UNITED NATIONS JOINT PROGRAMME DOCUMENT

Country:	**Somalia**
Programme Title:	**Joint Programme on Local Governance and Decentralised Service Delivery, UN-JPLG** (Phase II)

Joint Programme overall objective and outcome(s):

Overall objective:	**Local governance contributes to peace, development and equitable service delivery**
Outcome 1:	**Policy and legal frameworks are improved to enable local governments to deliver equitable services.**
Outcome 2:	**Local government capacity for equitable service delivery is improved.**
Outcome 3:	**Local governments are accountable and responsive to community priorities in providing equitable and sustainable services and promoting local economic development.**

Programme Duration:	5 years
Anticipated start/end dates:	Jan 2013 – Dec 2017
Fund Management Option(s):	Pass through (MPTF)

Total estimated budget (2013-2017): USD 145,618,908

Total estimated budget (2013): USD 24,396,046

Out of which:

1. Funded Budget (estimate): USD 18,600,000
2. Unfunded budget: USD 5,796,046

*Total estimated budget includes both Programme costs and indirect support costs

Sources of funded budget:

Donors/countries having committed contributions or expressed interest in supporting JPLG II: DANIDA, DFID, EU, Italy, Norway, SIDA and Switzerland.

Anticipated donor contributions (2013): USD 18,600,000

UN Agencies participating in the UN Joint Programme on Local Governance and Decentralised Service Delivery in Somalia (UN-JPLG)
International Labour Organization (ILO) Name of Representative: George Okutho Signature: Date & Seal:
United Nations Capital Development Fund (UNCDF) Name of Representative: Christine Roth Signature: Date & Seal:
United Nations Development Programme (UNDP) Name of Representative: David M. Clapp Signature: Date& Seal:
United Nations Human Settlement Programme (UN Habitat) Name of Representative: Dorothee Von Brentano Signature: Date& Seal:
United Nations Children's Fund (UNICEF) Name of Representative: Sikander Khan Signature: Date& Seal: 14.12.12

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International Labour Organization (ILO)

Name of Representative: George Okutho

Signature:

Date & Seal: 30-11-2012

United Nations Capital Development Fund (UNCDF)

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United Nations Development Programme (UNDP)

Name of Representative: David M. Clapp

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United Nations Human Settlement Programme (UN Habitat)

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Date& Seal: 22-11-2012

United Nations Children's Fund (UNICEF)

Name of Representative: Sikander Khan

Signature:

Date& Seal: 14.12.12

ACRONYMS

AFDB	African Development Bank
AIMS	Accounting Information Management System (for DC)
ALGAPL	Association of Local Governance Authorities in Puntland
ALGASL	Association of Local Government Authorities of Somaliland
AWPB	Annual Work Plan and Budget
BIMS	Billing Information and Management System (for DC)
BRA	Banadir Regional Administration
CDRD	Community Driven Recovery and Development
CMG	Community Monitoring Group
CORPS	Community Resource Person
CSC	Civil Service Commission
CSI	Civil Service Institute
DAD	Donor Assistance Database
DANIDA	Danish International Development Agency
DDC	District Development Councils
DDF	District Development Fund
DEX	Direct Execution
DFID	Department for International Development
EC	European Commission
FSP	Fragile State Principles
GDP	Gross Domestic Product
GEWE	Gender Equality and Women's Empowerment
GFP	Gender Focal Points
ILO	International Labour Organization
INGOs	International Non-Government Organisations
JFMB	Joint Financial Management Board
JPLG	Joint Programme on Local Governance and Decentralised Service Delivery
JSC	Joint Steering Committee
LDF	Local Development Fund
LED	Local economic development
LGs	Local Governments
LUMI	Land and Urban Management Institute
MDG	Millennium Development Goal
MICs	Multiple Indicator Clusters
MoF	Ministry of Finance
MoI	Ministry of Interior
MoLGRD	Ministry of Local Government and Rural Development
MoP	Ministry of Planning
MoPIC	Ministry of Planning and International Cooperation, PL
MoU	Memorandum of Understanding
MoWDAFA	Ministry of Women's Development and Family Affairs
MTR	Mid Term Review
MTFF	Medium-Term Fiscal Framework
NDP	National Development Plan
NEX	National Execution
NGOs	Non-Government Organisations
O&M	Operations and Maintenance
OE	Outcome Evaluation
OECD	Organization for Economic Cooperation and Development
PCM	Project Cycle Management
PCU	Programme Coordination Unit
PEM	Public Expenditure Management
PFM	Public Financial Management
PIM	Project Impact Monitoring
PL	Puntland
PMG	Programme Management Group
PMU	Programme Management Unit
PPPs	Public Private Partnerships
PSGs	Peace building and State building Goals (PSGs)
RDP	Reconstruction and Development Plan
SC	South and central Somalia
SDM	Service Delivery Models
SF	Somaliland Fund
SIDA	Swedish International Development Agency
SIDP	Somali Institutional Development Program
SJPM	Senior Joint-Programme Manager
SL	Somaliland
TFG	Transitional Federal Government
TIS	Transitional Initiatives-Somalia
TWG	Technical Working Group
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNSAS	United Nations Somali Assistance Strategy
USAID	United States Agency for International Development
USD	United States Dollars
VfM	Value for Money
WASH	Water, Sanitation and Health
WDR	World Development Report

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1. EXECUTIVE SUMMARY

After decades of warfare, Somalia has been undergoing a peace and national reconciliation process creating a 'development moment' with an unique opportunity to consolidate and extend the significant development achievements that have been made in many parts of the country especially in northern areas, as well as to seize the opportunity to bring lasting peace and stability to the many areas made accessible in southern Somalia, thus opening up development space there. Somalia's international partners have expressed robust commitment to assisting the Somali people in seizing the development moment, encouraging a new Somali-owned and led partnership, which will work towards a compact between the Somali authorities and the international community inspired by the principles outlined in the New Deal agreed in Busan, 2011.

