



NEW DEAL

Somaliland Special Arrangement (2013 -2016)

Updated November 2014

Acronyms

AML/CTF	Anti-money Laundering/Counter-terrorism Financing
CSO	Civil Society Organisations
DAD	Development Assistance Database
FMIS	Financial Management Information System
FWSS	Food and Water Security Strategy
GDP	Gross Domestic Product
HJC	Higher Judicial Council
HLACF	High Level Aid Coordination Forum
MoJ	Ministry of Justice
MoNPD	Ministry of National Planning and Development
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
NDP	National Development Plan (2012 -2016)
NEC	National Electoral Committee
NPC	National Planning Commission
PFM	Public Financial Management
PSG	Peace and State Building Goals
SDF	Somaliland Development Fund
SGBV	Sexual and Gender Based Violence
SLTRC	Somaliland Legal Training Resource Centre
UN	United Nations

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.¹

In order to make progress towards the Vision 2030, a **five year National Development Plan for Somaliland for the period 2012-2016 (NDP)** 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

¹ 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.

In 2013, PSG 2 was not included in the Somaliland Special Arrangement on the basis that Somaliland's long-standing security cooperation with development partners meant that this area is already being robustly supported, **(and it is anticipated, that this will continue)** in comparison with other PSGs. Furthermore, it was considered that the security sector receives a significant portion of resources allocated directly by the Somaliland government. However, at the 6th High Level Aid Coordination Forum in Hargeisa in June 2014, PSG 2 was added as new priorities going forward. **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.**

Strategic Objective: Build professional, capable, accountable and responsive Somaliland security institutions that operate in service of the rights, obligations and protection needs of all sectors of society, while safeguarding deep-rooted peace and stability.

Somaliland's coastline and territorial waters host one of the busiest maritime lanes in the world, for which it has national and international obligations to keep it safe and open, a duty which it takes seriously so much so that it managed to keep it free of piracy infestation even with limited means. The Government has determined that development and management of its marine resources is a priority – and has the fisheries sector as a priority. This too requires a stronger coast guard to manage illegal, unreported and unregulated fishing. The Government is committed to building a coast guard, and has benefited from United Nations Office on Drug and Crime (UNODC) and EUCAP Nestor programmes.

Transforming our police system from a military system to a civilian system is important. This requires investment in all aspects of security sector reform including training, and particularly improving police community relations. The United Kingdom has made an important contribution to all aspects of security reform.

Somaliland shares borders with Djibouti, Ethiopia and Somalia. Given the security situation of the region, Somaliland understands the importance of keeping tight control at border crossings. Contraband, money laundering, illegal immigration and human trafficking are some of the illegal activities that the border police have to manage. The border police is coping well, but given the length of the border, it needs more substantive support to strengthen its deterrence, detection, and detention capabilities.

- Priority 1** **Guarantee the safety and security of Somaliland's waters by developing and strengthening the necessary policing, investigative, prosecution and incarceration institutions of maritime criminals, in accordance with human rights and maritime law.**
- Priority 2** **Develop a civilian police force that is responsive and accessible to the public; accountable to justice, Parliamentary and civil society institutions; and works in partnership with local**

communities and other security institutions to maintain law and order while safeguarding human rights.

Priority 3 **Develop the capacity of the Government to manage the movement of people, finance, goods and other material in and out of its borders in a manner that provides for the safety, security, human rights and dignity of all its citizens, and which prevents against potential dangers posed by smuggling and trafficking of people and materials.**

Priority 4 **Develop reformed security sector architecture, with more effective mechanisms for coordinating information and intelligence between national, regional and local structures; engaging in proactive threat and crisis prevention and management; and cooperating in international efforts to address global threats to peace and security.**

PSG 2. Security

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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 protect the human rights of all.**

PSG 4. Economic Foundations

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

The priority given to the productive sector is based on the Government's recognition of its potential for contributing to economic growth, employment generation, poverty reduction, and economic diversification. Livestock exports, including raw hides and skins (export of slaughtered animals was introduced only recently), represent about 50% of GDP and 80% of foreign currency earnings.² 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**

² Somaliland Ministry of Finance, Annual Figures and Trade and Finance, 2012

growth and higher living standards.

