.6 tropical livestock units per six-member household. This is the minimum herd size required) to sustain the family unit through a lengthy drought—frequent in the Horn of Africa—or other livelihood shock. Eighty percent of Somali households rely on natural-resource-dependent activities for their livelihood; these resources are under threat.

3.113 In the north, crop production, even in fertile areas such as Awdal, is uncertain because of unreliable rainfall, making livelihoods and incomes vulnerable. The livelihoods of growers of annual crops in the main producing areas in south-central Somalia have become even more vulnerable because of conflicts that have made land tenure uncertain, made access to markets unpredictable, caused deterioration of flood control structures, and destroyed irrigation systems. These have all increased this population’s dependence on rainfall. Artisanal fishermen have suffered from illegal fishing close to shore, which damages their nets, and from other exploitation of fishery resources. These occur to such an extent that many find it extremely difficult to sustain an adequate livelihood.

3.114 To improve and diversify livelihoods and to reduce livelihood insecurity the below priorities are:

1. Rehabilitate the key productive sectors of livestock, agriculture, and fishing and ensure that natural resources requirements are sustainable.
2. Expand alternative livelihood opportunities through private sector development of other activities.
3. Rehabilitate infrastructure to link markets and reduce the cost of doing business.
4. Expand financial services, especially microfinance provisions.
5. Improve workplace skills through education, training, and improved healthcare, nutrition, and water supplies.
6. Put into place stable macroeconomic management.
7. Resolve conflicts over land and water and restore secure access to land.
8. Establish and sustain peace, security and the rule of law in all areas.

3.115 In short, success depends on the full and integrated array of reconstruction and development initiatives that constitute this reconstruction and development framework. Initiatives to address the needs of displaced peoples (Section 3Biv) and actions to protect vulnerable and displaced people (Section 3Bv) are in large part also directly about reducing livelihood uncertainties.

3.116 Additional complementary livelihood improvement initiatives include (i) livelihood studies with special emphasis on gender, marginalized groups, conflict mitigation and integration issues, and (ii) equitable community-based land and resource utilization development plans with full community participation prepared. However, valuable though these would be, they cannot be sustainable alternatives to the core components of this RDP.

3.117 This three-part reconstruction and development strategy responds to the assessed priority needs of the Somali people. These initiatives are outlined in a sequenced manner in the RBM that constitutes (Section 5) of this report.

4. IMPLEMENTATION, FUNDING, AND COORDINATION

4.1 When work began on this Somali Joint Needs Assessment in mid-2005, it was anticipated that current uncertainties would be resolved quickly, peace and security in south-central Somalia would be improved, the roles of various levels of government clarified, and needed capacity established so all priority reconstruction and development initiatives could be implemented soon. Unfortunately, this has not been the case.

4.2 The relative peace and the availability of implementation capacity in Somaliland and in Puntland mean that many initiatives could be implemented there. But persistent uncertainties and lack of administrative and implementation capacity in south-central Somalia mean that limited initiatives can be implemented there. As mentioned earlier, it has been difficult even to implement humanitarian assistance in many locations; it would be even more difficult to implement sustainable, longer-term reconstruction and development initiatives.

4.3 Given continuing uncertainty and the lack of implementation capacity, this section discusses options for pressing ahead with a subset of this RDP while dialogue to settle outstanding differences and build institutional and implementation capacity continues. Next, it discusses a financing framework and coordination and monitoring arrangements. Specifics here depend on the outcome of ongoing discussions, so discussion is limited to broad principles and lessons learned from global experience. This report would be incomplete, however, without some reference to these essential components of the RDP.

4.4 Implementation. As mentioned earlier, the three pillars of this RDP are interrelated and mutually reinforcing. Ideally they would be implemented concurrently as nothing less would be certain to generate sustainable deepened peace and reduced poverty. The benefits achieved by partial implementation would be fragile and could actually exacerbate tensions. Nevertheless, with due care, every option to improve the current situation needs to be explored.

4.5 Implementation of much of the first pillar – deepening peace and security and establishing good governance – will be challenging, As and when opportunities present themselves; progress can be made to develop and improve various aspects of governance including administrative governance (especially at the local government level as relationships with a federal government are yet to be clarified), deepening the rule of law (policing and the judiciary), strengthening electoral systems, continued work on land titling and dispute resolution, the reintegration of demobilized militia, de-mining, designing and implementing civil service reform; strengthening fiscal

policy, resource mobilization and public finance management, strengthening civil society, and the implementation of key charter tasks. Where there are less opportunities, elements of the first pillar could still be implemented and include some core capacity building components, such as policing, and top priority parts of the civil service (for example, a policy advice unit servicing senior leadership, and capacity building and training for public finance management).

4.6 More could conceivably be done now to implement components of the second pillar - investing in people through improved social services – though implementation capacity constraints would still be a major challenge. In particular, existing education, health and water supply services could be improved, expanded and built upon if NGO, religious and private sector partners could help meet a greater share of the need in these areas. Possible community-driven initiatives could concurrently expand services and improve social outcomes, by demonstrating the benefits of collaboration, foster crucial intra- and intercommunity dialogue.

4.7 Security is essential for cost effective delivery of services: coordinating and monitoring them requires a policy and regulatory framework that depends on public institutions and capacity. For example, the education curriculum and the creation of standards for student progress need coordination. So does provision of health services if they are to have the greatest possible impact

4.8 Some components of the third pillar- establishing an environment for rapid poverty-reducing development – could also be implemented including the expansion of microfinance, and continuing efforts to improve livestock health. The resolution of land disputes that is so important for the full recovery of crop production necessitates

4.9 Large infrastructure initiatives—another third-pillar component—cannot be cost-effective without peace and security. Hence, until uncertainties in south-central Somalia are resolved and basic institutions are in place, the rehabilitation of the power generation infrastructure and the distribution and transport networks would largely be confined to Somaliland and Puntland. Indeed, attempting to implement such projects in south-central Somalia without first establishing basic peace and security risks exacerbating tensions. Similarly, ensuring sustainable use of natural resources requires collective action and the institutional capacity to monitor and enforce it.

4.10 Costing. A unit cost approach was used to prepare the Results Based Matrix utilizing the actual present day costs of inputs as the primary means of calculation of the RBM financial requirements. The 5-year cost structure was based on the sequencing of prioritized needs, the opportunity for effective implementation and the fact that far more outputs are expected to be delivered in the last 3 years of the RDP, largely because of increased absorption capacity. Population data were drawn on and relevant only to approximately 20% of activities outlined in the RBM.

4.11 Financing Framework. An independent study undertaken at the beginning of 2007 on ‘Financing Options for the RDP’ came up with an array of options including Sector Level Pooled Funds; District Fund, Social Access Fund; Community Social Fund; Private Sector Funds and Multi Donor Trust Funds. The full report can be accessed on the website www.somali-jna.org.

4.12 Different options for funding the RDP as mentioned in the Study have some commonalities. They should be a cost effective and coordinated way for the international community to support the Somali reconstruction and development effort. Where feasible, funds should be pooled. One set of standardized administration, appraisal, implementation, monitoring and fiduciary rules should be applied for all participants. The advantages of some of these funds are as below.

