

Annex I

1. IDENTIFICATION

Title/Number	Support to governance and security sectors, Somalia SO/FED/022-755		
Total cost	European Union (EU) contribution: EUR 20 000 000, from 10th European Development Fund (EDF) A envelope		
Aid method / Method of implementation	Project approach – Direct centralised management and joint management.		
DAC-code	15210	Sector	Security system management and reform

2. RATIONALE

2.1. Sector context

Somalia is generally considered the world's most 'failed state', characterized by decades of chronic instability and conflict, the absence of a functioning national government and the parallel existence of different localised and often conflicting governance systems. These range from the two regional states of Somaliland and Puntland, which have been able to restore variable degrees of stability¹, but remain weak in governance and service delivery; potentially emerging regional administrations such as Galmudug; to informal clan-based, religious or “warlord” fiefdoms. Lacking fundamentally stable structures, most of these ad hoc local arrangements tend to be both vulnerable and volatile. As highlighted in the successive Somali Human Development Reports, their ephemeral nature and limited capacity hampers recovery and development efforts. Physical insecurity is prevalent across most of the territory, again with significant variations, ranging from open (civil) warfare in South-Central regions to the relative stability of Somaliland. Formal security sector structures and the rule of law are weak. The overall situation is increasingly recognised as creating a regional and in aspects (terrorism/piracy) global security threat.

Insecurity remains the key challenge and is further fuelled by the absence of legitimate and effective central institutions. A powerful war economy sustains the conflict in the South, where fighting for territory and control continues amongst forces of the Transitional Federal Government (TFG), Al Shabaab, Hizbul Islam and Allu Sunna Wa Jamma.² Spillover to the relatively more stable North remains a continuous threat.

With various internal and external 'spoilers' continuing attempts to derail the current process, governance support needs to achieve two goals (a) to translate into tangible results for the Somali people in terms of more security, stability, transparency and the rule of law, and (b)

¹ Somaliland successfully held presidential elections ushering in a peaceful transfer of power in 2010

² The TFG-ASWJ agreement presented a signal of TFG outreach but also lead to internal divisions on both sides. Its main parts remain to be implemented.

take forward the key deliverables of the transition, notably the democratic legitimisation of a post-transition government and the adoption of the new constitution.³

Beyond this overall context, governance assistance needs to carefully take account of the different regional dynamics of Somalia as well as of the interaction effects created through such variable geometry approach.

Sectoral policies vary across the territory according to capacity, access and overall stability. EU assistance is defined by the Joint Strategy Paper (JSP, 2008-2013), which is based on the Reconstruction and Development Programme (RDP). The multi-donor RDP is developed and updated during annual stake-holder consultations (in Puntland, Somaliland and South-Central). Together with the Joint Needs Assessment (JNA), it provides a guiding framework which also recognises the varying development needs and levels in different parts of the country. The proposed intervention is rooted in the priorities established in the first two 'pillars' of the RDP – governance, safety and the rule of law. Where and when national policies are developed, these are taken into account. The TFG has not as yet developed specific policies in the relevant sectors.⁴ In Somaliland more defined sectoral policies are being developed, including through support by EU governance programmes, e.g. support to police or civil service reform. Puntland's situation may be somewhere between those two poles and especially in the security sector only limited progress has been achieved.

Beyond this, relevant guidelines for Somalia include the OECD principles for good international engagement in fragile states, the EU framework for security sector support is in line with the May 2006 Communication on Security Sector Reform, the April 2009 Brussels Conference and the 2009 Joint UN-EU-US Security sector assessment (SSA) for South Central Somalia.

The variable drivers of Somalia's conflict include, among other factors, religion, clan pressures, economic competition, and a self-sustaining war economy. As a result, both traditional and 'modern' forms of authority have been destabilised and weakened. The main problem the intervention aims to address is the absence of human security and viable forms of functional public authority at national, regional, local level across most of Somalia, which would be able to interact peacefully, provide basic legal structures and frameworks for their populations and regulate or even implement the provision of basic services.

The central institutions, specifically the TFG, remain weak, characterised by in-fighting and often virtual rather than effective authority. Across the territory, institutions are marked by the absence of a stable domestic revenue base and lack of internal capacity. With regards to the TFG, this fact, and the long-standing support to the institutional framework defined by the Djibouti process, has led to the pragmatic solution of stipends paid to both political office holders and civil servants. Embedded in political dialogue, the ongoing need to support the basic running of central institutions has to be accompanied by capacity building measures within core ministries and continuous engagement so as to prevent the creation of purely rent-seeking structures. Engagement on revenue transparency is necessary to counter an emerging and often highly personalised 'aid economy'.

In this respect and given the so-far often limited results of institutional support in South Central, further support will be closely linked, and be contingent on, progress benchmarks and milestones that correspond to institutional reforms and the transitional agenda, as also

³ A draft constitution was prepared by the Independent Federal Constitution Commission in July 2010 to provide the basis for a public consultation process in the second half of 2010.

⁴ A draft 'roadmap' until the end of the transition remains at a high level of abstraction and existing work plans of ministries serve more symbolic rather than practical functions.

endorsed by Council conclusions on Somalia at the 3076th Foreign Affairs Council Meeting of March 2011 and reflected in the 'Somalia Head of Missions Action Plan' approved by the Political and Security Committee (PSC) on 1 April 2011.⁵

Beyond the failure of the central government, recent processes such as the difficult outreach to Allu Sunna Wa Jamma (ASWJ), the continuing relative success of Somaliland as well as the emergence of alternative regional administration underline the utility to look beyond Mogadishu in support to governance in Somalia, including South central. The negative consequences of the ASWJ agreement - internal divisions over potential spoils in the form of national posts - show the importance of support not just to the tip of the iceberg, but also to the local governance structures.

The programme responds to these problems through support to the implementation of peace agreements and outreach and by strengthening support to local governance (or 'island of relative stability') including to new areas, such as Galmudug region and Hiraaan or Himan & Heeb. This is in line with the principle of 'building on emerging governance' and aims to complement the continuous and necessary support to the Transitional Federal Institutions. In general, in South Central Somalia, several embryonic forms of government at local and regional level have emerged over the past few years which would benefit from carefully managed support, notably in terms of administrative training and participatory planning. This would reduce reliance only on the weak TFG institutions.

In the security sector, new needs have arisen both as a result of the increasing challenge of piracy and the potential spread of Al-Shabaab-related activities into Somaliland and Puntland, for which security sector approaches that include community based policing and a stable Rule of Law framework present vital responses. Most importantly maybe, the specific challenges of the final phase of the transition period need to be explicitly addressed so as to prevent the demise of what should be the key political dynamic in Somalia today. This includes support across the key transitional tasks, including the constitutional process and deliberations around the appropriate legitimization process for a new, post-transition government in the course of 2011.

2.2. Lessons learnt

Lessons learnt from past interventions indicate the need to: improve impact through clearer and more coordinated priority setting and dialogue; identify in advance robust and realistic benchmarks for joint commitments that are endorsed by all parties (see above and footnote No 5); provide for flexibility in financing and implementation modalities in order to respond rapidly with a "peace dividend" for positive political developments as they arise; and to accommodate Somalia's "variable geometry" in terms of regional and local needs and capacities through a decentralised approach that emphasises transparency and accountability. These lessons are increasingly incorporated into the joint strategic and operational framework developed for multi-donor initiatives in the governance sector.

More generally, increased presence and monitoring are key to responsible programme management (see below). Finally, the 'focus on state-building' should shift to a more context-appropriate attempt to support the creation of viable public authorities at various geographical or sectoral levels which are able to interact peacefully with each other and their publics.⁶

⁵ See Council Conclusions on Somalia, 3076th Foreign Affairs Council meeting, Brussels 21 March 2011, notably conclusion three: "future support to the TFIs, including stipends for parliamentarians, should be contingent on progress on reform and delivery of the transitional tasks"; and conclusion four: "The EU stands ready to contribute...to the implementation of the agreed reform agenda for the TFIs on the basis of clear agreed benchmarks with a timeline for implementation"

⁶ Somalia was only a (semi-) functioning state during a small period of military dictatorship and it seems likely that a loose federation of authorities under a constitutional umbrella presents a more realistic model for the future than a 'state' in which

Recent evaluations of precursor actions include those related to the Community-Driven Recovery and Development Initiative (Danish Refugee Council/World Bank) and 2010 evaluations of the 'One-UN' Joint programme on Local Governance and the broader UN Development Impact Assessment for Somalia. The resulting recommendations will be taken into account in the design of this intervention. Results oriented monitoring (ROM) missions on the Joint Programme on Local Governance (JPLG) and the Rule of Law and Security Programme (RoLS) took place in 2010. Both reports commended the continuous high relevance of the related interventions and their findings will inform details of the proposed programmes.

Until now, the EU's core support to local authorities was channelled through the United Nations Joint Programme on Local Governance. This programme is successful, but unable to reach areas in which formal governance structures are not clearly defined. Its geographical reach is limited to various districts in Somaliland and Puntland as well as Banadir region. To increase our flexibility and geographical scope, we will pilot assistance to the central regions through the community-based governance programme of the Danish Refugee Council. This also serves to broaden the range of our partners in the governance sector.⁷ Through the UK Department for International Development (DfID) a comprehensive mapping of institutional support to the Transitional Federal Institutions (TFIs) by various donors also provides a means to avoid duplication and align support.

In terms of the OECD principles of engagement, context needs to be carefully accounted for and linkages between political and economic spheres recognised. At the same time experience shows that the ongoing limited access and de-facto conflict situation make this a significant challenge. Partially as a result, operationalising the do-no-harm principle becomes crucial for any consideration of support to the institutional development across the territory, especially in South Central. Stipends do indeed carry high risks and should be embedded in clear risk assessment and exit strategies. In the Somali context they aim to provide a breathing space for weak institutions, allowing the maintenance of human capacity during a crisis situation and provide a modicum of stability and the space to create consensus around common political goals of the transition (or increase leverage). Yet their utility is ultimately a function of our ability to combine them with capacity building efforts and link them to clear progress around a series of core milestones of the transitional process and beyond. In line with this thinking, the "EU Somalia Unit" (part of the EU Delegation in Kenya) has initiated a multi-donor process of benchmarking of support to the TFIs (annexed). It will also undertake an evaluation of the Support to Institutional Development (SIDP) and RoLS programmes in 2011 whose terms of reference will directly address the issue of stipends.

Ultimately, alternatives to the approach chosen here include an exclusive focus on the TFIs or a state-building approach centred strongly on Mogadishu. This received greater emphasis during the last couple of years and has proven unsuccessful given the current conflict situation and the various interests that sustain it. It would also run counter to the positive experiences of Somaliland and Puntland, among others. A second option, should the above risks prove too costly, would be a move away from governance support to a more purely humanitarian approach, forfeiting for now the attempt to provide a sustainable and long-term solution to the Somalia crisis.

To decrease the stipend component of the governance programme, a greater disengagement from the transitional federal institutions is also possible, but does not seem likely in the

nation and administration are contiguous, the means of violence are monopolised and clear territorial boundaries demarcated and policed

⁷ The DRC programme has established a harmonisation strategy with the JPLG to integrate into regional authority structures once these are formed and stable.

current political context. It could however be a result of the conclusion of the transitional period if the benchmarking process and corresponding stipend payments prove unsuccessful and the conclusion is drawn that there is no ultimate benefit to derive from such support.

2.3. Complementary actions

EU engagement with Somalia is multi-dimensional, military, developmental and humanitarian. This includes contributions through the *AU Peace Facility* and the *Stability Instrument* in support of the deployment of African Union Mission in Somalia (AMISOM) peacekeeping force, the European Security and Defence Policy (ESDP) Training Mission of TFG forces in Uganda (EU Training Mission-EUTM), the military operation "Atalanta" and thematic instruments on migration and human rights as well as support for the economic and democratic role of Non-State Actors. The proposed action continues a rule-of-law based approach in the security sector, thus providing a vital balance to more focused interventions such as Atalanta and the EUTM, notably focusing on promoting development of the judiciary and civilian police forces as well as formal and informal conflict resolution and security management mechanism that form a vital part of Somali institutions today. The programme supports a land-based strategy to address causes and consequences of piracy and forced migration and is complemented by ongoing work with NSAs that serve to strengthen the role and articulation capacities of organised civil society. It constitutes present reinforcement of existing support in the governance and security sector⁸ in light of the particular needs of the transition period. However, it also opens up new modalities with regards to operational flexibility and geographical expansion of support in the South-Central region. Most of the proposed action relates to multi-donor programmes, thus assuring complementarity and coordination. To implement the benchmarking component of the institutional support, political dialogue and development agendas require greater coordination.

2.4. Donor coordination

Donor coordination is regulated by the Coordination for International Support for Somalia body (CISS), supported by the Somalia Support Secretariat (SSS), which includes donors, UN agencies, NGOs and sector committees including the Human Rights and Gender Working Group, currently chaired by the "EU Somalia Unit" (within the EU Delegation to Kenya). The "EU Somalia Unit" also co-chairs (with Sweden) the Somali donor group as well as (with DfID) takes the lead in the institutional support working group, established in 2010. All United Nations Development Programme (UNDP) implemented programmes are governed through Steering Committee Meetings which are held separately for Somaliland, Puntland and South Central and in which donors, counterparts and UN agencies discuss annual workplans and strategy. With specific regards to the stipend component, a 'Stipend Task Force' has been operational within the framework of the Somalia Institutional Development Programme (SIDP) since early 2010. A recent mapping of donor contributions to institutional support to South Central is annexed to this document.⁹ Coordination in the security sector in particular is also organised through the regular meetings of the Police and Military Technical Working Groups, which directly feed into the Joint Security Committee. Governance and security matters are also coordinated more widely (if with serious deficiencies) under the umbrella of United Nations Political Office for Somalia (UNPOS).

⁸ Support to the Governance Sector – FED/2008/021-036/1

⁹ Figures are to be taken with caution and are only an indicative guide. The document does not include the conclusions of the Stipend Task Force as these are integrated within the overall SIDP budget.

3. DESCRIPTION

3.1. Objectives

Overall Objective: To promote a more peaceful, equitable and democratic society.

The **specific objective** is to deepen peace, improve security and establish good governance through the strengthening of Rule of Law and Security mechanisms as well as local and national institutions across the three regions of Somalia.

3.2. Expected results and main activities

1. Effective governance structures and systems based on democratic principles are established and/or strengthened and the key elements of the transition are taken forward

- selected local authorities are trained and equipped to identify, levy and transparently manage tax revenues and provide administrative and other services; where appropriate, local development initiatives are launched in support of these authorities/communities.
- key federal and regional institutions' offices and ministries are provided with basic infrastructure, equipment, technical assistance, training and support for running costs;
- lean federal and local administration are recruited and trained; the constitutional process is advanced and a clear roadmap for conclusion is devised and implemented.

2. Minimum security conditions are promoted: the programme will strengthen security sector governance, providing the requisite technical and financial assistance at federal and regional levels:

- the appropriate legal frameworks and provisions are developed/revised and implemented;
- parliamentary and executive oversight capacity is increased through training and equipment
- command and control structures in the security institutions are strengthened and clarified and the civilian role of the police is assured.
- police officers, judiciary and custodial corps are recruited, trained, equipped according to recognised standards and provided with basic infrastructure and, where necessary, stipends;
- drawing on the 2009 SSA, an implementation framework for comprehensive security sector support and reform is developed and agreed by all parties.

