



NEW DEAL

## Somaliland Special Arrangement

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2013-2016

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## ACRONYMS

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<b>DAD</b>	Development Assistance Database
<b>DANIDA</b>	Danish International Development Agency
<b>DFID</b>	Department for International Development
<b>EU</b>	European Union
<b>FWSS</b>	Food and Water Security Strategy
<b>GDP</b>	Gross Development Product
<b>HJC</b>	Higher Judicial Council
<b>HLACF</b>	High Level Aid Coordination Forum
<b>ICT</b>	Information, Communication and Technology
<b>ISCF</b>	Inter Sectoral Coordination Forum
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDA</b>	Ministries, Departments and Agencies
<b>MoNPD</b>	Ministry of National Planning and Development
<b>MoJ</b>	Ministry of Justice
<b>NERAD</b>	National Environment Resource and Disaster Management Authority
<b>NDP</b>	National Development Plan (2012-2016)
<b>NPC</b>	National Planning Commission
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public Private Partnerships
<b>RDP</b>	Reconstruction and Development Plan
<b>SBF</b>	Somaliland Business Fund
<b>SCF</b>	Sector Coordination Forum
<b>SDF</b>	Somaliland Development Fund
<b>SLTRC</b>	Somaliland Legal Training and Resource Centre
<b>UNDP</b>	United Nations Development Program
<b>USD</b>	United States Dollars

## A. FRAMING THE SOMALILAND SPECIAL ARRANGEMENT

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

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

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

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

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

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

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

- Enable Somaliland to take ownership of its development agenda;
- Inspire Somaliland and its leadership to mobilise resources and overcome development challenges to attain a higher standard of living;
- Guide development partners to align their assistance with Somaliland's priorities and aspirations;
- Provide a framework upon which Somaliland's strategies and implementation plans will be anchored.<sup>1</sup>

In order to make progress towards the Vision 2030, a **five year National Development Plan for Somaliland for the period 2012-2016** was developed through a challenging, but rewarding process, which involved consultations across different stakeholder groups, including government and non-state actors, central and regional actors. The overall objective of the Somaliland NDP is to address and overcome the structural and

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<sup>1</sup> Ministry of National Planning and Development, Republic of Somaliland, 2011, National Development Plan (2012-2016), Hargeisa. pg 21.

institutional development constraints which Somaliland faces, and to achieve social and economic transformation towards the attainment of national prosperity.

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

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

### **Approach to the Somaliland Strategic Arrangement**

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

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

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

## **B. SOMALILAND PEACEBUILDING AND STATEBUILDING PRIORITIES**

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

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

The Somaliland Special Arrangement has focussed its attention on those areas where support under a New Deal framework will be most important.

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

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

## PSG 1. Legitimate Politics

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

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

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

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

## PSG 3. Justice

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

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

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

## PSG 4. Economic Foundations

**Strategic Objective:** Strengthen the management of Somaliland's natural, productive and human resources, and reatean enabling economic and financial environment to maximise economic growth and participation

## in the regional and global economy.

The priority given to the productive sector is based on the Government's recognition of its potential for contributing to economic growth, employment generation, poverty reduction, and economic diversification. Livestock exports, including raw hides and skins (export of slaughtered animals was introduced only recently), represent about 50% of GDP and 80% of foreign currency earnings.<sup>2</sup> The importance of infrastructure, roads in particular, for economic development and access to social services has also been recognised. There is a critical need to develop the financial sector to support increased investment opportunities, as well as access to finance. The Somaliland Food and Water Security Strategy (FWSS) of 2012 bases its approach on the understanding that cultivating the productive sectors (agriculture, livestock and fisheries), water and natural resources has the potential for not only addressing poverty, but also broadening the economic base and creating employment. Environmental protection and the development of renewable sources of energy for both household consumption and for larger scale commercial purposes have also emerged as key priorities. Finding solutions to address Somaliland's clean energy needs are critical to dealing with impacts of climate change, deforestation, and environmental degradation, and also fit within Somaliland's current economic potentialities. The importance of good management practice for mineral resources and extractive industries in Somaliland is also clear. The six key priorities are:

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

## PSG 5.                      Revenue and Services

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

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

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

<sup>2</sup> Somaliland Ministry of Finance, Annual Figures and Trade and Finance, 2012.

functional structure. The government has established a Public Sector Reform Committee to identify a way forward. The three priorities are:

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

### **Cross-Cutting Issues**

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

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

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

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

## **C. DELIVERY INSTRUMENTS: DEVELOPMENT FINANCING**

The Somaliland budget continues to grow in line with increasing revenues; from USD 47 million in 2010 to USD 125 million in 2013. But the budget continues to fall well short of the financing requirements of the NDP, meaning that the government remains highly dependent on external resources. This section identifies a set of



operating principles and preferred financing modalities to guide development partner engagement in Somaliland.