- Reduces “transaction” costs for the donors and recipients
- Helps a recipient country when governance institutions are weak
- Allows smaller donors without the resources to monitor and evaluate their contributions to participate
- Provides assurance that donor funds are being used for the intended purposes, even in a difficult operating environment
- Promotes coordination and harmonization among the donors
- Support a programmatic and “strategically sequenced” approach rather than a project-based piecemeal approach.

4.13 In the Somali context where there is a blend of short-term needs requiring quick action and large longer-term needs for which rigorous preparation is needed, having both the UN and WB involved and complementing each other’s strengths, for an MDTF seems one such option. The greater flexibility of the UN would help achieve rapid implementation during the first couple of years and financing for political and security activities. The UN & WB’s expertise and focus on medium-term development initiatives and rigorous procurement procedures, suggests that they are both best placed to focus on these aspects. The importance of involving NGOs, CSOs, religious groups and the private sector in improving and expanding service delivery, suggests that selected bilateral links with donors may also continue to be important.

4.14 In designing any fund, it will be important to be very clear about what it is to finance and to clarify its relationship with any other financing arrangements, such as the CAP. Flexibility will be important in addressing the range of recovery, reconstruction and development activities. Though it is presumed that it will not directly cover humanitarian needs, it will inevitable over time help address the recurrent causes of humanitarian crises. Moreover, it will need to be flexible in accommodating the differing needs of south-central Somalia, Puntland and Somaliland and a range of implementing partners as long as they have sufficient

fiduciary capacities, including various levels of government, NGOs, private sector and UN agencies. It will be important to have strong Somali involvement at the strategic and programming levels. In all this, the funding option(s) chosen needs to be built on the OECD Development Assistance Committee (DAC) principals. Further discussions are planned on the most appropriate ways forward to finance the RDP.

4.15 Coordination and Monitoring Arrangements. International experience has highlighted the importance of having a Strategic Oversight Committee responsible for approving work programmes, appraising projects and implementing agencies and providing general oversight, and an Executive Committee responsible for mobilizing resources, endorsing priorities formulating criteria to determine geographical, sectoral and temporal allocations, and reviewing performance and results.

4.16 In addition there must be an Administrator and Secretariat responsible for day-to-day management, ensuring the rules and regulations for the fund(s) are respected and followed, and for reporting on implementation.

4.17 A Monitoring Agent responsible for reviewing and reporting on procurement, disbursement, and implementation progress is also required, along with clearly established systems ensuring it receives the information it needs. Implementing agencies will be responsible for providing current information; the monitoring agent must also be free to source information independently.

4.18 Some aspects of implementation, coordination and monitoring can be outsourced to lessen the burden on limited existing capacity, especially the public sector capacity in the country. Possible tasks include procurement, accounting and public finance management. And an added benefit can be the avoidance of accusations of favoritism. However, with the sixth Guiding Principle discussed in paragraph 3.6 arrangements that respond to specific implementation challenges must be transitional and phased out as local capacity is developed.

4.19 As part of local capacity development, and to ensure continued Somali ownership, there would ideally be one or more aid coordination bodies within government. The number would depend on implementation arrangements and agreements to be reached regarding the possible decentralization of implementation. This body (or bodies) would be closely linked with the management of the fund(s) and with overall coordination of reconstruction and development initiatives. Over time, the capacity of the aid coordination body (or bodies) would develop into an ongoing agency for continued international assistance.

4.20 A common set of Outcome Indicators for the RDP, adopted by all stakeholders would enable clearer performance monitoring with respect to the implementation of the RDP, as would a common Information Aid Management System for which all stakeholders could use and contribute to.

5. CONSOLIDATED RESULTS-BASED MATRIX FOR DEEPENING PEACE AND REDUCING POVERTY

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
A. Deepening Peace and Strengthening Governance					
<p>A1. Reconciliation, Conflict Resolution and Peace Building:</p> <ul style="list-style-type: none"> • <i>Genuine reconciliation begun</i> • <i>Efficient and transparent dispute settlement mechanisms established/strengthened and available to all</i> • <i>Major Disputes Settled or in Process of Settlement</i> 	<ul style="list-style-type: none"> • Modern, traditional and religious systems coexist • Traditional governance system of <i>xeer</i>, albeit weakened, provides dispute settlement mechanisms • <i>Guurti</i> experience in Somaliland successful • Women, youth and minority groups active in reconciliation processes • Unresolved dispute between Puntland and Somaliland over regions of Sool and Sanaag • Violent conflict in south-central Somalia • Emergence of the Union of Islamic Courts (ICU) as a political actor in south-central Somalia 	<ul style="list-style-type: none"> • Low confidence in state • Unresolved land and property issues • Unresolved political and power sharing issues between ICU and TFG • Un-addressed past crimes and human rights violations • Weak institutional capacity • Foreign interference • Lack of experience in electoral process in south-central Somalia and Puntland • Weak organization and coordination between civil society stakeholders. • UN Resolution 1325 facing slow adoption and implementation 	<ul style="list-style-type: none"> • Committee to review reconciliation process established with monitoring and specific targets for participation of women, youth, minority groups and business • Mechanisms for continued dialogue strengthened, with Government stakeholders and citizens (including women and minorities), participating in reconciliation • Settlement of land and property disputes expanded beyond Somaliland with gender balanced Land Property Disputes Commission established • Reconciliation process between Somaliland and Puntland initiated • Local reconciliation initiatives supported 	<ul style="list-style-type: none"> • Established relevant committees, commissions and CSOs especially women organizations participate in reconciliation. • Major disputes are in the process of settlement • Dialogue on linking justice, peace building and reconciliation commenced • Recommendations on further dialogues toward dispute settlement are followed up & supported by all stakeholders & links are established with reconciliation processes • Strengthen reconciliation process between Somaliland and Puntland • Dialogue on the status of Somaliland 	<ul style="list-style-type: none"> • Develop ongoing processes of reconciliation/dialogue • Participatory mechanisms established including women, youth & minority groups and monitored by using well defined targets • Major disputes settled or are close to settlement • Justice and reconciliation and truth, processes increasingly linked • Reconciliation process between Somaliland and Puntland finalized. • Dialogue on the status of Somaliland
<ul style="list-style-type: none"> • <i>Federal Constitutional Institutions functional and the Constitution adopted by popular referendum</i> 	<ul style="list-style-type: none"> • Transitional Federal Charter adopted • Federal Constitutional Commission (FCC) appointed 	<ul style="list-style-type: none"> • Disputes over Federal structure and regions proposed in the Constitution. 	<ul style="list-style-type: none"> • Federal Constitutional Committees established and participatory work commenced with women representing at least 30 % and minorities well represented 	<ul style="list-style-type: none"> • FCC is operational, its committees make progress on the draft/discussion of women friendly Constitution 	<ul style="list-style-type: none"> • Gender sensitive Constitution finalized • Continue voter and civic education campaigns conducted with special emphasis on women and minorities • Referendum successfully conducted