3. Reconciliation and outreach is supported at political and community levels:

Reconciliation is a key component of the ongoing peace process, particularly given the importance of dialogue in the Somali tradition as well as the necessity to find a post-transitional arrangement. In this context the intervention will provide support for continuous dialogue between all parties as follows:

- structured dialogue between and among federal and regional governments, parliaments, non-state actors and opposition groups is supported financially and technically;
- Wide public consultation within the framework of the constitutional process; and for further reconciliation initiatives.
- Formal and informal conflict-resolution mechanism are identified and strengthened.

The respective weighting of these components and their geographical focus within the overall intervention will necessarily be determined by political and security developments.

3.3. Risks and assumptions

Ownership: the risks of lack of ownership are mitigated through a number of coordination mechanisms outlined above as well as continuous informal engagement with all stakeholders. The risk is spread through the proposed closer engagement with Somali authorities at local level, which promises a lock-in effect across different actors/levels.

Institutional and management structures and economic and financial viability: risks of an 'aid economy' can only be mitigated through the process of goal identification, close contacts and programmes will need to include risk matrices that identify clear exit thresholds. The programme will support improved public expenditure management which aims to increase both domestic revenue collection as well as its management in the public interest. While the stipend components for police and the TFIs present unsustainable expenditures, they are seen as necessary interim measures to prevent the collapse of existing institutions and thus provide the platform for institution building and the completion of the transition. As noted in 'institutional and management structures' above, these expenditures in particular need to be closely monitored and tied to exit strategies and the tracking of clearly identified progression points so as to avoid feeding the already existing rent-seeking structures and the 'aid economy'. To this purpose the "EU Somalia Unit" in conjunction with other donors has engaged in a shared benchmarking exercise of assistance. This has been implemented with regards to parliamentary stipends in December 2010. The risk of corruption will remain prevalent (Transparency International ranks Somalia the 'most corrupt' country in the world) and can only be mitigated through continuous revisiting of systems in place (notably for stipends) and clear definition of exit strategies should mitigation prove insufficient.

Social and cultural issues: as noted below (cross-cutting issues), gender equality presents an ongoing challenge in Somalia. The programme will work to deliver the stability and human security needed for poverty reduction. Its governance aims to empower communities, including women and the most vulnerable to set their own priorities and hold authorities to account. All projects under this programme include elements of citizen accountability and rule of law which will serve as multiplier elements. The programme includes legal education components for key figures such as members of parliament in Puntland and selected police officers, including women who are expected to become poles of an increasingly professionalised network of rule of law professionals.

Human Rights and 'do no harm': especially in the security sector, the risk of directly or indirectly financing or supporting abusive practices remains paramount, evidenced not only in the continuous allegations regarding AMISOM from across the spectrum of civil society organisations, but also through reports of the UN arms embargo monitoring group and other less formal sources. We will update exit strategies and benchmarking of support in the spring of 2011, in parts based on the results of the newly launched police support assessment project. This broader process profits strongly from close cooperation with our network of non-state actors.

3.4. Crosscutting Issues

Cross-cutting issues include those identified in the JSP, notably conflict prevention, gender, environment and HIV/Aids, whereas the European Consensus on Development also includes

democracy, good governance, human rights, the rights of the child and indigenous people. While the proposed intervention directly addresses issues related to conflict prevention, good governance and human rights, gender will receive special attention by guaranteeing appropriate participation and space for women in all aspects of the programme while building capacity on gender issues at institutional level. Here the programme will take into account the recent Heads of Mission Report on Violence Against Women in Somalia (July 2010). Environment and HIV/Aids will benefit indirectly from the general institution building aspects of the programme.

The environmental screening outcome is attached to this document. Gender impact and analysis was in parts conducted as part of the 2010 Somalia Gender Country Profile (see also annexed Gender Equality Screening Form). No Environmental Impact Assessment or specific gender analysis would seem necessary at this point. Data on beneficiaries and impact is, where applicably, disaggregated by gender to allow continuous monitoring of the gender impact of the presented programmes.

3.5. Stakeholders

The ultimate beneficiaries will be the people of Somalia, who will be able to benefit from a more secure and predictable institutional environment, in which to explore and exercise their capabilities.

Key stakeholders and direct beneficiaries in this intervention will be

- the federal, regional and local/district institutions and administrations as a whole, who will be supported through both stipend support (south central) and capacity building measures as well as the targeted use of development seed money.
- specific administrative departments that benefit from particular capacity building measures, notably in the security institutions, the judiciary and the area of revenue management.
- present and future administration officials that are central to institutional reform and serve as multipliers.
- Organised non-state actors that present one of the bridges between formal and informal institutions, particularly in the legal and security spheres.
- ordinary citizen who play important roles in monitoring activities in the security sector.
- vulnerable individuals, including Internally Displaced Persons, specifically in need of legal aid and rule of law structures outside personalised support networks.

Owing to the absence of a functioning state and the limited absorption capacity of the direct beneficiaries as well as the high fiduciary risks involved, the intervention will be implemented through international partners.¹⁰ All counterparts have however been involved in the development of the proposed strategy from the outset. Wherever possible, their independent participation in the programme will increase during its lifespan. Even though it seems clear that external assistance will have to be maintained over the long term across the whole of Somalia, the roles and responsibilities of key stakeholders will be regularly reviewed

¹⁰ These are the conclusions of a thorough analysis of implementation channels conducted by the "EU Somalia Unit" and Directorate-General for Development and Cooperation - EuropeAid (DEVCO) in 2009/2010.

especially to assess where and when government structures may be able to take on policy development and monitoring functions. This is most likely in Somaliland, where greater ownership in planning and monitoring is already being coordinated. Depending on the evolution in Puntland, a similar path may be followed. Beyond the governmental institutions of Puntland and Somaliland and the members of the TFG, the EU delegation has also consulted across other regions of Somalia, notably with ASWJ representatives as well as the local administrations of Mogadishu, Galmudug and Himan and Heeb regions. Across the whole of Somalia a variable geometry approach will be applied to account for the often large differences in capacity, financial management and domestic revenue management as well as fluctuations of political buy-in from the sides of the participating authorities.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Direct centralised management – In accordance with Article 25 of Regulation (EC) No 215/2008 on the Financial Regulation applicable to the 10th European Development Fund Financing Conditions will be signed.

Joint management mode will be used through the signature of a contribution agreement with an international organisation (UNDP) in accordance with Article 29 of Regulation (EC) No 215/2008 on the financial regulation applicable to the 10th European Development Fund. UNDP will take the lead in the governance sector as it remains the main actor in the sectors of governance and security in Somalia. For each of the components proposed in this intervention, arrangements will be made to have an implementing consortium with all relevant partners (with UNDP being the administrative agent) and/or with relevant coordination mechanisms to ensure complementarity and avoid duplication. Joint management is possible as a long term agreement exists between the UN and the EU. The international organisation complies with the criteria provided for in the applicable Financial Regulation (the Financial and Administrative Framework Agreement (FAFA) between the European Commission and the United Nations). UNDP has also passed the 4-pillar assessment.

More precisely, the EDF contribution of EUR 20 000 000 envisaged under this project will be channelled through multi-donor basket-funds to which a number of EU Member States, Norway and the United States also contribute. The exact configuration of this package, and the contributions from other donors, are not yet determined in detail but given current projections, the EU contribution will be primarily used to cover stipends, leaving only very limited amounts for programming purposes. The appropriate balance between maintenance (stipends) and capacity-building and programming would require an increase in available funds. Additional funds have indeed been decided in the ad-hoc review process.

If changes to the implementation mode appear to be necessary in the course of this programme, such change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegate body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation for the 10th EDF. For the joint management component, all contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the Cotonou Agreement.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions, particularly section 6.4.3.2, and the standard evaluation grid contained in Annex E5a. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. The standard evaluation grid will be used. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): Full financing may only be applied in the cases provided for in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

The crisis situation has been declared for Somalia by the relevant authorising officer. Therefore direct awards or negotiated procedures can be considered on a case by case basis and only in well motivated cases.

4.3. Budget and calendar

Stipend costs for police cover 2011 only and these disbursements will have a retroactive effect as they cover arrears. Other institutional stipends are estimated to cover the immediate transitional period. Given the high costs of stipends, the present indicative programme only allows for a limited degree of multi-annual programming, not the usual 3-year cycles. To fill gaps and provide the necessary balance to the programme, the additional funds decided in the ad-hoc review process will be used. Downward adjustments to the stipend components and reallocation to programme components are possible depending on the outcome of the transitional process and results of the related benchmarking processes.

Budget for the ‘Governance Programme II’ with a timeframe of 12 months (2011-2012)*

Activities	Programme component (EUR)	Comments	Stipend component (EUR)	Implementation modality	Comments	Total (EUR)
Governance and Institutional Support	6 100 000	Funds insufficient to cover needs	4 500 000 (12 months)	Contribution agreement	Following high-level political commitment	10 600 000
Reconciliation and Outreach	2 900 000	Includes constitutional support programme	N/A	Contribution agreement		2 900 000
Security Sector Reform and Rule of Law	2 500 000	The UNDP Rule of Law and Security Programme (13m) ends June 2012; new needs exist to boost police and judicial reform in Somaliland and potential strengthening of anti-piracy elements.	3 500 000 (2011 only)	Contribution agreement	Stipend costs for 7000 policemen	6 000 000
Audit, Monitoring and Evaluation	250 000		N/A	Service contracts		250 000
Contingencies	250 000		N/A			250 000
Total	12 000 000 (60%)		8 000 000 (40%)			20 000 000

The operational implementation period of this programme is 48 months.

4.4. Performance monitoring

Both field offices in Somaliland and Puntland provide monthly reports that aim to provide close tracking and assessment of the variable context in these regions and the task manager makes frequent visits to the field. This notwithstanding, monitoring will remain an ongoing challenge especially in South Central Somalia.

Without strengthened monitoring mechanisms, the necessary risk management outlined above can not be successful. With regards to the continuation of existing programmes, existing monitoring procedures will continue but also include programme evaluations and audits to be initiated by the "EU Somalia Unit" in 2011, specifically for the two main UNDP-run programmes, the Rule of Law and Security (RoLS) and the Support to Institutional

* Timeline is indicative.

Development (SIDP) programmes. This was exceptionally agreed to (despite the FAFA framework) as a result of critical consultations between UNDP and the "EU Somalia Unit" throughout 2010. It is hoped that these can be conducted in collaboration with other donors to increase their impact and reduce transaction costs. An in-depth evaluation of the JPLG will take place in 2011. Existing objectively verifiable indicators include those developed within existing frameworks, while additional ones will be identified by project implementers in conjunction with the programme manager of the "EU Somalia Unit". The volatile situation in Somalia has made the gathering of base data problematic particular in the governance and security sector. In both programmes, the establishment of baseline data is itself part of the proposed programme. For the Rule of Law and local government components baseline data on citizen/government relationships and security matters are currently being established for each of the three regions of operations. This takes place for instance through the establishment of 'Observatories of Violence' in Somaliland and Puntland, which are part of the RoLS Anti-Violence Reduction (AVR) component. Such initiatives draw on close cooperation with academic and civil society institutions across the three main areas of operation (the Somaliland observatory is based at Hargeisa University). The "EU Somalia Unit" has also initiated a 3-month assessment of policing structures in South Central Somalia, whose results are expected in spring 2011 and will inform any future programming.

Equally, the "EU Somalia Unit" is exploring the use of a survey instrument currently pioneered in Mogadishu that tracks citizen attitudes across a range of governance indicators.¹¹

4.5. Evaluation and audit

Following negotiations during 2010, independent consultants recruited directly by the EU will carry out external evaluations of the programmes. A notable component of the evaluation will be the stipend support to the TFIs. The "EU Somalia Unit" will review the resulting conclusions and recommendations in conjunction with its partners and decide on the appropriate follow-up to be taken. Expenditure verifications are included in the grant contracts, and for the joint management component the EU falls back on the auditing procedures of the international organisation concerned. Should the Commission deem it necessary, it can always launch audits on its own initiative.

4.6. Communication and visibility

The "EU Somalia Unit" and UNDP and other partners will ensure context-appropriate implementation of the EU visibility guidelines at action level. Financial provisions for visibility are included in grant contracts. At programme level, the "EU Somalia Unit" ensures the distribution of relevant information.

¹¹ This is currently used by AMISOM for marketing purposes, but also represents an obvious (if imperfect) monitoring tool for governance programmes.

Annex II

1. IDENTIFICATION

Title/Number	Support for the effective participation of Somali non-state actors in peace building for all-inclusive state building in Somalia CRIS reference: SO/FED/022-692		
Total cost	EUR 7 310 000 of which EUR 6 000 000 European Union (EU) contribution financed from the A envelope 10 th European Development Fund (EDF) and EUR 1 310 000 co-financing		
Aid method / Method of implementation	Project approach – Direct centralised management		
DAC-code	15150	Sector	Democratic participation and civil society

2. RATIONALE

2.1. Sector context

The EU Consensus on Development and the revisions of the Cotonou Agreement in 2005 and 2009 emphasize the role of non-state actors (NSAs) as agents of democracy and social justice. The EU has reiterated its commitment in supporting capacity building of NSAs in the Joint Africa-EU Strategy as an enabling factor for strengthening their voice in the framework of political dialogue and development agenda with both third countries and the EU.

In the Somali context, the "EU Somalia Unit" (part of the EU Delegation in Kenya) has crafted a dedicated strategy for NSAs' support in 2000 which is an essential component of the political, governance and security agendas. Somali civil society, in the absence of a Somali central government since 1990, have played and continue to play a crucial role as service providers, advocates and in awareness raising.¹² The Joint Needs Assessment (JNA), the Reconstruction and Development Programme (RDP) as well as the Joint Strategy Paper (JSP) for Somalia clearly specify that Somali NSAs should be involved in the reconstruction of the country as a whole through delivering services, supporting the democratic role of parliaments and other public scrutiny bodies to increase accountability, and sustaining state-building process.

The project seeks to involve Somali civil society in the promotion of state building as another platform for peace building. Only by engaging a broad range of Somalis in-country, as well as the Diaspora, in key strategic political, economic and social issues, can Somali ownership be ensured and relations between the people, their institutions (and leaders) can be repaired creating the foundation for a lasting peace.

¹² As a result of a participatory Joint Needs Assessment (JNA) led by the World Bank and UNDP, a Reconstruction and Development Programme (RDP) has been endorsed by all Somali and international stakeholders as the overarching strategic framework for assistance to Somalia for the next five years. The EU and Norway have been strong supporters of the RDP and have developed their Joint Strategy Paper (JSP) response around the three RDP "pillars" (governance, social services and livelihoods).

In order to take into account the different regional dynamics of Somalia, a variable geometry approach applies. In South and Central Somalia, even though the focus remains mostly on peace building, the emerging of the new regional entities and the presence of the Transitional Federal Institutions (TFIs) offers opportunities for launching a fresh kind of relationship with Somali civil society. Somaliland and Puntland allow the possibility of studying governance reform programmes where inter-connections between state and society could be clearly established.

This approach reflects a Somali civil society that has evolved as the instrument for bringing to the forefront the voices of the Somali population and ensuring a bottom up approach to “typical top down institutional programmes”. Currently, one of the main challenges lies in the need to avoid creating parallel and competing structures between the NSAs and the emerging public sector which is less capacitated. The project aims at building a relationship of trust and collaboration between the authorities and civil society, bearing in mind that some actions might create divisions or new and negative imbalances in the peculiar Somali context.

2.2. Lessons learnt

The EU external evaluation conducted in mid-2008 on "How the EU channels aid through and for civil society" praised the work done by the "EU Somalia Unit" and considered the support to Somali NSAs among the best practices of civil society support in fragile situations. The evaluation emphasised that creating an enabling environment for NSAs development will also led to better growth, the expansion of employment and the reduction of poverty.

