

ANNEX 2

Development Cooperation Strategy 2017/20 for the implementation of an individual measure in favour of the people of the Federal Republic of Somalia to be financed from the reserve of the European Development Fund

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1. INTRODUCTION

After 25 years of state disintegration, conflict and continuous peoples' displacement, Somalia is showing timid but promising signs of increased security and stabilisation, coupled to the formation of recognized state institutions, gradual adherence to democratic processes, and the start of economic recovery. However, progress towards stabilisation, peacebuilding, sustainable and inclusive economic growth and the emergence of a democratic state remains fragile and adverse factors continue to reduce and delay progress. Notwithstanding, the electoral process held in autumn 2016 should bring Somalia a more representative legislature. The new political dispensation will be charged with urgent domestic tasks with security sector development and stabilisation being the most immediate.

Against this background, the path towards achieving long-lasting and robust stability and security in Somalia relies heavily on a comprehensive approach with parallel and mutually reinforcing interventions rather than linear or sequenced ones. Security, stabilisation of newly accessible areas, provision of basic services, absorption of Somali returnees, consolidation of the political and administrative structures and federalism process, rule of law and economic recovery are of key importance for building an enduring trust of the Somali population in the State(s).

Somalia's security and stability is vital for the larger Horn of Africa and beyond. Somalia is the main theatre of actions for Al-Shabaab, a terrorist organisation which poses threats both within the country and the wider region. Somalia is an important source and transit country of migration. Continued instability can directly affect the EU through migration, spill-over of conflicts, organised crime, proliferation of small arms and light weapons as well as terrorism.

The EU has been a lead actor in supporting Somalia's recovery and stabilisation through the New Deal Compact. The EU leadership role and influence in this context needs to be continued. With the recent submission of the Annual Action Programme (AAP) 2016 for Somalia, the 11th EDF allocation amounting to EUR 286 million has been committed. Thus, without further funding, most of the EU cooperation would drastically be reduced in 2018 in a critical period for Somalia.

To ensure that current achievements in Somalia are consolidated and further expanded in the new federal states, it is important to maintain our current level of engagement and support a promising itinerary of change and stabilisation of Somalia. The EU's strategic objective is to contribute to the stabilisation of Somalia and to the quick delivery of tangible peace dividends to the population. Sustained support to stabilisation is needed to extend the State authority and legitimacy to neglected or newly recovered areas (especially as they might be the main areas for returnees from Dadaab) and prevent a comeback of AS. Its successful implementation involves linking immediate actions to long term plans.

EU development cooperation strategy for 2017-20 will be implemented through a contribution to the "EU Emergency Trust Fund for stability and addressing the root causes of irregular migration and displaced persons in Africa"¹.. The strategy has also drawn guidance from key Communications² of the European Commission and European External Action Service.

Taking into account these elements as well as other donors engagements, the EU development cooperation strategy for Somalia sets out three pillars that together address the root causes of destabilization, forced displacement and irregular migration and contribute and assist Somalis to realise the vision developed in the National Development Plan (NDP) "*to accelerate socio-economic transformation in order to achieve the stated objectives for poverty alleviation, economic revival and societal transformation in a socially just and gender equitable manner*".

¹ The 4 objectives of the EU Trust Fund: i) greater economic and employment opportunities, ii) strengthening resilience of communities and in particular the most vulnerable, as well as refugees and displaced people, iii) improved migration management in countries of origin and transit and iv) improved governance and conflict prevention and reduction of forced displacement and irregular migration.

² "Increasing the impact of EU Development Policy: an Agenda for Change" (COM(2011) 637 final), "The EU's comprehensive approach to external conflict and crises", JOIN(2013) 30), "Lives in Dignity: from Aid-dependence to Self-reliance" {SWD(2016) 142 final}, the Commission's new Agenda for Migration and the Support to Horn of Africa Resilience (SHARE)

The three pillars are:

- 1- Build effective and sustainable responses to security challenges
- 2- Respond to vulnerabilities and create economic opportunities
- 3- Build state legitimacy and responsiveness, and democratic governance

The EU development cooperation strategy for Somalia builds upon the EU's comparative advantage: the EU's comprehensive approach and the opportunity to leverage its cooperation. Lessons learned from past and ongoing EU interventions have been and will be integrated in future programmes.

2. CONTEXTUAL ANALYSIS

2.1 COUNTRY CONTEXT

In a context that remains challenging on many fronts, substantial progress has been achieved in the creation of the federal structure. In addition to the already existing Puntland which is a Federal Member State (FMS), four Interim Regional Administrations have been established: Jubaland, South West and Galmudug and Hirshabelle. Critical parameters of Somalia as a Federal State, including the formula for resource sharing and the articulation of competencies between the respective entities, are still to be defined and enshrined in the Constitution and progress is highly dependent on the establishment of relations of trust between the centre and the periphery. While the consolidation of the FMS will require long term investments, their establishment has already resulted in a multiplication of counterparts outside Mogadishu and in a demand for expansion of the EU's geographical scope.

The goal of holding universal elections in 2016 was not achieved. As a result, the 2016 transition of the Federal institutions is carried-out through a limited franchise based on a combination of clan and constituency based formula. This will however result in a whole new set of interlocutors for the EU. The abbreviated electoral model was a result of a political agreement between the Federal and regional governments reached within the National Leadership Forum (NLF) – an extra-constitutional body and currently the most efficient consensus building format in Somali politics. For the first time in Somali history the electoral process will result in the formation of an Upper House. Timid parallel work has started for the conduct of universal suffrage in 2020 with the establishment of a National Independent Electoral Commission (NIEC) as referred to in the draft Constitution, which should gain political acceptance and more autonomy and should develop the future electoral legal framework.

Although some gains have been made in the fight against AS, major set-backs have occurred and AS has proven to be resilient. AMISOM and Somalia's allies play an important role in providing security; however, increasingly the Somali security sector is being called-on to live-up to its responsibilities. The Somali National Army and Somali Police Forces at Federal and Regional level remain weak and unable to fulfil their role independently and there have been very slow advances in establishing integrated professional Somali security forces. There is broad agreement that the (re)building of security forces is urgent to prepare a take-over from AMISOM, defend the integrity of the country as well as provide much-needed law enforcement.