## Partnership Principles

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

- **Full ownership by the Somaliland government** and people over the design, delivery and monitoring of development partner-financed activities in Somaliland;
- **Adherence to “do no harm” principles:** Somaliland’s peace and stability, while proven to be resilient and deeply-entrenched, remain vulnerable to external shocks and internal threats. Interventions through the Somaliland Special Agreement must be underpinned by an adherence to conflict sensitivity in order to ensure that statebuilding processes and policy reforms mitigate rather than exacerbate the conditions for violent conflict. Particular attention must be paid to reducing economic and political inequalities;
- **Greater willingness to accept and manage risks, including** the risk of non-engagement with Somaliland, and the importance of using Somaliland-specific and conflict-sensitive approaches to engagement;<sup>3</sup>
- **Alignment of international assistance with the government’s strategic priorities** articulated in the NDP, related sector strategies and the Somaliland Special Arrangement;
- **A harmonised approach** which ensures horizontal coordination and **a good division of labour** between international agencies – avoiding duplication and wasted resources;
- **A common effort to ensure development partner funds build and strengthen Somaliland** capacity and institutions in line with Somaliland’s Public Sector Reform strategy and PFM Road Map.<sup>4</sup>
- **A priority focuses on strengthening Somaliland’s public finance management system and supporting the Somaliland government in adopting an Open Budget Initiative.** In turn, strong commitment from the Somaliland government to implement the priorities set out in the PFM Road Map developed by the Somaliland government and by defining realistic benchmarks with development partners.
- Based on the achievement of jointly agreed benchmarks international assistance will increasingly be channelled through Somaliland’s systems.
- Transparency and predictability of international assistance in Somaliland, including through the use of the DAD<sup>5</sup> (or other appropriate aid management tool), by reporting aid on Somaliland’s budget and by making publicly available reports, data and knowledge products related to development partner interventions and programmes.
- Dedicated support to building the statistical and monitoring and evaluation capacity of the Somaliland government to ensure that peacebuilding, statebuilding and development outcomes and results are tracked. All externally funded interventions should have a monitoring and evaluation component that allows government to take part in joint monitoring activities.

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

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<sup>4</sup> The government of Somaliland led the development of the PFM Road Map which reviewed past programs on PFM through a process of rigorous negotiation with PFM stakeholders to ensure buy-in, which was previously lacking.

<sup>5</sup> The effectiveness of DAD as an aid information management system will be reviewed in mid 2014 to see if both the Government and development community should look to alternatives.

## Financing Arrangements

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

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

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

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

The Somaliland Development Fund is based on the principle of government ownership and leadership. In the SDF, the government establishes its own priority programs and projects, which the SDF, managed by a private firm, implements. Additional objectives of the SDF are to build the core capacity of the Government of Somaliland to plan, prioritise, allocate resources in an accountable and transparent manner, based on principles of inclusiveness, participation and non-discrimination. The SDF was established by the DANIDA and DFID in 2012, with the Government of Somaliland and is based on the principles of the New Deal.

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

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

## D. COORDINATION AND MONITORING ARRANGEMENTS

### Aid Management and Coordination

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

- The **National Planning Commission** has played an integral role in development planning and guiding strategic decisions regarding government and development partner financing in 2013. The NPC will continue to lead the prioritization and monitoring efforts set out under the Somaliland Special Arrangement. This forum will also focus on inter-ministerial coordination and risk management on the government's side. Risk management will include working with development-partners on developing joint risk-management strategies. The NPC consists of 15 ministers, the Governor of the Central Bank of Somaliland and representatives from parliament, academia, and civil society and meets every two months.