- Priority 4** **Generate employment, including through the development of vocational and technical training, and establish a special business fund for young entrepreneurs.**
- Priority 5** **Develop and implement a comprehensive and integrated environmental management strategy that addresses desertification, promotes alternatives to charcoal as an energy source, and protects land, water, forest and coastal resources.**
- Priority 6** **Put in place an affordable energy plan and policy that takes Somaliland from dependence on imported fuel to a greater use of its own abundant natural resources.**

PSG 5. Revenue and Services

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

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

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

- Priority 1** **Establish an appropriate and effective system of public financial management based on the PFM Road Map that includes strengthening the budget process, establishing a chart of accounts and enhancing public procurement.**
- Priority 2** **Promote the equitable distribution and access to basic services 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;³
- **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.⁴
- 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 DAD⁵ (or other appropriate aid management tool), by reporting aid on Somaliland's budget and by making publicly available reports, data and knowledge products related to development partner interventions and programmes.
- Dedicated support to building the statistical and monitoring and evaluation capacity of the Somaliland government to ensure that peacebuilding, statebuilding and development outcomes and results are tracked. All externally funded interventions should have a monitoring and evaluation component that allows government to take part in joint monitoring activities.

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

Financing Arrangements

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

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

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

The government and development partners will work towards budget support modalities in the longer term, recognizing that this is the government's preferred mode of external financing. In the interim, the Somaliland Development Fund (SDF), and 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, and allocate resources in an accountable and transparent manner, based on

⁴ 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.

⁵ 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.

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.⁶ 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.⁷

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

⁷Current 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."

- **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;
- 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)
PSG 1 – LEGITIMATE POLITICS. STRATEGIC OBJECTIVE: Build a politically stable and democratic Somaliland that adheres to the principles of good governance.		
Priority 1 – ELECTIONS: 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.		
Update key electoral legislation. Draft laws necessary for both 2015 elections and the long-term institutionalization of electoral reform, through a multi-stakeholder consultation and endorsement process Carry out civil registration. The Ministry of Interior (MoI) to carry out civil registration, a priority for the Government of Somaliland, within the agreed-upon deadline Enhance voter registration system and undertake other electoral preparations. Build the institutional capacities of the National Electoral Commission (NEC) and civil society to establish a robust voter registration and oversee the holding of the 2015 elections Strengthen political party policy development. Build the capacity of political parties to develop responsive, relevant and comprehensive policy platforms through citizen engagement	National Electoral Commission MoI Civil society	
Priority 2. ACCOUNTABILITY: Increase parliamentary accountability and responsibility and responsiveness to the public by developing mechanisms that promote strategic communication, transparency, constituent outreach, coalition development and accountability to party platforms		
Strengthen legislative review and oversight. Develop institutional capacity in the Parliament for legislative review and fiscal oversight Improve constituency outreach and communication. Develop internal capacity within Parliament to engage with constituencies through training, hiring of support staff and formalization of outreach activities to both develop party platforms and communicate them	Parliament(HOR)	
Priority 3. MEDIA: Strengthen relations between citizens, state and the media to better ensure press freedom, by establishing the necessary legal frameworks and stakeholder capacities to protect media rights and promote accountability, integrity, ethics and professionalism of the institution.		
Strengthen legal foundations for press freedom. Establish and institutionalize legal mechanisms for safeguarding media rights and ensuring journalistic accountability Improve media sector capacities and professionalism. Provide the media sector with the institutions and resources to perform roles in line with agreed-upon standards and professional Enhance Government communication with the public. Enhanced citizen-state communication regarding priorities, activities, expenditure and overall governance performance	Ministry of Information and Cultural Affairs Somaliland lawyer Association MoNPD	

