

**European Commission Strategy for the Implementation
of Special Aid to Somalia**

2002 - 2007

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GENERAL PROVISIONS

1. Being without an international recognized national Government since the beginning of the 90s, Somalia did not ratify the fourth Lomé Convention and there has been no functioning National Authorising Officer (NAO). In accordance with the conclusions of the ACP-EC Council of Ministers adopted on 18 November 1992, the Chief Authorising Officer (CAO) of the European Development Fund was entrusted with the authority of National Authorising Officer, “acting on behalf of the Somali people”. Given the uncertainty regarding the overall political evolution and in particular the degree and geographic spread of the internal political authority of the Transitional Government, it has been decided to maintain this arrangement¹.
2. Similarly, Somalia does not at present have the necessary functioning institutions to sign and ratify the Cotonou Agreement. Therefore, access to EDF 8th and EDF 9th resources has been granted to Somalia by the ACP-EU Council of Ministers¹ under Article 93.6 of the ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000.
3. As regards the 8th and the 9th EDF financial resources which the ACP-EU Council of Ministers has made available as mentioned under 2, respectively € 50 million and € 149 million have been earmarked for Somalia. The Commission intends to use these funds for the period 2002-2007.
4. The allocations mentioned under 3 may concern institution building and economic and social development activities, taking particular account of the needs of the most vulnerable sections of the population. Should Somalia, during the period of application of the Financial Protocol to the ACP-EC partnership Agreement, accede to this Agreement, the latter allocation will be considered as the envelope for financial assistance available to Somalia under the Financial Protocol.
5. Within this framework, the Commission has drawn up a Strategy for the implementation of aid to Somalia. The Strategy concerns (i) the resources of the 9th EDF allocation, (ii) an allocation of € 50 M under the 8th EDF as interim finance pending the entry into force of the 9th EDF and (iii) uncommitted balances of former EDFs, for which no projects and programmes have been identified under the respective National Indicative Programmes. It also takes into consideration financing from which Somalia benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
6. Pending the entry into force of the Financial Protocol of the ACP-EU Partnership and within the framework of the present Strategy, financing decisions for projects and programmes can be taken by the Commission within the limits of the €50 M allocation under the 8th EDF. These projects and programmes shall be implemented according to the rules and procedures of the 8th EDF until the entry into force of the Financial Protocol for the Ninth European Development Fund.
7. The Commission intends to undertake periodic reviews of the implementation of the special aid to Somalia.

¹ Decision 3/2001 of the ACP-EC Council of Ministers of 20 December 2001 on the allocation of resources to Somalia from the Eighth and Ninth European Development Fund.

Executive Summary

Somalia has suffered from the absence of a functioning national government and administration for a decade, during which the country dissolved into clan-based conflicts and growing political segregation. Out of this situation, two distinct self-administered regional entities have emerged, 'Somaliland' in the northwest and 'Puntland' in the northeast, both enjoying relative stability and having local administrations providing a range of basic services; the south has remained politically and militarily fragmented. In 1999, the President of Djibouti launched a peace initiative for Somalia (the Arta conference), which resulted in the adoption of a Transitional National Charter and the establishment of a Transitional Government (TG) and Assembly, with national ambitions. The international community, including the EU, has welcomed the outcome of the Arta conference but the claim of the TG to represent the whole of the country continues to be contested by Somaliland and Puntland as well as by many faction leaders of southern Somalia.

Somalia was always among the poorest countries of the world, a situation aggravated by the civil war, and the majority of the Somali population live below the poverty line. It does not possess significant mineral resources and depends largely on the exploitation of livestock and agriculture. Most of the country remains structurally food-insecure whilst social and productive services, formerly provided by state agencies, have completely collapsed.

In the absence of an internationally recognised government, Somalia did not sign the 7th and 8th EDF and has been without a National Authorising Officer, a function that in accordance with the conclusions of the November 1992 ACP-EC Council of Ministers is since then assumed by the Chief Authorising Officer of the European Development Fund. EU Member States have reviewed the political situation since early 2001 and initiated an internal reflection on "conditions which need to be met before a legitimate authority in Somalia could sign the Cotonou Agreement", thus implying that until further notice, the afore-mentioned arrangement should be maintained. Ever since project activities restarted in 1994, the EC Co-operation has been constantly evolving from a humanitarian focus towards a rehabilitation orientation and now also includes some development elements.

The overall long-term objective of the Commission Strategy for Somalia is to contribute to the alleviation of poverty and to the promotion of a more peaceful, equitable and democratic society. The intervention objective of this strategy is to support sustainable improvement of the livelihood of the Somali people – by enhancing food security and economic growth – and their improved access to basic public and social services as well as the establishment of good governance. This can only be achieved if poverty-related aspects as well as the political dilemma are sufficiently addressed and justifies the continuation of a multi-sectoral approach with particular reference to the empowerment of civil society enabling it to become an active element in the process of national reconciliation.

The future of Somalia remains difficult to predict, depending crucially on the willingness and ability of the major internal and regional actors to pursue or support the incomplete process of peaceful reconciliation. This requires high flexibility for the aid implementation scheme allowing it to respond to positive or even negative developments. Only the Somalis themselves can achieve national reconciliation, therefore the Commission will maintain its even-handedness. Nevertheless the Commission will continue to play an advisory and supportive role to the peace process, promoting dialogue among the concerned political entities as well as encouraging regional peace initiatives.

1. EC Cooperation Objectives

In accordance with Article 93.6 of the Cotonou Agreement, signed on 23 June 2000, EC support that might be granted to countries that in the absence of normally established government institutions have not been able to sign or ratify the Agreement, may concern institution building and economic and social development activities, taking in particular account the needs of the most vulnerable sections of the population.

These objectives are perfectly compatible with Article 1 of the ACP-EC Partnership Agreement, which puts main emphasis on the objective of reducing and eventually eradicating poverty. They are also in line with the fundamental principles laid down in Article 2 of the Agreement - especially the principle of encouragement of the development strategies by the countries and populations concerned - as well as with the essential and fundamental elements defined in Article 9. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

In their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law. The Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries.

The above objectives and principles and the national policy agenda presented in the next chapter constitute the starting point for the formulation of the present Strategy.

2. The national policy agenda

With the absence of a national political entity agreed upon by all representatives of the Somali population, and the fragility of existing governance structures, Somalia has none of the detailed government policies that exist within normal developing countries, nor a National Development Plan or a poverty reduction strategy. However, each of the three political entities (TG, local administrations of Somaliland and Puntland) has its own agenda and plans regarding the future of the country or for the part they control. By and large, most of these plans focus on the very local level, and mostly on the large cities (Mogadishu, Hargeisa, Berbera, Garowe and Bosaso) and are prepared solely by the administrations. They are constructed on the premise of combating the common threat of insecurity, and pay inadequate attention to the foundations of sustainable services delivery and the productive sector

In the absence of unified and credible national counterparts, the international community has developed its own mechanisms not only for ensuring coordination of aid interventions through the Somalia Aid Coordination Body (SACB – created in 1994), but also, in the conduct of consultation between donors and implementing partners on the one hand, and local administrations and

communities on the other, for developing comprehensive technical sector strategies focusing on the role of the community, the level of ownership, and the need for long-term sustainability.

A process is currently evolving through which existing administrations in Somalia are beginning to develop policies and strategies of their own. This is particularly true in Somaliland and Puntland, where government budgets are published and limited resources are being channelled to the social sectors. Unfortunately, governance institutions remain extremely weak, with poor institutional and organisational capacities, a low skill base, limited economic policies, and a lack of managerial transparency. The process of political patronage and the need to maintain clan balances make this situation particularly difficult to counter.

The TG has developed an emergency programme for the short term. In addition to focusing on security related issues, the programme aims at the re-building of a substantial central machinery of government. The Commission believes that the focus of the TG should be concentrated on three main aspects: completion of the peace process; the return of southern Somalia to a state of normality permitting durable rehabilitation and development; the elaboration and approval of a new constitution on the basis of which general elections can be held. To implement this, the TG requires a limited structure, and while it is understood that the process of reconciliation during the transition requires a degree of clan balances that may lead to a larger than strictly necessary government apparatus, the Commission does not subscribe to the need to build and institutionalise, yet again, a highly centralised system of governance. This would undermine the federal principle that has emerged as the desired future governance system without disagreement in all peace processes since 1991.

A widespread lack of government regulation throughout Somalia's economy has stimulated a proliferation of informal investment. However, this has led to a variety of unsustainable practices, including the exploitation of natural resources and the unregulated printing of currency by private businessmen. The lack of quality assurance and related mechanisms has also contributed to the limited access to world markets for Somali livestock and products.

3. An assessment of the political situation, economic and social situation

3.1 Background

Somalia is located on the Horn of Africa, with a coastline stretching 3,025 kilometres from Djibouti in the North to Kenya in the South (the longest coastline of any African country), and with common borders with Djibouti, Ethiopia and Kenya. It is an arid to semi-arid country with seasonal and erratic rainfall. Just 13% of the land is potentially arable, with a further 45% suitable for raising livestock. The country does not possess significant mineral resources, and the aquatic wealth, considered of high potential, is not exploited systematically to benefit the population. The vast majority of the Somali people depend on livestock, farming or a combination of both. Since the outbreak of civil war in the early 1990s, Somalia's non agro-pastoral productive assets have suffered massive losses. The limited access to resources by the population coupled to ever-widening rifts along ethnic/clan lines has fuelled internal conflicts. Today, most of the country remains structurally food insecure, internal displacement is widespread, and development has virtually ground to a halt.

3.2 Population and gender

Current population estimates stand between 5.4 and 6.6 million (including some 350,000 Internally Displaced Persons), a significant drop compared to the estimated 8 million who populated the country before the outbreak of the civil war. Approximately two-thirds of Somalia's population live

in the South, where the capital Mogadishu is located. It is estimated that 42% are nomadic pastoralists, 35% combine agricultural and pastoralist activities, and about 23% are urban residents – although the latter are rising, particularly in the North. A large number of Somalis fled the country when the civil war broke out and took refuge in neighbouring countries and in developed countries, particularly Europe. As a consequence, thousands of Somalis still live in refugee camps particularly in the Ethiopian Ogaden or as asylum-seekers in Europe and North America where they constitute a significant diaspora group.