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<ul style="list-style-type: none"> Free and fair electoral processes conducted <p>Costing: US\$ 26.5m</p>	<ul style="list-style-type: none"> Electoral process and constitutional referendum conducted in Somaliland Inequalities in women's representation in parliament and local authorities. 	<ul style="list-style-type: none"> Lack of census and voter registration Weak/non-existent electoral institutions Lack of experience with electoral process in south-central Somalia Lack of institutionalised mechanisms for entrenching women's participation and representation 	<ul style="list-style-type: none"> Support an Independent Electoral Commission with at least 30 % representation and prepare legal framework Prepare to conduct voter/civil registration & civic education campaigns paying special attention to women Strengthen Somaliland electoral systems Support the creation of multi-party democracy in Puntland Explore options to expand participation of women in constitution-making and electoral processes <p>Costing: US\$ 8.1m</p>	<ul style="list-style-type: none"> Support the Electoral Commission and adopt legal framework Conduct voter/civil registration & civic education campaigns paying special attention to women Strengthen Somaliland electoral systems Encourage multi-party democratic system in Puntland Institutionalize mechanism to ensure participation and representation of women in constitution-making and electoral processes <p>Costing: US\$ 8.9m</p>	<ul style="list-style-type: none"> Referendum/electoral processes conducted in all areas. Somaliland and Puntland electoral systems improved Mechanism in place to ensure participation and representation of women in constitution-making and electoral processes. Electoral monitoring process established and operational <p>Costing: US\$ 9.5m</p>
<p>A2. Security and rule of law:</p> <ul style="list-style-type: none"> Demobilization, Disarmament and Reintegration (DDR) substantially achieved in south-central Somalia, and reintegration completed in Puntland and Somaliland 	<ul style="list-style-type: none"> Approximately 53,000 militias are targeted for DDR programmes in south-central Somalia 40,000 already demobilized in Somaliland and Puntland since 1993, and 25,000 absorbed in public sector 6,000 in Puntland, and 5,000 in Somaliland need reintegration. 	<ul style="list-style-type: none"> Lack of employment opportunities for demobilized people Low skill, educational and motivational level of demobilized persons Porous borders and proliferation of arms Widespread perception of insecurity Limited information on militia in south-central Somalia Little attention to women-supporting-militias for DDR 	<ul style="list-style-type: none"> Comprehensive review of security sector undertaken Prepare for reintegration assistance Assistance strategy for war widows and families and war veterans prepared DDR begins in south-central, building on experiences from Puntland and Somaliland Reintegration ongoing in Puntland and Somaliland 	<ul style="list-style-type: none"> Militia reduction exercise completed, reintegration assistance under way in south-central Somalia Assistance for war widows, families and war veterans started Reintegration ongoing in Somaliland and Puntland 	<ul style="list-style-type: none"> Remaining security forces equipped and trained, Reintegration assistance continues to be delivered Long-term plan for support systems for war widows, families and veterans developed Reintegration completed in Somaliland and Puntland
<ul style="list-style-type: none"> A civilian, community-based 10,000 member Police Force operational in south-central Somalia Quality civilian, 	<ul style="list-style-type: none"> Only 200 operational police in south-central Somalia and 120 under training. 200 informal police existent. Informal and formal Police forces available in Puntland 	<ul style="list-style-type: none"> Insufficient training capacities to absorb the new police Insufficient women in police force to support women's access to law 	<ul style="list-style-type: none"> Training expanded 1,000 police operational in south-central Somalia, with at least 15% women Police Force in Somaliland improved, 	<ul style="list-style-type: none"> Police training continued 2,500 police in south-central Somalia with at least 20% women Police Forces in 	<ul style="list-style-type: none"> Police training continued, including in human rights 10,000 police operational in south-central Somalia with at least 25% women Informal Police fully

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<i>community-based police forces in Puntland and Somaliland in place</i>	and Somaliland	enforcement	and informal police being absorbed <ul style="list-style-type: none"> Police Reactivation Management Team established 	Somaliland improved, and informal Police progressively absorbed south-central Somalia and Puntland training civilian Police Force	absorbed into Somaliland Police Force <ul style="list-style-type: none"> south-central Somalia and Puntland have fully operational civilian, Police Forces
<ul style="list-style-type: none"> All High and Medium Priority Mine Areas Cleared in Puntland and Somaliland 	<ul style="list-style-type: none"> 75 percent of high and medium priority mine areas cleared in Puntland and Somaliland 	<ul style="list-style-type: none"> Insufficient information for Sool, Sanaag and south-central Somalia 	<ul style="list-style-type: none"> Mine clearance and EOD continued in Somaliland and Puntland and begun in south-central Somalia Survey on south-central Somalia, Sool and Sanaag initiated. 	<ul style="list-style-type: none"> Mine clearance and EOD teams supported and substantial progress made on clearing all high and medium priority areas 	<ul style="list-style-type: none"> Mine clearance, EOD teams operational and complete their efforts in Puntland and Somaliland, and operational efforts ongoing in south-central Somalia
<ul style="list-style-type: none"> Access to justice improved, with 300 well trained judges operational Strategic framework for judicial systems developed, improving access to justice and the rule of law. 	<ul style="list-style-type: none"> Judicial staff are inadequate (93 judges in Somaliland and 53 in Puntland) and lacking in qualification. Somalis, especially women, remain unequal before the law Most statutes are outdated 	<ul style="list-style-type: none"> Different systems of justice - secular courts, shari'a, and xeer co-exist, but without harmonization Lack of well trained and qualified judges 	<ul style="list-style-type: none"> Initiate preparation of coordinated framework for judicial systems and access to justice with special focus on women Capacity building of formal courts supported, including training, infrastructure provision, and materials initiated 	<ul style="list-style-type: none"> Adopt coordinated framework for judicial systems Capacity of formal courts improved, including training, infrastructure provision, and legal materials development Campaign to increase public awareness of human rights and judicial options with special focus on women 	<ul style="list-style-type: none"> At least 300 judges trained and operational with at least 15% women Capacity building of court, including training, infrastructure provision, and materials Strategy on judicial systems and access to justice implemented Establish legal aid systems to enhance access with special emphasis on women and minorities
<ul style="list-style-type: none"> International Human Rights Standards ratified and upheld 	<ul style="list-style-type: none"> Four instruments ratified: Universal Human Rights Declaration, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, and Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment 	<ul style="list-style-type: none"> Existing commitments not effectively implemented Lack of duty bearers 	<ul style="list-style-type: none"> Establish a Human Rights Commission Six additional Human Rights instruments including CEDAW discussed Training in Human Rights of Human Rights commission and Government officials conducted Human rights, and women groups and CSOs support in promotion of human rights 	<ul style="list-style-type: none"> Improve capacities of the Human Rights Commission 6 Human Rights instruments, including CEDAW signed and ratified Training in Human Rights conducted Human rights and women groups and CSOs support in promotion of human rights 	<ul style="list-style-type: none"> Human Rights Commission operational Six Human Rights instruments incorporated into the Constitution and enforced with violators subject to judicial sanctions Training in Human Rights conducted
Costing: US\$ 183m			Costing: US\$ 56.7m	Costing: US\$ 47.7m	Costing: US\$ 78.6m