Milestone(s):	Responsibilities (government)	Support (dev. partners)
PSG 2 - SECURITY. STRATEGIC OBJECTIVE: Build professional, capable, accountable and responsive Somaliland security institutions that operate in service of the rights, obligations and protection needs of all sectors of society, while safeguarding deep-rooted peace and stability.		
Priority 1. MARITIME SECURITY: Guarantee the safety and security of Somaliland's waters by developing and strengthening the necessary policing, investigative, prosecution and incarceration institutions of maritime criminals, in accordance with human rights and maritime law.		
Build the capacity of the Somaliland Coastguard. Develop the Coastguard's to protect Somaliland's maritime realm from illegal activities (e.g. sabotage, subversion, terrorism or criminal acts, border exploitation; an illegal damage of removal of maritime resources.) Monitoring and detection capabilities strengthened across Somaliland coastal zones. To allow for comprehensive identification and awareness of legal and illegal activities in Somaliland's waters	Ministry of Interior Coast Guards Counter policy Officer	
Priority 2. POLICE: Develop a civilian police force that is responsive and accessible to the public; accountable to justice, parliamentary and civil society institutions; and works in partnership with local communities and other security institutions to maintain law and order while safeguarding human rights.		
Improve access to trained, accountable and responsive police force at the community level. Capacities of police strengthened to better respond to the security needs of communities, in line with developed standards and laws Improve crowd control and rights-based public order procedures. Police engagement with the public around elections, demonstrations and media activity better ensures public safety and freedom of expression	Ministry of Interior	
Priority 3. BORDER SECURITY: Develop the capacity of the Government to manage the movement of people, finance, goods and other material in and out of its borders in a manner that provides for the safety, security, human rights and dignity of all its citizens, and which prevents against potential dangers posed by smuggling and trafficking of people and materials.		
Reduce levels of human trafficking. Investigate and address the root cause of human trafficking (tahriib) including by undertaking preventative, responsive and protective measures to dismantle networks, raise social awareness and enhance law enforcement capabilities Develop and enforce a robust AML/CTF legal and regulatory framework. Strengthen regulation of the financial and money transfer sectors to ensure compatibility with international standards while promoting sustainable remittance flows	Ministry of Interior Central Bank Association for transfer Company	
Priority 4. SECURITY ARCHITECTURE: Develop a reformed security sector architecture, with more effective mechanisms for coordinating information and intelligence between national, regional and local structures; engaging in proactive threat and crisis prevention and management; and cooperating in international efforts to address		

Milestone(s):	Responsibilities (government)	Support (dev. partners)
global threats to peace and security.		
Establish functioning and effective national coordination mechanisms. Build capacity of existing security sector coordination mechanisms and partnerships, and establish information and intelligence-sharing infrastructure. Establish coordinated decentralised security structure. Develop stronger lines of authority, communication, coordination and management from the regional and district level to the centre	Ministry of Interior	
PSG 3 - JUSTICE. STRATEGIC OBJECTIVE: Improve access to an efficient and effective justice system for all.		
Priority 1. CAPACITY: 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.		
Establish a case management system. Case management system should include manual and automated options that meets minimum standards 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. Establish the Somaliland Legal Training and Resource Centre (SLTRC). SLTRC should serve as a “centre of excellence” for professional learning and development of all legal professionals	Supreme court Ministry of Justice	
Strengthen the capacity of the Higher Judicial Council (HJC). In order to have an independent judiciary, it is also important to have a capable judiciary.	High Judicial Council	
Priority 2. STANDARDS: Clarify the roles and responsibilities of law-making bodies and strengthen their institutional capacity, including the capacity to prioritize and draft legislation that is harmonized with existing body of law.		
Develop a comprehensive legal reform strategy. Strategy should clearly delineate roles, processes, and responsibilities for legal drafting, review and amendments.	Law Reform Commission	
Priority 3. ACCESS: Promote a more responsive and accessible justice system that promotes human rights for all		
Launch alternative dispute resolution mechanisms. Mechanism should serve to harmonize the three different legal systems in Somaliland: modern, traditional (xeer) and sharia. Diversion and probation systems should also be strengthened. Equip mobile court system. System should enable prosecutors and lawyers to travel with mobile courts, providing greater access to the justice system Ensure access to public defenders. Strengthening legal aid is a priority	Ministry of Justice Supreme court	
Priority 4 – GENDER: Guarantee the protection of all citizens, but in particular women, against everyday and structural forms of sexual and gender-based violence (SGBV), including rape,		