Much of the attention in the security sector – including from the international community – has focused on the Somali National Army. While this remains a key priority given AMISOM's transition, there is an emerging acceptance of the urgency **to build policing and Rule of Law capacity as a key component for stabilisation**. A New Policing Model that defines the roles and responsibilities at Federal and State level has been adopted and will be the main frame of reference going forward. The entire justice chain remains rudimentary after decades of neglect. Widespread human rights abuses still prevail and are not being tackled, amongst others due to the lack of adequate access to justice. Thanks to the rebuilding of some infrastructure (e.g. police stations, courts, prisons), the increased use of mobile courts, alternative and traditional dispute resolution mechanisms, legal aid as well as capacity building throughout the entire justice chain judiciary and support at policy level, access to justice has slowly started to expand.

With the announcement by the Kenyan authorities of the closure of Dadaab refugee camps, the pressure on facilitating voluntary returns to Somalia has increased. As the vast majority of the refugees in Dadaab originate from Jubaland and South West, **accelerating the stabilisation of these areas has become a priority**. The EU has been at the forefront of developing a coherent and comprehensive proposal for addressing mixed migration challenges in Somalia. This effort needs to be further strengthened. A regional approach on security and stability is required to consolidate political settlements, establish inclusive local administrations, support host communities in areas of returns and strengthen the overall migration management capacity at regional and federal level.

The Federal Government of Somalia (FGS) recognises violent extremism as a major threat for the State and its peacebuilding efforts. The government is developing a comprehensive approach towards Counter Violent Extremism (CVE) and its efforts to prevent violent extremism effectively and efficiently should be supported.

The socio-economic indicators of Somalia remain very low: **Somalia is among the five least developed countries** in the world. The pre-eminence of customary clan-based systems inhibits social cohesion and pervasive traditional practices result in some of the worst gender inequality indicators in the world. It has one of the world's lowest enrolment rates as only 45% of children attend primary education. With more than 50% of the population under the age of 15, Somalia is a young country with enormous development needs. Chronic food insecurity has, together with displacement of a large share of the population, led to a **protracted humanitarian crisis**. Somalia and Somalis are heavily **dependent on aid and remittances** with the latter representing 23% of household income. Somalia also continues to be highly dependent on livestock production mainly based on pastoralism (60% of population) and exports to Saudi Arabia. Livestock, remittance services and telecommunications are the three main industries. This reflects Somalia's narrow economic base and consequently high vulnerability to shocks. Somalia economy is highly informal but its entrepreneurial private sector is one of the country main assets. Private sector has filled the void of government institutions, supplying from basic utilities and security services to education and health services and operates in a legal and regulatory vacuum. The private sector has therefore a key role to play in the development of Somalia. At the same time, the absence of adequate institutional framework limits trade and growth, but, without a strong formal economy or a taxable informal economy, the government will not have the fiscal resources necessary to deliver public goods. In this context public-private partnerships will be key.

2.2 REGIONAL CONTEXT

i) Security and stability

The Horn of Africa and the Red Sea remains a volatile region subject to violent conflict. Conflict is currently mostly intra-state in nature such as in Somalia but the sub-region also retains a significant risk of inter-state conflict. The unresolved dispute between Ethiopia and Eritrea and destabilising factors within both countries, have the potential to have a knock-on effect in the broader region if not contained.

The internal dynamics of the region are themselves affected by broader supra-regional dynamics such as the Gulf States', Turkey and Egypt's increasingly active engagement in the politics of the Horn of Africa, with Somalia a fertile ground for the expansion of economic and ideological interests, and a gateway to the sub-region. We are likely to see increasing attention from these countries, with the potential for further polarisation and the transfer of competing regional interests. The conflict in Yemen has had a significant impact on the region but also on Somalia (returns, refugees, trafficking of weapons). But Somalia's neighbours have a more immediate interest in containing the risk factors that emanate from and within Somalia. Though Al Shabaab continues to pursue a nationalist Somali agenda of violent Islam, in the past years, we have also witnessed that it is investing in more prominent regional agenda, exploiting the perceived marginalisation of Muslim communities in the sub-region.

Religious fundamentalism and violent extremism have increased across the Horn of Africa in recent years. Terrorist groups, notably Al-Shabaab, have expanded their influence to a point where they pose

a danger to all states in the region and have been able to perpetrate several grave atrocities. Radicalisation has been driven by numerous factors: the inability of many states to fulfil basic social functions and ensure sustainable and equitable economic growth, chronically high levels of unemployment, with little prospect of improvement; increasingly repressive and authoritarian methods used by state organs, an increasing influence of the armed forces both in government and business; widespread corruption; and, in some cases, deliberate oppression of particular groups. All these developments undermine the legitimacy of the state and have left a vacuum for radical groups that states have been unable to address. Controlling the proliferation of small arms and light weapons, drug trafficking, poaching of and trafficking in wildlife, illegal border crossing, illicit financial flows, and illegal unreported and unregulated fishing remain challenges for many countries of the region. The threat of piracy may no longer be acute³ thanks, largely, to the presence of naval forces, including EUNAVFOR Operation ATALANTA, off the coast of Somalia, alongside with the adherence to Best Management Practices (BMPs) by maritime actors and the presence of private armed security teams on board merchant ships, but there is a risk that should these mitigating measures no longer be in place, piracy might re-emerge. In the meantime, the criminal networks behind the piracy have been linked to new forms of transnational maritime crime such as people and arms trafficking. EUCAP Nestor (to be renamed EUCAP Somalia) is addressing maritime security with the Somali authorities but it should be acknowledged that real delivery at sea will be in the medium to long-term.

The spill-over of inter-clan conflict and more broadly the weak rule of law within Somalia is another factor that impacts on the stability of the sub-region. Ultimately, the sub-region wants to tap into the vast economic potential of Somalia and is therefore investing, through diverging tactical and operational approaches, in alliances within Somalia.

Countries of the region are still faced by considerable challenges in poverty reduction and income disparities, unemployment and lack of basic services. There are unprecedented numbers of forced displaced persons and migrants both moving within the region and leaving it, with growing numbers travelling to Europe. The countries of the Horn of Africa are both a source of, and a transit route for, migration flows into Europe, Gulf countries, the Middle East, and Southern Africa, as well as being destination countries for migration. Significant numbers of refugees leave their country to escape from violent conflict, political persecution or environmental catastrophes. Ethiopia and Kenya host the largest refugee communities in Africa, with some 750,000 (UNHCR, June 2016) and 550,000 refugees respectively. The geo-political dynamics in the region are now changing and are resulting in a reverse flow towards Somalia

IGAD, as a regional body, has made significant strides in limiting the risk of inter-state conflict in the Horn of Africa and is a credible actor in the state-building enterprise within Somalia.

ii) Forced Displacement and Migration

Somalia is an important country of origin of refugees and other migrants. Somalia has experienced one of the world's largest displacement crises with almost one million registered refugees in the Horn of Africa/Yemen region and around 1.1 million internally displaced. Migration and forced displacement have long been important ways in which Somalis have sought security, economic survival as well as pursued wider aspiration and diversified their livelihood strategies. The Somali diaspora represents a key and economic resource for the country and a both positive and negative political force.