Relatively speaking, the Cushitic Somali people are one of the most culturally, linguistically and religiously homogenous groups in the world, yet divided along clan lines, with the five principle clans being the Dir, Isaaq, Hawiye, Darod and Rahanweyn (including Digil and Mirifle); Swahili and Bantu minorities are concentrated in the farming areas of the South. The predominant religion in Somalia is Islam, and this has made for a society where women are traditionally excluded from the political process; rising trends of fundamentalism have exacerbated this in recent years. One of the most striking effects of the civil war has been the removal of many young males from the national workforce, resulting in a growing number of households in which women are the main breadwinners. Women have rather restricted rights, violated by the widespread practise of Female Genital Mutilation; they also suffer from parent-induced restrictions to education and from the limited availability of targeted health services, rendering them highly vulnerable to maternity risk.

3.3 Somalia before the outbreak of the civil war: the Siad Barre inheritance

The current situation of Somalia is best understood by referring to the period before the outbreak of the civil war. Siad Barre ruled the country for more than 20 years, overthrowing, in 1969, Abdirahid Ali Sharmarke, the first and so far only Somali democratically elected president. The Barre regime was extremely repressive and divisive, preventing the large majority of the population –often by the use of force- from taking part in the political process or to express their opinion in public. During the cold war era, he shifted alliance between international political camps several times; this has to be seen in connection with the longstanding and ongoing enmity between parts of Somalia and the Ethiopian neighbour. Inequitable distribution of power and wealth was the hallmark of Barre’s era and his strategy for maintaining leadership, creating one of the most centralized states in Africa in modern times. The more resource-scarce northern part of the country was largely neglected during his reign, with most public investment concentrated in the South. Under Barre, the state assumed overall responsibility for provision of social and productive services. These practices have had a profound influence on the orientation of the population, encouraging dependency, and have prevented the development of a sense of ownership and responsibility. When the regime was ousted, the accumulated frustration gave way to massive looting of public institutions, which represented the image of the regime. In a last attempt to consolidate power and diffuse opposition during his latter years, Barre had divided the country into 18 “autonomous” regions, which remained in reality deprived of any means of political power. Perhaps most harmful was Barre’s relentless exploitation of divisions of the already separatist clan society of Somalia: not only it paved the ground of civil war, it made even the slightest form of cohesion among the warring groups most challenging.

3.4 The political situation

Somalia’s recent history is one of widely known but little understood conflict. Somalia suffered the unprecedented absence of an internationally recognised and functioning national government for a whole decade, during which the country dissolved into clan-based conflicts and growing political segregation. The total collapse of social and productive services forced the people of Somalia to become almost completely reliant for substantial periods of time on traditional social services such as traditional healers and Koranic (purely religious) schools. A deterioration of economic activities

during the early years of the civil war caused further suffering. The numerous inter-clan conflicts that erupted during the war imposed a state of regionalization within the country, with most Somalis returning to their original geographic locale where their security is better assured while others sought for protection outside the country.

As a result of these combined factors, three clan-based and distinct regional entities emerged: the self-administering north-western 'Somaliland', the self-administering 'Somali State of Puntland' in the northeast, and the newly created 'Transitional Government' in the South. In the absence of progress towards national reconciliation in recent years, the political tide began to turn: the protracted war in the south gave more time than was expected for the northern administrations to further develop and acquire greater confidence. Despite a universal lack of resources, both authorities have to different degrees forged local reconciliation, established functioning administrations, boosted internal security, stability and mostly unrestricted movement within their territories, and instilled a better environment for economic development and business confidence.

The Somaliland administration, which emerged as early as 1991 and currently under the leadership of Mohamed Ibrahim Egal, claims unilateral independence from the rest of Somalia within the territorial boundaries of the former British protectorate of Somaliland. The Puntland autonomous administration was established in 1998 and regards itself as a constituent part of a future federal state of Somalia. The South, including the capital Mogadishu, remains characterised by civil unrest, widespread insecurity and irregular fighting between competing clans. However, even in this chaotic environment, there is relative peace in some areas, where quasi-municipal authorities provide limited services and facilitate the implementation of certain aid operations. Islamic Sharia law has been introduced in some areas to promote law and order alongside traditional systems of jurisdiction.

During the failed attempts of the United Nations (UNOSOM) and the international community to re-establish law and order through the international peacekeeping interventions of 1992-95 and to find a political solution, focus was on faction leaders as the main actors in the reconciliation process. The same un-yielding approach was continued after 1995, but failed in 12 such attempts.

However, the peace initiative launched by Djibouti President Ismael Omar Guelleh in July 1999 was based on civil society and produced a tangible result. In August 2000, after lengthy negotiations between various civil society groups, a set of transitional institutions, all operating on the basis of a Transitional Charter stressing Somalia's unity and territorial integrity, was appointed for an interim three-year period. These transitional structures including a Transitional Government (TG) with an elected President, and a 245-member Transitional Assembly established in Mogadishu in October 2000.

Despite widespread public welcome and tentative international support, a number of faction leaders from the south as well as the local administrations of Somaliland and Puntland, which did not participate in the Djibouti initiative, have thus far rejected the TG. Despite a relative success in international forums, the TG is yet to establish its authority almost everywhere in Somalia. Completing the peace process through negotiations and not the use of force has emerged as the single most important task facing the TG. Various internal and external obstacles continue to hamper progress in this task, and the support of the northern regions will be critical to the success of the new political order, given their demonstrable internal achievements.

The European Commission is convinced that national reconciliation can only be achieved by the Somalis themselves and therefore maintains its even-handed approach. Nevertheless, the Commission will promote dialogue among the concerned political entities as well as regional peace initiatives and provide options for possible solutions.

3.5 Economic situation, structure and performance

3.5.1 Macro-economic overview

Somalia, classified as a Least Developed Country (LDC), is one of the poorest countries in the world, with an annual per capita income of less than \$ 200. The vast majority of the population live way below the poverty line and Somalia has the lowest GNP and adult literacy rate and the highest infant mortality rate in the Horn of Africa. The country's economy traditionally and largely depends on the exploitation of natural resources, mainly livestock and agriculture.

After the failure of the centrally-planned economic policies of the Barre regime in the 70's and 80's, the Somali economy plunged into a prolonged recession which was further depressed by the collapse of the state in 1991 accompanied by the disintegration of public economic infrastructure and regulatory mechanisms as well as of vital services such as recognised banking systems, telecommunications, provision of inputs, access to international markets.

In general terms, livestock remains the basic economic activity; the precarious foreign exchange earnings rely almost entirely upon exports of livestock and livestock products, as well as on the regular and massive influx of remittances (estimated to total US\$ 300-400 million annually) from the diaspora, which has a cushioning effect for many of the poorest households as well as fuelling certain economic sub-sectors such as trade and construction.

It should be noted that if today the North demonstrates higher prospects of success, it represents just one third of the total area and even less in terms of population; ultimately the South, though currently marked by substantial and longer-term troubles, is where most of the population is concentrated and where there is the greater economic potential.

The overall economic aspirations are set against a bleak background of poor public sector management and an almost complete lack of economic and monetary policies and regulation. This poor management, combined with a resounding lack of institutional support, continues to have a crippling effect on Somalia's economy and its few unguarded natural resources. The ongoing destruction of the country's rangelands, fisheries and forests are all unsustainable practices that threaten the loss of precious finite resources.

3.5.2 Primary Sector

3.5.2.1 Livestock production

Livestock production has been the backbone of the Somali economy for centuries; it is the most important source of cash income for the predominantly rural population, and meat together with milk assure 55% of the calorie intake of the entire population. Compared to other production systems, the impact of the civil war on livestock production was relatively limited due to the predominance of the nomadic rearing system and the almost complete absence of fixed assets. Current projections estimate about 5.2 million cattle, 13.5 million sheep, 12.5 million goats and 6.2 million camels, with cattle concentrated in the South and camels in the North. The Somali livestock production system is part of a wider pastoral ecosystem with herds crossing the border to Ethiopia and to Kenya, in search of water and fodder. Compared to other nomadic livestock systems, the one of Somalia is very much market-oriented: approximately 2,5 million animals are exported each year; livestock exports including raw hides and skins (export of slaughtered animals was introduced only recently) represent about 40% of GDP and 80% of foreign currency earnings.

Within the last 3 years Saudi Arabia, the major export market, has banned the import of Somali livestock twice, due to outbreaks of Rift Valley Fever, substantially reducing export and household income, though this has been partially cushioned by an increase in remittances. Export of live and slaughtered animals is very much hampered by the collapse of the public veterinary system and the absence of an animal health surveillance system together with the lack of a regulatory framework for exports. Valuable by-products are under-exploited: the production of semi-processed hides and skins, which had a very good reputation prior to the war, collapsed and valuable slaughter waste is mostly thrown away due to a lack of market.

3.5.2.2 Crop production

Crop production is restricted by rainfall; Southern Somalia's alluvial plains are the country's most fertile soils and, together with the inter-riverine area of Bay, account for 90% of agricultural production; only very limited crop production is possible in the northern part of the country. The principle staple crops are sorghum in the drier areas, maize in the more favourable and irrigated areas, sesame, beans and rice. About 400,000 ha are cropped in the main season and 230,000 ha in the secondary one. The planted area changes significantly from season to season depending on the rainfall pattern. On average (1994/2000), 300,000 tonnes of cereals are harvested per year, a significant reduction compared to the pre-war production of 480,000 tonnes, mainly caused by a reduction of cropped area. The production of staple crops is subsistence-oriented and dominated by smallholders. Fodder as a by-product is often of higher economic value for them than cereals, particularly in the North, where livestock exports constitute an important market. Bananas were the most important export crop before the war when annual exports exceeded 120,000 metric tonnes, but production and exports collapsed during the war. Despite some recovery in the mid-1990s, commercial farming was hard hit by the El Niño rains of 1997/98 which destroyed an estimated 80% of the country's banana plantations, causing about 100,000 families to lose their primary source of income.

Even when considering that Somalia has only limited agricultural resources, these are exploited far below their potential. Also, the civil war had far more negative consequences for crops than for livestock production. Today the performance of this sector is hampered by civil unrest and the displacement of farming communities, the lack of agricultural inputs and services, poor or disfunctioning infrastructure (particularly irrigation) and processing facilities and limited market access. Moreover, there is also insufficient labour with many farming households being headed by women, while much agricultural machinery has been destroyed; uncertainty regarding land ownership constitutes an additional burden.

