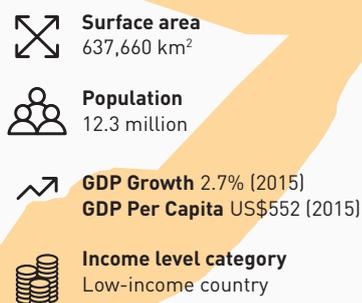




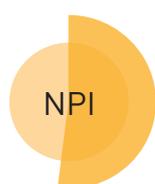
## 1. Country Context

Somalia is a recovering, fragile country. After two and a half decades of conflict that destroyed much of the infrastructure and institutions, Somalia has been inching towards stability. Somalia's economy has shown remarkable resilience as its vibrant private sector helped maintain economic activity through provision of money transfer, transport and telecommunications. Medium-term annual real GDP growth is projected at about 5%. Somalia has started to lay the foundations for poverty reduction and shared prosperity. However, its economy, which has been surviving thanks to the private sector, remains vulnerable, as recovery continues to be hampered by the limited financial resources and insecurity. Development indicators in Somalia remain among the worst in the world. It is the fifth poorest country with one of the lowest levels of literacy worldwide. While the government is almost totally dependent on official development finance and remittances, it is developing a norms-based system for resource allocation. Net ODA provided to Somalia was reported to be US\$1.1 billion in 2014, and the size of ODA has grown recently. The largest development partners having reported to this monitoring round include the United Kingdom, UNICEF, World Bank, Norway and UNOPS.

### Quick Facts

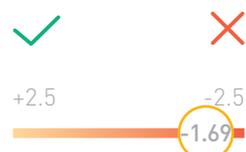


### Key Development Indices:



National Poverty Index 52% (2016)

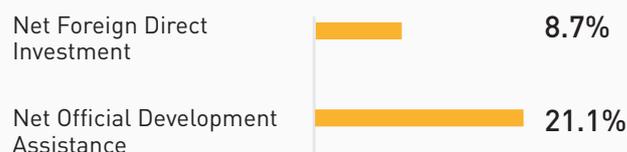
ODA per Capita US\$105 (2014)



Anti-corruption Index: -1.69 (2014)  
(Highest anti-corruption: +2.5)

### Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



### Key Development Challenges

While Somalia's humanitarian situation has slowly stabilized, it remains fragile. After years of conflict, the country is consolidating gains in peacebuilding and focusing its efforts on setting up strong state institutions and an inclusive development process. Strengthening national institutions and systems, promoting inclusive political processes, ensuring security, promoting equal access to justice and social services and building sustainable livelihoods continue to be Somalia's key development challenges. The country's dependence on agriculture and livestock in particular reflects its narrow economic base and vulnerability to adverse external and environmental shocks. Economic exclusion has resulted in widespread vulnerability.

## 2. Efforts to Implement the Effectiveness Principles

### A. Policies and Tools for Partners' Alignment

Somalia is part of the g7+ and of the New Deal for Engagement in Fragile States, which were developed to increase the alignment of official development finance. The New Deal is helping Somalia to make development more responsive to the needs of citizens. Official development finance is increasingly channelled through the Somalia Development and

Reconstruction Facility (SDRF), a financing architecture established for New Deal implementation that provides strategic guidance for development activities in Somalia. Multi-partner funds support joint programmes that are aligned to the SDRF framework. The federal government is leading efforts to improve the alignment of official development finance. The SDRF

Steering Committee has a role to play in determining whether development co-operation is aligned. Somalia has also shown interest in longer-term development and alignment with SDGs that are expected to be mainstreamed into the new National Development Plan (2017-2019).