- The adjusted **High Level Aid Coordination Forum** (HLACF) will provide the platform to review and discuss NDP/PSG priorities and budgets, jointly assess progress against priorities, discuss assessments on aid effectiveness, and findings of joint monitoring missions or reports. The HLACF will be co-chaired by the government and a development partner (donor) and will be held at strategic points along the Somaliland budget process (late February and October). A Somaliland Special Arrangement Steering Group will be formed from the membership of the HLACF.
- The **Inter-sectoral Forum**, which consists of the sector chairs and co-chairs, meets once every three months to provide updates and exchange information on crosscutting issues.
- The existing **Sector Coordination Forums** role will expand to being responsible for jointly coordinating the development of work-plans, including joint assessments, monitoring and reporting at the sector level. Sector Forums meet once every two months, meetings are co-chaired by a Minister selected by the NPC, from the relevant sector and a development partner representative, based on a no-objection from the NPC. To demonstrate development partner's commitment to the New Deal Principles, development partners and senior officials from implementing partners will participate in the Sector Forums in person or through videoconference as a less-preferred option.<sup>6</sup> This level of direct development partner engagement is key to address the current problem of parallel structures in Nairobi and in Somaliland, fragmentation of efforts, the weakness of some of the Sector Coordination Forums.

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

- **Joint monitoring of peacebuilding and statebuilding outcomes based on mutually-acceptable indicators** to be jointly developed by government and international partners. This process will build on ongoing data collection efforts underway in Somaliland and will aim to build Somaliland's statistical system.<sup>7</sup>
- **Joint monitoring and evaluation of programmes and projects** at agreed times against agreed milestones in the Somaliland Special Agreement. Monitoring and Evaluation reports will be coordinated and prepared jointly by the MoNPD together with the Sector Coordination Forums (or associated Sub-Sector Working Group) with technical support by the Lead Donor of each Sector Coordination Forum. The National Planning Commission and the High Level Aid Coordination Forum will review the monitoring and evaluation reports. A standard reporting format and schedule will be developed to reduce transaction costs for all stakeholders and ensure reports are submitted on time.
- **Monitoring of government and development partner's performance** in moving towards the partnership principles and commitments outlined in the Somaliland Special Arrangement. Specific indicators for monitoring these commitments will be developed by a working group to be established within the High Level Aid Coordination Forum by December 2013.
- The High Level Aid Coordination Forum will conduct an **annual review of progress** in terms of overall Somaliland Special Arrangement implementation, update PSG milestones, assess resource requirements and renew international commitments. The meeting will take place in October so as to be aligned with the government's budget process.

## E. PSG MILESTONES FOR 2014

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

The approach to meet these PSG Milestones for 2014 is:

- By scaling up existing results-focused programmes that are aligned with country systems to reduce fragmentation through "topping up" additional financing, or;
- Establishing new windows through existing or new funds;

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<sup>6</sup>Video conferencing infrastructure will have to be costed in and financed to ensure implementation of aspects of the partnership principles.

<sup>7</sup> Current data collection efforts include a Household Survey, an Enterprise Survey and an on-going Population Estimation Survey. Data is also being collected to develop the first ever Gross Development Product."

- Proposing new milestones based on establishing new programmes that are not currently financed, but presents a gap.
- Evaluating existing financing mechanisms to ensure the Government of Somaliland and development partners do not do “more of the same”, when current implementation modalities do not represent value for money or deliver results; and seek alternatives to either restructure such programmes or find alternative delivery mechanisms.