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p>A3. Administrative Governance:</p> <ul style="list-style-type: none"> • <i>Existent staff in Puntland and Somaliland professionalized and civil services right sized</i> • <i>6,000 new civil servant recruited and trained in south-central Somalia districts with a minimum of 30 % women</i> • <i>Efficient, professional and performance-based civil service established and including women and minorities</i> 	<ul style="list-style-type: none"> • south-central Somalia has no Civil service while Somaliland has 5,559 Civil servants and Puntland 2,200 • Many districts have more staff than they need to provide the few services they have resources for • Many staff are not qualified for their jobs, especially at senior levels • No criteria and systems set up assuring representation of women, minorities, youth and people with disability at any level of civil service 	<ul style="list-style-type: none"> • General deterioration of human capital resulting in current lack of qualified personnel • Limited training capacity • Need to retrain many of the existing civil servants 	<ul style="list-style-type: none"> • Civil Service Commission (CSC) established • Functions of different tier of government determined • Competitive staffing system adopted to ensure professionalism, but with affirmative action regard women and minorities, • Competitive pay scheme adopted , but one that is sustainable • Recruit and train 1,000 new core civil servants with at least 15% women 	<ul style="list-style-type: none"> • CSC recommendations partially implemented • Staff right-sized in Puntland and Somaliland • Personnel management training provided to CSC staff and retrenched staff retrained • Functions of different tier of government implemented • Recruit and train 2,000 new core civil servants with at least 15% women • All local staff right-sized • Personnel management training provided to CSC staff and retrenched staff retrained 	<ul style="list-style-type: none"> • CSC recommendations fully implemented • Manpower development strategy developed • CSC Training Centre established, and training of trainers starts • Pensions law reviewed and pension fund and pensions administration established • Functions of different tiers of government implemented • Recruit and train 3,000 new core civil servants (with at least 30% women) to make a total of 6,000; 2,000 at Federal level and 4,000 others in south-central Somalia • Selected women fast-tracked into supervisory and management positions
<ul style="list-style-type: none"> • <i>Decentralized service delivery achieved in all of south-central Somalia, Puntland and Somaliland</i> 	<ul style="list-style-type: none"> • What services exist are decentralized • Decentralisation of service delivery is stated policy 	<ul style="list-style-type: none"> • Lack of qualified staff • Lack of resources 	<ul style="list-style-type: none"> • At least 10 percent of district councils established ensuring 30 % women quota • Participatory and gender-responsive planning/ budgets initiated • Service delivery strengthened, with NGOs, women's organizations, private sector and local government involved 	<ul style="list-style-type: none"> • At least 20 percent of district councils established • Participatory and gender-responsive planning/ budgets pursued • Delivery further strengthened 	<ul style="list-style-type: none"> • At least 75 percent of district councils established • Participatory and gender responsive planning/budgets for at least 50% of districts • Delivery further strengthened

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<ul style="list-style-type: none"> • <i>Transparency and Accountability strengthened through improved Civil society, Civic education and participation and Media capacity</i> <p>Costing: US\$ 151.7m</p>	<ul style="list-style-type: none"> • Increasingly strong civil society • Media flourishing in south-central Somalia and Puntland, but less so in Somaliland 	<ul style="list-style-type: none"> • Few national CSOs, and most large organizations are concentrated in cities. 	<ul style="list-style-type: none"> • Strengthen the role of CSOs in particular women associations and professional associations/ organizations in advocacy, the constitutional process and gender mainstreaming • Enhance participation and accountability at community level • Provide media training; establish an independent Media Commission ensuring participation of 30% of women <p>Costing: US\$ 19.0m</p>	<ul style="list-style-type: none"> • Further train and organise CSOs, women's organizations, and professional associations • Further train media staff and strengthen the Council and Commission <p>Costing: US\$ 48.1m</p>	<ul style="list-style-type: none"> • CSOs, women's organizations, and professional organizations well organised and able to represent civil society in political processes. • Media staff well trained and professional and able to convey messages of fundamental rights and civic education to the civil society. <p>Costing: US\$ 84.6m</p>
<p>A4. Macroeconomic Stability and Data Development:</p> <ul style="list-style-type: none"> • <i>Macroeconomic Stability Ensured and Maintained</i> • <i>Tax Administration and Tax Law in Place</i> • <i>Federal, state, and local government Domestic Revenue Base Established</i> • <i>Census Carried Out</i> <p><i>Statistical Capacity Strengthened to generate key economic and social data</i></p>	<ul style="list-style-type: none"> • Fiscal policies in place in Puntland and Somaliland with resources mainly coming from trade taxes, expenditures heavily focused on security sectors and modest deficits financed through loans from businessmen • No fiscal policies in south-central Somalia though local authorities have been mobilizing resources • Revenue generation capacity is weak • Inadequate data to underpin sound policy formulation and monitoring • "Central banks" exist in Mogadishu, Hargeisa and Garowe and provide banking services to Puntland and Somaliland governments, but without any capacity to operate a monetary policy 	<ul style="list-style-type: none"> • Extremely low levels of private sector and public confidence in public institutions, including public financial establishments • Low levels of private sector and public confidence in public institutions, • Lack of domestic resources to build and finance public sector capacity • Lack of people with relevant experience in public policies, including fiscal and monetary management • Likely pressure to expand public spending more rapidly than can be financed sustainably by domestic resources • Possible tension between different levels of government regarding 	<ul style="list-style-type: none"> • Prepare budgets for first two years • Clarify the allocation of sources of revenue between levels of government • Develop domestic revenue mobilization plan so at least recurrent costs can be covered domestically • Initial tax system established, pro-poor tax law enacted and tax administration created • Modest domestic revenue mobilized mainly from a uniform tax of say 5% on imports, a surcharge on luxury goods and fees for services such as airports and passports • Strengthen Central Bank capacity with respect to exchange and payments system and the capacity to provide banking 	<ul style="list-style-type: none"> • Prepare budget for year 3 maintaining fiscal balance • Diversify the domestic revenue base to include other indirect taxes on sales, exports and remittance and increase revenue if needed by modestly increasing the basic import tax rate • Strengthen the exchange and payments capacity of "central banks" and begin to build capacity to supervise financial sector enterprises • Undertake the census • Establish statistical offices as needed and create a system for gathering key social and economic data 	<ul style="list-style-type: none"> • Prepare annual budgets maintaining fiscal balance by ensuring that there is very modest deficit financing of government expenditures • Continue to diversify and increase domestic revenues. Additional revenue sources to include direct taxes on income and corporate income tax • Taxpayer Identification Number system introduced • Local currency printed and local currency in circulation increased through reasonable fiscal deficits and gradual Central Bank purchases of dollars • Capacity for bank supervision and monetary policy established • Capacity of statistical