#### Major Development Partners of this Round (by Reported Disbursements)



**Participation in 2014 Monitoring**

No



**Existence of a National Co-operation Policy**

Yes

### B. Governance and Management of Development Finance and Co-operation

The Somali Compact (which will be replaced by the National Development Plan in 2017) is a roadmap for development priorities in Somalia. The Aid Coordination Unit at the Office of the Prime Minister and the Ministry of Planning & International Co-operation are the main government bodies engaged in promoting the coordination and management of official development finance. The Somalia Donor Group (SDG) is the primary partner coordination mechanism for Somalia. It includes the vast majority of bilateral partners and meets regularly. Dialogue and policy discussion on Somali Compact implementation occur in a three-tier

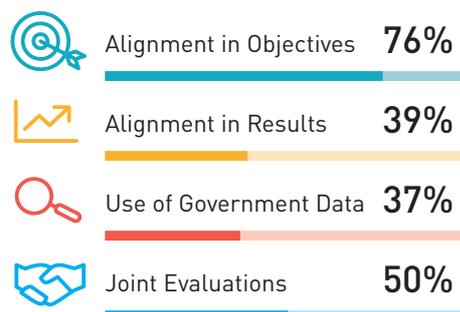
arrangement: the High-Level Partnership Forum (HLPF) for strategic alignment; the Somalia Development and Reconstruction Facility (SDRF) Steering Committee, which oversees and guides implementation of the New Deal Compact; and associated peace- and state-building goal working groups for technical coordination. Recognizing the potential for improved data on official development finance, government authorities requested in 2015 support from UNDP and the World Bank to conduct a review of the current system and develop a pragmatic strategy for an improved Aid Information Management System (AIMS) in Somalia.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

Seventy-six percent of development co-operation reported in 2015 aligned to national objectives. However, only 39% includes country-led results and 37% uses the country's monitoring systems. Fifty percent of the projects are jointly evaluated by the government and partners. There is considerable variation in the use of country results frameworks among partners. The

Somali Compact provides a monitoring framework with strategic objectives, priorities and milestones. The National Development Plan, under preparation, will have national results and associated M&E frameworks, with clear targets and indicators. The government and its partners are also developing a monitoring and evaluation mechanism for the agreed goals and targets.

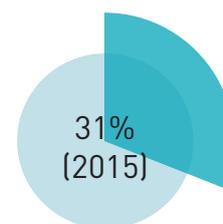


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

In 2015, only 31% of development cooperation was recorded in the government budget. The World Bank, the United Kingdom and Norway are the highest performers in this regard, with all of their official development finance

reported on budget. A majority of on-budget development co-operation is being delivered through SDRF-endorsed projects. The SDRF is providing a means to deliver a more reliable flow of development co-operation on budget.

### Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

With an average of 29%, Somalia offers a low rate of use of country systems. In 2015, only 29% of development co-operation used budget execution procedures, 30% followed country financial reporting and 28% adhered to auditing procedures. Some 28% of development finance used national

procurement. The Somali Compact aims to minimize parallel structures in favour of a gradual strengthening and increase in the use of country systems. Development partners recognize that using country systems even in a high-risk environment such as that in Somalia is essential for pursuing broader state-

building goals. No assessment of the PFM system has been carried out for more than 10 years. The Government of Somalia has developed a road map with specific milestones on the use of country systems. As regards the proportion of fully untied ODA, Somalia has shown stability (73% in both 2013 and 2014).

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	29%	30%	28%	28%		
INDICATORS 9A & 10.					N/A	73%

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Somali CSOs are consulted and civil society participates and provides valuable contributions to planning documents. However, civil society is less involved in aggregating interest group inputs and advocacy. There are no formal feedback mechanisms and there is no strategic approach to consulting CSOs. Access to government information by CSOs is limited. There are resources and training opportunities, but they are very limited. There are some CSOs with processes to address transparency in CSO operations. The NGO Consortium represents 80

NGOs and other CSO platforms are in place. There is no mechanism to facilitate coordination on programming among CSOs; development co-operation partners consult with CSOs, but not systematically. The private sector is willing to engage and interact with the government. The private sector has different capacities, some of which are more sophisticated than others; they are coordinated through the Chamber of Commerce. They have reasonable power to influence and interact with the government. Increasing the contributions that the existing private sector is making

to the public sector has considerable potential, but this is often neglected. The government offers the private sector no capacity-building. On the other hand, there is partner support to develop dialogue between the government and the private sector. There is a strong political commitment to promote private sector development in Somalia, as evidenced by the significant growth of the construction, financial services, telecommunications and ICT sectors, but the business community faces considerable operational constraints in translating rhetoric into reality.