Two of the three main programmes in support of Somali NSAs have been externally monitored¹³ during 2009. The conclusion was that “*actions promoting the involvement of NSAs by means of continuous dialogue and awareness rising will contribute to behavioural change necessary for achieving the goals of long lasting peace building and therefore state building*”.

The Accord Policy Brief 21 on “*What peace is it anyway? Connecting Somali and international peace making*” which draws on the Interpeace Peace Mapping Study¹⁴, shows that Somalia is not an entirely lawless and ungoverned land. Somalis have used their own resources and traditions of conflict resolution to re-establish security and governance in many communities. It also highlights how Somali-led initiatives have set up viable political and administrative arrangements to manage conflict and provide durable security and law. In many places Somali entrepreneurship has also revitalized the economy.

After more than ten years of experience in implementing the dedicated strategy in support of NSAs, see above, the "EU Somalia Unit" has drawn key lessons learnt such as (i) civil society interventions should not be conceived in a vacuum, but there is the need to identify the links with important governance initiatives and this relationship becomes key to the success of both; (ii) long term interventions are needed in this sector, as results take time to be realised; (iii) it is therefore important that the "EU Somalia Unit" remains involved and commits adequate funding for considerably longer periods of time; (iv) one of the important aims is to create and maintain a process of consultations, with periodic interactions, allowing opportunity for *the issues of the day* to be discussed¹⁵.

¹³ The monitoring references are MR-127121.01 and MR-117321.02.

¹⁴ Edited by Mark Bradbury and Sally Healy it contains over 30 articles including interviews with Somali elders and senior diplomats with the African Union, the UN and IGAD, and contributions from Somali and international peacemaking practitioners, academics, involved parties, civil society and women’s organizations. The Interpeace Peace Mapping Study was an EU joint donors’ funded programme under the Dialogue for Peace I & II.

¹⁵ The aim is to revise the EU strategy for NSAs support (2000) during 2011.

2.3. Complementary actions

The guiding principle for the support to governance is centred on the third Principle for Good International Engagement in Fragile States, which focuses on state building. The underlying idea is that NSAs activities will then complement institutional support by ensuring a bottom up perspective. Complementarities and synergies will be explored and built with the UNDP led programmes on "Joint Programme on Local Governance" (JPLG), the Rule of Law and Security (RoLS), the institutional support package, the Constitution programme and the related civic education /public consultation components. The project will also seek to align itself with the Democratisation programme, the support to the Legislative sector in Somalia, with the Gender Support Programme and the Somali Women Agenda (SWA)¹⁶ as well as with the programmes in the social and economic growth areas.

This programme will be matched with the Thematic Programmes on "Strengthening NSAs and local authorities", the European Initiative for Democracy and Human Rights (EIDHR) and the Instrument for Stability (IfS) for NSAs financed under the EU Budget. The allocation for Somalia under the EIDHR for the period 2011-2013 is of EUR 900 000 per year, which is less than requested on the basis of the critical situation of human rights in the country. The yearly allocation from the NSAs thematic budget line is EUR 2 500 000 million. The complementarity lays in the fact that the present programme supports the civil society's involvement with regard to the long term process of creation of an inclusive Somali society and state. The thematic budget line instead, provides funding opportunities for specific actions, such as advocacy, lobbying, capacity building on Project Cycle Management (PCM) that will create a conducive environment for the implementation of this programme.

Furthermore, the EIDHR allows for the inclusion of "*informal partners*". Somali NGOs, as not eligible for lack of recognition of their legal registration, can be considered informal partners and play a more active role in the identification and implementation of the project activities, which will then ensure a better ownership.

It will also coordinate with similar programmes financed by other donors in order to avoid duplications and ensure aid effectiveness.

2.4. Donor coordination

Coordination of donors in Somalia is regulated by the Coordination for International Support to Somalia body (CISS), supported by the Somalia Support Secretariat (SSS), which comprises representatives from donors, UN agencies, non governmental organisations (NGOs) and sector committees, including the Human Rights & Gender Working Group, currently chaired by the "EU Somalia Unit". The "EU Somalia Unit" also chairs the Democratisation Steering Committee (DSC) which overlooks the ongoing democratisation processes in Somaliland and Puntland. Two of the main programmes in support to NSAs are co-funded by other donors. The Interpeace Programme "*Pillars of Peace: beyond Dialogue*", is co-funded by DFID, USAID, Switzerland, Sweden, Norway, DANIDA, while the Saferworld programme¹⁷ is co-funded by DFID and CIDA Canada but other donors have shown interest.

¹⁶ AAP 2009 "Support to Gender Activities" for a total of EUR 4 000 000.

¹⁷ "*Strengthening the participation of Somali Non-State Actors in decision-making on peace, security and development*"

3. DESCRIPTION

3.1. Objectives

The overall objective is, in line with the RDP/JSP process, to contribute to the alleviation of poverty in Somalia and to promote a more peaceful, equitable and democratic society.

The specific objective is to deepen peace and establish good governance through the involvement of Somali NSAs in key questions of state reconstruction.

3.2. Expected results and main activities

- a) Somali NSAs' capacities in peace building are strengthened and the traditional Somali mechanisms for conflict resolution restored.

The project will seek to promote timely dialogues around sensitive national and sub-national issues engaging key, and often time opposing, stakeholders and deal-makers via Somali traditional mechanisms of conflict resolution. In this regard, the NSAs will be gaining experience in facilitating the reduction of tension and ensuring greater collaborative problem-solving through genuine dialogue. This will be made possible through the maintenance, enrichment and further development of neutral spaces established at the national, sub-national and local levels.

- b) Somali NSAs are capacitated and enabled to translate peace building strategies into specific state building interventions.

The NSAs will engage and empower a critical mass of the Somali public, including civic and community leaders, to develop and articulate platforms for engagement and action on key issues of reconciliation and reconstruction.

- c) The role of women, youth, Diaspora and marginalised communities in peace building is enhanced and their continued strategic engagement in state building ensured.

Women, youth groups, the Diaspora, marginalised communities (internally displaced persons (IDPs), minorities) will be capacitated for direct inputs into formal reconciliation efforts, for their involvement in national or sub-national peace agreement processes (also in areas of residual conflict), and in laying the foundations of the state.

Indicators will take into account, among others, (i) At least 2 public engagements per year and enhanced leverage of professional groups, business community leaders, women and youth in public policy debate; (ii) At least three action-oriented outcomes of initiatives established during the process and supported by engaged public dialogue and input are clearly evident at the end of the project; (iii) Between 50% and 75% attendees of the consultative processes demonstrate public interest, neutrality, and inclusiveness as concluded in the analysis of specific events; (iv) The demography of the attendees will demonstrate the perceived neutrality. The indicators of the gender profile will be also taken into account.

4.7. Risks and assumptions

The main assumption for this programme is that the security situation in Somalia allows access and implementation of the programme. Therefore, a deterioration of the security situation would jeopardise the programme activities.

The failure of the current political process, which now looks at a better strategy to end the transition, may have adverse impact on the implementation prospects of the programme in the South, but also in Somaliland and Puntland, where there are risks of spill over effects.

However the "EU Somalia Unit" and its implementing partners have been able to operate in Somalia for more than 16 years despite the continuing civil war and unrest. The peace and governance dividends as well as the variable geometry approach have permitted to operate where the security situation allowed, such as Somaliland and Puntland and also to work with communities and local authorities in South Central even in the absence of fully functioning state structures. It is believed that such approach will allow the continuation of the activities despite the volatile security situation, even in case of collapse of the Transitional Federal Institutions (TFIs).

With regard to the programme itself, the main challenge is given by the underlying mistrust and competition between Somali NSAs, strong of more than 20 years of having had to take up typical Government's functions, and the Somali authorities at all levels, characterised by different levels of capacity and legitimacy. The risk does not lie on the NSAs' side going against the rebuild of the capacities of the institutions as they have expressed several time their eagerness for peace and stability and for strong and accountable Governments¹⁸. In order to build confidence between both, the project will entail holding a variety of consultative processes across the Somali region bringing together local communities, civil society, business representatives and Somali political leaders. The role of women and youth, largely through concerted initiatives to promote these two groups in peace building, will continue to be strengthened. The process will continue to maintain regular linkage with members of Somali Diaspora as well.

Extensive public consultations, "neutral spaces" will be the tool to avoid those serious competitive interests from dogging every attempt to get significant state reconstruction processes started. Only by engaging all the stakeholders, not only in the prioritization and development of recommended solutions to their problems, but also in the actual implementation process, and the institutions that are responsible for the implementation, it is possible to have an impact in peace building.

3.3. Crosscutting Issues

Crosscutting issues will be a combination of those included in the Joint Strategy Paper (JSP) such as gender, environment and conflict prevention, with those mentioned in the European Consensus for development such as democracy, good governance and human rights, the rights of the child and indigenous people and HIV/AIDS. All these issues will be tackled in a twin track way as the NSAs are called to support formulation of legislations and policies with regard to the democratisation and local governance processes for Somaliland and Puntland, including the consultations on the draft Federal Constitution for Puntland and South Central. Furthermore, the JSP comprises a "Gender country profile" with clear indicators and benchmarks, which will be incorporated into the log frame of the programme. Conflict prevention will also be mainstreamed to mitigate the risk of conflict. In particular, youth, children and women will be considered in a twofold approach, as both cross cutting and specific target.

¹⁸ See the "Principles of Peace" adopted at the Mombasa Conference in December 2009: "*in order to end the state of permanent transition in Somalia, existing institutions achieved through local and regional efforts should be recognised, preserved and build upon*".

3.4. Stakeholders

The direct beneficiaries are the Somali NSAs, with particular attention to the three platforms that have been established in 2008 under the main programme in support of Somali civil society and the three think tanks namely the Academy for Peace and Development (APD) in Somaliland, the Centre for Research and Development (CRD) in Central South Somalia and the Puntland Development Research Centre (PDRC) in Puntland. The beneficiaries have built and sustained neutral political spaces through which they can have dialogue with all stakeholders. The direct beneficiaries recognise the necessity for full consensus-oriented engagement and participation of the Somali community in the peace and state building processes. The three think tanks, for instance, apply a Participatory Action Research (PAR) approach that draws on local resources aiming at stimulating self-reliance.

Vulnerable groups such as women, marginalised communities, youth and IDPs are given special attention. For instance CRD works to facilitate dialogue among the marginalized communities that have been decimated by drought, violent conflict, and their own unreconciled differences from the past.

The three platforms, comprising around fifty networks of women's groups, media associations, business groups and private sector, religious leader and elders, youth groups, are only advocacy bodies and they have no mandate to implement projects/services. During the ongoing support programme, the platforms have set a mechanism for internal consultations with the members' organisations (and the networks' members) that ensures that the voices of all are brought to the forefront. Although the platforms are considered the true representatives of the Somali population, they are not free from clans' infiltrations.

The indirect beneficiaries are the Somali population, which will all benefit from the increased role of the NSAs in peace, security and development processes, the Somali local authorities at all levels and in the three regions, and to some extent the International Community, which will be able to fund actions which will be more Somali owned.

Consultations started after the December 2009 Mombasa conference and continued until December 2010.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

As Somalia is not a signatory of the Cotonou Agreement, the "EU Somalia Unit" holds the role of National Authorising Officer on behalf of the Somali Government. Financing Conditions will be signed. The method of implementation will be direct centralised management through the signature of grant agreements with international NGOs specialised in the field of NSAs capacity building, peace building and reconciliation, with a presence in Somalia, and this in accordance with the applicable EU rules.

Two direct awards to Interpeace and Saferworld will be signed with regard to the first two components based on Article 168.1(c) of the Implementation Rules also applicable to the 10th EDF (de facto monopoly). The derogation (CRIS 2011/003-121) is included to the AAP 2011 file. Both NGOs have a vast past experience and a proven track record in capacity building of local NSAs. They are currently implementing two ongoing programmes which will be ending in 2011 and they have demonstrated that their actions are relevant and that they are producing a tangible impact. In particular, Interpeace and Saferworld have commenced actions in

support of peace building and civil society engagement in 2003 and 2005 respectively. They are anchored in Somalia, they benefit from privileged relationships and contacts with the communities on the ground, creating a conducive environment for real partnership and where true dialogue can take place.

The plurality and competition is ensured by the complementary call for proposals that the project foresees. The component "Enhancing the role of women, youth, marginalised communities and the Diaspora in peace building" will be contracted after a Call for Proposals. This is in order to ensure competition and to offer other organisations a chance to contribute to the process which could benefit from different ways of civil society strengthening and community development.

4.2. Procurement and grant award procedures

1) Contracts

In case of centralised management, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation for the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the revised Cotonou Agreement.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions, particularly section 6.4.3.2, and the standard evaluation grid contained in Annex E5a. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. The standard evaluation grid will be used. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Full financing (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 90% of the total accepted costs of the Action. Full financing may only be applied in the cases provided for in Article 253 1(b) of the Implementation Rules which is also applicable to the 10th EDF. The crisis situation has been declared for Somalia by the relevant authorising officer.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF

4.3. Budget and calendar

The operational implementation phase, from the entry into force of the Financing Conditions, will have a duration of 60 months.

The closure phase of a duration of 24 months from the expiry date of the operational implementation phase.

The signature of the grant contracts with Interpeace and Saferworld is foreseen by December 2011. The Call for Proposals is foreseen to be launched in January 2012, for implementation starting in mid-2012.

SUB-SECTOR	CONTRIBUTIONS		TOTAL (EUR)	IMPLEMENTATION MODE
	EU (EUR)	Implementing partners (est.) (EUR)		
Result 1: Capacity building of NSAs in peace building	2,150,000	215,000	2,365,000	Grant. <i>The ongoing programme will end Nov 2011, new phase should start December 2011</i>
Result 2: Capacity building of NSAs in translating peace building into state building	2,150,000	215,000	2,365,000	Grant - same as above
Result 3: Enhancing the role of women, youth, marginalised communities and the Diaspora in peace building	1,100,000	880,000	1,980,000	Call for Proposals
Evaluation & Monitoring and Audit	300,000	0,0	300,000	Service contract
Contingencies	300,000	0,0	300,000	
Total	6,000,000	1,310,000	7,310,000	

Indicative Timetable

	December 2011	January 2012	May 2012	July 2013	December 2014
Capacity building of NSAs in peace building	Contracting	Starting implementation	ongoing	Mid-term review	End of the contract
Capacity building of NSAs in translating peace building into state building	Contracting	Starting implementation	ongoing	Mid-term review	End of the contract
Enhancing the role of		Launching Call for	Contracting		

women, youth, marginalised communities and the Diaspora in peace building		Proposals			
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4.4. Performance monitoring

Performance of this programme will be monitored as per the indicators set out in the logical framework.

4.5. Evaluation and audit

Independent consultants recruited directly by the Commission on specifically established Terms of Reference will carry out external mid-term and final evaluations of the programme. The "EU Somalia Unit" shall review the conclusions and recommendations of the mid-term evaluation and decide on the follow-up action to be taken and any adjustments necessary, including, if advisable, its re-orientation.

Expenditures' verifications are included in grant contracts. The "EU Somalia Unit" can always contract additional audits if deemed necessary.

4.6. Communication and visibility

Communication and visibility activities will aim at increasing the awareness of the EU role and contribution at the level of authorities and beneficiary population in Somalia. The EU and the implementing partners will ensure appropriate implementation of EU visibility guidelines at action level. Financial provisions for visibility of grant of aid contracts are included in standard grant of aid budgets. At programme level the "EU Somalia Unit" within the EU Delegation to Kenya will ensure the distribution of relevant information utilizing internet and other means. Implementing agencies will be required to utilize print media and radio coverage for continuous interaction with local authorities and beneficiary population.