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
Costing: US\$ 87.9m		the assignment of various sources of revenue	services to government <ul style="list-style-type: none"> • Prepare a plan for developing the capacity for bank supervision and monetary policy • Prepare for a census Costing: US\$ 17.2m	Costing: US\$ 20.6m	offices strengthened through training Costing: US\$ 50.1m
A5. Public Finance Management <ul style="list-style-type: none"> • <i>Public Finance Management (PFM) capacity developed/strengthened</i> • <i>Efficient accounting and reporting procedures introduced</i> • <i>Budget preparation process strengthened and made participatory and poverty focused</i> • <i>Local Procurement Capacity Developed and Strengthened</i> Costing: US\$ 12.8m	<ul style="list-style-type: none"> • Manual accounting systems are duplicative, inefficient and subject to high data input and processing error risk • Inadequate accounting skills among staff • Mechanistic and non-participatory budget preparation process with limited perspective and classification • Unclear financial relationships between various levels of government 	<ul style="list-style-type: none"> • General deterioration of human capital, lack of professional training and abrasion of relevant skills over the past 15 years • Reluctance to involve civil society in ensuring accountability with regard to public finances • Possible tension between different levels of government regarding inter-government financial arrangements 	<ul style="list-style-type: none"> • Financial Management Agent (FMA) contracted • Computerize accounting and reporting initiated • PFM policies developed with the help of the FMA • Prepare and adopt a participatory, transparent, gender-sensitive and poverty-focused budget preparation process with a multi-year perspective, proper classification and a monitored progress on budget execution • Procurement agent (PA) hired through tender • Involve civil society and media in a transparent monitored progress on public procurement and financial management. Costing: US\$ 5.1m	<ul style="list-style-type: none"> • PFM policies and procedures implemented with help of FMA • Computerized accounting and reporting introduced • Staff trained in basic IT skills and introduced to new systems • Procurement through PA continued, with local capacity concurrently being built • Strengthen local fiduciary capacity through training • Continue civil society and media involvement in a transparent monitored progress on public procurement and financial management Costing: US \$ 3.8m	<ul style="list-style-type: none"> • PFM system operational and appropriate progress reports generated • On the job training provided to accountants, strengthening skills • On the job training continues for financial management • Services of FMA and PA gradually phase out as national financial management and procurement systems established • Deepen civil society and media involvement in a transparent monitored progress on public procurement and financial management. Costing: US\$ 3.9m
B. Investing in People					
B1 Expanding Education and Training services <ul style="list-style-type: none"> • <i>Improve access, quality and gender equity in primary education with GER</i> 	<ul style="list-style-type: none"> • GER 15% for girls, 27% for boys – overall 22% 	<ul style="list-style-type: none"> • Lack of adequate funding and other forms of support • Inadequate number of schools (1,512). 	<ul style="list-style-type: none"> • Conduct school mapping exercises • Extend rehabilitation programme (buildings, latrines and wells) in 60 	<ul style="list-style-type: none"> • Continue school rehabilitation with 60 rural and urban schools • Establish 40 mobile schools for nomadic children 	<ul style="list-style-type: none"> • Enrolment enhanced at 48% • Rehabilitation of 180 schools with latrines, wells and boreholes • Establish 52 mobile schools

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p><i>rising from 22% to 48% over five years</i></p> <ul style="list-style-type: none"> • <i>Improve access, quality and gender equity in primary and secondary education</i> • <i>Non-Formal Education (NFE) programmes expanded and meeting the needs of different target groups</i> • <i>Support educational institutional and systems development</i> 	<ul style="list-style-type: none"> • The number of secondary schools existing in the country is unknown but whatever exist is inadequate • Private universities • One middle level college • Middle level college training lacking • A large number of youth and young missed out on education during the conflict period • Public educational institutions stopped functioning in south-central Somalia • Some rebuilding of education institutions commenced in Somaliland 	<ul style="list-style-type: none"> • Insufficient number (11,347) and proficiency of teachers. • Nomadic life limits continuity in education • Limited policy and planning capacity • Lack of policy for achieving gender parity in education • Inadequate resources and qualified personnel to develop higher education programmes • Limited resources • Inadequate qualified personnel for higher education programmes • Absence of conducive environment and resources for NFE • Absence of conducive environment and resources due to conflict • Lack of qualified and experienced personnel 	<ul style="list-style-type: none"> • rural and urban schools • Establish 40 mobile schools for pastoral communities • Expand teacher training including women • Deliver materials • Initiate curriculum review and development of standards • Conduct secondary education mapping • Teaching training expanded • Infrastructure development for 5 tertiary institutions • Gender sensitive scholarship policy/ programme developed and implemented with special focus on female students • Increase women in education management to at least 15 % • Mapping of all NFE programmes implemented • Coordinate NFE supported • Continue and expand dedicated technical assistance in Somaliland and Puntland. • Establish technical assistance as soon as possible in south-central 	<ul style="list-style-type: none"> • Continue teacher training • Deliver materials • Standardize core primary curriculum • Secondary school mapping conducted • Schools rehabilitated and new 10 schools constructed • Teaching materials identified and provided • Accreditation systems for universities developed and implemented • Infrastructure for research in place • Increase number of women in education management to at least 20 % • NFE centers established • NFE teaching/learning materials produced • Support capacity building in Ministries of Health and regional and other education offices to effectively manage and plan for the education sector 	<ul style="list-style-type: none"> • for pastoralist children • 60 primary school libraries built and furnished with books and other needed materials • Expand teacher training with special focus on increasing the number of women • Deliver materials • Strength capacity of Ministry of Education • Curricula reviewed and implemented • Teachers and learning material provided • Scholarship provided to encourage children of poor families to stay in schools, with special focus on female students • Tertiary institutions rehabilitated and functioning efficiently • Access of poor and disadvantaged assured through a scholarship programme • Increase women in education management to at least 25% • 15% of youth between 18-35, 20% of adults, 50% of women and 60% of ex-soldiers/militia enrolled or graduated from the NFE programmes. • Develop standardised and harmonised gender sensitive curricula, sector budgeting, monitoring and evaluation, and assessment and certification

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
Costing: US\$ 322.8m			Somalia Costing: US\$ 58.0m	Costing: US\$ 58.8m	Costing: US\$ 206.0m
B2. Improving Health Services <ul style="list-style-type: none"> • Improve access, utilization and quality of health services and substantially reduce inequality in access • Assessing, establishing and strengthening financial management systems and tools • Developing and implementing capacity building, institutional development and manpower development strategies • Increasing the availability and the rational use of essential drugs of proven quality • Rehabilitating health infrastructure and ensuring that they have adequate equipment and materials 	<ul style="list-style-type: none"> • High rates of overall infant and under-5 mortality (133 and 224 per 1,000 live births, respectively) • A maternal mortality rate among the worst in the world at 1600 per 100,000 • Services disruption and facilities deteriorated during civil conflict • People only using public health facilities once every 3.6 years • Lack of doctors, only 39 per one million population • Only 282 midwives, generally poorly qualified • The current number of nurses is just 965 • Limited health sector capacity for policy and administration • Inadequate health sector information and monitoring 	<ul style="list-style-type: none"> • Limited resources • Lack of well qualified health sector personnel • Lack of health facilities and shortage of needed materials • Training facilities closed for lengthy periods • poorly trained health personnel • Loss of administrative capacity during conflict 	<ul style="list-style-type: none"> • Health expenditure review conducted • Studies undertaken on issues relating to financial barriers to health services • Database of existing health care network created and a health services rehabilitation plan finalized • A database of health workers created and a training needs assessment conducted. • A study of private health care providers conducted. • The essential drugs list and standard treatment guidelines finalized and distributed • Core policy and administrative staff are recruited at central and local level with at least 15% women 	<ul style="list-style-type: none"> • Implementation of the health care network rehabilitation plan started. • A long-term human resource development plan is finalized • Performing aid management tools established • Work to strengthen the legal framework of existing professional associations started • A drug purchasing agency and regional drug supply agencies are established • The stewardship role of local authorities is strengthened 	<ul style="list-style-type: none"> • A comprehensive health financing strategy developed and operationalized; • The health care network rehabilitation plan implemented: major rehabilitation completed and needed equipment is in place • The human resource development plan implemented with at least 30% women: training institutions are functioning and programmes for health care providers are in place • Impact studies are regularly conducted and the information system used to refine policies.
Costing: US\$ 153.6m			Costing: US\$ 24.3m	Costing: US\$ 37.5m	Costing: US\$ 91.8m
B3. Improving Access to Water, Sanitation, and Shelter <ul style="list-style-type: none"> • <i>Improved water supply and sanitation facilities provided for</i> 	<ul style="list-style-type: none"> • Less than 20% of the population have access to safe drinking water • Only 25% of the population 	<ul style="list-style-type: none"> • No water or sanitation policies and little administrative capacity in place 	<ul style="list-style-type: none"> • Establish Integrated Water Management (IWM), including Water, Sanitation and 	<ul style="list-style-type: none"> • Formulate pro-poor and gender sensitive water policy, strategy, laws and regulations with the 	<ul style="list-style-type: none"> • Over 30% of people with safe drinking water and improved sanitation facilities (up from 20%)