With UN being one of the largest and most persistently engaged partners to Somalia it has a special responsibility to deliver on this promise and is increasingly doing so as *one* UN, emphasised by UN's Secretary General. The UN Joint Programme on Local Governance and Decentralised Service Delivery for Somalia (JPLG) has established an important platform for seizing the development moment and is also a programme that has translated many of the ambitions of the 'One UN' principles into tangible improvements in aid and wider development effectiveness.

It is against this background that JPLG, launched in 2008 for a period of five years, is to be continued for a second phase of five years running from 2013 through 2017 referred to as JPLG II. The Joint Programme, which has five partners including ILO, UNCDF, UNDP, UN-HABITAT and UNICEF, is aligned with the UN Somali Assistance Strategy (UNSAS), 2010 – 2015 and contributes to at least five of the Millennium Development Goals (MDGs). JPLG II will build on the successes achieved during the past five years and will maintain the same focus of strengthening local government as a means of enhancing the delivery of services to citizens and restoring confidence and credibility in the state. It will also improve state-citizen relations by linking local governments to their constituent communities and will engage the private sector transparently and accountably.

1.1 Overall Objective and Outcomes

The overall objective of JPGL II is to promote improvements in local governance quality that can contribute to peace consolidation, development and equitable service delivery. For JPLG's overall objective to be realised, a number of agents will have to promote change that can alter the *status quo* in a direction that fosters a stronger, more responsive and accountable compact between the state and its citizens in the provision of service delivery. Despite progress the current context is still characterised by limited trust in government structures at both central and local levels, which in turn means that their legitimacy is often contested. This can increase the risk of a return to instability and conflict. Moreover, the political space is still limited especially in southern areas, where radical groups restrict the voice of many, including women. There is thus a need to consolidate and enlarge the space for non-state actors in the rest of Somalia and to restore a healthy and accountable state citizen nexus.

These are some of the challenges that JPLG II will face, but during the first phase JPLG I has demonstrated its ability to partner with pro-development actors and support these in promoting peace and state building with a clear and unique focus on local governance processes. It has thus created a platform consisting of strong partnerships, robust methodologies for improving accountability of service delivery and valuable local level experiences that can inform policy making at the central level. This will also entail continued engagement with local and central level authorities, but increasingly extending beyond ministries of interior and also include sector line ministries, to ensure that future service delivery models are consistent with mandates, capacities and funding levels.

To achieve this, the programme outcomes are structured around three mutually reinforcing strategies:

1. **Supporting policy and legislative reforms for functional, fiscal and administrative decentralization that clarify and enhance the role of local government, its relationship to central government, and as a means to improve local service delivery:** Outcome 1 will focus on policy and legal frameworks

across Somalia and is initially designed to address weaknesses in current laws on decentralization in Somaliland and Puntland. These provide an incomplete account of the responsibilities and functions to be devolved to local government, ignore the fiscal implications and lack supporting regulations for implementation. These issues need to be clarified in order to resolve disputes between central line agencies and districts, and to provide a stronger foundation for local governments to move forward;

2. **Improving local government capacity for equitable service delivery:** Outcome 2 aims to address the weak capacity of most local authorities in Somalia by providing a comprehensive package of training and technical support covering basic elements of local administration. It also seeks to improve coordination between districts and the centre in planning and programming to ensure better consistency and use of resources. A third output is concerned with increasing locally generated revenues and strengthening the role and coverage of the LDF; and,

3. **Improving and expanding the delivery of sustainable services to citizens in an equitable, responsive and socially accountable manner and promoting local economic environment:** Outcome 3 focuses on improving the delivery of local services. This is to be achieved by collaborating more closely with central line departments, engaging more directly with non-state providers, and enhancing the accountability of local governments to their constituents. Another element relates to strengthening the local economy, promoting private investment and enterprise, and creating more and better job opportunities.

In all of these efforts, JPLG II recognizes the paramount importance of respecting and promoting local ownership, commitment and leadership. Without these ingredients, the prospects of sustaining gains are substantially diminished. For this purpose, JPLG II will continue seek support and political commitment at the highest levels of Government, and sustain commitments already established in Phase I with the Vice Presidents of Somaliland and Puntland nominated as Champions for Local Governance.
The JPLG II will focus geographical expansion on where the most urgent needs and opportunities materialise. This suggest an increased presence in south and central Somalia where a substantial number of districts have recently become accessible, offering a unique chance for the Programme to promote local governance for peace, stability and development, using a phased approach that recognises the comparative advantages of other development partners active there. In Somaliland and Puntland, JPLG will initially focus on thematic expansion and deepening its activities, including the Local Development Fund, which will have an increased budget envelope and become able to finance a broader menu of activities, possibly including sector categorical grants for piloting service delivery models. Only at a later stage is geographical expansion envisaged there.

1.2 CROSS-CUTTING ISSUES

Gender remains a central crosscutting issue for JPLG given its focus on supporting local governments in reducing gender discrimination and social exclusion. At the policy level, building on the explicit commitment of the Federal Government and UN Agencies to Gender Equality and Women Empowerment (GEWE), efforts to advance GEWE in Somalia will be tactically mainstreamed across JPLG II. JPLG II will promote gender-responsive local governance policy development, planning, budgeting and service delivery that is more receptive to GEWE issues. Gender sensitive empowerment will be facilitated through leadership training of men and women and, where appropriate, promoting the adoption of targets for women as a proportion of elected local councillors. At the implementation level, gender mainstreaming will be pursued by including measures in manuals and guidelines for each stage of the process of planning and implementation to ensure that gender issues are properly taken into account. Important here are procedures to ensure that women's needs and priorities are reflected in annual plans for non-infrastructure services.

On *human rights*, JPLG I has been instrumental in supporting the development of systems, procedures and institutions for duty-bearers to better understand their responsibilities, and rights-bearers, i.e. people to voice their demand for developmental priorities, which are captured in the District Development Frameworks (DDFs). One of the key successes of JPLG I is the level of community mobilization, particularly in relation to

women and representatives from minority groups, who are starting to have voice in the local-level decision-making process and to claim their rights. JPLG II will continue to promote human rights through the following strategies: 1) Integrate human rights into training provided to both duty-bearers and rights-holders, 2) Continue to strengthen engagement between rights holders and duty-bearers, 3) Strengthen alliances for social change in the communities, 4) Increase incentives for duty-bearers to strengthen performance in the provision of services and, 5) Continue to strengthen social accountability mechanisms.