3.5.2.3 Fisheries

One of Somalia's most valuable natural resources is its rich tropical fishing grounds. Although not yet well developed, Somalia's fishing industry could be one of the sectors with great potential. Current estimates suggest a potential annual harvest of marine products of 200,000 to 300,000 metric tonnes. Pre-war assessments reported about 30,000 Somalis being occupied in fisheries, producing more than 20,000 tonnes of fish per year with an export value of about US\$ 10 million (approximately 2% of GDP). Given the overall lack of regulations, poor market access and the dominance of international offshore fishing companies -be it under license from local authorities or without any license at all-, fishing has so far only limited benefits for the local population. Unregulated fishing exposes the aquatic resources also to over-exploitation. At this moment in time, given the absence of an all-encompassing national fisheries authority, negotiation of a fishing agreement is excluded.

3.5.2.4 Natural Resources and Environment.

In the semi-arid environment of Somalia, water for domestic consumption and for livestock is of critical importance. Water has always been scarce, especially in the northeast of the country, and the impact of the civil war has aggravated the problem, with destruction of pumping installations, further contributing to clan-based conflicts over the resource. Statistics suggest that less than 5% of the population has secure access to clean water throughout the year. Even when considering that Somalia's natural resources are rather limited, continuous destruction is still taking place. Riverine forests have been destroyed to gain more land for irrigation and the remaining forests have been cleared, particularly in the South, to produce charcoal for export. Dwindling vegetative cover and overgrazing of fragile rangeland contributes to increased soil erosion and diminishes water absorption capacity of land, which increases the risk of flooding. Off-shore dumping of toxic waste is widespread.

3.5.2.5 Food Security

Due to the factors and circumstances described in previous chapters, the limited agricultural resources are largely under-utilised not only since the outbreak of the civil war but even before. This renders the country structurally food-insecure; in addition, natural calamities and civil war periodically add insult to injury. The national cereal requirement is about 500,000 tonnes according to FAO estimates; local production in good years reaches about 300,000 tonnes. In order to balance domestic needs, commercial imports of approximately 200,000 tonnes are needed, mostly funded by earnings deriving from the export of livestock. Unpredictable climatic changes cause regular harvest failures, which often also have a negative impact on livestock production. The fragile economy does not generate the resources to cope with such a situation and food aid becomes indispensable to prevent human disaster. Food insecurity is not only a problem of availability but also of access to food: minor and localised disturbances of the rural household production, be it due to climatic conditions or to civil unrest, may cause food insecurity for these populations; since they have no other means of income and since their traditional coping mechanisms have been weakened by the civil war, rural poor are particularly vulnerable.

3.5.3 Productive Sector

3.5.3.1 Infrastructure

Since the outbreak of the civil war, no significant investment in construction or maintenance of infrastructure has taken place. The road network of the South has deteriorated massively, and a significant number of bridges, particularly those of strategic importance, have been destroyed or become impassable. The situation in the North (Somaliland and Puntland) is better, with main road links being in fairly good condition. Nevertheless, they too lack maintenance and several bridges have also been destroyed. Secondary roads are generally of very poor quality, impassable in the rainy season. With its strategic links to the Middle East and Asia, its proximity to one of the world's busiest shipping channels, and the protracted closure of the larger and more developed harbours of the South, trade through the northern ports of Berbera and Bossaso, has grown progressively.

In addition, increased security along the borders between northern Somalia and Ethiopia combined with the recent hostilities between Ethiopia and Eritrea and the limited capacity of Djibouti's port have considerably boosted Berbera's role as a significant port for its vast Ethiopian hinterland. Berbera is steadily and progressively recovering; the main export is livestock (peaking at 2.9 million head in 1997) and the main imported commodities are foodstuffs and construction materials (350,000 tons in 1998). The prospects for Bosaso are different since its business could drop

drastically whenever Mogadishu restarts operation. The ports have also been vital to the emerging administrations, which, unable to raise income or property taxes, rely heavily on customs duties as their primary source of income. The ports of Mogadishu and of Kismayo in the South have been out of operation since 1995 because of conflict. They are considered as the main potential source of recovery for the South, and their renewed operations would be a real sign of cessation of hostilities, a development yet to be achieved. For Somalia to begin to integrate into the global economy, it will be necessary to re-open all ports and expand their commercial use to serve the entire sub-region, as well as simultaneously tackle the policy deficiencies, weak infrastructure and skills shortages.

3.5.3.2 Construction, Manufacturing and Processing

Somalia never had significant industries, as minerals and fossil energies were not available (or not discovered) in sufficient quantities necessary for their exploitation.

However, some processing industries based on agricultural raw products, livestock by-products, and the collection/processing of natural products like frankincense, myrrh and semi-precious gemstones were offering a significant number of job opportunities. Generating additional income in rural areas, they are in general found in small quantities and regionally dispersed over the country. Most of these processing/collecting activities were destroyed or disturbed by the civil war, but still constitute a significant base for the creation of new job-opportunities in a country desperately seeking to diversify the economy.

The much-anticipated search for oil and natural gas in Somaliland and Puntland also offers grounds for considerable optimism; before the war, exploration had begun on the Somaliland/Puntland border, confirming the existence of mineral oil and natural gas, but further exploitation has been thwarted so far. If governance were to return to normality, oil exploration rights would become legal again – although this remains a major sticking point between the Somali regional authorities.

3.5.3.3 Service sector

The natural ingenuity of Somalis in the face of extreme adversity has produced a thriving service sector that provides jobs and income for a significant number of the urban population. Remittances estimated at US\$ 300-400 million per year, provide vital funds for the fragile economy, constituting the financial base for the construction industry and propping up livestock exporters during trade bans. Although the private sector offers a range of vital services ranging from private airlines, telecommunications, electricity supplies to even social services, it remains inferior to the level of services that used to be provided by the state.

Transport was always an important sector for Somali business people; it is therefore not surprising that trade and transport continued even in the most crucial times of war. The improved flow of traffic between northern Somalia and Ethiopia has considerably boosted the Somaliland transport sector. Traders there not only gain from a more stable environment but also from the mass exportation of livestock. Transporters also benefited from the relaxation of regulations by the Ethiopian Government, which now entitles Somali-registered vehicles to operate within the Central and Northern Somali Region of Ethiopia. Somali traders, by paying customs on imported commodities and exported livestock, generate over 80 % of the revenue of the regional northern authorities, thus contributing not only significantly to the enhancement of the local economies but also ultimately towards peace and regional integration.

3.5.4 The Private Sector in the absence of a state

To a certain extent, the private sector has gained from the ‘stateless’ situation that prevails in large parts of Somalia, benefiting from short-term advantages by not paying taxes and not obliged to respect procedures, standards and regulations. However, the performance of the private sector is limited by the absence of public services, adequate infrastructure and a normal financial system. Prevailing insecurity and restricted movement caused by clan-based boundaries are also creating additional costs and prevent greater business opportunities. The absence of a legal framework hampers contacts and exchange with the outside world and creates new dependency on the goodwill of particular countries offering such privileges to Somali businesses. This was well demonstrated by the recent export ban of livestock where state-level arrangements are required to resolve the underlying problems. The informal sector also suffers from lack of expertise and know-how, one direct consequence of the collapse of the educational system. In the absence of state-run social services, the private sector has also moved into providing education, hospitals, clinics and pharmacies, as well as services such as power and water supply. Despite the apparent hopelessness of Somalia’s situation, its growing business sector continues to offer a wealth of untapped development opportunities

3.6 Social situation

Even before the civil conflict, social services’ delivery in Somalia was weak as was shown by indicators of school attendance and life expectancy and the prevalence of preventable diseases. Since the outbreak of the civil war this has become substantially worse, with the gap in terms of social standards between Somalia and its neighbours becoming significantly wider. The recent exodus of up to 80% of Somalia’s skilled populace has left a drastic social void – with an entire qualified generation making its living overseas and a growing ‘lost generation’ of young men whose involvement with the militias has denied them the skills or education necessary for reintegrating into the post-war economy. With civil strife still absorbing a significant proportion of men in the South, and the growing hindrance to productivity by the countrywide use of *Qat* (a mild drug), Somali women today play a far greater role in the national economy – not only in many rural households but also in the retail trade and service industries.

3.6.1 Education

Somalia has seen a steady decline in the standard and provision of formal education services. The effects of such deterioration are manifested in one of the worst adult literacy rates in the world: 36% of men over 15, and 14% of women. Between 1980 and 1999, the number of primary schools in Somalia plummeted from 1,407 to 651, the number of primary pupils from 271,000 to 148,000. In the past few years, there has been a limited recovery with various local and international efforts resulting in new educational institutions and initiatives.

In the North, local communities and administrations are collaborating with donors in the rehabilitation of primary education while ten secondary schools have also been reopened. However, the estimated 1998/99 primary enrolment ratio of 9% for boys and 6% for girls indicates the scale of the challenges ahead. Adult education and training are also seeing renewed expansion, with more primary schools being used for adult education and youth activities. One recent study found 39% of urban youths, aged 14-18, enrolling in some kind of vocational or private training (primarily in English, secretarial and technical skills).

As well as greater public financing and the development of a national primary curriculum, more emphasis is needed on adult education to train those Somalis who were denied formal education during the war, as well as on the promotion of secondary education and basic vocational training for youths to be employed in sectors such as health, agriculture and small and medium enterprises.

3.6.2 Health

With the breakdown of the public health system, the dwindling numbers of health personnel, and the collapse of water and sanitation systems, Somalia's poor national health status has continued to decline steadily over the past decade. The average Somali lifespan dropped from 48 years in 1990 to 44.6 years for men and 47.8 years for women in 1997. The country has the worst health indicators on the continent – including an infant mortality rate of 125 per 1,000 live births, an under-five mortality rate of 211 per 1,000, and a maternal mortality rate of 1,600 per 100,000 live births. Among the most common health threats accounting for preventable deaths in Somalia are malaria, acute respiratory infections, diarrhoea and tuberculosis.

Most of Somalia's public health facilities have fallen into disrepair since the collapse of the state in 1991. Today, nearly all remaining Somali doctors live in urban areas, where they can supplement their meagre incomes with private practices, though mostly unregulated and often of doubtful quality. For over a decade, there has been no formal training of health staff, although some international partners have provided technical refresher courses. While there is widespread agreement that the rehabilitation and development of district health systems, strong community participation and enhanced referral facilities are desperately needed to improve services to rural areas, major shortcomings persist in funding, management, training and expertise. The need for regulation in this sector and for building the managerial capacity of emerging health authorities remains a huge challenge for Somalia.