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p>400,000 urban and 830,000 rural/nomadic populations</p> <ul style="list-style-type: none"> Improved affordability for disadvantaged groups Rebuild sound institutional and governance structures, including provisions for public-private partnerships <p>Expand access to shelter, particularly for poor and vulnerable groups</p> <p>Costing: US\$ 52.4m</p>	<p>have toilet facilities</p> <ul style="list-style-type: none"> Some urban areas have private-public partnerships in place. Water and sanitation institutions exist in some regions but without capacity to perform well <p>Large numbers of people (internally displaced and other) with inadequate shelter</p>	<ul style="list-style-type: none"> Limited political will and ability to address water and sanitation Water scarcity/stress in large parts of Somalia Weak institutional capacity and mandate for urban government bodies <p>Very low asset base of those needing shelter</p> <p>Lack of land tenure</p>	<p>Infrastructure Committees (WSIC)</p> <ul style="list-style-type: none"> Support existing water supply and sanitation services and begin expansion in urban and rural areas with special focus on access to water for women Initiate the development of a policy and regulatory framework for private participation in the supply of water and sanitary services Support capacity building of institutions for improvement of water and sanitary services Assessment of water infrastructure and supply needs carried out, geo-hydrological survey to locate sustainable water sources undertaken Design shelter programme as part of resettlement <p>Costing: US\$ 12.1m</p>	<p>support of development partners with due attention to affordability for disadvantaged groups with fully participation of women</p> <ul style="list-style-type: none"> Formulate sanitation policy, strategy, laws and regulations Training of IWM, and WSIC Institutional support and capacity building provided to relevant Ministries Complete the development of policy and regulatory framework for private participation in water and sanitary services Water infrastructure rehabilitation/development under way in selected cities Resettlement and settlement improvement projects strengthened and expanded <p>Costing: US\$ 13.2m</p>	<ul style="list-style-type: none"> Municipality managed systems for urban water and waste established Regional/District authorities managing rural water and waste management established. IWM and WSIC trained and functional Safe and environmentally sound solid and liquid waste collection and disposal systems provided for 50% of urban population in selected cities Strong Water Policy developed and approved in the five-year period <p>7000 shelters constructed for IDPs and the urban poor</p> <p>Costing: US\$ 27.1m</p>
<p>B4. Assisting displaced persons, and returning refugees</p> <ul style="list-style-type: none"> 40% of refugees return to communities of origin or alternative in-country place of choice with direct assistance to ensure that they all receive training 200,000 IDPs sustainably 	<ul style="list-style-type: none"> Lack of adequate national refugee protection framework and asylum framework Limited capacity to undertake Refugee Status Determination and to determine refugees with special needs Existence of 400,000 IDPs 	<ul style="list-style-type: none"> De-facto encampment policy for refugees in the region Severely limited access to livelihoods and education, especially for girls Limited possibility of active participation in decision-making in 	<ul style="list-style-type: none"> Conflict resolution skills and human rights training for host communities and returnees prior to return Studies on education, health and livelihood priorities amongst returnees initiated 6,700 largely women-headed households provided reintegration and 	<ul style="list-style-type: none"> Education and training in refugee camps and areas of return prior to return In Somaliland and Puntland, 6700 largely women-headed households provided reintegration and livelihoods support Farmland cadastral surveys and title deed issue 	<ul style="list-style-type: none"> Education and training provided in refugee camps prior to return 45,000 largely women-headed households provided with reintegration and livelihoods support A conducive legal environment for IDPs

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p><i>reintegrated and receiving essential basic and vocational education and training</i></p> <ul style="list-style-type: none"> • <i>International standards on displacement adopted</i> <p>Costing: US\$ 131.1</p>	<p>and 250,000 refugees (around 8% of the Somali population)</p> <ul style="list-style-type: none"> • An integration study has been undertaken which includes a reintegration package and the provision of basic education/training prior to relocation but it has yet to be implemented 	<p>society</p> <ul style="list-style-type: none"> • Forced occupation of land • Insecurity • Poor access to productive assets to re-establish livelihoods • Limited public resources 	<p>livelihoods support</p> <ul style="list-style-type: none"> • Farmland cadastral surveys and title deed issue prioritized for areas where large numbers are returning • Productive capital support to livelihoods provided in areas of return to both host and returnee populations • New resettlement sites identified in selected cities and living standards in existing settlement sites improved in selected cities <p>Costing: US\$ 24.8m</p>	<p>extended in areas where large numbers are resettling</p> <ul style="list-style-type: none"> • Productive capital support to livelihoods provided in areas of return to both host and returnee populations • Identified resettlement sites developed, shelters constructed, living standards in existing settlement sites improved <p>Costing: US\$ 19.7m</p>	<p>and refugees is promoted, including adoption of the Guiding Principles on Internal Displacement and promulgation of refugee legislation in host countries.</p> <ul style="list-style-type: none"> • Refugees and IDPs provided with academic and vocational education • Provision of shelter expanded <p>Costing: US\$ 86.6m</p>
<p>B5 Protecting Vulnerable and Disadvantaged Groups</p> <ul style="list-style-type: none"> • <i>Targeted family-and/or community-based services and resources assistance provided in all 29 regions</i> • <i>Indicators and data systems to monitor social conditions and evaluate programmes</i> <p>Costing: US\$ 6.1m</p>	<ul style="list-style-type: none"> • 770,000 orphans, child labourers (approximately 30 percent of all children aged 10-14), an undetermined number of child militias and street children, minority groups, disabled persons, and people perpetually facing severe drought • Lack of legislative and protection mechanisms 	<ul style="list-style-type: none"> • Limited information, institutional capacity and resources • Lack of legislative and protection mechanisms • High discrimination, stigma and low awareness 	<ul style="list-style-type: none"> • Establish community based information systems to identify need • Establish pilot targeted service delivery programmes in at least 10 locations drawing on NGO and women groups expertise • Establishment of government and civil society institutions for ensuring the accountability of duty-bearers for protection of vulnerable groups <p>Costing: US\$ 1.6m</p>	<ul style="list-style-type: none"> • Expand targeted service delivery programmes in at least another 10 locations drawing on NGO and women groups expertise • Provide training workshops on knowledge and skills on standards and approaches for the protection of vulnerable groups • Ensure that protection of disadvantaged and women's rights is part of the agenda of the Human Rights Commission <p>Costing: US\$ 1.4m</p>	<ul style="list-style-type: none"> • Expand targeted service delivery programmes to all 29 regions. • Establish gender sensitive indicator and monitoring programmes to evaluate protection programmes • Provide training workshops to strengthen capacity of duty-bearers for protection of vulnerable groups <p>Costing: US\$ 3.1m</p>
<p>C. Establishing an Environment for Rapid Poverty Reducing Development</p>					
<p>C1. Rebuilding Infrastructure:</p> <ul style="list-style-type: none"> • <i>Primary roads connecting major urban centers and</i> 	<ul style="list-style-type: none"> • Only about 15% of primary road and about 10% of secondary and rural roads in 	<ul style="list-style-type: none"> • The high amount of resources and visibility that come with 	<ul style="list-style-type: none"> • Techno-economic feasibility studies conducted 	<ul style="list-style-type: none"> • Initiate Design and procurement process to rehabilitate/reconstruct 	<ul style="list-style-type: none"> • Rehabilitation of 1st phase of primary roads completed