Milestone(s):	Responsibilities (government)	Support (dev. partners)
<b>PSG 1. STRATEGIC OBJECTIVE: Build a politically stable and democratic Somaliland that adheres to the principles of good governance.</b>		
<b>Priority 1. Strengthen electoral processes and practices by reforming the electoral system in key areas, including addressing gaps in representation, such as those faced by women and marginalized communities; conducting voter/civil registration; and developing mechanisms for judicial and public oversight.</b>		
<ol style="list-style-type: none"> <li>1. Forum on electoral reform in Somaliland involving stakeholders from across Somaliland to address areas of public concern held by mid-2014.</li> <li>2. Voter/civil registration for mid-year 2015 parliamentary and presidential elections carried out by end 2014.</li> <li>3. The capacity of political parties to develop policy platforms and respond to popular concerns strengthened by Q3/2014.</li> </ol>	Lead: National Electoral Commission	USAID, EU, DFID, DANIDA, Norway  Others to be determined.
<b>Priority 2. Increase parliamentary accountability and responsiveness to the public by developing mechanisms that promote strategic communication, transparency, constituent outreach, coalition development and accountability to party platforms.</b>		
<ol style="list-style-type: none"> <li>1. The composition and capacity of parliamentarians and their committees (especially in terms of legislative review and oversight processes) reviewed by mid-2014 and appropriate development programme designed and priorities implemented by end 2014.</li> <li>2. The capacity of parliamentarians to consult with and represent their constituencies on issues of public concern scaled up in all regions by end 2014.</li> </ol>	Lead: Parliament	Currently USAID – scale up?  Others to be determined
<b>PSG 3. STRATEGIC OBJECTIVE: Improve access to an efficient and effective justice system for all.</b>		
<b>Priority 1. Strengthen the capacity of the courts through extensive training and the provision of required equipment to ensure that they can carry out their core functions.</b>		
<ol style="list-style-type: none"> <li>1. Ongoing review of Penal Code strengthened by ensuring the draft meets international standards, by end 2014 and revision of Criminal Procedure Code initiated and completed by mid 2014. Reform process supported by at least 4 public consultations for comments on the revisions of the Penal and Criminal Procedure Code by end 2014.</li> <li>2. An appropriate case management system (manual and automated options) that meets minimum standards developed by mid 2014 and by rolled out in at least one model court by end 2014.</li> <li>3. Appropriate mandate, governance for the Somaliland Legal Training and Resource Centre (SLTRC) agreed by mid 2014, and Secretariat trained and equipped by end 2014</li> </ol>	1) Law Reform Commission - support Criminal Justice Sector (AGO, Courts, Custodial Service & Independent Lawyers)  MOJ, Supreme Court & AGO	EU and UK Government  Others to be determined
<ol style="list-style-type: none"> <li>1. Somaliland principles of judicial independence (based on Bangalore principles) currently being drafted, adopted by mid 2014.</li> </ol>	Lead: High Judicial Council	EU and UK Government

Milestone(s):	Responsibilities (government)	Support (dev. partners)
2. Competence of the Higher Judicial Council (HJC) strengthened with the creation of nomination guidelines and processes by mid 2014. Capacity of HJC and its secretariat strengthened through training on its core responsibilities by end 2014. 3. Fair and transparent process for receiving public complaints against the judiciary established by end 2014 (in line with recently adopted Code of Conduct for judicial officials)		Others to be determined
4. A justice sector facilities plan and a financing strategy, taking into account proper standards for service delivery that safeguards the rights and security of all, developed by mid-2014. 5. At least 1 model district court in regions with priority need established with proper staffing, equipment and systems and procedures by end 2014.	Lead: Higher Judicial Council	EU and UK Government  Others to be determined
6. An appropriate IT master plan including a financing plan for justice sector entities across Somaliland developed by mid 2014. 7. At least the model court and one other court, and the head quarters of the MoJ equipped with ICT systems by end 2014, including appropriate software packages and training.	Lead: Ministry of Justice for other justice sector actors and HJC for Courts  Support: ICT Commission	EU and UK Government  Others to be determined
<b>Priority 2. Clarify the roles and responsibilities of law making bodies and strengthen their institutional capacity including the capacity to prioritise and draft legislation that is harmonised with the existing body of laws.</b>		
1. A comprehensive legal reform strategy developed by mid 2014, identifying prioritised and sequenced plan for legal reform. 2. A stakeholders meeting held to adopt a comprehensive policy on legislative drafting by Q3/2014. 3. The Law on the Organisation of Judiciary Act clarified by mid 2014. 4. A lead independent institution that provides legal technical advice to ensure proposed laws are harmonised and consistent with the existing body of law identified by Q1/2014. 5. Capacity development on legal drafting, integrating international best practice with the Somaliland legal system, planned and commenced by end 2014.	Lead: 1) Law Reform Commission 2) Office of the Solicitor General	EU and UK Government  Others to be determined
<b>Priority 3. Promote a more responsive and accessible justice system that protects the human rights of all.</b>		
1. The mobile court scheme scaled up with increased investment in human and other resources to at least three priority regions/districts by end 2014.	Lead: High Judicial Council  Support: Lawyers Association	EU and UK Government  Others to be determined