Somalis will continue to move for both economic and security reasons. Somalia is also facing a challenging return flow: more than 65,000 Somali nationals have been forcibly returned from the Kingdom of Saudi Arabia, 30,000 persons have fled the Yemen crisis and the Kenyan government is determined to accelerate the closure of the Dadaab refugee camps which hosts approximately 260,000 Somali refugees (UNHCR December 2016), including up to 70,000 indicating their willingness to return to Somalia..

³ The last successful act of piracy dates back to May 2012.

European countries are also increasingly looking at the readmission of failed asylum seekers and irregular immigrants. These flows pose a severe test for Somalia's own absorption capacity and add to the complex security situation in the country. They are likely to lead to an increased irregular migration flow to the north, towards Europe and Saudi Arabia, and to the south, towards South Africa. As Somali society emerges from conflicts, the pursuit of solutions to displacements and local integration of internally displaced persons (IDPs) is considered as a vital component of a comprehensive peace building process.

80% of the IDPs and a vast majority of the Somali refugees hosted in neighbouring countries are from the southern part of Somalia. The main expected areas of return (Jubaland and South West) are regions only partially under government control and the link between security, stabilisation, provision of basic services and livelihood opportunities is weak. They are of primary importance to sustain for the absorption of returnees from Kenya and other neighbouring countries. Recurrent military offensives, such as those carried-out by AMISOM are likely to generate additional internal and external displacements in the immediate future. The EU supports UN OCHA's Civil-Military Coordination (CMCoord) as existing civil-military coordination platform on the ground between the humanitarian and the military community.

3. THE EU'S APPROACH TO WORKING IN SOMALIA

Since 2014, the EU's engagement in Somalia has been guided by the Somali Compact and the principles of the New Deal process. The EU engagement is rooted in the desire to rebuild the state, improve stability and reduce poverty among the people of Somalia and promote self-sustaining economic growth by addressing the challenges that have increased its fragility. Development cooperation is complemented by other EU instruments that focus on political dialogue, stabilisation, security sector development, crisis management and humanitarian aid⁴.

Since the establishment of a permanent Federal Government and the signature of the New Deal Compact in 2013 in Brussels, Somalia has embarked on an ambitious path towards stabilisation, state formation and long term development perspectives. Where there has been for years no real interlocutor for the International Community on the Somali side and almost everything dealt with from externally driven humanitarian aid as well as from a perspective of political brokering, there are now public authority and administrations at national and regional level growing step by step every day and gradually taking more space and responsibilities. It is definitely a gradual shift and both realities continue to coexist. The full expansion of public governance at local/ district level is certainly the most important but also most challenging step in the state formation process. But all in all it is a reality that has now taken enough space to persist and provide the grounds for support to national ownership, leadership and long term stabilisation and development goals. By preparing its first National Development Plan, the Federal Government has demonstrated its willingness to engage with the (emerging) Federal States and most importantly – population, agree on common directions and therefore to build its legitimacy.

This paradigm shift needs to be further supported. Therefore, the EU general approach to aid delivery in Somalia will continue to be based on the following principles:

- Government ownership and leadership;
- Comprehensive approach with parallel and mutually reinforcing interventions; conflict sensitivity; and inclusiveness; flexibility to adjust to an evolving situation;
- Needs based allocations to Somali Federal States, locally driven development;

⁴ Based on ECHO's "In-but-Out" to the EU Comprehensive Approach, i.e. while humanitarian aid is part of the overall toolbox the EU uses to respond to crises, it is not a crisis management instrument and is provided on the basis of needs, in line with the humanitarian principles. However, by being part of the EU machinery, other instruments should contribute to decreasing the humanitarian caseload (in particular through prevention) or to monitoring, enforcing or reporting on International Humanitarian Law (IHL) compliance.

- Multilayer support to institution building for federal, state and local administration;
- Strategic leverage of EU funds (ex: EU instruments, EU Member States, diaspora, non-traditional donors, private sector).

The possibility of joint programming between the EU and Member States is not considered feasible at this time in Somalia but coordinated programming is sought and will contribute to a growing complementarity and moving towards a more coordinated implementation of EU programmes. The Aid Coordination Mechanisms put in place within the framework of the New Deal Compact offer the architecture for regular dialogue and coordination and facilitate synergies and complementarity of interventions. Essential elements of the New Deal aid architecture should be preserved under future arrangements (Post-2016 Partnership Agreement).

The EU has substantially increased its share of development aid to Somalia allocated through country-systems to 15% in 2015, using the funding windows defined in the Compact. This approach has contributed considerably to the Somali state formation process and will be pursued.

The EU will continue providing targeted support to Somaliland based on their identified needs and priorities and aligned with the strategic pillars identified hereunder.

4. STRATEGIC PILLARS

The strategic pillars have been defined based on the EU's comparative advantage and their close links to the EU political priorities. They tackle the root causes of instability, radicalisation and irregular migration but also respond to the Somali priorities highlighted in key strategic documents such as the Compact, the Somalia National Development Plan (draft), Somaliland National Development Plan, sectoral plans and, regional plans. They also address key human rights issues in line with the priorities agreed in the EU Human Rights and Democracy Country Strategy 2016-2019. Thematic funding mechanisms will be an important complement in this regard.

4.1 PILLAR 1: EFFECTIVE AND SUSTAINABLE RESPONSES TO SECURITY CHALLENGES

This pillar will contribute to the implementation of Chapter II ('Consolidating peace, inclusive politics, security and rule of law') of the NDP.

i. Outlook

Insecurity and the lack of justice still pose the biggest challenges to Somalia's short-term stabilisation and long-term development. The path to achieving long-lasting and robust stability and security is heavily dependent on creating a Federal Somalia in which the various security and justice blocks and functions have been agreed and are made to work. Peace and security, human rights and development are interlinked and mutually reinforcing.