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p><i>secondary roads improved to improve access to markets</i></p> <ul style="list-style-type: none"> • <i>Basic airport and air navigation infrastructure improved</i> • <i>Basic port infrastructure and shipping services improved</i> • <i>Urban electrical distribution network improved and rate of rural electrification increased</i> • <i>Alternative energy sources explored and developed</i> • <i>Improve water and</i> 	<p>good condition</p> <ul style="list-style-type: none"> • Little or no maintenance of existing roads • Somaliland and Puntland have basic administrative framework in place • No fully functioning international airport • Functioning major ports of Bossaso, Berbera and Mogadishu • Extremely limited data available on power grids and electrification • Power supply systems fragmented • There are a number of private suppliers supplying urban areas • Heavy reliance on charcoal for household fuel • Sunshine is abundant and in some locations wind as well 	<p>infrastructure investment are potential source of conflict</p> <ul style="list-style-type: none"> • Low management and implementation capacity • Time-consuming and security-dependent nature of road investments • Security problems in south-central Somalia • High cost of investments • Possible contribution to conflict • Limited resources and capacity • Possible contribution to conflict and limited resources and capacity • Limited resources • Lack of peace and security exposing distribution system to losses • Limited financial resources and knowledge of possibilities 	<ul style="list-style-type: none"> • Planning teams, including women, established and relevant skill bases built to build needed investment planning, preparation and implementation • Selected bridges and crossings rehabilitated • First phase of emergency rehabilitation of the international and domestic airports designed and under implementation • All major ports in south-central Somalia re-opened • Power station designs prepared building on existing capacity where it exists, generation sets and ancillary equipment procured • Regulatory body for public-private partnerships established • Electrical Installation Inspectorate established • Explore kerosene options and develop alternative energy options 	<p>part of the primary and secondary road network</p> <ul style="list-style-type: none"> • Rehabilitation of 1st phase (1/5 of planned length) of primary roads initiated Rehabilitation of 1/3 of planned length of secondary roads completed • Training and capacity building for staff • First phase of emergency rehabilitation continuing • Procurement of equipment for Bossaso and Mogadishu ports started • Power lines erected and reticulation works constructed in order of priority determined by the Planning Team • Power stations erected in order of priority determined by the Planning Team • Refine options for promoting alternative energy including possible subsidies 	<ul style="list-style-type: none"> • Rehabilitation of 2nd phase (remaining 4/5 of planned length) of primary roads initiated • Rehabilitation/construction of remaining 2/3 of planned length of secondary roads completed • Medium term (5-7 year) development plan for primary and secondary road network developed • Long-term (20 years) needs-based plan for airport infrastructure developed • Major rehabilitation of Bossaso and Mogadishu ports started • Construction of at least two minor fishing ports started • Assessment of electrification needs in villages/towns undertaken, prioritization determined by Planning Team • Implement plan for promoting alternative energy options

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p><i>sanitation infrastructure</i></p> <p>Costing: US\$ 793.6m</p>	<ul style="list-style-type: none"> see section B3 above 	<ul style="list-style-type: none"> see section B3 above 	<ul style="list-style-type: none"> see section B3 above <p>Costing: US\$ 91.2m</p>	<ul style="list-style-type: none"> see section B3 above <p>Costing: US\$ 131.8m</p>	<ul style="list-style-type: none"> see section B3 above <p>Costing: US\$ 570.6m</p>
<p>C2. Improving Financial Services:</p> <ul style="list-style-type: none"> <i>Commercial Banks Re- Established</i> <i>Microfinance Institutions Strengthened and Expanded</i> <i>Insurance services re-established</i> <p>Costing: US\$ 20.9m</p>	<ul style="list-style-type: none"> The Banks of Puntland and Somaliland offer very limited banking services in deposit accounts and trade finance south-central Somalia lacks institutional banking Foreign exchange services and limited deposit services provided by <i>hawala</i> companies Microfinance services are very limited No insurance services available 	<ul style="list-style-type: none"> Lack of confidence in banking sector runs deep among Somalis Weak rule of law, and precarious security and economic situation all combine to discourage international commercial banks High cost of doing business in an uncertain environment Lack of confidence in financial services and high cost of doing business in Somalia High cost of doing business in an uncertain environment 	<ul style="list-style-type: none"> New legal and regulatory framework of the entire financial system drafted Initiatives begun to attract Commercial banks Explore options for re-establishing and expanding micro credit to all regions Explore options Initiate action to attach foreign firms <p>Costing: US\$ 0.8m</p>	<ul style="list-style-type: none"> Continued initiatives to attract Commercial banks Microfinance schemes expanded and strengthened to improve access to credit, especially by women and in rural areas Draft regulatory framework for insurance industry <p>Costing: US\$ 4.0m</p>	<ul style="list-style-type: none"> Commercial banks established following successful creation of Central Bank supported Financial sector broadened and deepened, offering a wider range of financial services and products Financial sector related training and business development services available Technical capacity of microfinance institutions strengthened, licensing introduced, prudential regulation assured Insurance services re-established <p>Costing: US\$ 16.1m</p>
<p>C3. Rebuilding Key Productive Sectors: Constraints to Agriculture, Livestock, and Fisheries Addressed</p> <ul style="list-style-type: none"> <i>Establish an international standard export inspection and certification system</i> 	<ul style="list-style-type: none"> The current “rolling quarantine” export system complies with neither the sub-regional standard (EXCELEX) nor the 	<ul style="list-style-type: none"> Lack of qualified veterinarians, para-veterinarians (CAHWs) and adequate holding yards 	<ul style="list-style-type: none"> Rolling quarantine export system improved as an interim measure 	<ul style="list-style-type: none"> Interim export inspection system continued 	<ul style="list-style-type: none"> Start phasing in simplified international standard export inspection programme based on progress of