Annex III

1. IDENTIFICATION

Title/Number	Support for education sector development, Somalia CRIS Number: SO/FED/022-828		
Total cost	EUR 27 450 000 - EU contribution EUR 25 000 000 from 10th European Development Fund (EDF) A envelope		
Aid method / Method of implementation	Project approach Direct centralised management		
DAC-code	11110	Sector	Education policy and administrative management

2. RATIONALE

2.1. Sector context

Education and formal classroom learning opportunities are limited and unavailable for the majority of children in Somalia. However, from a regional perspective the picture is changing. There have been substantial increases in the number of operational schools and in enrolment rates, but considerable disparities in the quality of and access to primary and secondary education are still problematic in parts of the country because of the socio-economic, cultural and political realities. Improvements are registered also in other sub-sectors of the education system, including vocational training and non formal education, particularly in Somaliland and (to a lesser extent Puntland), thanks to the governance, security and access conditions there. In these regions, an enabling environment and a combination of local, Somali Diaspora and development partners' social investments have led to remarkable improvements. Overall, the system has progressively expanded access to primary and basic education (particularly in the north of the country) putting particular pressure on upper levels (secondary education, vocational training and higher education) as a result of multi-annual investments at the bottom of the system.

One of the key aspects in a sector support programme is the analysis of its performance capacity to deliver, monitor and manage provision of education services. Due to the asymmetric nature of the system, the capacity to manage it reflects this geographical imbalance. Whilst Ministries of Education are relatively well staffed in Somaliland and in Puntland, in South Central Somalia such structures are almost completely absent¹⁹. However, even in Somaliland, professional cadres are still lacking qualifications and are affected by erratic payment of salaries and lack of minimal standards of service. With the recent democratic turnover of power and the appointment of a rather dynamic female Minister of Education in Somaliland, it is likely that there will be a positive shift towards evidence-based reforms. Given capacity and manpower constraints²⁰ and the almost complete exclusion of women from professional functions, the ongoing and proposed extension of capacity development programmes will find positive resonance and lead to effective ownership of the reform process by Somaliland stakeholders. In Puntland, there are also encouraging developments. For the emerging administration in Galmudug the ongoing programme will have to verify the state of affairs. In South Central Somalia, effective collaboration has been very difficult due to lack of access and effective territorial control by the Transitional Federal Government in

¹⁹ It is a regrettable fact that the Transitional Federal Government (TFG) has failed to provide the necessary degree of consistency in the Ministry of Education for large periods. In the virtual absence of a public budget there is no relevant delivery of public education services managed by the administration.

²⁰ In Somaliland and Puntland, many of the serving staff in the Ministries of Education are beyond retirement age; the absence of any form of pension scheme promotes such tendencies and is in itself a major barrier to effective reform.

most of the area. Nevertheless, the programme design facilitates the integration of officials from the Ministry of Education of the Transitional Federal Government²¹.

Basic/primary/special education: overall, the adult population in Somalia is 80% illiterate²². Due to the lack of official statistics, only rough estimates exist. These show that in Somaliland and Puntland extensive campaigns have been conducted, also through radio distance education, but only to limited extent supported by traditional contact teaching followed by examinations. The larger penetration in the north suggests higher literacy levels. Women will continue being a targeted group. Therefore, the proposed sector programme goes beyond the scope of the previous 10th EDF first tranche and intends to scale up support to access quality education. In addition, it will continue to target not only the primary school population, but also the adult population and youth (the “lost generation” in social terms) and intends to make a significant change in their level of education and functional life skills competencies.

Formal primary education stands at present with an estimated Gross Enrolment of 38% annually (25% girls) countrywide; in Somaliland this is significantly higher (almost 60%) and the rate of growth there (6%) is fastest²³.

Although no systematic information on special education exists, there are strong indications that disadvantaged, handicapped, orphan and vulnerable children represent some 13%²⁴ of the relevant age group, which is attributable to the extremely volatile security conditions, poverty and other social as well as health related factors.

Secondary Education: secondary education, which stands at about 3 to 5% Gross Enrolment Rate (GER)²⁵ annually for the whole of Somalia, has recorded significant growth in Somaliland and Puntland: for Somaliland the growth stands at a staggering 23%, and in Puntland it is 17%²⁶. It is obvious that years of heavy investments in primary education are now impacting on demand for secondary and higher education; and this trend is increasing as proven by records of increasing drop-ins in the second year of secondary education and large in-flows of students.

Technical and Vocational Education and Training (TVET): youth unemployment and lack of future career perspectives, often resulting in criminal activities such as militia, robbery, piracy etc. have led to growing recognition of the desperate situation of youth. The proposed programme will seek to contribute to alleviating this set of problems. Four majorly successful EU-funded interventions in skills development have, over the last four years, shown sustained returns in this sub-sector and revealed a strong need for advanced skills development. More than 10,000 trainees (approximately 70% of the total beneficiary group) could be placed into decent gainful employment. In future, such need will be addressed by developing a structured approach to vocational training, namely through the development of a ‘Vocational Qualification Framework’. Stakeholders' consultations with civil society carried out in 2010 fully supported these observations²⁷.

²¹ Dialogue is difficult but not impossible; TFG representatives have taken part in joint training sessions outside Somalia, facilitated through various EU-supported interventions. What is missing is the necessary degree of consistency and conditions conducive to achieve measurable results, especially effective governance and territorial control to allow for service roll out and adequate monitoring.

²² This estimate was published in 2002 by the World Bank and is subject to challenge. However, it is generally agreed that illiteracy, especially among women is very high. The recently started Capacity Development Programme will address the whole area of data collection and policy formulation.

²³ These are estimates based on the (latest) UNICEF Survey of primary education carried out in 2006/7, assuming an annual growth of 2% in Somalia overall. The growth in Somaliland is approximately 6% and in Puntland slightly less.

²⁴ This observation is based on lessons learned from EU-supported programmes assisting mentally traumatised children.

²⁵ It must be emphasized that, in the absence of a census, no reliable statistics are available; this figure will, however, illustrate the immense challenges.

²⁶ Source: Africa Educational Trust (AET), SAPIS (Strengthening Access and Participation in Secondary Education) project report, 2010. The impressive growth and the related need for urgent action was confirmed by civil society representatives in stakeholders' meetings.

²⁷ Stakeholder consultations were conducted on 6-7 December 2010 in the context of the regional meetings of the Non-State Actors Forum.

Institution building and teacher training: most universities in the three regions have benefited from EU support to teacher training in primary and secondary education through a dedicated programme building capacity for teacher training and from small EU-funded investments promoting networking amongst regional higher education institutions²⁸. The latter programme is promoting the application of quality assurance principles through regional accreditation of institutions and the establishment of National Commissions for Higher Education.

Local and regional policies and strategies: in line with priorities of the three Somali regions²⁹, the proposed intervention should continue focusing on a significant increase in access, enrolment and retention at all levels of the education system with a particular focus on women. With progressive improvements in the qualification levels of teachers and head teachers, the relevance of learning experiences of students is expected to improve, and this will positively impact on drop-out levels. In Somaliland and Puntland, there is a growing demand for higher level/advanced training in skills and vocational training. This would also be a prerequisite for increased consideration of value chains in the context of development strategies in the three regions. Similarly, this would call for stronger engagement in higher/professional education. As mentioned, these trends have been fully confirmed by relevant stakeholders from civil society during specific consultations.

In summary, the core problems of the sector, embedded in a variable context characterised by strong growth and opportunities in Somaliland and Puntland and struggling, very fragile conditions in the South Central Somalia, can be depicted as follows:

- Rapid, largely unregulated growth of the system, particularly in secondary education;
- Strong challenges to quality of education, as evidenced by significant drop-out rates, in particular disadvantaging girls and young women, largely attributable to unqualified staff, despite growing numbers of qualified teachers;
- Strong challenges to gender equality at all levels of the system, despite some positive trends pointing towards gradual change;
- Strong demands for vocational and skills training of disadvantaged youth, and in particular young women and risks of radical polarisation of ‘young minds’;
- Weak management of the sector, evidenced by weak sector frameworks (laws, regulated teaching services etc.) and complete absence of transition points between the subsystem (lack of articulation); largely externally ‘assisted’ policy and strategy papers, raising issues of ownership); externally driven and unreliable collection of statistical data; insufficient supervision and advisory services to raise quality levels in schools; lack of unified curricula and relevant learning materials at all levels, combined with related examination services under local supervision.

2.2. Lessons learned

Lessons learned from the ongoing 10th EDF Education Sector Support Programme demonstrate that the trend towards a programme approach, targeting the whole of Somalia (albeit with specific selected areas due to funding, access and security constraints) has contributed to improved coordination, complementarities and synergies. Working with public partner administrations has contributed to stabilisation and strong ownership in Somaliland and Puntland.

²⁸ The EU-funded Strengthening of Capacity in Teacher Training (SCOTT) is seeking to raise the levels of quality education and training in schools and aims at supporting government policies so that all teachers in primary (and later secondary) education have a relevant teaching qualification. For Somaliland, this will be achieved by and large by 2012, in Puntland access and security problems resulted in delays and the objective is approximately 50% achieved. In South Central Somalia, only certain pockets will be served, where security restrictions allow access.

²⁹ In Somaliland there is a four-year National Education Sector Strategic Plan (published in 2007). In Puntland a National Education sector policy exists (2007), and the Transitional Federal Government published in 2006 a White Paper with a list of priorities. Most of these documents benefited from heavy support through international agencies. The recent UN/World Bank Reconstruction and Development Programme review (report yet to be published) revealed similar priorities.

In South Central Somalia this has not been possible as the TFG control is limited. Interventions in these areas have therefore been negatively affected by security and access constraints. Only strict neutrality in these areas allows international partners to work directly with the targeted population. When possible, interventions will be continued. Moreover, collaboration with partner administrations in South Central Somalia has been hampered by the tragic developments in December 2009³⁰ resulting in a long period of instability. With the recent appointment of a new cabinet there is a chance to restart policy dialogue. Should this be possible, the proposed sector support programme will seek to make a substantial contribution to improve services' delivery. Following the agreed application of the principles of the Sector Wide Approach (SWAP) the proposed programme will continue addressing the whole area of Somalia. Funding will be disbursed through Calls for Proposals³¹. Experience has taught that implementing partners, while truly endeavouring to implement in difficult areas of South Central Somalia, were repeatedly forced to relocate parts or whole interventions due to threats by militia forces on the ground. This situation has often resulted in remote management arrangements, however these arrangements leave much to be desired for quality assurance and cost efficiency of EU-funded interventions. Even in the best circumstances, it is clear that limited EU funding will not suffice to address the full needs of assistance to the sector³².

Security conditions in large parts of the country and the conflict between the TFG and Al-Shabaab, have forced some segments of the population to resettle within Somalia and beyond. The proposed programme will devote resources to provide education services to these severely disadvantaged groups, including the displaced.

Gender-sensitive approaches have yielded solid results, ensuring improved access and retention levels (significantly reducing drop-out of girls and particular young women from secondary level education³³). However girls and young women continue to experience disadvantages. The proposed sector programme will ensure that gender sensitive approaches are applied to all stages of the project cycle. It is positive to note that in skills development projects, the design of the interventions has led to virtual equality³⁴, which is remarkable given the operating environment. This success, also confirmed by a recent Results Oriented Monitoring Mission in May 2010, has influenced the proposed increase in programming towards youth as major beneficiaries from the proposed intervention.

The limited (1.5%) investment in higher education networking has demonstrated visible results and led to a joint approach of cross-regional cooperation under one agreed forum: the Somali Research and Educational Network, covering leading universities in Somaliland, Puntland and Mogadishu. Student and faculty exchange in this new programme is facilitated through the existing network and instrumental in providing training services for the local administration in Mogadishu. Investments in higher education bear the potential to yield positive returns by reducing high administrative and operating costs in the longer-term. In Somalia current operating costs are high because technical expertise needs to be imported in the form of expatriate staff and consultants. A long term approach to capacity development (which includes investments in higher education) can help mitigate these costs by gradually building endogenous capacity and improving performance. Such an approach also helps in disengaging from short-term capacity building and

³⁰ In the tragic event both Education Ministers (Higher Education and Education) and others were assassinated in a terrorist bomb attack during a graduation ceremony.

³¹ Two concrete examples shall demonstrate such policy: for teacher training there is presently no possibility to do this effectively in South Central Somalia; however a link has been created with Amoud University in Boroma, Somaliland which is used as a training facility for trainees from Mogadishu; a similar approach will be applied in the ongoing capacity development programme allowing staff from the Mogadishu Ministry of Education to join targeted trainings held in Somaliland and Puntland and the region as part of pre-established twinning arrangements.

³² According to the Reconstruction Development Programme (RDP) some EUR 50 million would be required annually. This appears to be a rather cautious estimate. The EU is by far the biggest donor; total annual donor sector assistance is at best EUR 20 million.

³³ As per statistics of UNESCO and AET, participation of girls has grown from 23% in 2005 to 30% at present .

³⁴ In a large EU-funded vocational training programme, implementing partners report even a slight dominance in favour of young women (52% of the participants in institute- and enterprise-based training were female trainees). Source: Save the Children Report December 2010.

training inputs, which are often short lived, and from ineffective, expensive and yield limited results. As the country's manpower and capacity grows (particularly in Somaliland and Puntland), EU-funded investments in all sectors will benefit from this process of change fostered by a sector wide approach in the education sector and in the medium-term the EU will be able to gradually handover implementation to the social capital that such investments in education have contributed to build.

Sustainability issues remain critical in Somalia. Whilst the promulgation of education services ranks high amongst the political priorities of partner governments in the three regions, public funding for the education sector is extremely limited. In Somaliland, political commitments by the newly elected government have been followed by action with a recent increase in teachers' salaries, whereas in Puntland there is no visible action. In South Central Somalia the pre-conditions for sector support are yet to be put in place. It is therefore realistic to assume that strong international support, from the Somali Diaspora and development partners will be required for the short- to medium-term in order to consolidate the progress made.

Past interventions have generally demonstrated a good degree of sustainability, and in all interventions Community Education Committees contribute actively to the development of education services, by providing resources (land, labour, often construction materials) and contributing to teachers' salaries. It is clear that such policy directly contradicts generally agreed principles of free basic education services for all; however, given the dire realities on the ground no other option is available to secure the continuation of services. Advocacy for free basic education will continue.

2.3 Complementary actions

USAID made announcements of their intention to scale up their support to TVET. Currently, this sub-sector is receiving significant funding to the tune of US\$5 million for a 3-year period. Additional investments in this particular sub-sector are expected from Danish International Development Agency (DANIDA), Japan International Cooperation Agency (JICA) and UK Department for International Development (DfID), particularly under the headings of 'job creation', 'anti-piracy measures' and 'livelihood support'. The EU however remains the largest donor in the sector.

The European Commission is currently carrying out a feasibility study on the development of a vocational qualification framework³⁵. Partners on the ground, donors, Somali counterparts and implementing agencies have welcomed this initiative. A Task Force for TVET has been established under the Education Sector Committee (a coordination structure of the CISS³⁶) to facilitate dialogue and good coordination of all relevant stakeholders in the sub-sector.

The proposed programme fully complements actions in the education sector under the 10th EDF first Tranche.

2.4 Donor Coordination

By applying the principles of coordination, a 'Steering Committee' has been created to manage the EU-funded and UNICEF-led education capacity development programme which embraces multiple donors such as DANIDA, JICA, DfID and USAID; this structure reviews progress against predefined results but also serves as a platform to share information about donor investments in the sector and thus avoid duplication, as all donors engage with the administrations on the ground.

³⁵ The European Qualifications Framework sets 8 levels, of which levels 1 to 4 can be allocated to vocational training.