Restoring and maintaining an internal federated Somali **security and justice** capacity will require accelerating the structural development of Somali security and justice institutions and actors aiming to build sustainable, accountable and professional providers of law enforcement, justice and security. This requirement is in particular evident given the AU's intention to transfer security responsibility to Somali security services from October 2018. The transition towards establishing, operationalizing and helping to mentor and sustain Somali security structures will require an agreed balance between federal and regional structures and related clan equilibriums, and improved coordination of international partners. In parallel, the New Policing Model will be the main frame of reference going forward allowing for the building-up of a financially sustainable Federal and Federal Member States police services. This will be essential to allow the SNA and regional armed forces to progressively free-up AMISOM/SNA contingents currently carrying-out police-related functions. The re-establishment of the rule of law must be based on extending the reach of formal justice, strengthening the complementarity of traditional justice mechanisms and improving the correctional system in order to enhance overall human security for the Somali citizens.

Stabilisation efforts need to quickly deliver peace and governance dividends to the population in districts recovered from AS. Effective **stabilisation** requires joined up work between a variety of military and civilian actors that starts from the very early stage of planning and resource mobilisation and continues through implementation and monitoring. The Federal Government and the Federal Member States have endorsed the so-called Wadajir Framework for Local Governance, which outlines the steps that leads from stabilisation to the establishment of legitimate local authorities through reconciliation, peace dividends and civic dialogue.

There is a complex array of reasons why people join violent extremist organisations; including religious identity, socio- economic circumstances, marginalisation, lack of rule of law, inability of the government to fill the AS vacuum, political circumstances, clan dynamics, and the need for a collective identity and a sense of belonging. The FGS, with EU's Instrument contributing to Stability and Peace (IcSP) support, has developed a vision on a comprehensive strategy/approach towards Countering Violent Extremism (CVE). This will require on the one hand a continued targeted support, whilst on the other hand CVE will also need to be embedded within more indirect interventions such as education and resilience activities. Preventing and countering violent extremism, as well as more focused investment in the stabilisation of newly recovered areas will remain necessary to strengthen the citizens' trust in state administrations as well as laying the ground for a voluntary and sustainable return and reintegration of Somali refugees to the main expected areas of return in Jubaland and South West, as well as for the return and reintegration of irregular migrants. A new IcSP funded regional project will be soon launched to prevent and mitigate violent extremism in the Horn of Africa by providing advisory services to interested governments, including Somalia.

ii. Donor engagement

The EU has been leading international partners (UK, US, UAE, TU and UN) in reaching-out to the Federal authorities on specific security sector reform issues aimed at better coordinating efforts and mutual commitments between Government and the International Community. This led to the creation of the so-called S6 security forum, which has agreed to the following five priority areas: i) Enhancing the coherence of international partners' support, ii) Prevention of and countering violent extremism (P/CVE), iii) Extension of State authority and community recovery, iv) Accelerating the development of Somali security institutions, v) Increasing AMISOM effectiveness and enabling its joint operations against AS.

Support to the Somali National Army is provided through collaborative CSDP/EU actions (training, mentoring, capacity building for effective civilian oversight and targeted PFM support). USA, UK, Turkey and the UAE are also involved in training and provision of equipment and infrastructure, and they are paying stipends to around 19,000 soldiers. In addition to EU's substantial support to the federal police through stipends and payroll reform, the UK is providing training and stipends to FMS police in Jubaland and South West, the US is the lead donor on Criminal Investigation Department (CID) training, and Italy is training Federal police officers. However, much more needs to be done, both geographically and qualitatively. The EU is one of the major donors in the justice sector, although this remains largely unfunded and attracts a minor portion (3%) of donors funding to Somalia. UK, NL, DK and SE are also supporting the sector, largely through the UN Joint Rule of Law Programme. Continued support in this sector is vital to respond effectively to human security challenges.

Both the UK and US have bilateral programmes focused on early stabilisation interventions after military offensives. The Somali Stability Fund (SSF) is a EUR 65 million multi-donor fund (EU-EUR 5.5 million through the IcSP, UK, DK, NL, NO, SE, DE) that has been active in peacebuilding, state building, reconciliation and stabilisation. USAID and NO have recently launched their own stabilisation programme. The implementation of the Wadajir framework starts to attract donor support through existing programmes, including from EU, US, NO, the donors of the SSF and through the Joint Local Governance Programme (funded by EU, SE, UK, NO, DK, CH). The UN has also recently developed a new approach on Community Recovery and Extension of State Authority (CRESTA), which aims at bringing various streams - stabilisation, reconciliation, local governance -

together. The scope of action is not limited to recently liberated districts but also to those that have been side-lined by recent development interventions.

iii. Priorities for future engagement

Objective 1: Support security sector reform and the strengthening of Somali security institutions and forces (at Federal and States levels)

Rationale:

Security needs to be increasingly provided by Somali actors to prepare for a gradual transition from AMISOM starting by 2018. The police needs to be strengthened to take up tasks currently either lacking or performed by AMISOM and SNA. New frameworks are to be operationalised and implemented: a) Gulwaade Plan aimed at establishing an effective SNA, b) the Heegan plan and the New Policing Model, c) the new justice and corrections model and d) accompanying the enactment of the National Security Policy. Finally, the civilian oversight needs to be accelerated, not only for making the security sector law abiding but also transparent and accountable to society. This involves increasing effectiveness and accountability of existing SNA and regional security elements; rebuilding police services by focusing on increasing human security, rule of law; PFM / civil service reform in parallel to stipend payments to Federal and Fed Member State Police forces and strengthening capacity of key national institutions working on security.

Objective 2: Strengthen the justice chain by supporting the implementation of the Justice & Corrections Model and promote local conflict resolution mechanism

Rationale:

A functioning justice chain supports sustainable peace by providing the population with an alternative to violence in resolving personal and political disputes and is a key entry point for trust-building between the State and the Somali people. With the creation of Federal Member States, a multiplication of effort will be required in order to adequately cater for the rule of law to materialise, specifically focusing on ensuring the presence in the justice chain (police, judiciary, corrections) of professional personnel.

This involves concentrating on increasing access to justice for all through mobile courts, legal aid provision, state courts; supporting the implementation of the new justice model; refurbishing/rebuilding correctional facilities and scaling up interventions promoting local conflict resolution mechanism. Judicial clarification on how to govern land in terms of land tenure and land rights is needed to improve the integration of IDPs and returnees.

Objective 3: Deliver tangible Stabilisation dividends to the population of areas newly recovered from AS and support the establishment and strengthening of functioning local government councils and administrations

Rationale:

Sustained support to stabilisation is needed to extend the State authority and legitimacy to neglected or newly recovered areas (especially as they might be the main areas for returnees from Dadaab) and prevent a comeback of AS. Its successful implementation involves linking immediate actions to long term plans. Its three dimensions - political settlements, state core functions (security, rule of law, taxation) and meeting citizens' expectations of basic services provision - will be supported.