Milestone(s):	Responsibilities (government)	Support (dev. partners)
2. The Public Defenders Office in order to respond to the massive need for indigent defence established in at least the model court and two other courts by end 2014.	Lead: High Judicial Council Support: Lawyers Association	EU and UK Government  Others to be determined
3. A high-level conference to develop a strategy to reform prison management organised through support to the Somaliland Custodial Corps by mid 2014. 4. Construction of two new prisons with women and juvenile sections with appropriate support and rehabilitation of detainees (one in Hargeisa and the other in Burao) commenced by end 2014 with a view to completion by mid 2015.	Lead: Ministry of Interior	EU and UK Government  Others to be determined
<b>PSG 4. STRATEGIC OBJECTIVE: Strengthen the management of Somaliland's natural, productive and human resources, and reatean enabling economic and financial environment to maximise economic growth and participation in the regional and global economy.</b>		
<b>Priority 1: Develop and implement an investment strategy for public and productive infrastructures, including roads, water, irrigation, markets, ports, and energy.</b>		
1. Transparency of existing policy for natural resource development improved by 2014 (especially in relation to extractive industries).	Lead: Ministry of Mining, Energy and Mineral Resources	
2. A Somaliland infrastructure (including roads, ports, water, and energy) investment strategy developed and targeted priorities implemented based on a realistic financing strategy by end 2014.	Lead: Ministry of Public Works  Support: Ministry of Commerce and International Trade, Ministry of Agriculture, Ministry of Livestock, Ministry of Fisheries	Possible TA from SDF.  Coordination and integration of efforts with EU and World Bank on existing efforts on roads, ports and water.  Others to be determined.
3. Current regional economic integration plans evaluated and improved (based on comparative and competitive advantage) by mid-2014.	Lead: Ministry of Commerce and International Trade	DFID: Trade Advocacy Facility: Negotiations underway
<b>Priority 2: Strengthen investment in productive sector, particularly agriculture, livestock, and fisheries, and create a legal framework to enable economic growth (including establishing property rights and land registration mechanisms).</b>		

Milestone(s):	Responsibilities (government)	Support (dev. partners)
<ol style="list-style-type: none"> <li>1. Sector strategies for crop diversification, livestock and fisheries reviewed and developed by 2014.</li> <li>2. The Natural and Environment Research and Disaster Preparedness Authority (NERAD) Early warning, food reserves, and other response mechanisms and systems developed by mid 2014.</li> <li>3. The capacity of existing agriculture/livestock extension systems built by end 2014.</li> <li>4. Based on the existing Food and Water Security Strategy, as well as the Agriculture and Environment Sector Strategy Frameworks, agricultural seed security program established by end 2014.</li> <li>5. Adaptive research and linkages with regional bodies such as IGAD and other regional bodies focused on research and development on food and water security strengthened through at least two South-South exchanges and agreements by end 2014.</li> </ol>	Lead: Ministry of Agriculture and Ministry of Livestock	IGAD? through existing programs  FAO, with the goal of transitioning to SDF by 2015  Others to be determined.
<b>Priority 3: Building efficient credit, investment and insurance institutions that contribute to economic growth and higher living standards.</b>		
<ol style="list-style-type: none"> <li>1. Outstanding issues on regulatory framework of the financial sector resolved by mid-2014.</li> <li>2. Supervisory and regulatory functions within the Central Bank to comply with international norms fully built by end 2014.</li> </ol>	Lead: Central Bank Support: Parliament	SOMPREP II (2011-2015): World Bank, DFID and DANIDA
<ol style="list-style-type: none"> <li>3. Trade officials trained in trade negotiations for regional market integration (IGAD, Ethiopia etc.) by end 2014.</li> </ol>	Lead: Ministry of Commerce and International Trade	DFID: Trade Advocacy Facility: Negotiations underway
<ol style="list-style-type: none"> <li>4. Best options for the development of economic and free zones in Berbera established by end 2014.</li> </ol>	Lead: Ministry of Commerce and International Trade	DFID: Trade Advocacy Facility: Negotiations underway  SOMPREP II (2011-2015): World Bank, DFID and DANIDA?
<ol style="list-style-type: none"> <li>5. One Stop Business Registration Centres established and operational in Hargeisa, Berbera and Burao by mid 2014.</li> </ol>	Lead: Ministry of Commerce and International Trade	SOMPREP II (2011-2015): World Bank, DFID and DANIDA
<ol style="list-style-type: none"> <li>6. One Stop Shop Investment Office established and operational in Hargeisa by mid 2014</li> </ol>	Lead: Ministry of Commerce and International Trade	Others to be determined.
<b>Priority 4: Generate employment, including through the development of vocational and technical training, and establish a special business fund for young entrepreneurs.</b>		