3.7 Medium Term Challenges and Potential

While the Arta conference is generally considered as a first step, Somalia still has a substantial way to go before achieving national reconciliation, durable peace and social recovery. Right from the beginning, it became obvious that the Transitional Government (TG) did not have a clear political agenda for completing the reconciliation process as well as diffused and unsubstantiated priorities. There are clear indications that the TG is not giving adequate consideration to the mandate given to it by the Arta conference. The TG's commitment in establishing a federal governmental system as defined by Arta still lacks solid confirmation. The TG still faces strong opposition in the North (Somaliland, Puntland) as well as in Southern Somalia where opposed faction leaders are trying to become organized.

The Arta process featured a cross-section of most Somali clans, but the composition of the TG, which includes a number of re-emerging elements of former Siad Barre governments -some of whom with a tarnished reputation, is rendering reconciliation difficult. Barre's regime was responsible for the killing of thousands of people from Somaliland, a fact still not forgiven by the local population in the area. Lastly, and due to their experience as having been part of Siad Barre's regime, the risk of the TG favouring a strong central state governance system frustrates the aspiration of the vast majority of Somalis for a federal system and structures, let alone the institutionalisation of democracy and good governance.

National reconstruction or reconciliation is further hampered by the current economic and social outlook. There is first of all the extreme poverty particularly of the rural population: heavily reliant upon agriculture in a semi-arid country, food insecurity remains a constant and continuing threat and may lead to new conflicts triggered by the scarcity of natural resources; the persisting

insecurity in the ‘breadbasket’ of Southern Somalia has further exposed the rural population to chronic risks of malnutrition.

The country’s dependency on food imports is likely to increase, as the most promising agricultural areas remain under conflict. This is further heightened by the dependence on very few resources and products, making the country highly susceptible to price fluctuations and non-tariff trade obstacles (livestock export ban). There is a clear need to improve the regulation and management of existing resources and to explore new areas of economic diversification. Somalia is strategically placed for regional trade, and with its large diaspora has access to a strong and reliable trade network. Its growing importance as a transit route for Ethiopian goods, increasing ‘free market’ trade with Kenya, and the expansion of its ports all offer significant trade opportunities.

Somalia’s social services are rudimentary at best and in many areas completely non-existent constituting a significant barrier to future development. In the past 10 years, not a single person has graduated from a secondary school in Somalia – let alone a university. Together with other major constraints such as the massive brain drain, the general poor state of health, the phenomenon of the ‘lost generation’, and the growing influence of fundamentalism, it has led to a virtual absence of social values (rule of the gun, clan based laws) which in turn do not favour reconstruction and reconciliation based on democratic values and respect for human rights.

Although the process of national reconciliation has made significant and bold strides in the past two years, major challenges lie ahead. The need to complete the peace and reconciliation process, building on the achievements of the Arta conference, enhancing the rule of law, the sense of nationalism, democracy and good governance will be integral to the process. Somalia does not have a tradition of good governance and the chronic lack of institutional capacity and democratic participation point to major challenges both at local and central levels. However, the emergence of segments of civil society claiming a role in governance and service provision is encouraging and offers an opportunity that cannot be overlooked. Indeed, the population is tired of insecurity and continuous fighting, and civil society organisations being either of traditional or modern character are becoming more and more active in contributing also to the reconciliation process.

Emerging regional administrations in Somaliland and Puntland have provided conditions to move away from emergency responses to development related activities. However, of their announced 2001 budgets of US\$ 37 million and US\$ 7.5 million respectively, Somaliland and Puntland will spend 69% and up to 80% on security. Nevertheless, the management and distribution of finances provide a positive reflection of the potential sustainability of regional administrations.

Even when considering that most Somalis lack formal education, many have particular entrepreneurial skills and their links with the Gulf States and other trade centres of the sub-region are of great value for economic recovery. The Diaspora already investing in the country (mostly in property) will be attracted in engaging in new business opportunities as soon as more stability becomes visible. This may contribute to a more rational use of scarce resources like agriculture and livestock, to economic diversification and to job creation in productive as well as service sectors.

4. An assessment of past and ongoing cooperation

4.1 Past and ongoing EC cooperation

Being without an international recognized national Government since the beginning of the 90s, Somalia did not sign and ratify LOME IV and there has been no functioning National Authorising Officer (NAO). The Chief Authorising Officer (CAO) of the European Development Fund has instead taken over the responsibilities of the NAO. Given the uncertainty regarding the overall

political evolution and in particular the degree and limited geographic spread of internal political authority of the TG, it has been decided to maintain this arrangement, also with regard to the ratification of the Cotonou Agreement; access to EDF 8th and 9th resources was nevertheless granted to Somalia by the ACP-EC Council of Ministers under Article 93.6 of the Cotonou Agreement the 20 December 2001.

As a result of the prevailing insecurity in Mogadishu, the EC Delegation was forced to close down its offices in the city in June 1993, and subsequently set up in Nairobi as the "EC Somalia Unit" (ECSU). The ECSU was integrated into the EC Delegation in Kenya in 1997 whilst maintaining a high degree of autonomy. According to the Somalia Aid Coordination Body (SACB) 2000 Donor Report, the European Commission (including ECHO) was by far the largest donor last year with a total programme of US\$ 54.9 compared to the number 2, the USA with US\$ 25.8 million (mostly food aid), and this out of a total of US\$ 115.9 million (for ease of comparison, all contributions were re-calculated in US\$).

In fact, since the debacle of UNOSOM in 1995, the Commission has not only been constantly the most important donor to Somalia, it has also acquired recognition as an even-handed partner vis-à-vis a durable reconciliation process for Somalia, based on human rights and the rule of law.

4.2 Intervention Logic

Flexibility has been a constant feature of the EC Somalia Programme, aiming to adapt to the changes in Somalia and resulting in significant regional differentiations. Since implementation of consecutive rehabilitation programmes started in 1994, projects gradually shifted from a original humanitarian focus towards a rehabilitation orientation and gradually elements of development were included at a later stage. The latter was mostly possible in Somaliland, where overall circumstances favoured such an evolution. Right from the beginning, a multi-sectoral approach was favoured in order to ensure adequate response to the multitude of problems and needs. This was further corroborated by the fact that the Commission was always the most important donor and that no other donor was able to take over sector responsibility.

In the absence of state structures and in order to assure a greater impact of EC projects as well as rationalising the use of scarce funds, the European Commission developed not only a political strategy as well as a general assistance strategy in which principles for co-operation have been defined, together with a series of detailed sector strategies. These strategies were broadly endorsed by various stakeholders, be they the emerging regional and local Somali administrations or the implementing partners as well as by the SACB.

The *Peace Dividend Approach* has been the underlying strategic approach of the EC's aid intervention. Because of the widely differing evolution of the different parts of Somalia, an *area-based approach* was employed in the implementation of activities. This means that the position of a particular geographical area on the *Relief to Development Continuum*, a main principle of the Commission's programme, determines what kind of interventions are supported and how they are implemented, and identifies the degree and type of community participation that is expected. Combining these approaches was and continues to be a success, allowing the Commission the necessary flexibility in responding to the wide-ranging variety of needs while achieving increasing involvement of beneficiaries. This approach was identified by the Commission as early as 1994, and subsequently adopted by the SACB.

4.3 Evolution of the EC Policy Orientation

Since the mid-90's, the majority of EC projects aimed at improving the living conditions of the populations who suffered from the impact of the civil war and the continuing widespread civil unrest. Focusing on these populations enhances the poverty alleviation orientation of the overall programme. As has been confirmed by the Mid-Term Evaluation (March 1998) of the First Rehabilitation Programme for Somalia (launched in 1994), the living conditions of a significant segment of the population have improved in a tangible way.

Since there was no fundamental change in the problems to be tackled, the ongoing 3rd Rehabilitation Programme (approved at the end of 2000) aimed to continue to contribute to the already existing overall objective of "Improving the security, peace and general political tranquillity as well as the social and economic status of the people of Somalia". Whereas the principle orientation remained unchanged, more emphasis was given to capacity and institution building at local level, allowing the Commission to fund some infrastructure rehabilitation projects and related institutions. Given the magnitude of destruction, the same problems need to be addressed, and there is a dire and particular need to intensify efforts in the productive sectors since Somalia's resources have been vandalised and ill-used for too long. In addition, a sizeable section of the population continue to have insufficient access to social services, and economic recovery is hampered by the largely destroyed infrastructure and hindered by the widespread presence of landmines.

The programme always targeted civil society improving their living conditions while trying to boost their participation in project implementation. The Arta process, which largely focused on the role of civil society, provided additional impetus to enhance this support. The 3rd Rehabilitation Programme particularly focuses on enhancing civil society's role in the institution of good governance and the promotion of respect of human rights; this is now an objective common to all EC projects in the form of institution building, a decisive factor in improving sustainability and promoting the sense of beneficiaries' ownership.

4.4 Lessons Learned

Due to the particular nature of the programme and the working environment, lessons have been learned related to all aspects of interventions, be they procedural or directly related to their substance and character.

Strict neutrality: In the chaotic and disjointed political situation of Somalia, the EC always kept strict neutrality and never took part in the operations of any particular administrative/political entity; the EC did not fund any of the administrations but financed programmes and projects directly benefiting the population; projects were never signed with the local administration nor were funds channelled through them. This consistent approach, combined with an active and sustained contribution by the Commission at all levels in the area of advocacy and support for a just and durable political solution, earned the Commission the even-handed reputation it enjoys today in all the regions of Somalia.

Focus on local level: With the consent of the local administrations, beneficiaries have been directly involved in project preparation and implementation and have contributed to cost recovery (cash or kind). This improved targeting of projects has heightened the sense of ownership and positively impacts on sustainability.

Institution building: Water wells, schools, health facilities will only work in a sustainable manner if local institutions are initiated and trained to care for their management. In this regard too, cost recovery or at least cost sharing is of fundamental importance.

Local absorption capacity: Size, complexity and number of projects have respected the local absorption capacity, avoiding to overburdening them, since this may ultimately lead to new tensions within a community.

Support to the private sector: In the total absence of state structures formerly involved in service delivery, support to the private sector (urban water supply, port management, veterinary services etc.) was offered in order to fill the gap and provide demand-driven services.

Implementing partners: An important characteristic of the EC programme is the fact that its implementing partners are generally NGOs of Member States and this for a variety of reasons: NGOs have good access to populations exposed to emergency and crisis situations; legal aspects also favoured this choice since contracting local partners of whatever institutional body was not possible; in the same order (e.g. lack of insurance, persistent security threats to staff and equipment etc) consultancy firms were and still are rather reluctant to work in Somalia. However, most NGOs have a specific technical or sectoral scope, have limited staffing resources (and face major problems trying to recruit staff for Somalia) and have developed over the years a pattern of focussing on those geographic areas where they have an in-depth field knowledge of local working and security conditions. Projects are therefore of a relatively small scale and short in terms of duration (maximum two years).