1.3 M&E AND VALUE FOR MONEY

JPLG II will build on parts of the existing M&E system developed in JPLG I, which has managed to track input and activities, as well as being able to demonstrate unit costs especially in construction projects. From 2013 the external annual reviews will increasingly focus on the impacts of programme interventions particularly in relation to institutional development, service delivery, peace building, gender and vulnerable groups. This will include establishing and evidencing causal links of transforming inputs, activities, and outputs to outcomes, supported by clearly verifiable indicators.

This will help to make research, knowledge management and experiential learning central to the evolution of JPLG II. In addition, JPLG II proposes to establish Joint Monitoring Teams with government, and to provide a small budget to the PMU to support the new approach. Efforts will also be made to strengthen participatory impact monitoring methodologies, especially in the context of social accountability. Moreover JPLG II will adopt a value for money approach to project activity planning, feasibility studies, contracts and other programme activities to enhance results with a given level of financial support. An independent outcome evaluation of JPLG II activities will be conducted towards the end of the programme around 2017.

1.4 MANAGEMENT ARRANGEMENTS

While JPLG I management arrangements have been praised for their effectiveness and for being a model for joint UN programmes, there are still areas in need of adjustment. One is to strengthen the Programme Coordination Unit so that it can play a more stronger role in management, and will hence be renamed the Programme Management Unit. A second is to restructure the management of programme operations in Somalia in order to improve coordination and efficiency among UN partners and provide stronger technical support to host governments. All five UN Agencies are also committed to making clearer the division of responsibilities based on comparative advantages and mandate, a process that has already commenced in the framework of work plan and budget processes, but will be further accelerated under JPLG II. The Joint Programme Steering Committee (JSC) established during Phase I will continue to provide strategic guidance and oversight to the programme during Phase II. Members of this Committee will be all signatories to the Joint Programme, namely the Head of each Agency or a delegated senior officer with decision-making authority, representatives of the donors contributing to the programme and government counterparts. The programme management group will continue to be chaired by the Senior Joint Programme Manager, and members will include the Heads of UN Agencies participating in the programme or their deputies with delegated authority to advance the tasks of working towards the goals of JPLG.

JPLG will strengthen its presence in Somalia through appointing Area Managers in each jurisdiction, who will report directly to the Senior Joint Programme Manager in Nairobi and by posting more senior technical staff to Somalia. Further, all members of each field team will be relocated to a single office (for example the UNCC for logistical and security reasons) to enhance collaboration and focus more intensively on accomplishing the outputs envisaged for Phase II. In the longer term, JPLG II will prepare local institutions to take over the task of developing the capacity of selected local and regional governments.

Based on agreement of the UN organizations participating in JPLG, the pass-through fund management arrangement will continue in effect. As such, Administration of the Joint Programme Fund is entrusted to the Multi-Partner Trust Fund Office (MPTFO) of UNDP, which serves as the administrative interface with donors. At the country level, the UN Resident Coordinator, in his strategic leadership of the UN Country Team, will support the participating UN Organizations and the JPLG Programme Management Unit, relationships with national authorities and in his capacity as Designated Official. The overall programme design will be based on

the government priorities, donor strategies, UNSAS, ongoing programmatic oversight and consolidation of programme reports.

1.5 WORK-PLAN AND BUDGET

The overall programme design will be based on the government priorities, donor strategies, UNSAS, ongoing programmatic oversight and consolidation of programme reports. The work plan and scope of activities for JPLG II obviously depends on the funds available from donors and government. For this reason, an important task of the PMU and UN partners will be to continue mobilizing resources for the Programme from both existing donors and new ones, and contributions from central governments in each jurisdiction. The rate at which new funding is secured will primarily dictate the activities to be included in each AWPB, along with the priorities expressed by Somali stakeholders and the capacity of UN partners to deliver Programme outputs. The total estimated cost of all outputs amounts to some US$ 24.3 million in 2013, and rises steadily each year reaching US$ 33 million in 2017. The annual increase is mainly explained by the increase in investments and capacity development and the growing number of districts that JPLG plans to cover during Phase II, particularly in later years. This increase is partially offset by a reduction in spending on some items, for example the policy work on functional and fiscal decentralization, which should be largely completed during the early years.

2. SITUATION ANALYSIS

Since it was launched in 2008, the Joint Programme on Local Governance and Service Delivery (JPLG) has been operating in a challenging and volatile environment, although one that is gradually improving. Since the fall of President Barre in 1991, Somalia has been left without a national government. While several initiatives were proposed over the years to establish some form of federal government, each faltered or failed to garner the necessary support to be implemented. However, a new initiative launched in February 2012 holds greater promise. (See more below.)

2.1 CONFLICT AND SECURITY

In the vacuum that followed the fall of the Barre regime, rival factions have struggled to control regions of the country, often involving military conflict, which still continues. These factions were first based mostly on affiliation with traditional clans, but in 2000 the conflict was compounded by the emergence of the Islamic Courts Union (ICU), which formed its own military force and gradually gained control of Mogadishu and a large part of southern Somalia. After intervention by Ethiopian forces in 2006, the ICU lost much of the ground it had captured and splintered into several groups, including Al Shabaab, a radical religious movement with links to Al Qaeda, which continued the fight. Since then AMISOM - a combined military force from several African countries - has replaced Ethiopian troops and continues to slowly repulse Al Shabaab, which still controls a patchwork of other areas in south and central Somalia.

Since Al Shabaab relies on ad hoc units of conscripts and volunteers that assemble and disband as circumstances require, commentators fear that as they lose more ground, supporters will instead go underground and resort to intermittent attacks on specific targets and individuals. This is illustrated by three recent assassination attempts in Mogadishu on the newly elected (August 2012) President of the new federal parliament as successor to the Transitional Federal Government (TFG).

While restoration of control over areas of the country may make it feasible to expand development activities in more districts, the potential for violence poses a continuing threat to peace and stability. The security risks for citizens, government officials and personnel from international programmes such as JPLG, remains high in many areas, especially in southern and central Somalia, undermining prospects of working there.