Milestone(s):	Responsibilities (government)	Support (dev. partners)
domestic violence and security force misconduct.		
1. Strengthen police-community partnership in addressing Sexual and Gender Based Violence (SGBV). Police and civil society provided the capacity and support to enact their various roles and responsibilities related to prevention and response to SGBV stakeholders meeting held to adopt a comprehensive policy on legislative drafting by Q3/2014.	Ministry of Labour and Social Affairs Human right commission Ministry of Justice	
Priority 5 – INFRASTRUCTURE: Infrastructure investment to improve access to justice and the protection of human rights		
1. Improve Ministry of Justice Infrastructure. Without adequate presence in the regions, the MoJ cannot provide services effectively 2. Build detention and prison facilities. Prisons are overcrowded, with inadequate services for women and juveniles 3. Improve judicial Infrastructure. Old and dilapidated courts in Somaliland are in desperate need of construction and rehabilitation	Ministry of justice Custodial corps	
PSG 4. ECONOMIC FOUNDATION		
STRATEGIC OBJECTIVE: Strengthen the management of Somaliland's natural, productive and human resources, and create an enabling economic and financial environment to maximise economic growth and participation in the regional and global economy.		
Priority 1: INFRASTRUCTURE AND INVESTMENT: Develop and implement an investment strategy for public infrastructure such as roads, water infrastructure, markets, ports and energy.		
1. Enact a Good practice extractive industries policy. Develop policies, laws, regulations and strategies that ensure natural resources are exploited in a fiscally and environmentally responsible and transparent way 2. Develop the energy sector. Upgrade the technical capacity of the Ministry's Department of Energy to meet its responsibilities in guiding and overseeing the energy sector 3. Develop an infrastructure investment strategy for Somaliland 4. Develop Regional economic integration strategy. Plan should define trade benefits and a competent trade negotiating team 5. Establish interconnectivity between telephone companies. The lack of interconnectivity between the main telephone companies in Somaliland is problematic	Ministry of Mining, Energy and Mineral Resources Ministry of Commerce and Investment a Ministry of finance Ministry of Public Works Ministry of fisheries Ministry of trade and investment	

Milestone(s):	Responsibilities (government)	Support (dev. partners)
	Ministry of foreign affairs Ministry of posts and Telecom	
Priority 2: PRODUCTIVE SECTORS: 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.		
1. Implement the existing Food and Water Security Strategy 2. Build capacity of research and extension system in agriculture, livestock and fisheries 3. Promote commercial and cooperative production and marketing 4. Scale-up early warning and response system 5. Develop an industrial strategy and policy	Ministries of Agriculture, Livestock, Fisheries, and Water National Environment Risk and Disaster Agency Ministry of industries NERAD	
Priority 3: INVESTMENT: Build efficient credit, investment and insurance institutions that contribute to economic growth and higher living standards.		
1. Establish one-stop shops for businesses. One-stop shops should provide services for business registration and investment 2. Strengthen the Banking Sector 3. Improve the business environment to facilitate investment and economic growth. Implement the recommendations from studies such as the Enterprise Survey to improve the business environment 4. Establish economic free zones. To facilitate trade	Ministry of trade and investment Central Bank Ministry of International Trade and Commerce Ministry of Industry Ministry of finance	
Priority 4: EMPLOYMENT: Generate employment, including through the development of vocational and technical training, and establish a special business fund for young entrepreneurs		
1. Establish vocational training, technical training and internship programs to skill young people in the labour force 2. Improve workings of the labour market, provide support to job seekers, and facilitate youth entrepreneurship. Employment opportunities should target vulnerable populations in rural and urban contexts through various means	Ministry of Youth Ministry of Education Ministry of Labour and Social Affairs	