³⁶ CISS stands for Coordination of International Support to Somalia and is a Nairobi-based coordination structure.

Overall, the major coordination mechanism will continue to be the Education Sector Committee which meets regularly in Nairobi, Somaliland, Puntland. On the ground, the Education Sector Committee is chaired by the respective Director General of the relevant Ministry, whereas at Nairobi level the chair rotates on a six-monthly basis between the UN and international non-government organisations. Standing working groups³⁷ on relevant issues have improved coordination and dialogue on specific issues and reduced transaction costs and duplication.

3. Description

Following the principles of a SWAP approach, the ongoing EU Education Sector Support Programme covers main sub-sectors (as reflected in the overview, chapter 4.3) and largely builds and consolidates results achieved in the framework of previous investments. These are:

Basic/primary and secondary education:	40,072 students educated (41% girls)
Teachers qualified (and certified):	4,024 (28% women)
Disadvantaged / hard-to-reach youth qualified:	2,779 (52% women) ³⁸
Institution building:	Capacity developed at central, regional and local level; learning institutions supported

As the proposed dates of contract duration suggest, there will be a period of overlap. This design builds on practical experience to allow newly contracted implementing partners to become familiar with the ongoing (and outphasing) action(s) and take necessary measures to avoid abrupt termination of actions, thus ensuring sustainability. Should there be no change in implementing partners (all contracts will be awarded following Calls for Proposals), and no change in the area(s) of implementation, slight increases in area penetration will be likely. The risk of duplication is negligent as all contracts and payments are subject to auditors' verification, independent monitoring and a final evaluation.

The number of beneficiaries will largely remain at similar levels as is the case at present (a slightly reduced volume in funding is compensated by a shorter duration of the programme).

3.1 Objectives

Overall objective: To contribute to a sustainable, cohesive education system offering relevant services to the majority of the relevant age groups.

Purpose: Strengthened delivery of effective education services, addressing the Somali population's needs

3.2 Expected results and main activities

- Result 1: Capacity of the partner administrations and institutions strengthened at all levels
- Result 2: Equitable access to relevant formal and non-formal education and training increased
- Result 3: Pedagogical skills of primary and secondary education teachers and TVET trainers improved and teachers certified.

The programme builds on and increases access to education and training at all levels and contributes to improved retention, within a structured system targeting vulnerable Somalis, including the poorest and women. With progressive improvements in the qualification levels of teachers and managers, quality and relevance of learning should improve, thereby contributing to reduced 'drop-out' levels.

³⁷ Recent discussions have focused on TVET, alignment and harmonisation of local salaries and incentives.
³⁸ Approximately 70% of these trainees have been placed decent, gainful employment, with an average monthly income of approximately US\$150

In order to create a sector framework which not only covers all educational sub-sectors, but also various regional levels of the education system (i.e. central, district and village level), activities across results were identified with due attention to decentralisation. Another advantage of this systemic view is that the focus can be redirected to lower levels of the system (village and school level) if conditions are not conducive to implementation of all activities planned at central level. Given the political improvements in Somaliland and Puntland, the prospects to actually achieve solid progress towards these ambitious goals are positive. In South Central Somalia, prospects for an improvement in the security situation are bleak. However, should enabling conditions be established the EU programme will endeavour to expand implementation, in particular service deliver to accessible areas.

The challenge to reduce gender imbalances will be addressed through gender mainstreaming, targeting requirements and project design in order to obtain gender parity in access to education. This will particularly challenge the Capacity Development Programme as at present there is almost a complete absence of professional female managers in the three Ministries.

The need to improve quality and relevance of learning will be addressed through the strengthening of the ministries and regional administrations (inspectorate/tutoring services at regional levels), support to the creation of a qualification framework, strengthening of the examinations system and in particular through continued teacher training (primary, secondary, vocational). These actions will be complemented by provision of learning spaces and appropriate equipment.

By broadening sector support at all levels of the system, the diversified needs of youth will be better served, enabling them to benefit from improved education opportunities responding to their potential and aspirations. This will simultaneously address the diversification needs of the Somali economy and promote economic growth.

Main Activities:

- **Primary/Secondary:** affirmative action for girls and vulnerable groups including school fee subsidies, voucher schemes; construction of educational infrastructure including gender-segregated latrines and provision of access to water; review of curricula, including language of instruction policies; in-service training for untrained teachers; creation of systems for continuous professional development for trained teachers; design of part-time diploma courses for untrained teachers;
- **Non-Formal:** empowering Ministries of Education to coordinate and harmonise primary and non-formal education activities; creation of linkages with formal education systems; construction of gender-segregated latrines and provision of access to water; support to the development of a cohesive policy framework enabling poor and vulnerable target groups to access education services equitably;
- **Vocational Education and Training (VET):** strengthening technical departments in the Ministries of Education; training technical instructors to upgrade vocational training; creating linkages with other Ministries and the private sector; upgrading VET; continuation/expansion of basic skills training, ensuring (through proper curriculum design and employment promotion services) that more than 50% of graduates find gainful employment;
- **Institution building:** strengthening of management and quality assurance functions for Somali administrations and key local institutions (including support to policy formulation and implementation, planning and management, monitoring and evaluation); promotion of interconnectivity, networking and partnership-building (including training, study visits, peer reviews, exchanges across Somali institutions); improvement of learning contents (curriculum development and materials design; teaching and learning strategies and methodologies); developing support structures and mechanisms, as well as learner performance assessment;
- **Education for Somali refugees:** In close collaboration with ECHO and Kenya Delegation very disadvantaged Somalis and children and young women in particular living in refugee camps along the Somali-Kenyan border, e.g. the Dadaab camp, will be supported through this intervention, albeit at a limited scale. This support will build on the strengths of previous

developments, taking full advantage of existing curricula (learning materials, teaching guides), the pool of Somali trained teachers and mentors. Subject to further needs analysis, the approach will not be limited to basic and primary education, but include also secondary and vocational education;

- **Crosscutting:** capacity development at all levels with embedded technical assistance and twinning arrangements (institutional learning); support for the development of sector-wide monitoring and evaluation (M&E) systems operated by the Ministries of Education; design of a multi-annual sector development plan with partners on the ground; review of crucial policies (e.g. language, textbooks, teaching services, system articulation facilitating transition between sub-sectors). Promotion of accelerated use of modern instruction technologies in particular in post- and secondary education (computer based learning and instruction).

By building on the strengths of the ongoing programme (funded by the first tranche of the 10th EDF) the proposed programme will avoid duplication and overlapping and use lessons learned whilst scaling up implementation to new regions. The bulk of the activities foreseen under the second tranche will commence in time to avoid gaps in implementation.

3.3 Risks and assumptions

As described above, the unpredictable, volatile security situation in Somalia poses some risk to both implementation and sustainable investments. Long-term experience in mitigating these risks (accrued over more than a decade of EU assistance to Somalia) has demonstrated that even in volatile situations implementation could be time adjusted and mitigated successfully, through monitoring and (when necessary) suspension or relocation of implementation. In line with implementation modalities adopted in the past, sub-sectoral support will continue encouraging the formation of consortia of implementing partners, which capitalise on strengths and related regional experience. This will ensure that risks are successfully mitigated.

In Puntland and Somaliland in particular, relative stable political structures have been created and disruptions in implementation have been very modest in the education sector. The circumstances in these regions currently allow for twinning programmes and exchanges which will benefit the education sector and allow for economies of scale (i.e. through support to joint training sessions for teaching staff, government officials). Recently, a fourth political entity, Galmudug has emerged, and implementing partners are currently extending coverage of service delivery to this region. This will be reinforced in the framework of the forthcoming programme.

In South Central Somalia the risks associated with collaboration with the TFG are significantly higher. In the past, service delivery could be provided at grassroots level even in the absence of a functioning central administration (mostly through actions directly targeting rural population). However, the recent political developments have severely restricted access by international implementing partners. Such risks can only be successfully mitigated by relocation of interventions to accessible, stable areas.

In order to remain open to positive outcomes, the forthcoming Call for Proposals will continue addressing the whole of Somalia. Implementing partners with relevant experience and knowledge of the situation on the ground will conduct risks' analyses and decide where to implement. As past experience has taught, even if the circumstances worsen certain components of the programme can be suspended and eventually, as a last option, relocated. It is clear that such measures will result in higher transaction costs, but such is the case in fragile situations.

3.4 Crosscutting Issues

- Gender and environment

As emphasized in the EU Strategy for Education Sector Support³⁹ and described in the country context, gender and environment mainstreaming remains a priority in EU-supported interventions. It is notable that civil society representatives, but also officials in the Ministries of Education fully support affirmative actions to promote the participation of girls and women in education. Environmental aspects will continue to be given high attention when designing teaching/learning materials for children and teachers. Furthermore, training of the targeted community education committees will focus strongly on the protection of the environment.

- Rights of children and minorities

Children's rights, allowing children the capacity for autonomous action to the empowering of children against physical, mental and emotional abuse, will remain a priority under the proposed programme and will be mainstreamed at all levels of the system, from the classroom (child to child clubs) to teacher training (non-abusive practices in classroom interactions) to curricula and school design. The same will apply to public health, peace and conflict management.

The programme will also focus more strongly on reaching out to very disadvantaged segments of Somalis, including disabled, orphaned and vulnerable children, minorities and other vulnerable groups.

3.5 Stakeholders

The stakeholders that are directly involved in the development of this programme are the Ministries of Education in Somaliland, Puntland and South Central Somalia and technical staff attached to these, in particular administrators and managers at regional and school level. Civil society representatives were involved in the preparation of this project through a consultative approach facilitated by EU support to the effective participation of Non-State Actors and the related platforms in policy dialogue⁴⁰. In response to their request, EU investments in secondary education, vocational training and institution building have been scaled up (as outlined in this document).

Institutional capacity to sustain this programme will have increased by the time the programme is rolled out as a result of EU-funded capacity development investments, inherent training of administration staff and institutional building measures currently being implemented.

4. IMPLEMENTATION ISSUES

4.1 Method of implementation

As Somalia is not a signatory to the Cotonou Agreement, the European Commission has been entrusted by the ACP-EU Council with the role of National Authorising Officer. The proposed method of implementation is therefore direct centralised management, albeit in close consultation

³⁹ Revised October 2010

⁴⁰ Technical consultations took place in Hargeisa in connection with the annual meeting of these platforms on 6 and 7 December 2010.

with the respective Somali administrations in Somaliland, Puntland and South Central Somalia. This will ensure improved ownership. Financing Conditions will be signed.

The interventions will build on past procedures and good experience and will be implemented through grant agreements, subject to a Call for Proposals. This procedure allows selecting the best implementing agencies in terms of sector knowledge, experience and local acceptance. Implementing agencies will work with regional, local governments, and, where applicable, grassroots local committees to ensure full ownership and improve prospects of sustainability.

4.2 Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the European Union for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation for the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the revised Cotonou Agreement.

The crisis situation has been declared for Somalia so direct awards or negotiated procedures can be envisaged on a case by case basis and in accordance with applicable EU rules.

2) Specific rules for grants

Selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions, particularly section 6.4.3.2, and the standard evaluation grid contained in Annex E5a. They are established in accordance with the principles set out in Title VII ‘Grants’ of the Financial Regulation applicable to the 10th European Development Fund. The standard evaluation grid will be used. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 90%.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

4.3 Budget and calendar

The indicative budget and contracting modalities for the execution of the programme are estimated as follows:

<i>Component</i>	<i>EU contribution EUR</i>	<i>Implementing Partners EUR</i>	<i>Procurement procedure</i>
Basic/ primary and secondary education	12 000 000	1 200 000	Grants/call for proposals
Teacher training (primary, secondary)	3 000 000	300 000	Grants/call for proposals
Skills development	4 000 000	400 000	Grants/call for proposals
Institution building and capacity development	5 500 000	550 000	Grants/call for proposals
Contingencies	400 000		
External evaluation	80 000		Service/FWC

Audit	20 000		Service/FWC
TOTAL	25 000 000	2 450 000	

The total project cost is estimated at EUR 27 450 000, of which EUR 25 000 000 shall be financed from the NIP in the framework of the revised ACP-EC Partnership Agreement/from the general budget of the European Union and EUR 2 450 000 in co-financing by the Implementing Partners.

The execution period will be 54 months. The foreseen operational duration is 30 months as from signature of the Financing Conditions. The closure phase of a duration of 24 months will start from the expiry date of the operational/implementation phase. The anticipated operational duration of the contracts with implementing partners (international NGOs and International organisations) is expected to be 24 months. Indicative timetable is as shown below:

Component	January- June 2012	July 2012- December 2014	January 2015- December 2016
1. Basic/primary/secondary education	CfPs/ Contracting	Implementation Phase	Closure phase
2. Teacher training	CfPs/ Contracting	Implementation Phase	Closure phase
3. Skills development	CfPs/ Contracting	Implementation Phase	Closure phase
4. Institution building and capacity development	CfPs/ Contracting	Implementation Phase	Closure phase

4.4 Performance monitoring

Performance of this programme will be monitored as per indicators set-out in the logical framework. This will be complemented by external monitoring.

4.5 Evaluation and audit

Independent consultants recruited directly by the Commission on the basis of specifically established Terms of Reference will carry out external evaluations of the programme. In addition, for individual contracts, external evaluations will be carried out by independent consultants. The results of these evaluations and related recommendations will feed back into the preparation of forthcoming sector support. All grant contracts include expenditure verification reports. For contribution agreements awarded following a call for proposals, the audit structure of the international organisation concerned is relied upon if they have passed a positive assessment. A small budget is however included for audits to be contracted by the EU Delegation should the need arise.

4.6 Communication and visibility

Past experience shows that implementing partners tend to take a rather cautious approach in promoting EU visibility and rather promote their own corporate identity. Following the revised rules for grant contracts since November 2009, communication plans are to be submitted for all interventions under this programme as a rule and implementing partners will be requested and monitored to fully comply with these provisions. Additional activities under this project are not foreseen.

Annex IV

1. IDENTIFICATION

Title/Number	Support for the rehabilitation and development of water and health infrastructure in Somaliland and Puntland CRIS reference: SO/FED/022-706		
Total cost	EUR 26 500 000 European Union (EU) contribution: EUR 25 000 000 from the 10 th European Development Fund (EDF) A Envelope		
Aid method / Method of implementation	Project approach Centralised management and Joint Management		
DAC-code	43010	Sector	Multi sector aid

2. RATIONALE

2.1 Sector context

Infrastructure in Somalia has been deteriorating rapidly over the past fifteen years and rehabilitation needs are great. However, the peaceful election and democratic transition of power in Somaliland in June 2010, has added momentum to the transition to development programming in that region. In recent years Somaliland and only partially Puntland have been able to establish political and administrative institutions while maintaining peace and re-establishing the rule of law. In Somaliland along with the process of democratization there is a vibrant society and private sector to engage with.

Consultation with the Somaliland and Puntland authorities has indicated priorities in the full range of infrastructure sectors; transport, energy, communications, water and sanitation and urban development. However, few developed feasibility studies and/or engineering plans exist with the exception of the Hargeisa water supply programme. Needs were thus screened on the basis of the ranking of priorities presented by Somaliland and Puntland authorities, in conjunction with the presence of detailed plans and capacity demonstrated through previous actions. Through this screening process urban water (or Municipal Water Supply⁴¹ - MWS) is the primary focus of this project, along with limited action on public health.