Milestone(s):	Responsibilities (government)	Support (dev. partners)
<div>1. Current curricula for vocational and technical trainings in the productive sectors developed by end 2014</div> <div>2. Model Public-Private Partnership agreements that expand (youth) employment and reduce poverty created by mid-2014.</div> <div>3. Short-term labour intensive employment opportunities and small-scale economic activity in each region of Somaliland that create safety nets for vulnerable populations in both urban and rural contexts identified by mid-2014 and scaled up by end 2014</div> <div>4. Job centres established in Borama, Berbera, Burao, Las Anod and Erigavo by end of 2014.</div>	<div>Lead: Ministry of Youth and Ministry of Education</div> <div>Support: Ministry of Industry, Ministry of National Planning and Development, Ministry of Labour and Social Affairs, Ministry of Trade and Investment</div>	<div>To be determined</div>
<div>5. Somaliland Youth Business Fund established by mid 2014.</div>		<div>Possibility of new window in the Somaliland Business Fund support by DFID/DANIDA/World Bank?</div> <div>Others to be determined.</div>
Priority 5: Develop and implement a comprehensive and integrated environment management strategy that addresses desertification, promotes alternatives to charcoal as an energy source, and protects land, water, forest and coastal resources.		
<div>1. The 2011-2015 Environment Strategic Plan and National Environment Policy programs initiated by mid- 2014.</div> <div>2. One wildlife national park and four seasonal reserves established by end 2014.</div>	<div>Lead: Ministry of Environment</div> <div>Support: Ministry of Water, Ministry of Fisheries</div>	<div>Others to be determined.</div>
<div>3. Building on the 2004 Somaliland Water Policy, Strategy, build three 200,000cubic meter hafir reservoirs by end 2014</div>		<div>EU, Together with SDF</div>
<div>4. The use of alternatives to charcoal as sources of energy for both domestic and commercial use evaluated by end 2014.</div> <div>5. A promotion program for the use of alternatives to charcoal is established, and production of efficient charcoal stoves is supported and subsidized by end 2014.</div> <div>6. Three forest nurseries and a national indigenous plants arboretum is established.</div> <div>7. A coastal and marine resources research centre is established by end 2014.</div>		<div>To be determined.</div>

Milestone(s):	Responsibilities (government)	Support (dev. partners)
<b>Priority 6: Put in place an affordable energy plan and policy that takes Somaliland from dependence on imported fuel to a greater use of its own abundant natural resources.</b>		
<ol style="list-style-type: none"> <li>1. A multi-disciplinary team for energy planning and security in Somaliland based on e.g. Ethiopian and Djibouti experiences established by mid 2014.</li> <li>2. A feasibility study on the establishment of a national electricity grid for Somaliland developed by end 2014.</li> <li>3. A national research centre on renewable sources of energy to develop best options for Somaliland established by end 2014.</li> <li>4. The feasibility study on a five megawatt wind farm for Hargeisa completed by end 2014.</li> </ol>	<p>Lead: Ministry of Energy and Mineral Resources</p> <p>Support: Hargeisa Electricity Authority</p>	To be determined.
<b>PSG 5. STRATEGIC OBJECTIVE: Build public service capacity to raise revenues, manage resources and ensure the provision of streamlined quality services in an accountable and transparent manner that guarantees inclusiveness and equity.</b>		
<b>Priority 1: Establish an appropriate and effective system of public financial management based on the PFM Road Map that includes strengthening the budget process, establishing a chart of accounts and enhancing public procurement.</b>		
<ol style="list-style-type: none"> <li>1. Budget classification harmonised and a chart of accounts in accordance with international standards developed in time for 2014/15 budget.</li> <li>2. A policy based budgeting and a medium-term expenditure framework established for 2014/15 budget.</li> <li>3. Public procurement transitional plan implemented by mid 2014.</li> <li>4. An independent revenue authority established by end 2014.</li> <li>5. A computerized national tax system developed by end 2014</li> <li>6. 6 external audit reports submitted to parliament by end of 2014.</li> </ol>	<p>Lead: Ministry of Finance</p> <p>Support: Accountant General, Auditor General, Customs, Ministry of National Planning and Development, National Tender Board, Ministry of Interior (for local governments)</p>	<p>World Bank/DFID</p> <p>AfDB</p>
<b>Priority 2: Promote the equitable distribution and access to basic services through both the use of clear service delivery mechanisms and standards, as well as the clarification of roles and responsibilities of the central and local authorities and service delivery providers.</b>		
<ol style="list-style-type: none"> <li>1. Joint review of existing decentralisation programmes to determine value for money, and results completed by mid 2014.</li> </ol>	<p>Lead: Decentralisation Committee chaired by Vice President</p>	<p>EU, DFID, DANIDA, SIDA, Swiss, Norway</p>

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