2.2 DIVISION OF THE COUNTRY

After the fall of the Siad Barre regime in 1991 and in the absence of a unified national government, the country has split into three main zones, each with its own ambitions for the future. Since August 2012, the Transitional Federal Charter (TFC, 2004) was replaced with a new federal constitution, with a President elected by Parliamentarians. Whilst, the Federal Constitution encompasses principles for decentralization and efforts are made to allow each and every part of Somalia to join the Federation, the Puntland Charter (1998) and the Somaliland Constitution (2001) remains important legal frameworks especially as they specify decentralization as the core political, functional, fiscal and administrative system of governance, with significant devolution of power to the district level for delivery of local services.

In the northwest of the country, the government of **Somaliland** has managed to restore political stability and public administration over much of the territory of former British Somaliland, and strives to become internationally recognized as an independent state. It has a bi-cameral legislature, an executive led by a President and Vice-President and an independent judiciary. The country moved to multi-party democracy in 2002 and following the presidential elections of June 2010, power was peacefully transferred to the opposition. The Local Government Law of 2001 facilitated elections of councilors and mayors in 16 districts (2002). Following a recent decree, the number of districts was increased from 43 to 61, but the law recognizing these new districts still needs to be amended. The districts are classified in four categories from Grade A (regional capitals) to Grade D, based on their status, population, governing capacity, and ability to generate revenue.

In the northeast of the country, the government of **Puntland** is similarly building a central administration to support district authorities. Established in 1998, it regards itself as an autonomous member state of an incipient federal government of Somalia. Puntland has its own judiciary, legislature (House of Representatives) and executive branch of government comprising the President and his nominated council of Ministers. The President is appointed by the parliament, which is elected by clan elders. Local governments at the district level are also elected but at staggered intervals according to traditional clan procedures. Puntland is in dispute with the government of Somaliland over control of districts in the regions of Sanaag and Sool, which meanwhile seek to form a separate government of their own. These districts earlier formed part of British Somaliland but are largely populated by people from the dominant clans of Puntland.

The situation in **south and central Somalia** is more complex. Recent military success in repulsing forces sympathetic to Al Shabaab allowed the Transitional Federal Government (TFG) to set up a fragile base in Mogadishu, and the newly elected President and Parliament have started operating out of the city. Given the ongoing security situation, it remains to be seen to what extent they will be able to exert authority beyond the borders of the city and the surrounding region of Banadir.

Under the TFG, a Department of Local Governance has been established under the Ministry of National Security and Home Affairs to co-ordinate the establishment of District and Regional Councils. Some progress has been achieved in setting up local governments in certain areas, including the Bay, Bakool, Middle Shabele and Gedo regions through a process of community engagement and reconciliation. But these recently established councils have weak or no links to the federal government and little capacity to play their mandated roles due to the lack of financial resources. As it stands, there are still no directly elected district councils. Instead members of the council and the administration have been selected by the community, appointed by local leaders, or are self-appointed. In some cases, community organizations have formed their own District Councils and run day-to-day administrative affairs.

The existence of separate administrations in each of the three zones inevitably complicates the design and implementation of development programmes such as JPLG. The scope of work involving policies, plans and activities has to be negotiated with each administration, and adapted to the specific conditions in each zone and the priorities of each government as partner. Programme components intended for central government ministries and line agencies have to be delivered to three different groups, rather than one. Management units have to be set up in each zone, each with its own complement of staff. All of this adds to the overhead costs of the programme.

2.3 GOVERNMENT CAPACITY

Another feature of the environment in which programmes such as JPLG have to work is the generally weak capacity of government units at each tier. This is due to numerous factors, chief among them the very low stating point after decades of conflict and violence and slow progress in implementing policies for decentralization, limited funds and weak human resources.

Decentralization. Despite the widespread commitment to decentralization in charters and constitutions, little progress has been made towards implementation. The concept of decentralization is poorly understood and surrounded by confusion as to what it implies. The term "decentralization" is widely interpreted as meaning **devolution** of powers and authority to local government. In fact, the term also covers **deconcentration** of functions from central government to their units at the regional and district levels, as well as **delegation** of tasks to other institutions. These may or may not be an integral part of government, such as parastatals, public-private partnerships, the private sector, NGOs and other organizations.

Another source of inaction evident in both Somaliland and Puntland arises from a lack of commitment from line ministries, the reluctance of some ministries and line agencies to devolve responsibilities and functions from themselves to local governments. They fear not only a loss of control and authority, but also the likelihood of staff cuts and smaller budgets.

The major constraint in implementing forms of decentralization, however, is unquestionably related to poor legislation governing the issue and up until now limited political willingness to engage on the subject. Both Law No 7/2003 in Puntland, Law 23/2002 and its 2007 amendment in Somaliland, fail to take into account the

fiscal implications of transferring responsibilities, and the need to provide necessary funding to enable local government to undertake devolved functions. This is an issue that will need to be addressed under JPLG II.

Government revenue. In recent years, central government revenue in Somaliland and Puntland has been growing rapidly. In Somaliland, it is now estimated to be USD 50 million, up from USD 10 million in 2002, and is projected to reach USD 90 million in 2013. In Puntland, government revenue is today estimated to be USD 39 million, up from USD 5 million in 2003. In both cases revenue is derived mainly from taxes on imports and exports and is reported to include substantial contributions to the exchequer from big business, although the proportions are not known. While this represents a dramatic improvement, it should be noted that these increases start from a low base and are still far short of what is needed for both routine operations and capital investment. Salaries and allowances for staff, and the costs of maintaining security absorb the bulk of central government revenues, often over 60%.

As reported in the World Bank/UN Joint Needs Assessments (JNA) 2006, levies and fees collected rarely exceed $2.00 per inhabitant per year in rural areas and $4.50 per inhabitant per year in urban areas. This is well below the norm for Least Developed Countries, which is between $20 and $50 per capita per year. This vividly illustrates the challenge facing central and local governments in Somalia in mobilizing adequate funds to pay for public infrastructure and services.