Water resources are a primary driving force in sustainable development. Rehabilitation and development of public water and health infrastructure linked to effective

⁴¹ The water agencies in Somaliland and Puntland are responsible for the supply and management of water but not for sewage and waste management. However the proposed programme is in compliance with focus area 3 - 'Municipal Water and Waste Services' of the EU Guidelines for water resources development co-operation: Strategic approach. In this proposal the following are used - Municipal Water Supply (MWS) meaning the infrastructure, and Municipal Water Supply Services (MWSS) meaning the management of supply and demand. Ad hoc interventions in the waste management sector will be financed and implemented by different projects in the areas covered by the present programme but the cost of waste management as whole is beyond the scope of this intervention.

management of services is an action that supports economic development, promotes employment creation, sustains productive livelihoods, and can lead to improvement in health and well being, particularly for the poor.

In both Somaliland and Puntland trends in water security are a major concern. Aridity combined with rapid urban growth undermines efforts made in improving access at household level⁴². For example, Hargeisa has grown from around 200,000 people in the 1970s when the present water system infrastructure was commissioned, to a population of around 800,000 today. Much of this infrastructure is in a critically poor state and it has been suggested that Hargeisa will experience a water crisis within two years time unless action is taken. The present supply rate is estimated at 10 l/pcap/day, about 30% of consumption to recognised minimum standards, whereas many people survive on less than 5 l/pcap/day. Unfortunately this situation is not unique, Somalia is clearly not on course to meet the Millennium Development Goals (MDGs) water target. Future implications for livelihoods, health and well being require serious consideration.

This situation underscores the need to rehabilitate municipal water supply (MWS) infrastructure in many towns, which was built in the 1970s–80s pre-war period and is close to, or practically past, its intended design life and capacity. Rehabilitation of this capital stock needs to be coupled with development of new water sources and supply infrastructure simply to keep pace with a growing urban population and demands. Supply augmentation, optimal use of existing assets and resources, and perhaps most critically, sustainable management practice, must proceed hand-in-hand with infrastructure works.

Not surprisingly studies consistently show that demands for improved water services are one of the primary public priorities. The fact that the water market is traditionally strong demonstrates its centrality to social custom, and that water is paid for suggests that it can be considered an economic good. MWS thus holds significant latent potential as an entry point for future programmes to successfully build on. There are a number of positive experiences and opportunities to work with. These include the presence of a strong private sector willing to work in support of lean government, and willing to invest in expanding services delivery through PPP management, as examples in Boroma and Gardo demonstrate with some success.

In addition, where municipal authorities are strongest, they are making efforts to improve planning, revenue collection, and managing public infrastructure and services. So, while urban unemployment remains high, construction and delivery services create opportunities for training, employment, and economic development.

⁴² Both regions are water scarce, experiencing aridity and persistent drought that has influenced the ongoing rapid urban growth. Recognising that the ability to meet water supply needs becomes more challenging as the resource base becomes increasingly stressed, it is a major concern that proven resources of available, renewable freshwater are currently estimated as being below 1,000 m³/cap/pa with a projection of around 500 m³/cap/pa by 2025. At household level, according to UNICEF/WHO 2006 figures for MDG progress reporting, access to an improved water source in Somaliland and Puntland are 41% and 28% respectively, with large disparities in favour of urban rather than rural access (58% and 11% nationally). The disparities mask significant *within* town differences between those 'served' with household connections, usually receiving poor continuity of service, and the majority of the 'un-served' who may pay up to ten times the price for poorer quality equivalent volumes of vended water (\$10m³ vs \$1m³). Significant *between* town difference in performance is also reported (e.g. Borama's performance following rehabilitation and Public Private Partnerships (PPP) lease agreement compared to Las Anod).

Reports indicate that a large percentage of local revenue is spent in garbage collection but interest in investment in this service by the private sector lags well behind investment in water services. However, solid waste management cannot be adequately covered by this proposal, due mainly to economies of scale, whereas investment in the rehabilitation of key health facilities does open up synergy relevant to infrastructure planning.

This action will thus support the regional governing authorities in providing the means to meet the people's expressed demands for improved services in MWS and in important health facilities. It will provide for increased access to improved water supply and health services for the selected municipalities. It will work towards underpinning the enabling environment for private sector led economic growth, which in equitable partnership with strengthened public institutions and civil society will contribute to poverty reduction, the consolidation of peace and sustainable growth.

2.2. Lessons learnt

The "EU Somalia Unit" (part of the EU Delegation to Kenya) has acquired in recent years considerable experience in implementing rehabilitation of infrastructure in Somalia. The modalities and the strategies that will be applied to this programme have been proven successful in providing appropriate infrastructure in areas of conflict and post-conflict, and at the same time have offered a source of income to the people of Somalia. Relevant experience with a number of infrastructure interventions in urban and rural water supply, rural roads, irrigation and drainage/flood control, market shelters, etc. has been gained at a small to medium scale appropriate to national contracting environment. This work has been complemented by a few larger scale infrastructure projects⁴³. Experience gained thus suggests that scaling-up in infrastructure is possible. Specific lessons learnt relevant to this project are that:

1. The Somali private sector has shown entrepreneurial capacity and willingness to engage in the provision of services, and collaboration between private and public sectors has proved to be effective in management and development of urban infrastructure.
2. The experience of public private partnership (PPP) management of water supply in a few urban and rural locations in both Somaliland and Puntland, has often been quoted as success-stories applicable not only in Somalia but also in other countries. However the form of the PPP needs to be acceptable to both parties and experience suggests concession rather than lease agreements serve the operators better. Performance criteria need to be developed and monitored by public authorities to ensure accountability and transparency.
3. Performance criteria need to take account of conservation and protection of water resources to ensure sustainable use of water resources and avoid depletion of aquifers.
4. Cost Recovery, regulation and demand management are critical components of urban water successes.

⁴³ For example the Northern Somalia Roads Rehabilitation Project was implemented by direct agreement by the German Technical Agency, in cooperation with regional government and the parastatal Roads Board, and ensured delivery and standards through consulting engineering supervision of tenders, contract and certification.

5. Call for Proposals in the Somali context can be an effective way to acquire detailed planning for rehabilitation infrastructure, and solicit funding for the rehabilitation itself.
6. Larger scale infrastructure rehabilitation requires the application of planning, standards and professionalism in engineering and management. Undertaking physical works prior to appropriate management structures being in place must be avoided.
7. Lack of recognition of Somaliland government places limits on the possibilities for contracting directly with the private sector in urban water supply.

The proposed programme will thus take into consideration and incorporate lessons learned from past and on-going EU-funded interventions in Somalia (EDF 8 and 9, Thematic Programmes, Italian co-financing scheme, etc), broad consultations with partners and stakeholders, and from experience in other countries that have been in transition from conflict to reconstruction and development.

2.3. Complementary actions

The EU is by far the largest donor in Somalia for the economic recovery sector. The programme will be complemented by other EU-funded projects in the EDF Economic Programme I. These include the employment generation intervention in Galmudug and Benadir regions of Central and Southern Somalia. In addition, there are ranges of small to medium scale infrastructure interventions being implemented by UN agencies and international non governmental organisations (INGOs) in partnership with local non governmental organisations (LNGOs), and with private sector contractors nationally. Much of the infrastructure work ongoing is being carried out in support of urban development needs and with municipal authorities, which is in line with objectives of the Joint Programme for Local Governance (JPLG) and supports the United Nations/World Bank (UN/WB) Reconstruction Development Plan (RDP) for Somaliland and Puntland. However, current works are making only a limited contribution towards the massive scale of needs identified in the RDP.

For MWS specifically there are relevant experience and complementary actions to draw from, enabling this action to build on an increasingly coherent framework and structured approach to rehabilitation and development of infrastructure, and in capacity building for improved services delivery.

In Somaliland, a draft Water Act is currently being passed through to legislation by the Houses of Representatives and Elders by the Ministry of Energy, Minerals and Water Resources (MEMWR). The status of municipal water agencies has also been recently addressed allowing the roles and responsibilities between central and regional authorities to be defined under a strengthened water governance framework. Intended to improve on the decision making processes and on regulation, recent progress also lays the groundwork for structuring PPP agreements optimally, and improving on accountability to the people benefitting from the service in the municipality on a case-by-case basis. This is also being addressed in Puntland, focussing on the Puntland State Agency for Water, Energy and Natural Resources (PSAWEN), so technical assistance to both water authorities is being factored into planning by UN and EU to complement these developments.

In the water sector United Nations Children's Fund (UNICEF) has been consistently at the forefront of an extensive scope of Water, Sanitation and Hygiene activities, including support to the water authorities, training, coordination of the sector/cluster and advocacy. Past projects at various scales in almost all the major towns of Somaliland and Puntland by a wide range of donors and implementing agencies (e.g. UNICEF, United Nations Development Programme (UNDP), Caritas, Africa 70, German Red Cross (GRC), Cooperazione Internazionale (COOPI,) Comitato Europeo per la Formazione e l'Agricoltura (CEFA), Oxfam, Norwegian People's Aid (NPA), UN-HABITAT, ActionAid, Danish Refugee Council (DRC), United Nations High Commission for Refugees (UNHCR), etc.,) have had varying degrees of success. These projects have laid strong foundations in MWSS to build on, with recommendations and outline plans integral to final reporting.

Since 1995, the EU has allocated more than EUR 20 000 000 to the water sector with an estimated million beneficiaries, and has financed several actions through Caritas, Africa 70, GRC, COOPI, CEFA, Oxfam, UNICEF, etc. Currently, the global water facility projects to be implemented by CARE Nederland NGO (Puntland) and Caritas (Somaliland) present opportunities to strengthen synergies in capacity building of actors in the water sector at all levels, and improve water production in selected locations.

The proposed programme will also benefit from the experience of the EU, in collaboration with UNICEF and AFRICA 70, in promoting PPP in the water sector in Hargeisa, Berbera and Boroma (Somaliland) and Qardho (Puntland). At present UNICEF, with EU Water Facility funds, is implementing a project promoting the establishment of PPP in the rural areas of Boroma (Somaliland) and Qardho (Puntland).

The EU-funded and Food and Agriculture Organisation (FAO)-implemented "Somalia Water and Land Information system" is assisting the Somaliland MEMWR and Puntland PSAWEN in the collection analysis and dissemination of different aspects of water resources and integrated water management (Hydrometeorology, inventory of water sources and of urban and rural water supplies, droughts, flood risk and response system, rain harvesting and irrigation infrastructure).

In addition, recent EU support to Hargeisa Water Agency through Africa 70 has produced detailed engineering plans and specifications for future development⁴⁴. The EU has just awarded to an INGO⁴⁵ a project financed by the Economic Programme I. The project will provide technical Assistance to the Somaliland Ministry of Energy Water and Mineral Resource and to the Buraq and Hargeisa water agencies. Such project will support the implementation of the activities proposed in the present project that will enable the Ministry and the other agencies to fully benefit from the intervention. However specific and customized capacity building activities will be part of each intervention.

The EU-financed technical assistance project to the MEMWR will encourage and support the adoption of sector coordination with other donors and private investors

⁴⁴ Detailed engineering plans have been produced as four lots that are close to tender standard, pending independent analysis of costs and some further studies to assure technical feasibility and standards including new well field development. An estimated EUR 31,610,000 is required for investment in public infrastructure.

⁴⁵ Terre Solidali is the Italian NGO that will continue the Technical Assistance to the Ministry of Water in Somaliland. The project, recently awarded, will cover the course of 36 months starting from May 2011.

that are interested to support the water sector, particularly with DFID that has shown a growing interest in financing actions in the water sector in Somaliland.

The Puntland State has already prepared and adopted a Water Act and, through PSAWEN, is capable of coordinating and monitoring all activities in the water sector. The proposed programme will complement and benefit from other actions that are already taking place in Garowe, Galkayo, Qardho and Bosasso, which are the main urban centres of Puntland.

Regarding Hargeisa Group Hospital, this is a public facility established in 1953 and the only referral hospital in Somaliland. Built to serve an urban population of 30,000 it is badly over-stretched. Two EU-funded projects worth a total of EUR 3 200 000 are currently supporting the project with technical assistance for service delivery and capacity building and support to the hospital board. None of these actions however envisage infrastructure or civil works components which are needed and have been identified in outline. The hospital receives limited support from the Global Fund which is earmarked for three main diseases (AIDS, Tuberculosis and Malaria) and some very limited and sporadic support from UNICEF and the Somali Diaspora.

2.4. Donor coordination

The 2008-13 Joint Strategy Paper (JSP) resulted from a coordinated effort by the EU with several Member States and Norway as a response to the UN/WB reconstruction development programme. The Coordination for International Support to Somalis (CISS) is the apex body for aid coordination, which comprises representatives from donors, UN agencies, NGOs and sector committees, including water and infrastructure, and food security and economic development. The Water and Sanitation Sector Committee allows for close coordination among donors, International and Somali agencies involved in project implementation in the water sector. The main donors are: DFID, Italy, USA, Denmark, Netherlands, Germany, France, Arab States and many others. The majority of stakeholders based in Nairobi and the Somali Authorities at central and state level have been consulted during the preparation of this programme, and some have been positive towards contributing to a structured programme.

Furthermore the JPLG⁴⁶ (see short description in footnote) is a coordination mechanism that involves UN agencies and donors and permits a rational use of financial and human resources in the implementation in Somalia.

3. DESCRIPTION

The proposed intervention is rooted in the third pillar of the priorities identified by the Joint Needs Analysis (JNA) and subsequently adopted by the RDP/JSP: "Creating an enabling environment for private sector-led growth to expand employment and reduce poverty". Consistent within the national planning framework, the RDP/JSP explicitly promote the rehabilitation and maintenance of infrastructure as a main component for

⁴⁶ JPLG is a United Nations coordinated effort designed for Somalia (country-wide), targeting good governance, improved service delivery and sustainable development at the District and Community level. The Programme is implemented at the District level, operating in all the main regions of the country (South-Central Somalia, Somaliland and Puntland). UNDP is the agency in charge of the JPLG. Funds are from EU, DFID and Italy among others.

the revitalization of the productive sector and the improvement of livelihoods, which is the overall objective of the action.

The specific objective (purpose) is to promote private sector-led economic development and expand employment in the productive sector through rehabilitation and development of essential public infrastructure for improved service delivery⁴⁷.

3.1. Expected results and main activities

Two results are proposed.

Result One: Rehabilitation and development of essential public infrastructure in selected locations.

The main activities include the rehabilitation and development of selected MWS:

1. Hargeisa water system. Two lots will be implemented. The most critical lot is the instalment of a badly needed 21km rising main from Ged-Deeble well field to Hargeisa, which is a pre-condition for future increase in production from the well field. A second lot, new water sources at Xaraf⁴⁸ producing 1,000m³/day for the un-served Southern quarter of the town, will be implemented following a study and cost revision.
2. Buraao water system. Following a first stage funded by Dutch Government and implemented by UN-Habitat until 2005, a second stage of infrastructure rehabilitation and development is required for Somaliland's rapidly growing second city. This includes rehabilitation of the rising and ring mains and in circuit storage, which are still war damaged, in response to the demand for an increase in household connections and kiosks.
3. Erigavo water system. Following a first stage completed in the 1990s and a second stage funded by the EU and implemented by CEFA until 2006, a third stage of rehabilitation and development is required to identify and develop new water sources and expand the distribution mains in response to demand for increase in household connections.
4. Tog Wajaale water system. An 18km gravity pipeline from the Botor well field and town storage for water scarce Tog-Wajaale market/border town is completed. The activity comes as a complement to the feasibility study for the Berbera corridor 2011.
5. Refurbishment of Hargeisa Group Hospital to improve access to and the quality of health services by rehabilitating, maintaining and constructing civil works and providing necessary equipment.
6. Puntland Municipal Water System of Garowe, Galkayo, Qardho and Bossaso will be improved, focusing on increased water production from which distribution infrastructure will be rehabilitated and expanded. The Municipal water companies in Puntland have had a minor development compared to those of Somaliland.