Objective 4: Preventing & Countering Violent Extremism

Rationale:

In order to more effectively counter violent extremism and terrorism, the Government needs to be supported in the implementation of a coherent CVE launched by the President in September 2016.

4.2. PILLAR 2: RESPONDING TO VULNERABILITY AND CREATING ECONOMIC OPPORTUNITIES

This pillar will contribute mainly to the implementation of Chapters V ('Economic development'), VII ('Social and human development') and IX 'Building resilience capacity') of the NDP

i. Outlook

Somalia is one of the poorest countries in the world. Basic infrastructure and sources of livelihoods have deteriorated considerably during the extended period of conflict. Population growth, rapid urbanisation, conflict, displacements, limited or no basic services, high unemployment rates, land and eco-systems degradation and scarcity of natural resources compound the situation. Twenty-five years of conflict and little or no central government or development has created extraordinarily high levels of vulnerability and eroded coping capacities of individuals and the society. Five million Somalis (out of a Somali population of 12.3 million) are in need of life-saving and livelihood support.

The return migration flow to Somalia is placing an additional burden on the country already facing a high IDP caseload, poses a severe test for Somalia's own absorption capacity and adds to the complex security situation in the country. **The protracted and acute crises combined with limited livelihoods opportunities are part of the main root causes of forced displacement and irregular migration.** Frustration over limited access to education, jobs and social mobility causes recruitment of unemployed young men into armed groups, and increasing numbers of Somali youth seeking to migrate to the Gulf, Europe and North America in search of work, causing a significant brain drain.

The EU's approach to resilience in Somalia is based on the vision that solutions are embedded in equitable development. **Robust equitable growth and development will lead to a better management of those shocks, one sector compensating for the losses in another, protecting individuals and ensuring that a local crisis does not deteriorate into an emergency.**

Therefore, EU support in this pillar will contribute to ensuring that the government is able to i) generate and protect inclusive growth by stimulating employment and livelihoods opportunities, ii) ensure better service delivery and increase human capital and iii) protect the most vulnerable, end emergencies and build trust amongst and across communities and therefore better managing threats of conflict in the future. A key element in this response will be to focus on increased coordination with the existing (and often long-standing) humanitarian activities across Somalia and articulation across immediate live-saving activities and more long-term structural development efforts.

The primary sector remains dominant and hosts large segments of **unemployed youth**. Interventions in agricultural production and pastoralism have improved the income basis for farmers and pastoralists and contributed to the enhancement of the value-chain of the key economic sectors. However, this is insufficient to generate employment. In addition, the labour market needs of tomorrow and the development of urban areas are redefining both the supply and demand sides. In this context, mixing traditional labour-intensive sectors and innovative promising sectors is key. Taking into account the prominence of the informal economy and recognizing its role, the promotion, organization and progressive formalization of the informal sector needs to be sought to create jobs and generate income.

Access by Somalis to employment and economic development are further limited by the human and asset capital and the gap between education and skills requirements. Capacities need to be strengthened at all levels – from individual to institutions. Specific and tailored training is the most effective way to build capacity. Quality technical and vocational education and training (TVET) linked to economic opportunities have the potential to catalyse economic growth.

The institutional and regulatory frameworks are not yet conducive enough to promote investment and entrepreneurship. The private sector is a key stakeholder in Somalia. Involving the private sector or the diaspora allows to leverage EU funding and to improve sustainability.

It is possible and important to involve the government at federal, state and local levels in areas of government control. This contributes to the sustainable delivery of tangible peace dividends to Somalis and is a critical element of the social contract between the population and the government.

Gaps between demand and service delivery are huge and the vulnerable groups, especially women and IDPs, are among the worst affected by these deficits. Lack of access and delivery of basic service delivery is a major hindrance to sustainable returns of Somalis, transition out of poverty and affects state legitimacy.

Root causes of vulnerability can be addressed. This requires a long term commitment and a multi sectoral approach. It is critical to link the humanitarian caseload to developmental priorities, to ensure that economic opportunities and basic services are strengthened and reachable by the poor and most vulnerable.

ii. Donor engagement

The **Economic Development** Programme for Growth and Resilience, Phase III (10th EDF) is supporting livestock production marketing and export, crop production and marketing, fisheries development and information management. A new project "OUTREACH" to be financed under the 11th EDF aims at creating better opportunities for employment, income generation and building resilience for Somalis through more sustainable and competitive agriculture. This programme is complemented by DFID, USAID and Danida contribution to the development of key value chains through their projects "Promoting Inclusive Markets in Somalia" and "Growth, Enterprise, Employment and Livelihoods". The EU is also one of the main contributors of the activities in the framework of the World Bank (WB) Trust fund operations targeting the PSG4 (Economic Foundations) results. The EU (Instrument contributing to Security and Peace) funded project "Youth employment and peace building initiative" is aiming at improved social and economic participation for up to 1,460 young people at risk of exclusion in Kismayo through reduction in poverty levels, increase in active citizenship and contribution to social cohesion and strengthened capacity of civil society to respond to the needs of young people at risk of exclusion.

The EU is one of the main donors in the **water** sector. The focus of current interventions funded is the development of public private partnerships for urban water management and development, mainly in Somaliland and Puntland. Access to safe and portable water is still a challenge in many parts of Somalia and is underfunded. Through the World Bank-administered Multi Partner Trust Fund, the EU supports a number of infrastructure projects covering the assessment of renewable energy potential, rehabilitation of roads and government administrative buildings and markets, and ICT Connectivity.

The EU is the lead donor in the **education** sector. A division of labour exists with the UK and Sweden, the latter two focusing on health, leaving the EU as a respected and appreciated partner in the field of education. This has brought about high expectations towards the EU to continue delivering education services in a resource-constrained environment. Support comprises sector-wide education programmes in full alignment with the education sector strategic documents and a Somalia-Wide Education Synergies component focussing on issues which are better addressed on country-wide basis such as curriculum and credible examinations systems. New elements such as TVET reform, payment of teacher salaries and higher education strengthening initiatives will come on stream as from 2017.

The other main donors are the Global Partnership for Education (GPE) whose next phase of support to the sector is worth USD 33.1 million; USAID has recently signed a partnership agreement with the Federal Government and is expected to invest USD 65 million in support of Alternative Basic Education models. DfID has recently announced a new round of funding to continue the Girls Education Challenge Initiative in Somalia. There are also significant contributions from non-traditional donors (e.g. Qatar, Turkey, Kuwait), however, these operate outside the education sector coordination mechanisms.