At the local government level, the situation is far worse except for a handful of municipalities that benefit from sharing import and export taxes levied at ports. For most other districts, own source revenues are meager, mostly from taxes on urban property, fees on livestock trading, user charges for some services and business licenses. Even under better conditions, own source revenues are unlikely to generate more than small fraction of what local governments need. As in many other countries, they depend heavily on fiscal transfers from central government.

Human resources. Another constraint undermining government capacity in Somalia is the scarcity of qualified human resources. In part this reflects years even decades of poor education services and opportunities for learning and enhancing skills. Even in 2012, for example, only 44% of children of primary school age in Puntland were enrolled in school. Data for Somaliland indicates that in 2006, 40% were enrolled, sharply up from only 23% in 1999, but still below levels that are needed to fund their mandates[1]. Reliable data on the proportion of children graduating from high school is not available, but inevitably must be considerably lower, and those with a university degree even lower still. To a limited extent this paucity of human resources is offset by the return of Somalis from the diaspora, many of who have acquired advanced university degrees and considerable experience in government and business. These individuals may often be found among senior officials of central and local government, but they represent only a small fraction of the number needed. Another factor that compounds the problem is the frequent turnover of officials and staff, particularly at the level of local government, in part due to poor employment conditions, but also to better opportunities elsewhere and not least to political intervention.

The combination of these factors has undermined the ability of local government to deliver basic services to their constituents, a major concern of JPLG. Recent studies on functional assignments in core social services show that the service delivery mandates of local governments are either un-funded or severely under-funded in most districts. The delivery of health, education, water and sanitation are either de facto provided by local communities or the private sector, or delivered by donors and NGOs. This clearly undermines the legitimacy of the local government system as the core institution for mediating and prioritizing between competing interest and needs in delivering public goods. Central governments have little alternative but to continue broadening and strengthening the tax base if they are to ensure funding for the delivery of core services mandated to local government.

While increasing revenues to central governments widens the scope for inter-governmental transfers, the overall fiscal resource envelope is still vastly inadequate. Most of it goes to staff compensation and routine operational costs, with virtually none left for investment. Not all government staff receive salaries regularly, which undermines the ability of government to attract and retain qualified and motivated staff.

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[1] *Studies on Sector Functional Assessments within Education, Health and WASH in Somaliland and Puntland*. Geopolicity for UNICEF, 2012

More fundamentally, the formula by which districts are allocated resources is by no means transparent. Part of the allocation is based on estimated revenues which the districts used to obtain from 'transport taxes', or *octroi* as it is known in south Asia, that were collected at checkpoints mainly around large urban areas. Current allocations obviously favor those districts, which had substantial traffic flows. Allocation criteria also include population and poverty estimates but their weighting is unclear, partly due to the scarcity of data. Finally, and perhaps most importantly, district representatives (most notably mayors) engage in a bargaining process with central government over allocations, which favors those with greater political influence.

2.4 ECONOMIC PERFORMANCE

Somalia is one of the poorest countries in the world, and is ranked last in terms of household deprivations in education, health and living standards.[2] While some areas have benefited from strong economic growth, others have lagged behind, creating large gaps between richer and poorer districts. Meanwhile, poverty remains high, as does unemployment and under employment.

There has been no official census for many years, but a UNDP survey in 2005 estimated the population of Somalia to be 7.7 million people with over 73% of the population living on an income of less than USD 2.00 per day. Approximately two-thirds of the population lives in rural pastoral areas and one-third in urban areas, a division that is closely mirrors the extent of poverty. During the period 2000 to 2002, almost half (43.2%) of the Somali population lived in extreme poverty. Extreme poverty is most prevalent amongst rural and nomadic populations, estimated to be 53% of the total, whilst among urban population the figure is estimated to be 23.5%[3]. The percentage of population in Somalia under the age of 18 is estimated at 55% and the proportion of households headed by women at 40%. A large number of unemployed young men, largely illiterate, with weakened clan affiliations, are said to be easily lured into illegal activities.[4]

Urban unemployment across Somalia is estimated at 60%. Urbanization is increasing rapidly with many groups, especially internally displaced people, migrating to more developed areas in search of better livelihoods and employment away from areas of conflict. Urbanization is fuelled not just by insecurity and conflict. As in other parts of the world, other factors include sharp differences in economic performance, regional trade and the quality of urban services, not to mention the ups and downs in world prices for commodities faced by producers in the agricultural sector. People move in search of livelihood opportunities ostensibly to be found in urban centers where new productive sectors are particularly dynamic. The population of the port city of Bossaso in northern Puntland, for example, increased over the past 20 years from 20-30,000 to the current estimate of 165,000 people.

Meanwhile, both Somaliland and Puntland have seen strong economic growth over the last decade due to the comparatively stable security situation allowing an increase in private sector activity, strong inflow of remittances and increasing donor funding. Imprecise estimates put GDP per capita between USD 300 to 400 in both areas.[5] This has contributed in part to increased government revenue throughout the five-year period of JPLG I.

Somaliland authorities will need increased revenues and aid to finance the ambitious strategies that are contained in the National Development Plan (NDP, 2012-2016). At the macro level the NDP focuses on sustainable development and poverty reduction. In doing so the NDP addresses structural and institutional challenges in order to achieve the public, social and economic transformations required. The NDP aims at creating an enabling environment that is conducive to employment generation especially among the youth, human resource development, technological advancement, effective and efficient governance, increasing competitiveness and rising income levels. This requires higher and sustained government investment in infrastructure, institutional capacity development, and legal and policy reforms. During the five-year period of the NDP, public investment priorities will include: construction and rehabilitation of the road network, expansion of airports and ports, development of the energy and water sectors, development of agriculture

[2] UNDP, Human Development Report, 2011.
[3] UNDP and the World Bank, Somalia, Socio-Economic Survey, 2002: UNDP Human Development Report, 2001
[4] UNDP, Human Development Report, 2011.
[5] See for example Somaliland Ministry of Finance and Ministry of Finance, Puntland.

and industry, human resource development, environmental protection, the expansion and strengthening of service delivery, and the promotion of science, technology and innovation. The development approach of the NDP intertwines economic growth, social development and environmental sustainability. The achievement of these goals will be pursued in cooperation with the private sector, which will remain the engine of growth and development. The government will also seek to reach out to and engage the Somaliland diaspora who are already an important source of assistance, investment and know-how.