Milestone(s):	Responsibilities (government)	Support (dev. partners)
Priority 5: ENVIRONMENT: Develop and implement a comprehensive environmental management strategy that addresses desertification, promotes alternatives to charcoal as an energy source, and protects land, water, forest and coastal resources.		
Wildlife protection and national parks. To address rampant wildlife trafficking Establish seasonal and permanent grazing reserves. In order to prevent overgrazing Develop and enforce a land use strategy and policy. Land use is currently managed by a multitude of institutions. Land is one of the biggest sources of conflict Promote watershed management. Promote Watershed Management system for Somaliland that is in line with international principles of integrated watershed management Carry out an environmental audit. The environment in Somaliland is under stress. Changes have not been scientifically documented and tracked Promote alternatives to charcoal. Alternative energy sources are required to decrease charcoal use for domestic and commercial purposes Improve urban waste management. Somaliland is urbanising at a very fast rate without the accompanying services	Ministry of Environment and rural development Ministry of Water Ministry of Energy and Mineral Resources Local Governments Ministry of interior	
PSG 5. REVENUES AND SERVICE 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.		
Priority 1: Priority 1 - PFM: Establish an appropriate system of public financial management (PFM) based on the PFM Road Map that includes strengthening the budget process, establishing a chart of accounts, and enhancing public procurement.		
Enact and implement Public Financial Management (PFM) legislation. PFM legislation should strengthen controls for fiscal discipline and promote transparency and accountability Rollout bespoke Financial Management and Information System (FMIS). Establish an interim SL FMIS that is based on the IMF's GFS, Chart of Accounts Develop an effective statistics system in Somaliland. Comprehensive long-term support to implementing Somaliland's National Statistics System is critical for evidence-based planning Policy based budgeting. Build Medium Term Expenditure Framework (MTEF) as well as a Medium Term Fiscal Framework (MTFF) to support planning and budgeting institutions	Ministry of Finance-PFM coordination Office Auditor General Ministry of National Planning and Development MoI and local governments	

Milestone(s):	Responsibilities (government)	Support (dev. partners)
Priority 2: SERVICE DELIVERY: Promote equitable distribution and access to basic services through both the use of effective service delivery mechanisms and standards, as well as the establishment of the roles and responsibilities of the central and local authorities and service delivery institutions.		
Implement service delivery decentralization. A decentralization service delivery policy has been drafted for key services: health, education, water and sanitation. It now needs endorsed and implemented Develop a special service delivery programme for vulnerable populations and underserved regions. Programme should provide priority services - such as health, education and water - to Sool and Sanaag regions to address inequity in service delivery, as well as vulnerable populations such as IDPs Raise access, quality and standard of education. Generally, the quality of education in Somaliland is very low, academic, with an out-dated curriculum Rehabilitate and improve quality of care in all health facilities, particularly referral hospitals Improve the quantity and quality of water available in rural and urban areas	Decentralisation Committee chaired by Vice President Ministry of National Planning and Development Ministry of Interior Ministry of Health Ministry of Education Ministry of Water and Sanitation Local Governments Autonomous Water Agency	
Priority 3: CIVIL SERVICE: Create a merit-based and equitably distributed civil service that delivers high quality basic service and security for all Somaliland citizens		
Implement the Quick Wins Work plan for Civil Service Reform. Strategy should be demand-led and results focused on the improvement of the capacity of the Somaliland civil service	Civil Service Commission and Civil Service Institute	