⁴⁷ The programme will create jobs because the rehabilitation of infrastructure will offer temporary employment through the labour intensive activities. The water companies that will result from this programme will also provide long term employment.

⁴⁸ In Xaraf there is high concentration of internally displaced persons (IDPs) that have not access to safe water.

However, water is a high priority in Puntland and it is a major concern for the future of towns like Garowe and Galkayo that are experiencing an increase in population. There are NGOs working in Municipal Water sector in Puntland, plus a Joint Programme for Local Government implemented by UN agencies that will respond to the Call for proposals. Producing the specifications for rehabilitation and the actual work will be part of the activities proposed in the Call. Capacity building for public and private water companies will also be included.

Result Two: Improved service delivery through capacity building of local government and civil stakeholders.

Each activity whether a contribution agreement with UN-Habitat or a Call for Proposals will include a "soft" component that will be carried out along with the construction of pipeline, well, boreholes or small buildings. Capacity building will be customized to the specific needs of the targeted agencies. It will include among others:

- Sensitisation of stakeholders on the need and advantages of accountable and transparent institutional, managerial and financial reforms;
- Promotion of legal, financial and management rules for PPP;
- Building the technical and financial capacity of the water agencies' staff to manage water supply distribution;
- Improving the capacity of demand forecasting, planning, design, monitoring and evaluation;⁴⁹
- Promotion of an efficient system of revenue collection, cost recovery and financial management.

In addition this project will assist the Ministries responsible for water and environment in Somaliland and Puntland to establish and operate a monitoring system to ensure a sustainable use of underground water.

3.2. Risks and assumptions

Security has been and continues to be a major constraint to work in Somalia. However the EU and its implementing partners have been able to operate in Somalia during the last two decades despite the continuing unrest and civil strife. Implementing partners have developed a considerable capacity on the ground with the support of local staff and non state actors (NSAs) to ensure a relatively satisfactory level of implementation of activities, even when the security situation in Somalia does not permit the permanent presence of expatriate staff. It is worth noting that Somaliland particularly, but Puntland also, have established a reliable administration allowing for the presence of expatriates in most of the urban areas.

Clan issues are not expected to result from this programme as water is considered a regional priority and its scarcity affects the entire population in Somaliland. Plus the area of intervention is in general sufficiently homogeneous in terms of clans and sub clans to exclude divisive interference from clans. Furthermore, the chosen UN agency

⁴⁹ Provisions will be included for studies and planning within the Call for Proposals. The implementing agency will carry on the required study prior to any civil work activity.

(UN-Habitat) and international NGOs have in Somaliland and Puntland established a set of "working environments" that permit them to tackle the difficult issues of implementing development projects in these two regions.

An effective PPP assumes a strong and equal partnership, but the success of this approach is a comparatively new experience in Somalia, so the risk exists that either one of the partners (government or company) becomes weak or ineffective compared to the other. A specific focus will be put on ensuring that accountability relationships and contracting arrangements are structured optimally to mitigate risks of poor programme performance/poor delivery to end beneficiaries.

3.4. Crosscutting Issues

The main crosscutting issues include environment, gender and conflict prevention. All interventions will be preceded by an ad hoc environmental impact assessment conducted by external experts and the related mitigation measure adopted. Focus will be put on protection of water resources and conservation to ensure sustainable management of natural resources. Civic education of Integrated Water Resource Management (IWRM) principles will be promoted in addition to training on its application.

Women's gender roles have been stretched beyond traditional limits. Many women are now taking the main role in domestic decision making and working to provide income for their families. Women are now at the forefront of emergency efforts. However, men remain in control of the political domain and women are excluded but men have reduced economic power at home. Gender mainstreaming will ensure that women and vulnerable people will be linked to the decision making process in the selection of the interventions and they will have equal access to resources and employment. In particular, water interventions are particularly beneficial to women and girls. Women traditionally play a strong role in water markets, and are active as shareholders in some of the water companies active in Puntland and Somaliland.

In addition, community participation, accountability and transparency will be promoted so as to prevent and mitigate conflicts arising, and to ensure that the voice of the poorest strata of the population (which at present have little or no access to safe water and are mostly unemployed) can be heard.

3.5. Stakeholders

The final beneficiaries of the programme will be the urban households of Somaliland and Puntland. About 1 million people are expected to have sustained or increased access to safe water and about 50,000 patients per year are expected to have better health services.

The target will be government institutions, small and medium enterprises, private investors, local communities, IDPs and civil society. The Somali private sector and local organisations will also play a major role in project implementation and economic development. UN agencies and NGOs will be the main implementers of donor-funded programmes in Somaliland and Puntland, but the programmes will be developed and implemented in full consultation with, and supported by Somali local authorities.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

As Somalia is not a signatory of the Cotonou Agreement, the EU holds the role of National Authorising Officer on behalf of the Somali people, and the project will therefore be managed in centralized management and joint management with an International Organization. Financing Conditions will be signed.

The implementation of the Hargeisa MWS will be through joint management with the signature of a standard contribution agreement with UN-HABITAT⁵⁰. Joint management can be applied as a long term agreement exists with the United Nations. UN-HABITAT is chosen because of the experience in Somaliland, their technical support to the programme and their capacity to supervise the implementation. Furthermore UN-HABITAT has accepted to reduce their percentage (overheads) from 7% to 4%.

It is worth mentioning that the "EU-Somalia Unit" would have chosen a direct tender if Somaliland had been a recognized government. In the absence of recognition of the Government the "EU-Somalia Unit" would be obliged to sign contracts with construction companies. The "EU-Somalia Unit" has never done this type of contracts and does not have the legal and the technical capacity to manage construction works in Somaliland. On the other hand UN-HABITAT is familiar to this type of work and has the knowledge and expertise. Additionally, UN-HABITAT is willing to negotiate their cost lowering to a level that would be similar to the cost that EU would need to sustain if it was tendering directly. Furthermore, UN-HABITAT will deal with the claims and will guarantee the required transparency. Finally, UN-HABITAT will guarantee that the intervention includes both construction and capacity building activities customized to the need of the Hargeisa Water Agency.

UN-HABITAT has successfully passed the 4-pillar assessment carried out by Headquarters, as this organisation falls under the UN Secretariat and offices.

The implementation of water supplies in other towns of Somaliland and Puntland will follow direct centralised management procedures. Grants will be awarded through an open call for proposals allowing the selection of the best implementing agencies in terms of sector and local knowledge. Given the political and socio-economic conditions prevailing in Somalia and the absence of an NAO, the risk of managing works contracts directly, particularly those with a low financial envelope is extremely high. These implementation risks will be reduced both through INGO project management and the provision of an independent monitor/supervisor. Furthermore, these interventions all require institutional support and capacity building activities which would difficult to implement through a standard works contract. The need for labour-intensive approaches as well as the inclusion of maintenance and recovery costs will be stressed in the Call for proposals guidelines.

Direct agreement may also be considered on a case-by-case basis and in accordance with the applicable rules.

⁵⁰ UN-HABITAT has been identified since it has led the infrastructure/urban development sector and has recently proved to be efficient and effective in the execution of civil work in Somalia.

Implementing agencies will work with regional and local governments, municipalities, water agencies, Community Based Organisations (CBOs) and the private sector to ensure ownership and sustainability.

4.2. Procurement and grant award procedures

1) Contracts

In the case of Joint Management with an International Organisation all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

In case of centralised management all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation for the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned Authorising Officer shall be subject to the conditions provided for in Article 20 of Annex IV of the revised Cotonou Agreement.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions, particularly section 6.4.3.2, and the standard evaluation grid contained in Annex E5a. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. The standard evaluation grid will be used. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Full financing will apply in the Call for Proposals for the Bosaso, Tog Wajaale, Erigavo and the Hargeisa Hospital and this based on Article 253 1(b) of the Implementation Rules which is also applicable to the 10th EDF. The crisis situation has been declared for Somalia by the relevant Authorising Officer. In the effort to minimise costs and own contribution from their side we will invite NGOs to enter into the competition as direct implementers.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

4.3. Budget and calendar

The operational implementation phase that starts from the entry into force of the Financing Conditions will have a duration of 60 months. Indicative timetable is as shown below:

	Finalisation of Guidelines / ToR	Launch of Cfp	Deadline for Reception of Proposals	Contract Award	Operational phase	Project Completion

1	Hargeisa WSS	Dec 2011	Jan 2012	Apr 2012	Jun 2012	4 years	Jun 2016
2	Erigavo WSS	Dec 2011	Feb 2012	May 2012	Jul 2012	3 years	Jul 2015
3	Burao WSS	Dec 2011	Feb 2012	May 2012	Jul 2012	3 years	Jul 2015
4	Tog Wajaale WSS	Dec 2011	Feb 2012	May 2012	Jul 2012	3 years	Jul 2015
5	Puntland WSS	Dec 2011	Feb 2011	May 2012	Jul 2012	4 years	Jul 2016
6	Hargeisa Group Hospital	Jan 2012	Feb 2012	May 2012	Jul 2012	3 years	Jul 2015
7	Operational support	Feb 2012	Mar 2012	Jun 2012	Aug 2012	4 years	Aug 2016
8	TA WR monitoring	Feb 2012	Mar 2012	Jun 2012	Aug 2012	4 years	Aug 2016

The budget⁵¹ for the actions is the following:

Interventions	Contributions		Total EUR	% of EU contri- bution	Implemen- tation mode
	EUR				
	EU	Implementing partners			
Somaliland	21,300,000	1,500,000	22,800,000		
Hargeisa MWS	15,000,000	1,500,000	16,500,000	90	Contri- bution Agreement
Burao MWS	2,000,000		2,000,000	100	Grant
Erigavo MWS	1,200,000		1,200,000	100	Grant
Tog-Wajaale MWS	1,600,000		1,600,000	100	Grant
Hargeisa Hospital	1,500,000		1,500,000	100	Grant
Puntland	2,500,000		2,500,000		
Puntland MWS	2,500,000		2,500,000	100	Grant
Somaliland and Puntland					
TA programme for monitoring the sustainable use of water resources	400,000		400,000	100	Grant/ Services

⁵¹ Visibility is included in grant contract.

Provision of operational support on the field	400,000		400,000	100	Services
Contingencies	200,000		200,000		
Evaluation and Audit	200,000		200,000	100	Services
Total	25,000,000	1,500,000	26,500,000		

4.4. Performance monitoring, Evaluation and Audit

Performance of this programme will be monitored as per indicators set out in the logical framework. Technical Support could be envisaged in order to support the monitoring of programme implementation in Somaliland and Puntland on a regular basis.

Independent consultants recruited directly by the European Commission on specifically established Terms of Reference will carry out external mid-term and final evaluations of the programme. The Commission shall review the conclusions and recommendations of the mid-term evaluation and decide on the follow-up action to be taken and any adjustments necessary, including, if advisable, its re-orientation.

Expenditure verifications are included in grant contracts, and for contribution agreements with UN, their audit provisions apply. The Commission can always contract additional audits if deemed necessary.

4.5. Communication and visibility

The EU and implementing partners will ensure full adherence to EU visibility guidelines at action level⁵². Financial provisions for visibility are included in grant contracts and grant beneficiaries, as well as international organisations, have to adhere to the Visibility Manual. At programme level the "EU Somalia Unit" will ensure the distribution of relevant information utilizing internet, documentation networks and other means.

⁵² Communication and Visibility Manual for EU External Actions. July 2009

Annex V

1. IDENTIFICATION

Title/Number	Operational support (air transport) services CRIS Number: SO/FED/022-639		
Total cost	EUR 15 000 000 European Union (EU) contribution: EUR 15 000 000, financed from the A envelope 10 th European Development Fund (EDF)		
Aid method / Method of implementation	Project approach – <i>direct centralised management</i>		
DAC-code	72050	Sector	<i>Relief Coordination; protection and support services</i>

2. RATIONALE

Economic and social situation

Economic situation

Somalia is one of the poorest countries in the world, with an estimated per capita income of USD 226, and has suffered over fifteen years of continuous conflict. However, despite the prevailing insecurity and the absence of a national government the private sector - particularly trade, communications and livestock exports - have demonstrated some resilience. Annual diaspora remittances of USD 1 billion have been the key factor in keeping the economy afloat, particularly at household level. However, public finances are extremely weak or non-existent, even in the quasi-autonomous and relatively more stable northern states of Puntland and Somaliland. As a result of the civil war that erupted in 1991, economic data are scarce and unreliable; all such data should therefore be treated with caution.

The structure of the economy remains similar to the pre-1991 period. The economy is dominated by agriculture, which accounted for some 64% of GDP in 1991. About half of this was generated by the livestock sub-sector and around 37% from crops and fruit. The most prominent sub-sectors in services were trade, hotels, transport and communications. Reflecting the traditional role of pastoralism in Somali society, livestock is the most important productive and export sector; despite continuing livestock bans, approximately two million animals are exported each year, accounting for about 60% of Somalia's employment opportunities and generating about 40% of Gross Domestic Product (GDP) and 80% of foreign currency earnings. The fisheries sector has potential but remains almost entirely undeveloped. Even before the war, only 3% of Somalia's potential sustainable catch was being exploited domestically; the conflict has furthermore seen the exponential development of predatory exploitation by foreign fleets. The contribution of manufacturing to GDP in the late 1980s was no more than 5% and it remains very low today.

The economic infrastructure comprises some 22,000 km of roads, four major ports and 15 airfields, four of which have paved runways. Since the late 1980s there has been little investment in or maintenance of the roads network, which is now in poor condition, with the situation being slightly better in the autonomous northern regions where some limited

maintenance is carried out. There is no national electricity grid or legal and regulatory framework in place; most energy is provided by the private sector from privately owned generators at a relatively local level. Urban infrastructure in general is in poor condition.

The private sector has, to some extent, mitigated the impact of state collapse and war on the Somali people. Private investment in commercial ventures such as money transfer services and transport and communications, has been robust, and this in turn supports other economic activities, notably those of traders doing business with the Middle East and Asia. The private sector, with external support including international Islamic and diaspora funds, has also invested strongly in the provision of basic services such as education, water and health, and delivery has actually improved in some areas since the state collapsed. However, such services are generally concentrated in urban centres and do not cater for the needs of the poor.

At federal level and in South Central Somalia, there is no effective public sector finance management. While both Puntland and Somaliland do have a budget and fiscal flows, fiscal management suffers from low revenue collection, expenditure mostly going on security and general administration, and from poor and/or abusive management. Revenues derive mainly from trade taxes, including export taxes. They contribute more than 80% of annual revenue and have fluctuated widely in recent years as a result of the ebb and flow in the security environment. Deficit financing is limited to semi-voluntary loans from major business concerns that are repaid through tax exemptions. In both Somaliland and Puntland, salaries account for most of the public budget, dominated by the police and armed services. Benefiting from the virtual dollarisation of the economy and underpinned by diaspora remittances, trade has grown steadily since 1991, seemingly benefiting rather than suffering from state failure.

The recent exponential escalation in the conflict has seen the Somali shilling depreciate dramatically against the dollar, from 13,500/USD in December 2006 to over 31,119/USD in October 2010. Combined with spiralling fuel and commodities prices worldwide and the relative weakness of the US dollar, this development is further exacerbating the acute economic crisis.

Social situation

Somalia is a sparsely populated country. The population was estimated at 6.8 million in 2001, 7.3 million in 2004, 7.7 million in 2006 and 8.4 million in 2009. The implied population growth rate is about 2.9%. As a result of the decades of civil war, local and clan conflict, absence of government, and inadequate access to basic services and infrastructure, welfare has continued to decline. The cost in terms of loss or disruption of human lives alone has been considerable, with an estimated population deficit of about 2 million people.