Puntland is estimated to account for one third of the total population of Somalia. In its development plans, the government has identified seven core objectives, which are being pursued:[6]

1) State Security and Stability. This entails a reform of the security sector in order to gain and increase confidence in the government by e.g. demobilizing and downsizing the militia and modernizing the security force;
2) Governance and Institutions. Improving the quality of governance is critical for sustainable peace, security, democracy and development and focus here is on good governance, justice, rule of law, accountability and transparency;
3) Public Finance Management. Restructuring public finance management is one of the high priorities and key will be to balance the budget to stimulate growth in the private sector;
4) Provision of Social Services. Emphasis is on investing in human capital and human resource development. One key element is the building human resource base for the future of Puntland through empowerment, capacity and skills enhancement, including the provision of health and education. This will also facilitate the achievement of the MDG targets;
5) Promotion of leading productive sectors. The three subsectors; Livestock, Fisheries and Agriculture are the mainstay of the economy and coordination in these subsectors will be strengthened and their activities will be monitored to ensure capacity building and institutionalization of programmes for sustainability. Further activities shall be harmonized with other government actions;
6) Infrastructure development. The economy depends on rehabilitation and maintaining infrastructure. The government is committed to rebuilding and maintaining current infrastructure as part of efforts to build her economic capacity; and,
7) Natural Resource Management. Puntland is endowed with many minerals and other natural resources on land and along the coast. The government will promote the sustainable exploitation of the natural resources without compromising the environment.

Little information is available on the economy of south and central Somalia, due in part to the absence of government departments collecting relevant information. Dated information from the World Bank and UNDP for the years 2000 and 2001 indicate poverty and economic indicators are worse than in Somaliland and Puntland. Due to continued conflict in the zone, the gap has probably only widened over the years since then.

Despite the growth in economic activity in Somaliland and Puntland, poverty reduction and job creation remain critical priorities for all parts of the country and a major challenge for development partners including JPLG.

2.5 THE EVOLVING POLITICAL CONTEXT

Recent political events offer a more promising future for Somalia. The Kampala Accord, Mogadishu Roadmap, Garowe I and II Principles, Galkayo Agreement, the Addis Ababa Communiqué and other related agreements set out targets for ending the mandate of the Transitional Federal Government (TFG) in August 2012 with the aim of establishing a new provisional federal government and a more representative parliament, called the House of the People of the Federal Parliament. Initially the members of parliament have not been elected, but appointed largely along clan's lines. With approval from 825 Somali leaders that made up the National Constituent Assembly in early August, the federal parliament has been charged with drafting a

[6] See Ministry of Planning & International Cooperation: Puntland Development Plan - Effective management for progress in Puntland' January 2010

provisional constitution.[7] On 20 August 2012 in Mogadishu, the day the mandate for Somalia's UN-backed transitional government expired, Somalia's first formal parliament in more than 20 years was sworn in.

The Mogadishu Road Map in particular, sets out firm targets with agreed timelines on the finalization and adoption of the Constitution. This is expected to address principles of good governance, including transparency and accountability and public financial management, amongst other issues. These benchmarks and commitments have previously been reiterated in international dialogues on Somalia including the London Conference (Feb 23, 2012) and the Second Istanbul Conference (May 31, 2012). Important agreements and commitments were made in relation to post-Transition arrangements. These provide an important strategic framework for JPLG II, and are addressed in greater detail in Chapter 3.
Upcoming local elections in both Somaliland (late 2012) and Puntland (2013) will likely also impact JPLG II's ability to support local governance. While obviously these elections are important manifestations of the ongoing democratic transition, they also pose risks. The transfer of political power may involve substantial turnover of local government staff, which could potentially undermine capacity development efforts upon which the Programme rests. These elections may also be accompanied by heightened tensions possibly threatening peace and security in some areas. JPLG is already engaged in discussions with key stakeholders to mitigate these risks, while also supporting the important democratic process.

2.6 INTERNATIONAL SUPPORT

Donor support to Somalia has increased substantially in recent years due to the perceived strategic importance of restoring peace and stability in the area and rebuilding the state according to principles of democratic governance. Funding to both Somaliland and Puntland has been significant and may increase, not least in Somaliland where relative stability and peaceful democratic transition of power have instilled more confidence among the international community. However, donor harmonization in Somaliland and Puntland remains incomplete. The way in which donors have traditionally provided assistance to Somalia is largely shaped by a humanitarian and post-conflict setting and is increasingly problematic from a developmental perspective. Most donors have provided assistance through the establishment of their own systems, procedures and accountability frameworks, creating different community groups, steering committees, monitoring frameworks and reporting lines that originate mainly from the needs of the donors to deliver aid quickly with tangible results. Over time and with the emergence of stronger and potentially more legitimate and domestically owned governance structures, the previous aid delivery modality has evolved into parallel systems that are not necessarily consistent with domestic ones.

JPLG I has been one of the first programmes in Somalia to begin focusing more on emerging domestic governance structures. In the long term, this is one way to strengthen the emergence of a state that is legitimate, inclusive, responsive, effective and accountable to its citizens. Other programmes may follow, and recent initiatives such as the joint DFID and Danida supported Somaliland Development Fund are also steps towards improving aid effectiveness through developing a more cohesive approach aligned to the government owned Somaliland National Development Plan. In this context it will be important for JPLG II to continue its pioneering role in breaking new ground for alignment and harmonization around domestically owned governance and accountability frameworks.

While shorter-term humanitarian approaches are vitally necessary to meet urgent and immediate needs, the JPLG approach focusing on local government has demonstrated the need to address systems, procedures and institutional capacity building in order to achieve longer-term development goals that are sustainable. This approach and others designed to strengthen institutional capacity require continuing efforts over an extended period of time, which in turn calls for Somalia's partners, including donors, to undertake multi-annual commitments[8] that can be counted on to support and consolidate these efforts towards achieving longer term goals.

[7] Also known as the Garowe principles, agreed in the capital of Puntland in December 2011. See e.g. Economist Intelligence Unit.