Multi-sectoral delivery capacity: The afore-mentioned constraints on the delivery side of the aid clearly match the very limited absorption capacity of local communities. Given this, the support provided by the Commission's team of highly experienced technical assistants has proven to be of indispensable value. Throughout consecutive Rehabilitation Programmes, the delivery mechanism, based on close cooperation with implementing partners and beneficiaries, has effectively proven its capacity to meet the vast multi-sectoral needs.

Gender mainstreaming: The gender issue is a priority concern in all EC interventions, be they in health, education, food security, water supply or private sector support. Indeed, as is often demonstrated through stakeholder assessments, women have become the major stakeholders as the male section of the population has often become more interested in 'politics' and inter-clanic rivalries. As a standard practice, any EC project proposal results from intensive field consultations between representatives of the implementing NGO partner and the future beneficiaries; women are the most active and outspoken participants in these consultations and they are generally the most active partners during project implementation. Their representation in local institutions such as e.g. Community Education Committees or District Health Boards is actively promoted while in certain schemes e.g. micro-credit financing, they are clearly the main beneficiaries. In other projects, they hold the key to successful implementation e.g. in demobilisation schemes their role in integrating demobilised militia is vital as it is in water supply projects whose sanitation component would fail without their direct involvement.

4.5 Programmes of EU Member States and other donors

Member States: The SACB 2000 Donor Report lists MS last year's direct contributions as follows: Italy, US\$ 21 million; the Netherlands, US\$ 5.2 million; Denmark, US\$ 4.4 million; Sweden, US\$ 4.1 million; Germany, 1.4 million; Finland, US\$ 0.7 million; Belgium, US\$ 0.7 million. As a former colonial power, Italy has an overall strong interest in Somali affairs and is very active within the framework of IGAD and the SACB. Italy provides assistance not only bilaterally

but also through its 1998-2000 Co-financing Framework Agreement with the EC; under this agreement the European Commission manages a variety of rehabilitation projects to the tune of € 5 million per year. Similarly, the EC has been managing funding totalling about € 1 million from Denmark.

With regard to forthcoming bilateral MS assistance in addition to their contributions to EDF funding and contributions from some of their respective of NGOs, the EC has been provided with the following information:

Denmark: has approved a new 3-year aid programme totalling DKK 63 million for rehabilitation and reintegration; the geographical spread will be dictated by the political and humanitarian evolution in the field; 5 potential areas for support are: civil society; capacity building of public administrations; socio-economic development; reintegration of IDPs and refugees; demining action. In addition, about US\$ 500,000 will be spent on UNDP administered activities, most likely in the areas of support to the Transitional National Assembly and law enforcement.

France: in response to the recent political evolution, an envelope totalling FF 2 million is currently under consideration; 5 projects are earmarked for possible funding: aid to the judiciary; urban sanitation; reintegration of IDPs; support to the SACB secretariat; support to community-led participatory research (War-torn Societies Project).

Italy: will keep its 2001 contribution at least at the 2000 level, in principle geographically evenly spread over the regions, and destined for development and governance objectives; a positive evolution of the global political and security situation ‘would influence significantly a progressive increase of the overall budget’ and if such were to be specifically the case in the south, then that region’s allocation would increase likewise.

United Kingdom: will address urgent humanitarian needs, keeping a balanced approach between the regions; is ‘unlikely to have a sizeable development programme’ in the next 3 years.

United Nations agencies: Although the United Nations’ involvement in Somalia has been largely scaled down since the withdrawal of UNOSOM, the activities of various agencies such as the UN Development Programme (UNDP) and the UN Political Office for Somalia (UNPOS) have continued. The UN appears keen to support the newly created institutions, in particular the ‘Transitional Government’ also in an attempt to regain a role in Somalia. However, in doing so it may be perceived to have lost its even-handedness particularly in the northern regions. Agencies such as UNICEF, UNESCO, UNHCR or WHO are implementing programmes funded by a variety of sources, but as the annual consolidated UN appeal attracts a rather limited response from donors, the magnitude of their aid programme remains restricted.

Other donors: The most important non-EU donor contributions in 2000 were: US\$ 25.8 million from the USA; US\$ 3.7 million from Norway; US\$ 1.4 million from Switzerland. As Somalia is a member of the Arab League, the TG has succeeded in obtaining support both in kind and in funding (details are not revealed) from a range of Arab States such as Saudi Arabia, Libya, Yemen and the United Arab Emirates. Saudi Arabia, Somalia’s most important trade partner, has also promised US\$ 55 million to the TG, US\$ 40 million of which destined for private sector development; of this overall total, the TG is said to have already received US\$ 15 million. Broadly speaking, most donors are currently maintaining their modest funding levels and keeping options open waiting for positive signals from the political situation before reviewing decisions and strategies for further funding.

4.6 Donor Coordination

In the absence of any recognised national authority able to assure coordination among different aid agencies/donors, the international aid community has developed its own mechanisms and created, in 1994, the Somalia Aid Coordination Body (SACB). The SACB is not only coordinating aid activities and providing orientation in the form of sector strategies, but also provides a platform to develop common positions for negotiations with various local Somali administrations, in administrative and security matters. Since its creation, the EC has been an active member and driving force of the SACB, including through securing funding for its secretariat.

The Commission is also an active member of the ‘Standing Committee on Somalia’ created, in December 1998, to bring together the IGAD States (Inter-Governmental Authority on Development; members: Djibouti, Eritrea, Ethiopia, Kenya, Uganda, Somalia, Sudan) with others most concerned with Somalia (Arab League, the Organisation of African Unity, the UN, Egypt, Italy and Yemen) and chaired by Ethiopia. This forum remains the only pathway for direct contacts between almost all external actors relevant to the political and aid situation in Somalia. The EC is also a key member of the IGAD Partners Forum (IPF), a group of governments and international organisations, which support IGAD activities. In 1998, the IGAD Partners Forum created a ‘Special Committee on Somalia’ chaired by Italy; in recognition of its role, the Commission was invited to become a member, and also to form part of the Committee's more operational Liaison Group comprising 8 Governments and international organizations. In all these gatherings, the Commission plays a critical advisory and supportive role commensurate with the size of its programme and its expertise.

5. The Commission's support strategy

5.1 Principles and Objectives for Co-operation

EC co-operation in Somalia in the past years was already set up in accordance with the orientation expressed later in Article 93.6 of the Cotonou agreement which defines a certain number of specified priorities: institution building and economic and social development, taking into particular account the needs of the most vulnerable sections of the population.

The fundamentals for future EC Co-operation will keep along the same basic lines. Nevertheless, a certain number of adjustments are necessary to deal with specific evolutions in the social economic and political scenarios. In this context, a more gradual reorientation should encourage and support the Somali political forces and in particular the to pursue peaceful national reconciliation and the restoration of basic administrative and social services. In order to enable the EC programme to intervene as and when tangible results are achieved in these areas, it is important that the planning and preparation of projects and programmes keeps pace with political developments on the ground.

Presently, the crisis affecting all Somalis in terms of civil unrest, poverty and food insecurity still persists, though to varying degrees according to the region, with the South being the most affected. This is further corroborated by the existence of different political administrations covering three regions, each one of them struggling to varying degrees to establish and maintain authority, and all three without a clear policy orientation with regard to development. Somaliland and to a lesser extent Puntland remain relative “islands of peace”, where basic functions of administration are assured and security is provided, thus creating a relatively favourable environment for aid delivery based on the peace dividend approach. In view of the above, it has been concluded that the principles for cooperation which are widely shared by the members of SACB, still remain valid and applicable.

5.2 Long-term objective

The overall long-term objective is **to contribute to the alleviation of poverty and to the promotion of a more peaceful, equitable and democratic society in Somalia**. Herewith this support strategy is fully compliant with the core objectives of EC development strategy and in particular with the principles of the Cotonou Agreement including Article 93.6.

Given the limited resources when compared to needs after a decade of destruction and the fact that so many determining factors are beyond the control of the EC or other external partners, it is obvious that the Commission can only make a contribution to this objective and that ultimately its achievement remains largely the responsibility of the Somalis themselves.

5.3 Intervention objective

In order to contribute to the long-term objective, which provides the overall orientation for EC engagement in Somalia, the response strategy will **support sustainable improvement of the livelihood of the Somali people – by enhancing food security and economic growth – and their improved access to basic public and social services as well as the establishment of good governance**.

The EC's development objectives make particular reference to countries in conflict situations, a category where Somalia unfortunately has been stuck now for a decade with disastrous effects on its population at large, since prolonged instability has had dire consequences on poverty levels. Consequently the overall objective of poverty reduction in all of its dimensions is the ultimate goal dictating the direction of future EC aid and co-operation in Somalia. However, given its conflict-specificity, it is important for Somalia to achieve a peaceful, stable and democratic environment, where the rule of law reigns and human rights are respected. The ACP-EC Council of Ministers has on numerous occasions reiterated its desire for the Commission to continue providing assistance aiming to achieve lasting peace while laying the foundations for sustainable development in order to contribute to the above-mentioned objectives. This support strategy is fully compliant with this ultimate goal, and therefore meets Somalia's 'conflict specificity'. This objective may seem to be complex, but it is a reflection of the dualistic and mutually invigorating nature of the Somali dilemma: the suffering of the population and the absence of functioning state structures leading to further suffering. After intensive brainstorming and based on years-long experience, it is the Commission's conviction that a significant and durable impact can only be realized if both issues, the well-being of the population and governance, are simultaneously addressed. Given the particular role the Commission assumes in the absence of other major donors, the support strategy therefore has to address both dimensions of the dilemma.

5.4 Priority areas for intervention

Based on the analysis of the current situation, drawing the lessons from past experience, particularly regarding implementation, and given the need for a short-term flexible rolling programme, the Commission advocates pursuing its multi-sectoral approach with a series of complementary and mutually reinforcing interventions in the following areas:

- Enhancement of good governance.
- Reduction of widespread vulnerability;
- Access to social services;
- Economic growth and diversification;

A limited number of clusters of activities and interventions have been identified with particular relevance to the achievement of results in the above-mentioned:

- **Good governance is enhanced; reconciliation and sustainable peace-building is supported:** Taking into account the outcome of the Arta Conference, the IGAD peace process as well as the existence of two regional reasonably functioning political entities, the EC envisages support to good governance, including to governance institutions, and this with active involvement of a better organized and empowered civil society. The Commission will globally continue to adhere to the *peace dividend approach*. Its proactive application will form the guiding principle with respect to all administrative and governance institutions, including the Transitional Government or Assembly and will take in consideration effective efforts made for genuine progress in regard to good governance and the pursuit of peace and reconciliation.