Somalia's population is predominantly rural, with over 50% being traditionally linked to the nomadic pastoral food economy and about half that figure associated with sedentary agro-pastoral livelihoods, primarily in the riverine areas of the south. However, urbanisation has been very rapid in recent years, with the population of major Somali towns reportedly increasing by an average of 300-500% since the start of the civil war. While the absence of hard demographic data makes it impossible to gauge the extent of the phenomenon, it is clear that the rural/ urban population profile is in the process of radical change.

Despite the lost growth and potential - two generations of children have had no real access to education - there have been some gains in education indicators, although they remain extremely low, easily at the bottom of the African rankings. The primary school gross enrolment rate (GER) was only 22% in 2003-04, but when compared to a GER of about 12% in 1988 there are signs of improvement. Girls represent only about a third of total enrolment and are also subject to high dropout rates. Secondary education shows a GER of less than 2% with underrepresentation and underperformance of girls. Adult literacy is estimated at 20% - some success in tackling this can be seen from distance education with at least 30,000 adults (70% women and older than the primary age group) acquiring first-level literacy through a national radio programme implemented in cooperation with British Broadcasting Corporation (BBC) Somalia.

Overall life expectancy at 47 years in 2002 is very low. Under-five and maternal mortality rates are among the worst in the world at 224 and 11-16 per 1,000 live births respectively. Twenty-six percent of children under five are underweight and full immunisation coverage for one-year-olds is 36%. Malaria is endemic and is the leading cause of death in children under five. TB infection rates are amongst the highest in the world, with 1 in 270 people infected and an estimated 25,000 new cases every year; prevalence is particularly high among young men. Health service delivery capacity is weak or non-existent, with most health care offered by non governmental organisations (NGOs), religious and other private organisations in urban areas.

Somalia is water scarce. People in rural areas generally have access only to surface water; reticulated water is available on a limited basis in urban areas, usually managed by the private sector. Data on access to water are sketchy but would indicate that less than 20% of the population in rural areas and about 30% in urban areas have access to safe water, while less than 50% overall have access to sanitation. Somalia was already structurally food insecure before the war; the ongoing conflict and erratic climate conditions have eroded livelihoods and led to increased vulnerability and food insecurity, particularly among the urban poor and the burgeoning displaced population, currently estimated at some 2 million.

The basic rights of children, women and other vulnerable groups are severely compromised. Children are at extreme risk, mainly as a result of under-nourishment (with global acute malnutrition running at between 10% and 20%) and lack of protection. Somalia is one of only two countries which have not signed the Convention on the Rights of the Child. Women and girls are particularly vulnerable to the consequences of insecurity. With traditional structures and coping mechanisms breaking down, limited financial resources require decisions on where money is spent; in most cases, the priority goes to male children and men. Many girls marry or are forced to marry before the age of 14 and the practice of female genital mutilation is widespread.

2.1. Sector context

Somalia is a fragile state, characterized over the past seventeen years by chronic instability, the absence of a functioning national government and the emergence of fragmented, localised and often conflicting governance systems. These local arrangements tend to be vulnerable and volatile; their ephemeral nature and limited capacity hamper recovery and development efforts and are reflected in the chronic and acute insecurity on the ground that precludes a permanent field presence on the part of the international community. All diplomatic missions, United Nations (UN) agencies and international agencies serving Somalia are obliged to manage their operations from Nairobi, Kenya. This entails a need for regular, reliable and secure air transport services both between Nairobi and Somali hubs, and within Somalia serving numerous remote airstrips which cannot be safely accessed by road.

EU-funded flight operations ("EC flight" and ECHO flight) around the world are discontinued as soon as a viable, safe and reliable commercial air service serving the same or similar destinations is available. This principle has been successfully and rigorously applied (e.g. in the case of South Sudan); the prospects for withdrawal from Somalia are, however, remote in the short-to-medium term. While - in common with other parts of the private sector - Somali commercial air companies have continued to operate despite the conflict, they are not compliant with the safety and reliability standards regulated by the International Civil Aviation Organisation (ICAO) established by Convention on International Civil Aviation; aircraft operated by these companies have been banned on maintenance and safety grounds by both European and African authorities at different times.

International aid agency and diplomatic personnel are consequently prohibited from using the services of the commercial operators serving Somalia on safety and insurance grounds. Further, these companies serve only the major hubs, in principle (although not reliably) once a week; there is no service to the eighteen additional airstrips served regularly by "EC flight" around the country.

Two pilots from the "EC flight" along with four expatriate staff from Action Contre La Faim (ACF) France were kidnapped in November 2008 in Dusa Mareb – South Central Somalia and were only released after nine months of captivity. Following this incident and due to the deterioration of security, the number of destinations in South Central Somalia has been greatly reduced and flights are only tasked to fly to Mogadishu International Airport on a case-by-case basis. The tasking of these flights is subject to scrutiny by an in-house "EU Somalia Unit" security task force on a daily basis.

In the continuing absence of ICAO-compliant commercial air transport operators serving Somalia, the requisite capacity has historically been provided by the EU (initially through ECHO, and since June 2006 under the EDF) and the UN, working in close collaboration (see sections 2.2, 2.3 and 2.4 below).

2.2. Lessons learnt

The main lessons addressed by this ongoing operation are (a) the chronic insecurity inside Somalia, as a result of which the operational, political and administrative activities of all Somalia diplomatic missions and UN and NGO partners continue to be managed from Nairobi (overland travel inside Somalia is also periodically impossible in many locations); (b) the continuing absence in Somalia of ICAO-compliant commercial air services compliant. International aid agency and diplomatic personnel are prohibited from using the services of these commercial operators serving Somalia on safety and insurance grounds; these companies further serve only the major hubs; there is no service to additional airstrips served regularly by "EC flight" around the country.

In view of these problems, the options are to fund each partner agency implementing aid programmes in Somalia to contract air transport separately in accordance with their individual operational needs, or to contract a centralised, streamlined service. Given the exponentially higher cost and manifest inefficiency of the first option, and the additional advantages of the second in terms of EU visibility and system-wide security risk management, a dedicated EU-managed flight operation is clearly the more efficient and effective solution. This is confirmed by the occupancy rates of the "EC flight" service (consistently 90% in spite of difficult security conditions) and economic analysis of the alternatives (see section 4.3 below).

2.3. Complementary actions

The "EC flight" Operator is on standby 24 hours per day and 365 days per year in case of security evacuations. Also to be noted that although significant, the "EC flight" operation described above is still not able to cover all the air transport needs of aid agencies working in Somalia.

Although significant, the "EC flight" operation is not sufficient to cover all the air transport needs of aid agencies working in Somalia. A complementary service is operated by the United Nations Humanitarian Air Service (UNHAS) to ensure maximum geographical coverage for all agencies (see section 2.4 below).

2.4. Donor coordination

As a result of a participatory Joint Needs Assessment (JNA) led by the World Bank and the United Nations Development Programme (UNDP), a Reconstruction and Development Programme (RDP) has been endorsed by all Somali and international stakeholders as the overarching strategic framework for assistance to Somalia for the next five years. The EU and Norway have been strong supporters of the RDP and have developed their Joint Strategy Paper (JSP) response around the three RDP "pillars" (governance, social services and livelihoods). Priority strategic objectives have been agreed among the JSP donors, who together represent an estimated 85% of all formal development aid to Somalia.

In terms of general coordination, the *Somalia Donor Group* (SDG), *NGO Consortium* and *UN Country Team* nominate representatives who meet monthly in the Executive Committee of a dedicated body for the *Coordination of International Support to Somalia* (CISS Ex-Com), which agrees common international positions to be taken forward with Somali counterparts at all levels. Programme steering committees (comprising the Somali authorities, UN/World Bank, and donors) supervise the day-to-day implementation of activities.

As regards coordination in the specific sector concerned, the United Nations Humanitarian Air Service (UNHAS) also operates flights to Somalia. Neither the European Commission-managed nor the UNHAS flight operation is able to cover all the air transport needs of aid agencies working in Somalia; a joint "EC flight"-UNHAS task force regularly coordinates flight schedules and has developed standing arrangements for reciprocity (e.g. in the event of medical or security evacuations). This standing coordination mechanism ensures that there is no overlap between the two services.

3. DESCRIPTION

3.1. Objectives

The overall objective in line with the RDP/JSP is to contribute to the alleviation of poverty in Somalia and to promote a more peaceful, equitable and democratic society.

The project purpose (specific objective) is to provide a reliable and secure flight operation for eligible aid personnel, EU and EU Member State officials and cargo in support of RDP/JSP sector programmes in governance and security, social services and livelihoods.

3.2. Expected results and main activities

The main result anticipated is the reliable and regular provision of safe scheduled air transport services to up to 20 airstrips covering the whole territory of Somalia security permitting (see enclosed schedule).

3.3. Risks and assumptions

The major risk is evidently that of insecurity, notably as a result of the ongoing conflict within Somalia, where the belligerents are equipped with Rocket Propelled Grenades (RPGs) and Surface-to-Air-Missiles (SAMs) which pose an obvious threat to aircraft, especially while landing, taking off, and stationary on the tarmac. This risk is mitigated by a network of local correspondents equipped with radio communications at each location (airstrip) served by the "EC flight", who brief pilots regarding the situation on the ground before they make their approach.

3.4. Crosscutting Issues

Relation to cross-cutting issues: not applicable.

3.5. Stakeholders

Owing to the specific nature of this project, a classic development stakeholder analysis is of limited application. The direct "stakeholders" are agencies and personnel implementing aid programmes funded by the EU, EU Member States and Norway in Somalia, together with officials of these donor bodies who travel regularly to and within Somalia.

In order to minimise management costs, "EC flight" services are free at the point of delivery; a framework authorisation is therefore delivered upstream to eligible users on the basis of a strict prioritisation system following specifications outlined in the "EC flight"-Standard Operating Procedures. Currently there is an average occupancy rate of 90%, out of which 79% are EU staff or staff from international agencies implementing EU-funded programmes (priority one passengers). The remaining 21% are mainly staff from Member States and international agencies implementing EU Member States-funded programmes or programmes not directly funded by EU or EU Member States (priority two and three passengers). The indirect beneficiaries of this project are the population targeted by the full range of aid programmes implemented pursuant to the JSP.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Since the European Commission is acting on behalf of the National Authorising Officer (NAO) of the Somali People, the project is de facto centrally managed by the European Commission through the "EU Somalia Unit" in the EU Delegation in Nairobi, Kenya. The chosen management mode is direct centralised management in accordance with Article 25 of Regulation (EC) No 215/2008 on the Financial Regulation applicable to the 10th European Development Fund.

A derogation request (CRIS 2011/ 006-506) is included in the Annual Action Programme (AAP) file in order to request the use of a modified service contract template for the provision of long term air support services (derogation reason 5: Substantial modifications of the templates annexed to the PRAG). This is justified by the very specific nature of the services and its non compliance with existing templates. It will be based on the service contract which was used by the European Commission (ECHO) in the past.

The implementation of the "EC flight" project is monitored by the "EU Somalia Unit", which is in daily communication with the flight operator to control:

- The safeguarding of the respect of the "EC flight" basic operating principles including the basic principles of providing access to the "EC flight" services;
- The scheduling of aircraft;
- The monitoring of the situation in the field;
- The monitoring and controlling of the contractual obligations of the "EC flight" operator, including the execution of flights, flight hours, relevant financial aspects as well as air safety standards;
- The verification of costs incurred;
- The monitoring and controlling of any possible abuse of the "EC flight" by its customers;
- Major concerns of scheduling, including cost-effectiveness considerations;
- Security evacuations;
- Cancellation of flights for security reasons;
- Dealing with complaints from customers;
- Any other issue having a considerable impact on the well functioning of the operation;
- Continuous close liaising with the responsible European Commission Field Offices.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by Financial Regulation for the 10th EDF.

4.3. Budget and calendar

The total project cost is estimated at EUR 15 000 000, of which EUR 15 000 000 shall be financed from the National Indicative Programme (NIP) in the framework of the revised ACP-EU Partnership Agreement.

Categories	EU contribution	Total
	EUR	EUR
Operating costs	14,214,000	14,214,000
Monitoring, External Evaluation and Audit	156,000	156,000
Contingencies*	630,000	630,000
TOTAL	15,000,000	15,000,000

* The European Union's contribution to the "Contingencies" heading may be used only with prior agreement of the Commission.

Based on past and ongoing operations, the service described in 3.2 above entails a total estimated cost of approximately EUR 618,000 per month (variation taking into account fluctuation in oil prices and number of effective hours per month).

Analysis indicates that "EC flight" is considerably more efficient than the only comparable (UN) service, which operates a partial cost recovery system requiring considerable additional administrative resources for the management of the system: the UNHAS ticketed price for a

single passenger flying from Nairobi to Hargeisa is USD 852 (EUR 626). The average cost of an "EC flight" for the same journey (full cost of hours flown/real occupancy rate) is EUR 425. In order to minimise such costs, the "EC flight" services are free at the point of delivery; a framework authorisation is therefore issued upstream to eligible users on the basis of a strict prioritisation system, set out in the "EC flight" Standard Operating Procedures (SOPs).

To summarise the SOPs: priority one passengers (EU-funded agencies and European Commission staff) account for 76% of total passengers; priority two passengers (EU Member States-funded agencies and EU Member States staff) 6%; priority three passengers (agencies not directly funded by the EU or EU Member States) 10%; priority four passengers (UN agencies) 5% - "EC flight" is "compensated" in kind with free seats on UN flights – and priority 5 (local staff of the above implementing agencies) account for 3%.

The main activities envisaged are:

Aircraft 1 (14 seats and/or freight), providing a scheduled service from Nairobi to major hubs in Somalia.

Aircraft 2 (9 seats and/or freight), providing a scheduled connecting service in northern Somalia.

Aircraft 3 (14 seats and/or freight), providing a scheduled connecting service in southern Somalia.

All related ground and air support services (crew, maintenance, and flight administration - including flight clearances, ticketing, handling, manifests and security arrangements).

The foreseen operational duration indicated in months as from signature of Financing Conditions is 30 months; the new contract will be signed in March 2012 for a period of 23 months.

Indicative Timetable for negotiated procedure

	Jan - March 2012	January 2014	February 2014
"EC Flight" Contract	Launch call for tender, contracting and start of implementation	End of the contract	Audit and Evaluation

4.4. Performance monitoring

With the Commission holding the role of NAO on behalf of the Somali people, the project will be centrally managed by the Commission (Kenya Delegation, "Somalia Unit"). The implementation of the "EC flight" project will be monitored by the "EU Somalia Unit" in the Kenya Delegation, whose Flight Coordinator is in daily communication with the operator, the "EU Somalia Unit" field security coordinator and European Commission Field Offices on the ground to monitor the correct application of the "EC flight" Standard Operating Procedures (SOPs - enclosed), respect of the operator's contractual obligations (including air safety), scheduling issues, occupancy rates and priority profiles, security conditions in the field, and - on a monthly basis - the costs incurred.

4.5. Evaluation and audit

In view of the particular nature of the project, a fully-fledged independent evaluation is not warranted. However, the service will be assessed through a mid-term customer satisfaction survey, on the basis of a standard questionnaire to be developed with the "EC flight" Coordination office. Further, a full functional audit will be conducted by a reputable and independently contracted company at the end of the project. Considering the fact that the new contract with specific template will be financed on 10th EDF, the service contract will include expenditure verification(s).

4.6. Communication and visibility

Visibility will be ensured in line with the General and Special Conditions of the service contract concluded with the operator; in particular, all "EC flight" aircraft will be clearly identified by the EU flag. In view of the security risks, no particular public communication is indicated; in cases of heightened risk of attack, the identification of the aircraft may be reviewed.