[8] Some donors (e.g. Danida) have started making multi-annual strategy frameworks and funding commitments, but this is still the exception, rather than the rule.

2.7 ACHIEVEMENTS OF JPLG I

The JPLG I has made important progress in a number of areas, pertaining to conflict resolution and peace building, improving the policy framework shaping the configuration of local government, the development of more capable and accountable local governments, improved access to services, and the interface for government-community interactions and partnerships. In many respects JPLG I has only started this process and progress has been (and will continue to be) uneven with occasional setbacks. However it will be important for JPLG II to build on these foundations and to consolidate and extend important achievements, especially considering the current 'development moment' that has emerged for Somalia's domestic and international partners to extend peace, stability and social progress in previously inaccessible areas.

2.7.1 Policy, legal and regulatory frameworks

JPLG I has made significant contribution to raising the issue of local governance and the associated policy and regulatory frameworks on the political agenda. The Programme has produced policy papers and outlined options for improving the policy environment that could guide much needed systemic decentralization reforms. Currently the legal framework remains inadequate in both Somaliland and Puntland, whereas the new federal level constitution only includes a few broad clauses on decentralization. JLPG I has facilitated discussions on clarifying the legal framework and promoting decentralization. In Somaliland and Puntland, these discussions have been made more inclusive and now include DGs from relevant central and sector ministries as well as members of parliaments, local governments and CSOs. However while these discussions have been helpful in identifying the challenges posed by an incomplete legal framework, actual progress on developing and implementing a decentralization policy has been slow. This partly due to cross-cutting nature of decentralization, which requires careful consideration and buy-in among many ministries.

JPLG II will build on the important processes, discussion, studies and fora that have been established, but will further solicit high level political support that is capable of driving the process forward. Ongoing efforts to identify and promote high-level champions of decentralization (e.g. vice-presidents) will be accelerated under JPLG II, given the evidence on the critical importance of political commitment.

Supporting and engaging champions at the centre will also allow for better management of tensions between increasingly empowered local government and the centre. Moreover the work on developing more coherent and clearer policy framework delineating the roles and responsibilities between the centre and the local governments will also assist in building consensus on the configuration of the state as regards local-central relations. The increasing focus on the involvement of central ministries will also facilitate better engagement and coordination at central level, whereas the piloting of the service delivery models should also be seen as vehicles for promoting policy consistency in localized implementation practices. This will also entail close alignment with central level efforts on PEM and procurement.

2.7.2 Promoting conflict resolution and peace building

First of all the JPLG I has adopted a 'do no harm' policy, which has entailed careful screening of its interventions to ensure that they do not provide conflict inducing incentives. A key eligibility criterion is thus that JPLG has only entered and supported district where its presence and activities would not result in dispute and conflict. Beyond that JPLG I has taken important pro-active steps to promote security, stability and conflict resolution. Most directly, public meetings have been organized on security issues through village committees, and funding was mobilized to ensure the extension of law enforcement to rural districts, which has also improved relations between LGs and their constituent communities. These partnerships are critical determinants of LGs effectiveness in improving security, which has create a robust platform for extending such partnerships to more development areas as described in the next section. Training on conflict management throughout Somalia has also yielded significant results, and new approaches have been successfully tested in south and central Somalia, where the security situation remains complex. For example, JPLG I assisted in introducing a dynamic risk assessment methodology in Adado district.

These efforts will be further accelerated under JPLG II through inclusive DDF processes, social accountability tools, civic education and conflict management training.

2.7.3 Partnerships with communities and the private sector

While local governments have been a key entry point for JLPG I's interventions, the Programme has also facilitated strong, dynamic and organic links with non-state actors. This has been a key ingredient in restoring peace and building a stronger state-citizen nexus. Mayors, councilors and the local administrations have increasingly been reaching out to their constituents, by offering concrete platforms for substantive participation in policy formulation and project prioritization, as well as partnerships in implementation. One avenue to promote this has been the District Development Frameworks, which has enabled communities to engage in the planning process. This is not only framed as a bottom-up process in which demands are voiced and partially reflected in the DDFs, but as a means for managing expectations on what LGs (and by implication JPLG) can reasonably be expected to deliver. JPLG I has also helped local governments to explore better ways to promote the *co-provision* of services, since most local governments for the foreseeable future will have to rely on other service providers to meet expectations. The planning process, including well-attended open council meetings, has set new standards for transparency and inclusive decision making, which has been complemented by civic education on citizens' rights and responsibilities. Moreover the consistent use of community monitoring groups has also demonstrated the potential for improving social accountability, and recent attempts to link such groups to more robust institutional structures, such as village and district councils, creates opportunities to develop sustainable mechanisms for enhancing accountability of these institutions. JPLG II will build on this experience to better align DDFs to policies and plans developed at the central-level.

The JPLG I has also facilitated substantial engagement between local governments and the private sector through both training and implementation of all aspects of contractual management, including specifications, procurement, implementation and quality assurance. This initially took place in the context of the district-based Basket Fund and subsequently the LDF. In Somaliland and Puntland, JPLG has more recently worked intensively on creating an enabling environment for public private partnerships and local economic development, efforts that will be further expanded in JPGL II.

2.7.4 Capable and accountable local governments

JPLG's focus on local government is unique among programmes in Somalia. During Phase I, most local governments supported by the Programme have seen substantial improvements related to revenue generation, planning, budgeting, project management, expenditure control and implementation. JLPG I has successfully complemented capacity development, technical advice and funding into a package that has allowed local governments to take on the role of development organizations, with increased accountability, transparency and inclusiveness vis-à-vis their constituents.

In many instances JPLG has pioneered approaches that radically change the perception among councilors, administrative staff and citizens on what local governments are meant to deliver and how they can develop into vibrant institutions for mediating competing interests in a process characterized by dialogue and transparency, rather than confrontation and conflict.

Many challenges still face local governments in fulfilling this role, including inadequate policies, legislation and regulations, and the fragile political environment characterizing much of south and central Somalia as well as areas in both Puntland and Somaliland. Despite improvements, significant challenges remain in service delivery, which needs to be improved in districts already covered by JPLG I, and extended to new ones, where feasible. JPLG II will thus focus on both consolidation and expansion, especially the latter in newly accessible districts in south and central Somalia.