Broadly speaking, three entities will be addressed: administrative structures, including at the decentralised level, in particular major municipalities in Somaliland and Puntland; parliament(s) as the basis of democratic practise; and civil society. The envisaged Commission interventions are:

- *Support administrative structures in applying principles of good governance;*
- *Support the contribution of civil society to the enhancement of good governance;*
- *Contribute to reconciliation and sustainable peace building.*

When addressing the problems of administrations, the Commission will employ appropriate levels of flexibility and even-handedness. Support to general thematic areas such as awareness and training concerning good governance, will be provided with particular emphasis on democracy and taking in consideration the fundamental constituents of the Somalia society. After careful selection, administrative structures could be considered for assistance including the provision of basic equipment and rehabilitation of administrative premises, to go hand in hand with capacity building, improving management techniques and enhancing transparency and accountability. Areas for particular focus would include the functions of the judiciary, economic policy formulation and monitoring, and the planning of further assistance to administrations within the policy framework of the EC. An in-depth assessment of Somali civil society conducted by the Commission in 2000, has revealed the need to strengthen its organisational capacities and skills level as a major prerequisite for its empowerment. Support would address both traditional and modern strata of civil society. Particular attention will be also given to women's organisations, as they appear to be able to play a key role in the promotion of the reconciliation process at grass roots level.

The Commission has been actively involved in all facets of the Somali peace process, and at all levels, since 1993, aiming to advocate for a fair and sustainable political solution to the protracted crisis, and providing multi-dimensional support to the process within the context of EC policy. The EC intends to continue its involvement and to consider providing assistance be it to institutions of the transitional government (TG) and other administrations dealing immediately and unequivocally with the question of reconciliation, be it to external facilitatory efforts, for instance at the regional (IGAD) level.

- **The widespread vulnerability, to which the majority of the population is exposed, is reduced:** Years of continuous conflict combined with extreme climatic conditions have eroded the coping mechanism of the population, while the absence of any support service, formerly provided by state agencies, has further weakened the population in terms of vulnerability. The following cluster of interventions aiming to enable the population to develop their own strategies to cope better with the hostile situation, has been identified:

- *Improve skills and knowledge for sustainable and effective management of natural resources;*
- *Improve access to agricultural and pastoral infrastructure, inputs and services;*
- *Improve adequate prevention, monitoring and control of emergencies.*

On a decentralised level, farming and pastoral communities will be trained in land use planning, farming and natural conservation techniques, including water management for domestic as well as for productive purposes. Community-based organisations, linked to the civil society component of this programme will be trained in providing services to their members and in enforcing local level decisions with regard to land use and preservation of natural resources. Most agricultural and livestock infrastructure has been destroyed or has become dysfunctional owing to lack of maintenance; some improvements have been ensured especially by the EC Somalia programmes, but there is still a great need for further interventions. For rehabilitation to achieve optimum results, it has to go hand in hand with provision of inputs and services. In this regard, the private sector will play a major role, as has already been successfully demonstrated with the delivery of private veterinary services by the EC. Cost recovery / progressive cost sharing for inputs and services will be confirmed as an intervention principle. The population is extremely vulnerable due to the combined effects of food insecurity and the weak state of health given the general absence of appropriate health facilities. Regardless of the unpredictable climate, a general improvement can be boosted in due course given the appropriate mechanisms for forecasting, monitoring and response. Existing monitoring mechanisms in the areas of food security and health/nutrition, as already supported by the EC, will be further developed and complemented by instruments which will allow for a quick and targeted response.

- **Access of the population to affordable social services is improved:** The limited access to health services contributes significantly to the vulnerability of the population; likewise, the decade-long absence of formal education has deprived a whole generation of its right to education. In past years the EC has been very active in health and education; further support in these areas is indispensable and will focus on the following issues:
 - *Support integrated public health programmes;*
 - *Improve health programmes to fight against contagious diseases;*
 - *Improve access to quality education.*

Based on its vast experience in the Somali health sector, the Commission's focus will be not only on further improving the access to affordable quality health facilities, but also increasingly focus on overall planning, capacity building and human resources development. In this regard, it is important to further develop ownership and responsibility at the local level to enhance rational use of scarce resources; cost recovery/sharing will therefore be further enhanced in order to boost both sustainability and the sense of ownership of the beneficiaries concerned. Given the potential threat posed by a range of recurrent contagious diseases possibly turning into fully-fledged epidemics, the EC will enhance its already strong commitment to prevention, combating the root causes and limiting the consequences. Particular emphasis will also be on mother-and-child care. Given the wide range of partners involved in the health sector, the EC will continue its close collaboration with these partners and strengthen its commitment to the key issue of coordination and monitoring in this domain.

The current educational programme of the EC constitutes a sound basis for further development since the needs of the younger generation are by far not satisfied. Besides the rehabilitation of school infrastructure, emphasis will be on teacher training and the production and provision of curricula. The educational programme will focus not only on primary education but also

address the need for further education be it academic, technical or vocational; it will also specifically address the gender issue given the particularly low enrolment rates of girls. As in health, parents' associations and cost recovery will be enhanced in order to boost sustainability and ownership.

- **Sustainable economic growth and diversification is enhanced:** Most infrastructures have been to a large extent destroyed or have become dysfunctional due to a lack of maintenance. Private sector development be it in service delivery, trade or investment, is also considerably hampered by the absence of regulatory legal frameworks and the existence of non-physical trade barriers. Economic growth and diversification are also suffering from an almost complete absence of supportive services. The following priorities for intervention have been identified:
 - *Sustainable rehabilitation of transport infrastructure;*
 - *Establishment of regulatory frameworks and support services for private sector development;*

Taking into account the varying levels of insecurity in the different regional entities, for the time being large scale sustainable infrastructure rehabilitation can only be envisaged in Somaliland and Puntland; continued civil unrest mainly in the South prevents this type of EC activities there, but does not preclude emergency rehabilitation, improved local conditions permitting. Building on the achievements of prior phases of the EC's infrastructure programme regarding transport corridors in the North, further investment will be required to make them match in a sustainable way the increased demand for trade and transport capacity, including within a wider geographic context, in particular the hinterland of the landlocked neighbouring Ethiopia. Regarding transport infrastructure and the provision of urban infrastructure and services, the first steps have already been achieved towards a more sustainable overall sector approach. New steps will have to be accomplished as regards the basic infrastructures as well as institutional/capacity building and private sector involvement.

The virtual absence of state structures, support services and legal frameworks, combined with the fact that private business associations are still at an embryonic state, has a negative impact on possible diversification of the economy from trade into productive investment, and limits the capacity to create additional job opportunities. The EC is already providing support to micro-credit schemes, investment identification and promotion advice, and capacity building and empowerment of private sector associations; this type of interventions will be continued while the potential of natural products and minerals offering realistic scope for transformation and export will be pursued. Support to economic growth will contribute to 'enabling environment' conducive to favouring the return of the diaspora.

6. Implementation methodology

6.1. a flexible approach

The future evolution of Somalia is unpredictable; EC's response therefore has to be flexible, allowing for frequent revisions in response to short-term socio-political changes.

As a result of this, a precise allocation of funds for the different cluster of activities will be defined on a regular basis taking into consideration priorities, required funds and identified interventions. Consequently, a detailed commitment forecast covering several years would be unrealistic and it is proposed to favour a the sequential appraisal of work programmes to be submitted to the Commission in the form of financing proposals. These work programmes should correspond to the commitment/absorption capacity and to the existing socio-political context at a certain stage. This

approach offers the best guarantee of enabling the EC to rapidly respond to possible positive developments.

As an initial application of this strategy a first work programme will be appraised only for the € 50 million bridging funds along the lines of the previous Rehabilitation Programmes.

Accordingly, the indicative amount allocated for this work programme is as following: (i) enhancing good governance: 16%; (ii) reduction of widespread vulnerability: 24%; (iii) access to social services: 20% ; (iv) economic growth and diversification: 24%; (v) technical assistance, logistic support, contingencies: 16%. Further details of the actions to be undertaken will be provided, as usual, with the specific financing proposals to be examined in due course by the EC and the EDF Committee.

For this first work programme, implementation of programmes/projects should start mid-2002; average length of projects is 2 years while total duration of the programme will not exceed four years (frequent security incidents cause many projects to be extended in time). It is expected that 80% of the 50 M € funding will be committed during the first year; disbursements are expected to total € 10 million by the end of 2002, and to reach € 20 million by mid 2003.

Further work programmes will be subsequently scheduled and prepared according to the periodic reviews, the political evolution of the different regions of Somalia, the proved and estimated absorption capacities, and priorities defined in line with the above detailed strategy.

Furthermore, as in the past, Somalia may also benefit from contributions from various budget lines (mainly food security, rehabilitation, de-mining and human rights and democratisation) coherent with the above detailed strategy, which may complement and enhance the impact of EDF interventions.

6.2. Monitoring and evaluation

In the North, the impact of the programme will be demonstrated by the progression of the various sectoral interventions from rehabilitation to reconstruction and ultimately to real development. In the South, a pragmatic approach in the areas of reconstruction and peace building may prevail in the initial phases, although as yet unpredictable in duration, pending the achievement of a climate conducive to operations in the field, in terms of improved security conditions.

A first review of the strategy and work programme carried out by the Commission is planned before end 2003; this will take into consideration the evolution of the overall situation from a socio-political point of view, the achievements of Somalia as a whole and of its various components, particularly the TG; the budget to be programmed thereafter and its implementation timetable to be adapted accordingly.

Nevertheless it should be stressed that after a decade of civil war, chaos and absence of a central authority, basic data and indicators related to the various intervention sectors are both relatively scarce and of doubtful quality in general terms, and varying much according to the region concerned, with the South notorious for its weakness in this regard.

However, frequent field missions completed by detailed quarterly reporting as demanded from implementing partners, will permit sizing up achievements of the various interventions in the four priority areas. Regular surveys will aim to measure progress with regard to specific relevant indicators per sector e.g. school enrolment in education, mortality rates in health, numbers of cattle

vaccinated etc.; sector and project evaluations will allow to measure qualitative/quantitative progress and give indications as to the impact of projects and programmes.

The peace dividend approach effectively recognises performance in peace/reconciliation efforts and will be an effective indicator in determining the allocation of future resources both in their overall total and their regional distribution.