### Indicator 8. Gender Empowerment

National gender policy is developed and gender has been mainstreamed within the Compact as a cross-cutting priority. Though having no specific systems for tracking allocations to gender, Somalia

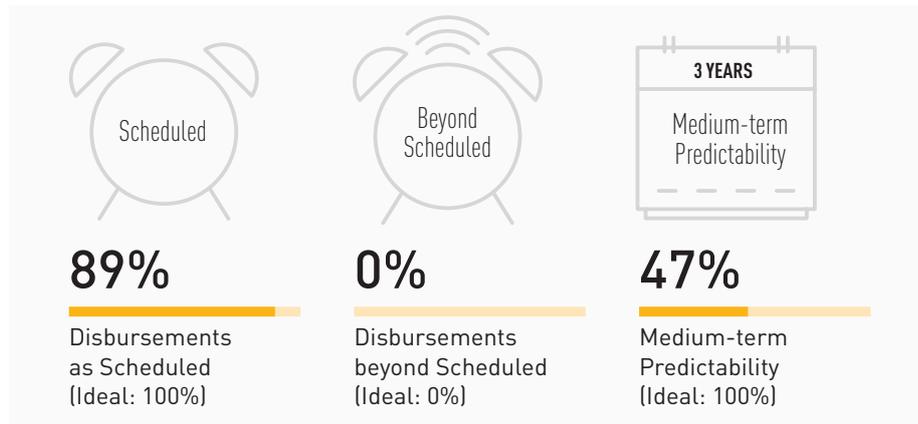
has been receiving finance for gender-related programmes. A multi-year initiative is promoting gender equality. Even though gender-related data pose a challenge, the new National Development

Plan proposes gender-specific priorities and indicators, which will inform budget allocation decisions.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

In 2015, 89% of development co-operation was disbursed as scheduled in-year and 47% was predictable for the next three fiscal years. Although some partners have provided forward-spending projections, most of them did not report beyond one financial year. The predictable delivery of official development finance is one of the 10 principles of good engagement in fragile states to accompany recovery and stability. However, Somalia has been experiencing a decade of 'ODA shocks', whereby ODA fluctuates by more than 15% from one year to another. This must cease if the executive is willing to administer the country in a planned manner.



### Indicator 7. Mutual Accountability

The Somali Compact is a nationally led framework serving as the main mutual accountability mechanism between government and development co-operation partners for the period 2014-2017. It includes partnership principles that articulate the development co-

operation relationship between Somalia and partners and sets specific country-level targets. Regular consultations with government and partners monitor the implementation of the partnership principles while the Compact review process assesses progress toward

these targets. Within the framework of the development of the new National Development Plan, the partnership principles are being refined to adapt to the current developmental context.

## National Priorities Going Forward

“

Somalia's National Development Plan (NDP) 2017-2019 aims to accelerate socio-economic transformation in order to achieve objectives for poverty alleviation, economic revival and societal transformation in a socially just and gender-equitable manner. The implementation of the NDP will entail making robust, sustained improvements in the political, security, governance, social and economic conditions in the country. During the three-year cycle of the NDP, priority investment will be made in the areas of security, the rule of law, governance, infrastructure, clean water, energy – including, most importantly, renewable energy – and the promotion of resilience. Great emphasis is put on reviving Somalia's traditional economic sectors, such as agriculture, livestock and fishing. With the longest coast in Africa and a near total collapse of road networks, sea transportation will be revived to facilitate movement of goods and people within – and outside – Somalia. All of this will be underpinned by strong governance, particularly in the areas of inclusive and democratic institutions, political participation, promotion of a vibrant civil society, transparent and accountable public administration, rule of law, protection of human rights and promotion of gender equality and women's empowerment.

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**Abdi Dirshe, Permanent Secretary, National Coordinator  
Ministry of Planning & International Co-operation, Federal Government of Somalia**

**Disclaimer** This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for the Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

For ease of reference, the term 'country' is used to refer to developing countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.