The EU is the only donor in Somalia supporting **resilience** from a development perspective. The government has fully adhered to this approach and decided to include a resilience pillar in the NDP. Three EU major projects (implemented by BRCiS, SomReP and STREAM consortia) are contributing to reducing vulnerability and enhancing livelihoods among rural and IDP communities and households in south and central states of Somalia. DFID, Sida, Danida, USAID/Food for Peace, OCHA, Australian Aid and private funds are also supporting BRICS and SomRep consortia.

A new programme "RESTORE" to be financed by the EU Trust Fund, will contribute to building resilience in Somaliland and Puntland. This facilitates the transition from humanitarian aid to durable

solutions. Longer term EU support is foreseen, using the WB Trust Fund, focusing more on urban and development planning.

Finally, the RE-INTEG project financed by the European Union Emergency Trust Fund will be contributing to facilitate the integration of IDPs and returnees by supporting the access and delivery of basic services and creating realistic and valuable livelihood opportunities.

iii. Priorities for future engagement

Objective 1: Stimulate employment and livelihoods opportunities

Rationale:

Rebuilding sustainable livelihood systems and strategies is essential for crisis recovery, for the prevention of further conflict, and for the reduction of the risks associated with subsequent conflicts and disasters. In order to promote sustainable livelihoods and economic recovery, the EU has opted on a three-track area-based development approach. Track A responds to the urgent needs of crisis-affected groups with interventions to help stabilize livelihoods. Track B focuses on medium- to long-term local economic recovery, including interventions to boost sustainable employment, income generation, inclusive private sector development and reintegration. Track C focuses on long-term employment creation and inclusive economic growth and helps to strengthen the national systems and policies. Good governance and private sector recovery are the drivers of sustainable livelihoods and inclusive economic growth.

Taking into account the primacy of the **primary sector** in Somalia, EU will contribute strengthening the sustainable development of the agriculture, fisheries and livestock value chains and promoting a better management of common use resources order to restore employment and livelihoods opportunities, facilitate the graduation of productive households and revitalize these productive sectors. To create further productive employment, accelerated growth will be needed. However, this will take time. Consequently, the EU support will address immediate needs with targeted public works programmes while providing support for building a **sustainable broader economic base** and promoting and upgrading informal sector. The labour intensive public works will be selected to maximise the benefits of the local population and support an inclusive and sustainable economic and social development (access to markets and services). In parallel, the EU will contribute to improving **climate generating growth and employment**. Business investment will be encouraged as well as self-employment and entrepreneurship for youth.

As economic development is further limited by human capital, the EU will contribute to improve the delivery of quality **TVET opportunities linked to the labour market and local economic potentials**. Public private partnerships for the delivery of TVET will be sought. EU will also investigate the possibility to strengthen the higher education sub-sector to equip graduates with knowledge and skills to provide higher level professionals to the public and private sectors and facilitate their integration into the job market. Finally, at local level the gathering and dissemination of information on employment opportunities and employability requirements to ensure better functioning of labour market will be facilitated.

Objective 2: Ensure better delivery of basic services

Rationale:

Improving public service provision would result in improving living conditions of people. Moreover, this will in turn increase trust in the government and political system and rebuilding of the social contract. The EU will focus on facilitating access to safe water and quality education.

In the main areas of returns, the EU will contribute to the implementation of urban water masterplans based on public private partnerships to increase **access to affordable potable water**. In rural areas, critical infrastructures will be rehabilitated and specifications and management structures will be developed to ensure a better availability and sustainable management of water for all.

There is a great need to further expand **basic and secondary education** opportunities in Somalia, A post war curriculum is now in place and its roll-out is a key priority for the education administrations in their quest to build an education system that is responsive to the needs of the Somali population. The FGS is taking an increasing responsibility for the management and coordination of education services, and a framework of engagement with the state level ministries of education is being established. Therefore, the EU will contribute to consolidating and expanding equitable access and completion of quality education, with particular attention to the marginalized group and strengthening the Somali education system for the effective delivery of education services.

Civic engagement is important to the health of a democratic nation. Somali youth hold the potential to contribute to positive change in their country. However, currently they are also the majority of the participants in militant and criminal groups. EU will promote their active participation and their civil engagement and contribute to demonstrate how to create change through non-violent means.

Objective 3: Protect the most vulnerable in society and facilitate better Disaster Risk Reduction management

Rationale:

For decades, Somalia has been the recipient of emergency aid for chronic crises, such as persistent food insecurity. The EU will contribute to move the protection of vulnerable households and the prevention and management of protracted and temporary crisis from an ad hoc basis to a strategic, deliberate and collective effort. Close collaboration and coordination with the humanitarian actors will be sought so as to define a Linking Relief, Rehabilitation and Development (LRRD) strategy.

The EU will contribute to strengthen **social protection** and to have it being gradually delivered through the government as it is a major contributor to social development and equity. Social insurance mechanisms will be also supported. Impoverished citizens' needs must be addressed in a clear and transparent way, ensuring that the targeting reaches those with the greatest need.

Structures and mechanisms to prevent and manage crises from the local to the federal levels must be restored. EU will contribute to ensure that the public bodies have a direct mandate on i) the planning and implementation of disaster risk reduction ii) have a coordination role on the formulation of contingency planning to drought and flood disaster, iii) have a role in the coordinating the mobilisation of resources for contingency funding and iv) have the primary responsibility of Early Warning Systems and of the prioritisation process for allocation of resources to local authorities. This would imply to better integrate the preparedness and the early response interventions in local authorities' operations. EU will also strengthen its efforts to building the resilience of the Somalis. Equitable and risk informed development is critical for the Somali society and its economy.

As part of finding durable solutions for IDPs, integrating the displaced and returnees into the formal economy and society can drive and diversify economic growth and greatly reduce levels of vulnerability. Their reintegration is impeded by their exclusion from rule of law, physical insecurity, lack of tenure and access to basic development services (health, education, water and decent employment). A specific support to this target group will be provided, building on EU REINTEG programme.

4.3 PILLAR 3: BUILD STATE LEGITIMACY AND RESPONSIVENESS, AND DEMOCRATIC GOVERNANCE

This pillar will contribute to the implementation Chapter VI ('Building effective and efficient institutions') of the NDP.

i. Outlook

Somalia's governance structures remain weak and insufficient. Whilst Somaliland and Puntland have a relatively well established civil service and associated PFM systems, new federal Member States and Interim Regional Administrations are in the process of setting up their executive branches.