6.3. Co-ordination and Implementing partners:

International NGOs as well as UN agencies, and where possible private enterprises, will implement projects funded from the resources, which will become available through this financing proposal, in close cooperation with beneficiaries.

The Commission, through the Somalia Unit of the Kenya Delegation will continue to liaise with implementing partners, NGOs in particular, and support their efforts in the identification and formulation of project proposals; proposals from implementing partners will be finalised by the Somalia Unit and transmitted to the relevant headquarter services for final assessment and endorsement, since the Commission will continue to act as the National Authorising Officer (NAO) on behalf of the people of Somalia.

These procedures have proven their effectiveness in the past and are well adapted to the particular circumstances the EC programme faces in Somalia.

Co-ordination with other donors and implementing partners, both at the global and at the sectoral policy level, will continue to be assured by the Somalia Aid Co-ordination Body (SACB).

LIST OF ANNEXES

- Annex 1** European Community aid to Somalia - current projects and programmes
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ANNEX 1: European Commission aid to Somalia - current projects and programmes

Since Somalia had not ratified the Lomé IV Convention, it had no access to 7th and 8th EDF. Taking over the role of National Authorising Officer (NAO), the Commission has been using outstanding balances of previous EDFs - which had remained unspent due to the poor absorption capacity of the country, to finance the 1st and 2nd rehabilitation programmes totalling respectively € 38 million and € 54 million.

At the end of 2000, further finance from previous EDFs totalling € 9.8 million (the final balance) was confirmed under the 3rd Rehabilitation Programme, with additional finance from the Rehabilitation budget line (€ 15 million) and from the de-mining budget line (€ 1.3 million).

Over the years, funding of consecutive rehabilitation programmes has also been complemented by projects financed from the Rehabilitation Budget Line B7-6140 (€ 25.1 million since 1997), the Food Security budget line (€ 15.5 million so far) as well as to a more limited extent from other budget lines such as Human Rights (€ 3.8 million) and De-mining (€ 2.3 million).

Additional funding, managed by the European Commission given its proven delivery capacity and presence in the field, has been provided by Italy and Denmark under co-financing framework agreements to the tune of € 15.4 million and € 1.2 million respectively.

Total Financing Agreements in recent years are shown below:

<u>EDF</u>	<u>€ million</u>
1 st Rehabilitation Programme	38.0
2 nd Rehabilitation Programme	54.0
3 rd Rehabilitation Programme	9.8
<u>Co-financing</u>	
Italian	15.4
Danish	1.2
<u>Budget lines</u>	
Rehabilitation	25.1
Human rights	3.8
De-mining	2.3
<u>Food security</u>	<u>15.5</u>
Grand total	165.1

Projects have so far been financed in a range of sectors which are of vital interest to the population: primary health care, water supply, education, rural development and food security as well as infrastructure have been the focal sectors of concentration for the Commission

According to the SACB 2000 Donor Report, the European Commission (including ECHO) was by far the largest donor last year with a total programme of US\$ 54.9 compared to the number 2, the USA with US\$ 25.8 million (mostly food aid), and this out of a total of US\$ 115.9 million (for ease of comparison, all contributions were re-calculated in US\$). In fact, since the debacle of UNOSOM in 1995, the Commission has not only been constantly the largest and most important donor to Somalia, it has also developed a particular recognition as an even handed partner vis-à-vis a durable reconciliation process for Somalia, based on human rights and the rule of law.

Summary of current projects and programmes (June 2001)

The majority of EDF finance from the 1st and 2nd Rehabilitation Programmes has been spent. Projects currently under implementation are shown below:

Sectoral allocation	In € million
Agriculture	3.59
Civil Society	2.43
Co-ordination	0.25
De-mining	2.42
Demobilization	2.69
Education	15.29
Fisheries	0.65
Food Security	9.25
Health	6.55
Infrastructure	14.04
Livestock	2.70
Rural Water and Sanitation	7.46
Small and Medium Size Enterprises	3.58
Technical assistance Somalia Unit	4.63
Liaison offices in Somalia	1.22
Grand total	76.76

Funding source - summary	In € million
EDF 1 st Rehabilitation Programme	1.57
EDF 2 nd Rehabilitation Programme	26.60
EDF 3 rd Rehabilitation Programme	1.32
Italian Co-financing	9.80
Danish Co-financing	1.13
Rehabilitation budget line B7-6410	21.54
Human rights budget line B7-7020	3.28
De-mining Budget line B7-661	2.27
Food security budget line B7-202	9.25
Grand total	76.76

Allocation by region	In € million
Countrywide	18.00
Puntland	12.42
Somaliland	29.68
Somaliland and Puntland	6.16
Southern Somalia	10.50
Grand Total	76.76

ANNEX 2: Donor Matrix

Only since last year has support provided by the various donors been assessed systematically and therefore no information prior to the year 2000 is available. Even when considering that the information gathered does not consider all donors (particularly donors from the Arab world who did not report) it provides a fairly good impression of donor commitment and the particular importance of the Commission compared to others.

Summary of Donor contributions for 2000²

<u>Donor</u>	<u>US \$</u>
Australia	3,000
Belgium	700,000
Britain	2,556,000
Canada	78,600
Denmark	4,394,100
European Community	44,560,500
Finland	703,200
Germany	1,411,500
Italy	21,041,200
Netherlands	5,171,700
Norway	3,717,200
Sweden	4,136,800
Switzerland	1,234,300
United States	25,779,000
Total	115,487,100

Donor support to main sectors³

Food Security and Rural Development

Donor	Expenditure (in US Dollars)
United States*	11,700,000
European Community	10,027,700
Italy	5,158,300
Germany	1,411,500
Belgium	700,000
Others	1,821,200
Total	31,145,800

* 11,500,000 US Dollars are provided as Food Aid

² Only commitments made in the year 2000 have been considered

³ Information obtained from the "SACB donor report 2000"; relevant are financial commitments made in the year 2000. Only the five most important donors are mentioned per sector.

Education

Donor	Expenditure (in US Dollars)
European Community	6,309,200
Italy	3,026,600
Denmark	604,400
Britain	380,400
Sweden	250,700
Others	403,100
Total	10,974,400

Governance

Donor	Expenditure (in US Dollars)
Italy	7,478,400
European Community	5,197,600
Denmark	2,200,200
Sweden	2,162,300
United States	1,638,400
Others	1,265,700
Total	20,000,100

Health and Nutrition

Donor	Expenditure (in US Dollars)
European Community	6,426,400
United States	4,238,500
Italy	3,931,200
Netherlands	1,680,300
Britain	1,547,300
Others	4,758,700
Total	22,582,400

Water Sanitation and Infrastructure

Donor	Expenditure (in US Dollars)
European Community	14,771,400
United States	5,257,300
Italy	1,346,700
Netherlands	916,400
Denmark	901,100
Others	1,667,900
Total	24,860,600

ANNEX 3: Linking Relief, Rehabilitation and Development (LRRD) in the Somali Context

Usually the continuum relief, rehabilitation and development is designed for countries which are more or less uniformly at one stage of the continuum. The continuum is very often associated with a linear progress in the direction of development. One assumes that some kind of national authority exists, even if it has limited powers. The communication of the Commission on LRRD follows the above pattern to a large extent.

It is clear that the LRRD approach could be beneficial in the case of Somalia. However, one should take into account a number of fundamental differences as far as the above outline is concerned. Firstly, in Somalia there is no existence of any national authority, even in the weakest form. This means that any approach should be area based and definitions should be provided to define not at what stage of the continuum the country is, but should indicate the stage on the continuum at a smaller geographical level.

Secondly, it should be acknowledged that the continuum in Somalia is not a linear process of progress. In the past a number of areas have been sliding back on the continuum.

These two points make it necessary to have a close monitoring of the situation, and foremost to have clear definitions and criteria for the categorisation of the different areas on the continuum. With this paper an attempt is being made to give these clear definitions and criteria. Furthermore in some cases it indicates what type of actions can be undertaken. Given the complexity of the ever-changing situation in Somalia, it is necessary to have a continuous monitoring of the situation.

Emphasis needs to be put that interventions have to be conducted carefully at any stage of the continuum. Not only should fuelling the conflict be avoided which seems very obvious in Nairobi, but also on the ground which in reality is much more complicated to comply with. Care should also be taken not to undermine traditional coping mechanisms in emergency aid conflict situations. Furthermore one should be aware that in particular some recurrent emergency interventions are being used by unscrupulous individuals as income generating activities. Cholera is an obvious case, but also the upcoming measles outbreak must be seen in this light.

The response to the flood emergency within the SACB context has proven to be difficult, but has on the other hand prevented major contradictions between intervening agencies in the field and has enhanced a quick, united response. It should therefore be considered to have a small committee within the SACB to be able to quickly access the extent of an emergency and secondly to co-ordinate the international community to enable an effective intervention.

The definition of an interactive area is that it is basically somewhere in between. It has therefore not been given any definition in both cases. It should be clear through the criteria and the proposed action, which areas should be considered within these interactive transitional zones.

Definitions

RELIEF

Relief should be considered as those interventions targeted towards preserving human lives.

REHABILITATION

Rehabilitation is the process of meeting the basic socio-economic and political requirements all the way towards sustainable development. Rehabilitation is a strategy encompassing institutional reform

and strengthening infrastructure reconstruction and improved services aimed at regaining a path of sustainable development.

DEVELOPMENT

Development is the process by which a social/economic/political stable situation in a given area is assisted to achieve sustainable improvement in the quality of life.

Characterisation of the stages and consequences for interventions

1. Relief

The underlying assumption and a necessary condition to provide relief assistance is that both the target population and the assistance providers enjoy a minimum level of security. If this can not be guaranteed in whatever way, relief intervention is useless since relief goods (and services) will end up in the hands of those who are not the target group, be it local leaders or businessmen or even worse warlords and militia.

The interventions should be aimed at alleviating severe food shortages. Furthermore they should be directed to either direct or indirect interventions in the health sector. Firstly, combating epidemics; secondly, to support those collapsed health structures which provide basic health services and, thirdly, to ensure the availability of a sufficient quantity of safe drinking water. Where functioning schools exist, support to educational activities such as provision of school books, teacher training or educational programmes targeting young people, could be envisaged to give them alternatives to fighting.

In exceptional cases where the basis of the Somali economy is undermined, interventions outside the proposed sectors should be considered.

The Somalia Unit should pursue the creation, at SACB level, the task force on emergency interventions.

Interactive stage between relief and rehabilitation

The socio economic reality of Somalia has reached a level of such fragmentation that war zones may co-exist with relatively stable areas side by side due to the evolution of the clan dynamics or the nature of the economic interests at stake.