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<ul style="list-style-type: none"> Control epizootic diseases, especially tsetse fly Efficiency of crop production and watershed management increased and crop yields raised by 50% Use of fishery resources monitored and use managed to ensure sustainability <p>Costing: US\$ 164.7m</p>	<ul style="list-style-type: none"> international standard (OIE) Tsetse fly, which carries trypanosomiasis is widespread in the riverine areas of southern Somalia Potential for increased crop production but low current productivity Slight increase in oasis crop productions and the need for further development. High fish production potential, low yield, high wastage and post-harvest losses, lack of markets, exploitation by foreign intermediaries 	<ul style="list-style-type: none"> Considerable amount of natural habitat in the riverine area make tsetse resistant to spraying programmes Irrigation systems in disrepair Agricultural support services lacking and marketing services such as sugar mills destroyed Seeds and fertilizer not readily available and expensive Marketing uncertainties depress product prices Loss of productive topsoil Displacement of many farmers by pastoralists from more powerful clans and sub-clans Limited information on fishery resources Inadequate capacity to enforce licensing 	<ul style="list-style-type: none"> Prepare Strategy for control or eradication of epizootic diseases Plan for an intensive spraying programme in riverine areas Support to irrigated oasis farming increased Continue efforts to rehabilitate irrigation systems Effective licensing system and regulation of fisheries and standards for all aspects of the fishing industry developed Include fisheries in the State of Environment study (see below under environment) <p>Costing: US\$ 25.4m</p>	<ul style="list-style-type: none"> Start implementing disease control or eradication programmes Implement spraying programme against tsetse fly Improved and expanded oasis agriculture enhanced "Farmers Learning Groups" established Product safety in export markets guaranteed through standards development and enforcement Continue rehabilitation of irrigation Territorial waters and area fishing licenses enforced <p>Costing: US\$ 41.6m</p>	<ul style="list-style-type: none"> control or eradication initiatives Continue eradication spraying programmes Agricultural crop yields raised by 50% in the five year period, generating income and stimulating private sector investment Access road linking farming communities to market improved (see infrastructure above) Coastguard established and financed to monitor use of Somalia's fishery resources and to enforce standards <p>Costing: US\$ 97.7m</p>
<p>C4. Developing Other Productive Sector:</p> <ul style="list-style-type: none"> Renewed investment from domestic and international sources Growth and employment creation 	<ul style="list-style-type: none"> Low investment and stagnant production Focus on trade and services Bureaucratic processes excessively complicated 	<ul style="list-style-type: none"> High cost of doing business due to persistent insecurity and deterioration of infrastructure 	<ul style="list-style-type: none"> Business Development Service Centres established and able to assist foreign investors The Chamber of 	<ul style="list-style-type: none"> User-friendly regulatory authority and market friendly foreign investment guidelines and regulations established 	<ul style="list-style-type: none"> Information and business service support to small-scale producers expanded 10% annual increase in the registration of

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
			Year 1	Year 2	Years 3 to 5
<p><i>by non-traditional sectors, reflected in a rise in the registration of companies</i></p> <ul style="list-style-type: none"> Simple user friendly and development friendly regulatory system established <p>Costing: US\$ 29.9m</p>	<p>and lengthy</p> <ul style="list-style-type: none"> Somaliland and Puntland, have a range of known mineral resources as well as precious and base metals 	<ul style="list-style-type: none"> Low skill of workforce Absence of financial and insurance services Absence of clear regulations pertaining to foreign investment and mineral rights 	<p>Commerce is made more autonomous and effective</p> <ul style="list-style-type: none"> Less cumbersome bureaucratic procedures affecting private investment designed (following the WB “Doing Business” database) <p>Costing: US\$ 7.4m</p>	<ul style="list-style-type: none"> Systematic and transparent tendering system established for potential investors in the mining of various minerals <p>Costing: US\$ 6.4m</p>	<p>companies over the five year period achieved</p> <ul style="list-style-type: none"> Creation of a competent and transparent public contracting authority to manage decisions over the private sector’s rights to exploit natural resources. <p>Costing: US\$ 16.1m</p>
<p>C5. Ensuring Environmental Sustainability:</p> <ul style="list-style-type: none"> Decline in forest cover halted Toxic waste found and removed Environmental deterioration halted <p>Costing: US\$ 42.1m</p>	<ul style="list-style-type: none"> Many core natural resources destroyed or seriously depleted including forests and fisheries Reports of toxic waste dumping along coast Information on water resources available but not consolidated Land cover data serving as indicator of land use outdated Data on marine environment and wildlife not gathered 	<ul style="list-style-type: none"> Lack of regulation and licensing High prices for exports of charcoal and negative environmental impact Lack of alternative income sources 	<ul style="list-style-type: none"> Export ban on charcoal enforced Alternative household energy options explored with fully participation of women Community reforestation programmes set up Fish production being regulated through licenses Coastal toxic waste dumping investigated Investigation and remedial design for removal of toxic waste spilled on land completed, removal begins Begin a thorough “State of the Environment” report including land, forest, water and ocean resources <p>Costing: US\$ 9.3m</p>	<ul style="list-style-type: none"> Export ban on charcoal strengthened Community reforestation continues with training and seeds provided on grant basis Fishing regulations implemented and enforced Environmental policies, legislation and regulations reviewed and implemented Legislation and regulatory framework for control of use of wildlife and preservation of biodiversity in place Excavation, packaging, transportation and disposal of toxic wastes completed <p>Costing: US\$ 16.1m</p>	<ul style="list-style-type: none"> Alternative sources of energy promoted Comprehensive strategy and policy framework for sustainable management of natural resources implemented Full licensing and regulation of all fisheries resources in place Programmes to remove any toxic waste found along coast developed and operationalized A thorough “State of the Environment” report undertaken including land, forest, water and ocean resources completed Broad-based National Environmental Coordination Committee established <p>Costing: US\$ 16.7m</p>
<p>C6. Improving Livelihood and Food Security</p>	<ul style="list-style-type: none"> Sporadic conflict, often 	<ul style="list-style-type: none"> Ecoclimatology 	<ul style="list-style-type: none"> Livelihood studies 	<ul style="list-style-type: none"> Equitable community- 	<ul style="list-style-type: none"> Preparation of equitable

Target Outcomes for Year 5	Baseline 2006	Constraints to Achieving Outcomes	Key Actions and Intermediate Outcomes		
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<ul style="list-style-type: none"> Diversify livelihoods to increase livelihood security and food security Reduce livelihood vulnerability <p>Costing: US\$ 41.4m</p>	<p>related to access to limited natural resources, continues to disrupt livelihoods</p> <ul style="list-style-type: none"> Over-reliance on traditional markets and a narrow range of traditional products 	<p>favours a livelihood based on nomadic pastoralism which, along with agro-pastoralism and rain-fed agriculture are subject to a highly variable, scattered and unreliable rainfall</p> <ul style="list-style-type: none"> Problems with establishing land tenure and ownership 	<p>conducted, with special emphasis on gender, marginalized groups, conflict mitigation and integration issues</p> <ul style="list-style-type: none"> Livelihoods Monitoring and Support Unit (LMSU) established at regional level <p>Costing: \$12.3m</p>	<p>based land and resource utilization development plans with full community participation prepared</p> <ul style="list-style-type: none"> Farmland and cadastral surveys undertaken <p>Costing: \$6.6m</p>	<p>land and resource utilization development plans continued and harmonized with national land use and development plan</p> <p>Costing: \$22.5m</p>
<p>Grand Total : US\$ 2,220.5 m</p>			<p>Year 1 US\$ 373.3 m</p>	<p>Year 2 US\$ 466.2 m</p>	<p>Year 3-5 US\$ 1,381 m</p>