Mandates and functions across federal government institutions and between the federal and subnational levels of government are not always clear. This is particularly problematic in the areas of service delivery, where non-state actors often remain the primary providers of services.

With regard to **the civil service, the biggest challenge is not its size, but the quality of staff** as a significant proportion of skilled labour has left the country as a result of years of conflict and continuous insecurity. Many critical reforms (e.g. pensions and pay schemes) still need to be developed and/or implemented. Salary and operating costs weigh heavily on Somalia's budget (86% of the federal government total expenditure in 2015), crowding out expenditure in other critical areas. Decentralisation and local governance policy dialogue are nascent and slow to pick up due to focus on State formation during the 2012-2016 period. Some progress has been made to advance PFM reforms, however, Somali needs and requirements are increasing in scale and complexity. The Federal Government is expanding and the financial management infrastructure will need to be able to mobilise more revenue, and deliver financing for an increasingly complex government service provision. Importantly, Somalia will also need to develop a shared fiscal federal framework with the Federal Member States, addressing both operational and strategic issues.

As Somalia moves from state formation to state building, supporting the establishment and/or strengthening of **effective and accountable institutional structures and systems across all levels of government is of crucial importance in the reconstruction process**. The development of a functional federal administration and systems will have to be complemented by the development of core functions at federal, state as well as at district/local government levels within the framework of a well-balanced federalism architecture.

The dialogue on decentralisation as well as operationalisation of the **Wadajir framework on local governance** is critical to allow governance continuum from federal/state to district/local government and to bring the government closer to the people.

The implementation of the **Public Financial Reform Strategy and Action Plan 2016-2020** and political agreements between the Federal Government and its Member States aiming at enhancing revenue generation will need to be ensured, in particular as this impacts the ability of the government to deliver public services. For the latter, there is a high level of expectation of the Somalis towards the government and it is important to note that this is also a major concern for Somali refugees. Re-engagement with the IMF – the after 25 years and the agreement on a light Staff Monitored Programme (SMP) in 2015 is laying the ground for debt relief and access to concessional lending in the medium and long-term. Thus reforms required for the implementation of a more ambitious SMP will be critical for Somalia to develop good track record for debt relief under the HIPC initiative. Assistance under this pillar will also pave the way to direct budget support to be provided by the EU and other donors in the long-term.

In order to achieve **the ambitious goal of universal suffrage elections in 2020**, structural support to democratic institutions and vast outreach and civic education will be required, with also a specific focus on broadening women's participation in political life. **Constitutional development** will need to accompany the evolution of the state building process and reflect progress in defining relations between the Centre and the regional states and will require significant efforts towards reconciliation, and on consensus building and outreach. Intervention at the federal level will need to be complemented by bottom-up local reconciliation, accountability and democratic participatory processes.

Civil society has played a significant role in the democratisation, peace building and reconciliation of Somalia and strengthening of civil society platforms has contributed to a more structured dialogue with the Somali authorities. Yet, despite these positive developments to improve representation, coordination and the influence of the civil society voice, there remains a significant need for further support to enhance civil society's role and effectiveness.

ii. Donor engagement

EU, EU Member States and other development partners have been supporting public sector development activities, more specifically institutional capacity development, decentralisation, Public Financial management and financial governance reform programmes for core and centre of

government for federal, federal member states and Somaliland. The programmes are largely implemented through two major Multi-Partner trust funds managed by the World Bank and United Nations and a few through IMF and DFID. The Institutional capacity building interventions target core civil service reforms focusing on capacity injection across the Government at federal and state levels, reinforcement of the human resource management and strengthening of the core government functions laws, policies and other frameworks and procedures, Public Financial Management and financial governance reform programmes. The EU is very actively participating in sector and policy dialogues in areas as capacity development, civil service reform, financial governance, inter-governmental fiscal federalism and the use of country systems.

Through a number of other programmes and mechanisms, the EU and EU Member States also promote human rights, with an emphasis on the rights of the most vulnerable and marginalised populations, as well as gender equality and women's rights, including women's political and economic empowerment.

At the Federal level, the EU has been instrumental in providing support and input into the establishment and operationalisation of relevant federal governance institutions such as the NIEC, the Boundaries, the Federation Commission as well as the ICRIC. The existence of these institutions as well as the establishment of a Constitutional court will be instrumental for the further deepening and strengthening of democratic processes beyond 2016. The EU has also supported financially and politically the consultations on the selection of the 2016 electoral model, which ultimately has now led into a consensus on the way forward. Further support has led to a review of the Federal Provisional Constitution under the leadership of the Parliamentary Oversight Committee and which support ICRIC. In Somaliland, the EU has provided the bulk of support to the establishment of a reliable and acceptable voter register, which is decisive for an inclusive and acceptable election process in 2017. USAID has started a large democracy programme Bringing Unity, Integrity and Legitimacy to Democracy (BUILD) which aims to support electoral and political processes in Somalia, including Somaliland. The EU through the Instrument contributing to Security and Peace supports the administration's efforts to carry-out an inclusive and transparent state formation process at federal, regional, and district level by facilitating the political processes necessary to advance mediation and state-building efforts and by contributing to the re-establishment of local administrations that can facilitate district level delivery of basic services in an accountable and responsive manner.

All the traditional donors active in Somalia have been supporting the implementation of Vision 2016.

iii. Priorities for future engagement

Objective 1: To support public sector development at federal, states and local levels with special focus on emerging States

Rationale:

Somalia's transformation process must begin by building accountable institutions at local, regional and national levels. Strengthening the public administration and establishing robust PFM systems and processes is essential to enable the state to manage resources and deliver its basic functions in order to improve the legitimacy of government and improve citizen welfare. This, in turn strengthens state-building and peacebuilding processes. Transparent and accountable revenue generation, equitable distribution and sharing of public resources as well as delivery of public services contribute to national peace and reconciliation amongst regions and citizens. Furthermore, accompanying early stabilisation initiatives towards fully fledged local governance structures is key to build a solid federal architecture and will require substantial support to the implementation of the Wadajir Framework.

Objective 2: Support federal and local democratisation processes through conduct of credible, transparent and acceptable elections on the basis of universal suffrage, strengthen parliamentary institutions and the consolidation of the Somali Constitutional architecture.