Where these geographical areas have a sufficiently large population and an economic basis enabling them to restore their livelihoods, some low profile interventions can be possible in what is called the interactive stage between relief and rehabilitation, if the following number of criteria are fulfilled.

Firstly, the absence of fighting should last for enough time to enable activities of reconstruction and the presence of expatriates in the field. Secondly, there must be an authoritative local counterpart recognised by its community and a dialogue or at least the readiness for dialogue between former conflicting parties, so that progress towards the achievement of a peaceful situation can be foreseen. Lastly, attention should be paid to match the satisfaction of basic needs with the economic potential of the area. This does not necessarily mean local contributions to the interventions, but it does not make much sense if there would be no chance for sustainable development in the longer run, given the absence of any economic potential.

At this stage the emphasis of the intervention should be put on peace building initiatives. The rehabilitation activities should contribute to conflict mitigation and to strengthen the economic basis of the area in order to consolidate the peace process and to avoid any setback.

Food security and health interventions are still priority areas for interventions. Where it is already necessary to keep sustainability in mind during the relief stage, it is essential that interventions at this stage be only designed with sustainable objectives in mind. The provision of shelter and peace building activities as well as resettlement of internally displaced people (IDP) may be needed at this stage.

Activities enhancing job opportunities and the social reintegration of ex-militia may also be deemed necessary.

Funding during this phase should be extremely flexible, since it is difficult to assess if the area is moving definitely in the positive direction. Preferably decisions should be taken at Nairobi level or with quick procedures in Brussels. Given the flexibility necessary it is recommended, during this phase, to establish criteria for the selection of implementing agencies that should have the capacity to work and mobilise resources in an unstable and insecure environment. Lastly, emphasis should be put on the co-ordination aspect during this phase. A flood of international aid should be avoided at any cost in view of the fragile balance of power in these areas.

2. Rehabilitation

The overall goal of this stage of the continuum should be: to contribute effectively to sustainable enhancement of security, peace, general political tranquility as well as economic status of the people of Somalia.

The purposes during the Rehabilitation stage of the continuum should have immediate impacts on the principle target groups:

- 1 Civil society, formal and informal leaders at all levels in Somalia utilise participatory and democratic conflict resolution tools, mechanisms, systems and structures to promote peace, independently of external actors.
- 2 Communities, households and community based Self Help Organisations demonstrate increased self-reliance with respect to provision of basic human needs e.g. food, water, health services etc. in a sound environment.
- 3 Local authorities, non-governmental organisations and commercial enterprises initiate, establish and maintain basic public infrastructure and services on a sustainable basis.
- 4 Households, communities and local business enterprises actively engage in the initiation, promotion and running of diversified productive economic activities in a manner which ensures sustainable use of the natural resources.

Rehabilitation can only be done if an area fulfils the following criteria:

- Peace and stability must exist in the form of existing local authorities capable of responding when the security is at stake in order to achieve a sustainable level of security by way of:
 - absence of interclan fighting
 - adequate response by local authorities to serious incidents
 - freedom of access
 - armistice.
- A system of law and order enforced by local authorities and in line with human rights principles

- An ongoing agreement between the groups within the area.
- Readiness to be engaged in a partnership in the implementation of interventions, including contribution of local resources, in order to ensure ownership and sustainability.

A thorough analysis of an area with the definition of rehabilitation in mind should reveal those sectors which would have the biggest impact and contribution to the overall objective. Although normally a time frame is attached to the rehabilitation of a country, for obvious reasons, this cannot be done in the case of Somalia.

Interactive stage between rehabilitation and development

The situation in the area should be considered as economically and politically stable. A peace agreement has taken away the prospects of war. The basic conditions should have been established to ensure the sustainable development of the economic basis. The presence of local investment is an indication of this. Access within the area should be guaranteed and possibility to connect with the outside world must be present. There must be responsible legitimate and effective authorities with an established revenue base (taxes). Finally, there should be the potential and capability of defining and implementing development policies. At this stage one should focus at consolidating the overall objectives. Where in the previous stage institutional support should be viewed as an overall support to the capacity of the authorities, for instance in revenue collection, at this stage it is crucial to build the technical capacity of the local administration in those sectors which are deemed to be crucial for the economic and political stability of the area.

Preferably there should be development funds available during this phase, but reality forces us probably to use rehabilitation funds.

3. Development

There should be a sustainable economic resource base and structural stability to provide basic needs and the readiness for improvement of the quality of life. Furthermore there should be an internally and externally recognised governance system. The authorities should have the ability to provide "national" policies, foreign aid co-ordination and interaction with the international financial institutions. The area should also have a viable banking system.

The activities within the priority sectors of intervention should be aimed at achieving structural stability.

For obvious reasons it is not likely that currently, nor in the foreseeable future, any area in Somalia will be entering this phase.

This shows that with a co-ordinated approach and a slowly phasing in / phasing out of the different sources of funding, and more importantly the approaches which go with the sources of funding, the problems because of our funding can be avoided.

Finally, the monitoring of Somalia to be able to classify areas according to the definitions and criteria should be done by a small group from both the ECHO Horn of Africa team and the EC Somalia Unit. Given the nature of the environment in Somalia, and the roles to be played by both the Somalia Unit and the ECHO Horn of Africa Team in supporting relief and rehabilitation operations financed by the Commission in Somalia, it was agreed that the joint working group ensure co-ordination of action between the two categories of operations and will have the following tasks:

- **Examine, on regular basis, the evolution of the situation in the different operational areas in Somalia with the view of confirming their state of classification within the relief to development continuum. This function may involve the undertaking of joint assessment missions to Somalia;**
- Prepare recommendation for actions as pertaining to the typology of activities to be undertaken (relief, rehabilitation, interactive areas of combined action) and the funding sources of recommended activities;
- Undertake regular review of the paper prepared jointly on linking relief, rehabilitation and development;
- Undertake consultation with relevant agencies on their assessment and existing information pertaining to the classification of areas;
- Promote the creation, at SACB level, of a standing committee on emergency assessment.

Statistical annex1. Geography:

- Area: 637,657 km²
- Arable land: 2%
- Population: 6.6 million (estimated)
- Urban population: 23%
- Nomads: 42%
- Main clans: Dir, Isaaq, Hawije; Darod and Rahanweyn (inc. Digil and Mirifle)

2. Social indicators:

- Infant mortality rate: 125/°°
- Adult literacy rate (M/F): 36% / 14%
- Life expectancy at birth: 48

3. Economic Indicators:

- GNP/hab: US\$ 200
- GDP/Sector: Agriculture - 60%
 Industry - 10%
 Services - 30%
- Exports (1999/1990): US\$: 186 million / US\$ 58 million
 - commodities (1999): live animals, meat, skins /
 - (1990): bananas, live animals, fish, hides and skins
 - partners (2000): Saudi Arabia, United Arabs Emirates, Yemen
 - (1990): Saudi Arabia, Italy, Germany
- Imports (1999/1990): US\$: 314 million / US\$ 249 million
 - commodities (1990): petroleum prod., food stuffs, construction materials
 - partners (2000): Djibouti, Kenya, India, Brazil, Thailand
- Debt (external): US\$: 2.6 billion
- SACB External aid (2000): US\$ 115.5 million

Note:

Statistical data for Somalia is not reliable; most of information provides from estimates and is subject to a wide margin of error.

Co-ordination of Aid for Somalia - mechanisms in place in 2002

Co-ordination of aid for Somalia between the European Commission and major donors is an ongoing concern at various levels – both regarding policy and implementation, and within various entities - both formal (Somalia Aid Co-ordination Body; co-ordination meetings with Member States at HOMs, political and technical level; Steering Committees on major projects e.g. with UN agencies) and informal, i.e. bilateral contacts with other donors as well as with all implementing partners.

Giving the unpredictability of the Somalia context, the co-ordination structures and mechanisms need to be flexible enough to provide an adequate response to an evolving environment. At present, the most advanced and well-structured mechanism is the SACB, of which the Commission not only was a ‘founding father’ but has over the years also been one of the main driving forces. The SACB has a pyramidal structure with a cascade of responsibilities divided over a series of committees. Basic co-ordination work is performed at the level of 5 technical sectoral committees dealing respectively with: health and nutrition; education; governance and economic recovery; food security and rural development; water, sanitation and infrastructure.

Representatives of the Commission are effectively chair or deputy-chair of these committees. In addition, the Commission is not only contributing to the funding of the SACB Secretariat, as a further token of its long-term commitment to SACB co-ordination, but is also funding an SACB co-ordinator for health, the sector with the highest number of implementing partners involved (over 50), and effectively the bridge between humanitarian and rehabilitation interventions.

The next levels up in the SACB structure are respectively the SACB Consultative Committee, chaired by an NGO representative, and the Steering Committee, chaired by the UN Humanitarian Co-ordinator for Somalia; the European Commission is actively involved in the workings of both these Committees, and with regard to the latter is also an active contributor to its in-field co-ordination, assisted thereby by its EC Liaison Offices in Somalia. The European Commission is currently deputy-chair of the SACB Executive Committee, bringing together the donor community in the broadest sense, the heads of all UN agencies involved in Somalia, and NGO representatives.

Over and above these SACB structures, the Commission is also actively pursuing co-ordination of Somali issues with a wide range of interlocutors such as other main donors, e.g. US, individual Member States, IPF partners, neighbouring States.

With regard to UN agencies, the European Commission not only pursues overall co-ordination both bilaterally as in the above-mentioned institutions, with the UN family at large and UNDP and the UN Humanitarian Co-ordinator in particular, but has in-depth co-operation and co-ordination of activities in a selected number of areas, particularly those where the EC is funding UN agencies as implementing partners.

The Commission therefore has close working relationships not only with UNICEF and WHO in health and sanitation, or Habitat in capacity building of municipalities, but on a country-wide level co-operates very closely with key UN agencies: FAO implements the Food Security Assessment Unit of which the EC is the main donor, UNICEF and UNESCO implement a major EC-funded primary education project dealing with curriculum development, textbook provision, professional development of teachers and education management systems; projects of this type are monitored by joint EC-UN steering committees.

Finally, as a result of the possible security risks for implementing partners triggered by the 11 September 2001 events, the European Commission Delegation now meets on a monthly basis with a core NGO Reference Group, to discuss matters of common concern and monitor events likely to influence implementation and the EC-NGO partnership".

ANNEX 6 Map of Somalia

GEOGRAPHICAL MAP OF SOMALIA