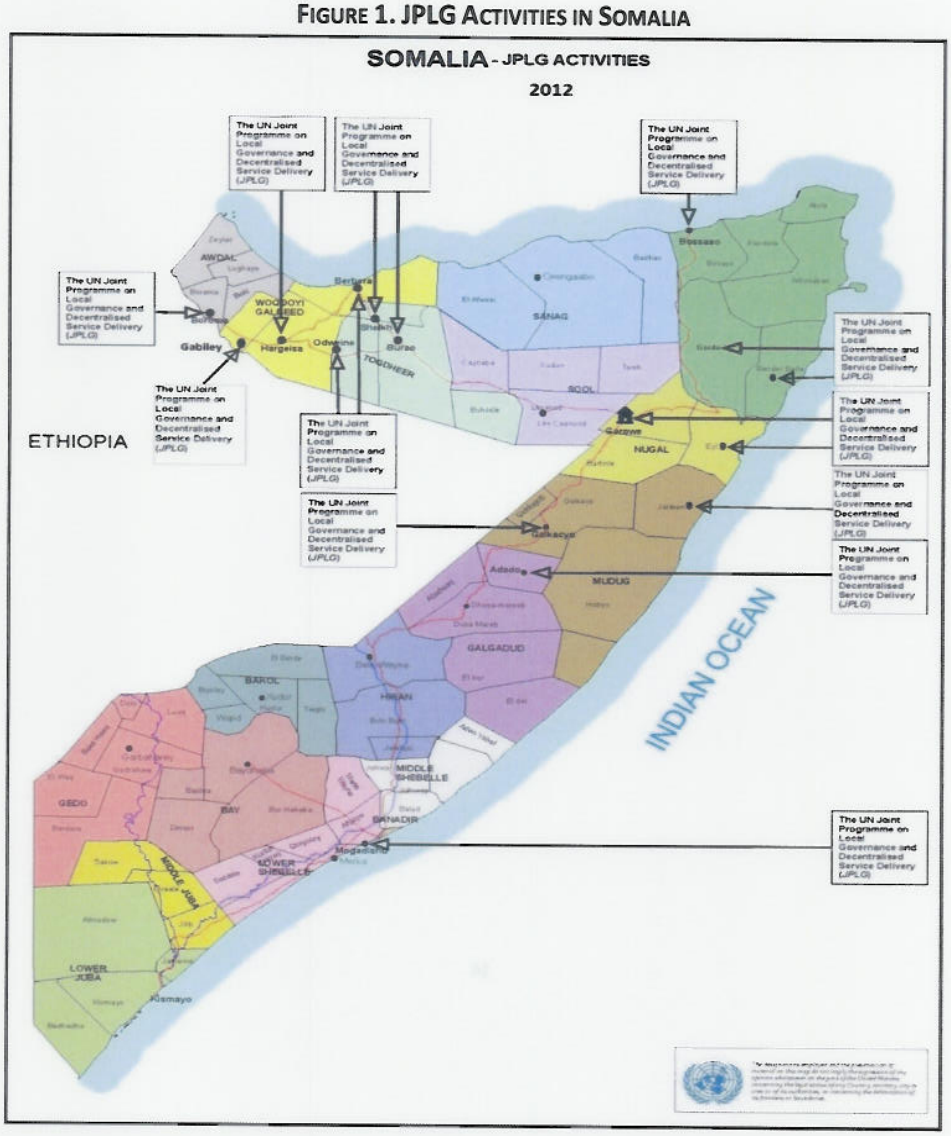
2.7.5 *Service delivery and reach of JPLG*

At the local level JPLG has been rebuilding public confidence in the legitimacy of state institutions partly by restoring and expanding the decentralized provision of physical infrastructure and delivery of public services, particularly in health, education, water, sanitation and economic infrastructure. This has been based on community and local government priorities, with due consideration for the gender and poverty implications.

In Somaliland and Puntland, JPLG now provides assistance in close to 100% of grade A and B districts. In Somaliland, these are Berbera, Borama, Burao, Gabiley, Hargeisa, Odweine and Sheikh, and in Puntland they include Bossaso, Gardo, Garowe, Galkayo, and three new districts, Bandarbeyla, Eyl and Jariban. Political and security considerations have forced JPLG to suspend operations in Galkayo. Most of these districts meet jointly agreed minimum standards and thus have access to the Local Development Fund (LDF), whereas those that do not can access support for capacity development.

In south and central Somalia the JPLG I has used a phased approach in an even more granular fashion enabling it to respond to a fluid context. With the support of JPLG, basic local governance interventions and rehabilitation work have been implemented in the 16 districts of the Banadir regional administration (BRA). Consultations have also taken place between JPLG, the MoI and the BRA to define opportunities and options to expand the scope of JPLG activities and also to operate in other regions of south and central Somalia. Since 2012, work has also started in Adado district; about 400 kilometers to the north-east of Mogadishu and the first DDF and District AWPBs were recently completed, which allows a few prioritized projects to be funded.

FIGURE 1. JPLG ACTIVITIES IN SOMALIA



2.7.6 Complementing other initiatives, ensuring coherence and aid effectiveness.

JPLG I has provided substantial added value and complementarity to support from other development partners. This has manifested itself in a number of areas, including public administrative reforms, public financial management, capacity development for central and local government, and service delivery. Here the JPLG has consistently applied a local governance perspective, which has ensured that the many national plans, strategies and procedures produced, are better anchored in the realities facing local authorities and that more effective links are created between central and local governments.

The LDF has also provided valuable lessons on how to improve local public expenditure management by combining capacity development with the provision of grants that have enabled local authorities to combine both training and practice, with encouraging results, that will feed into ongoing PFM work at the central level. Moreover strong linkages to the central level, for example with the Ministries of Interior and Finance In Somaliland and Puntland, has ensured that the LDF concept is gradually being mainstreamed and used as a mechanism for central governments to innovate around intergovernmental fiscal transfer systems and the associated accountability and governance frameworks. Again this will inform and complement wider PFM reforms, if and when they gain momentum.