Rationale:

The preparation for Somali wide universal suffrage in 2020 on the basis of the Somalia political roadmap 2016-2020 will require substantial investments at political and technical level, while targeted investment will be necessary to establish grass root democratisation practices including through local elections. Parliament(s) will need to be consolidated or developed for emerging States. Further development of the Somali Constitution will require significant efforts on consensus building and outreach, including at local level. To complement the largely top down political brokering achieved so far and consolidate stabilisation gains, bottom – up local reconciliation, accountability and democratic participatory processes will be a priority for EU action.

3: Continue building the capacity of civil society organisations and consolidate their role vis-à-vis the State

Rationale:

Capacity building, 'state 2 non-state' dialogue, increased public awareness, confidence building measures to improve coordination and regulation of the sector will need additional investments and organisational strengthening. Inclusion of civil society in the decision-making processes will pave the way for the definition and rebuilding of the “social contract”. While the support will increasingly be activity and thematic oriented, a level of core funding will still be required.

5. ACCOMPANYING MEASURES

In order to operationalize this Strategy, taking into account the Somali context, accompanying measures (NAO support, a Technical Cooperation Facility and 3rd party monitoring, provision of air transport services) are foreseen. Finally, a support to the civil society is anticipated to promote their meaningful engagement with the State and strengthen and sustain the public discourse and demand for accountability.

Under the 11th EDF, a support facility amounting EUR 35 million was foreseen to accompany/support the programming, preparation or implementation of actions. This amount has all been committed to support: the office of the NAO, technical and administrative support and air transport services. The facility has enabled the EU to deepen its engagement in Somalia notwithstanding the complex context and fluid security situation. It has proven to be reliable in the effectiveness of programming and implementation of actions.

In view of the planned handover of NAO responsibilities in 2017, the government capacity will need continued strengthening to enable meaningful engagement, buy-in and ownership of the development process. Given the limited capacity in Somalia as well as considering the future of the Cotonou Agreement and the role of the NAO are under discussion, in the short and medium term, the focus will be on building the NAO's strategic and programmatic competencies. Therefore, target-oriented, needs-based and demand-driven technical assistance, capacity building, support to studies, evaluations, analytical work, and limited office infrastructure will be envisaged.

The EU and NAO has also benefitted from technical assistance to assist with specific tasks related to the project cycle management and capacity building. A Technical Cooperation Facility (TCF) is needed to continue support the programming, preparation and implementation of actions foreseen in the NIP and EU Trust Fund.

Project monitoring is extremely challenging to undertake as a result of conflict and security constraints. Direct monitoring by the EU Delegation staff as well as partners especially in newly forming states and most rural areas of Somalia is difficult. Likewise, it has also proven difficult to verify reported actions by implementing partners, or to assess whether projects/programmes are having the intended output and outcome. The EU has, therefore to rely predominantly on the reports from the implementing partners and other sources of information. In order to address this shortcoming, the EU will continue with the third party monitoring mechanism currently in place.

Access to Somalia is enabled through air transport services operated by the EU. The main objective of EU Flight is to facilitate access to and within Somalia for the smooth and efficient implementation of EU cooperation and engagement.

Objective 1: To strengthen the capacity of government including the office of the NAO to manage EDF funds at Federal and regional level in order to ensure effective programming and implementation of EU funded projects and programmes

EU will focus on enhancing the role of the NAO Office to enable the government to constructively participate and contribute to the identification, formulation and implementation of EU funded programmes.

Objective 2: To support the timely and cost-effective implementation of the actions financed under the EU Trust fund.

EU will focus on the provision of timely technical assistance, studies and analytical work to support preparation of projects and programmes, third party monitoring of projects as well as support to visibility actions.

Objective 3: To continue with the provision of air transport services to and within Somalia to support the continuation of EU cooperation and engagement.

EU support will focus on the provision of flight services to and within Somalia to support the continuation of EU cooperation and engagement, particularly in the new Federal Member States.

6. GEOGRAPHICAL SCOPE AND BENEFICIARIES

The objectives will be pursued and actions implemented throughout Somalia. During the design-phase of the actions, specific attention will be paid to the specific needs of each Somali Federal Member State. Equally, a targeted support will be provided to Somaliland based on their identified priorities and aligned with the EU strategic pillars.

The beneficiaries of EU interventions will be:

- Federal (FGS), (emerging) Federal Member State (FMS) and district/local authorities and state entities
- Somaliland authorities
- The judiciary, legislative and independent constitutional bodies
- Somali population
- Organised non-state actors
- Indirectly, Somali private sector and diaspora

Throughout the design-phase of the actions, a more precise articulation of interventions for the FMS and beneficiaries will be prepared based on an in-depth understanding of local contexts, making due considerations for the Do-No-Harm principle and conflict sensitivity.

Specific attention will be paid to the most vulnerable groups such as children, minorities, discriminated groups, etc. Furthermore, all actions will be required to have a gender balanced approach. Specifically women-focused elements will be targeted to enhance their capacity to claim their rights and participate in decision making processes at local and national levels.

The different programmes will target youth population to improve youth's access and opportunities to engage in the economy and anchor them in the society. Finally, taking into account the return flow from Kenya, particular measures will be taken from a community based perspective to facilitate a durable reintegration of returnees in the main areas of return.

7. IMPLEMENTATION MODALITIES AND IMPLEMENTING PARTNERS

The strategy will be implemented through a contribution to the EU Emergency Trust Fund for Africa.

The EU will consult EU Member States and involve the national Authorities (broad based consultations under the leadership of NAO) as early as possible in the preparatory phase of actions aligned with the strategy and discuss with them the objectives and expected results, the activities, and by whom and how projects are to be implemented. Actions will be presented to the Post-2016 Aid Coordination Mechanisms to facilitate aid effectiveness.

Taking into account the foreseen handover of the NAO-functions to the Federal Government in Somalia, Financing Agreements are expected to be signed. Adequate visibility of the government will be sought during all phases of implementation.

Given the difficult operational environment in Somalia, the European Commission will take the necessary measures to ensure effective implementation and monitoring of the activities.

8. INDICATIVE BUDGET AND TIMETABLE OF COMMITMENTS

Sector	Allocation (EUR million)	% of the total Budget	Commitments in 2017-18 (EUR million)	Commitments in 2019-20 (EUR million)
Pillar 1	45-55	22.5-27.5%	38-42	7-13
Pillar 2	85-95	42.5-47.5%	40-45	45-50
Pillar 3	45-55	22.5-27.5%	30-35	15-20
Accompanying measures	8-10	4-5%	0	8-10
Total	200	100%	108-122	75-93