



**Executive
summary**

The new deal in Somalia

**An independent review of the
Somali Compact, 2014-2016**

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Executive summary

Our research highlighted nine key findings from the experience of compacts in other post-conflict countries: (i) the compact must fit the country context; (ii) country ownership and participation in designing the compact increases the chance of success; (iii) the level of national, sub-national and international capacities to manage and implement should be factored into compact design; (iv) compacts need to be understood and supported by the leadership, the legislature and other key locations of power; (v) prioritisation and focus that balances vision and achievability is key; (vi) compact commitments and benchmarks should be specific, concrete, monitorable and balanced; (vii) mutual accountability needs to be two-sided; (viii) specific actions and support to strengthen government institutional effectiveness should be included, with the focus of effort onto compact priority areas synchronised with the approved plans of government; and (ix) while compacts generally improve coordination, this can come with high transaction costs.

The experience of other countries makes clear that the Somali Compact has been a bold experiment in an extremely challenging context. Many of the ingredients for success, based on lessons from other countries, were not present. The scope and the timelines of the Compact were ambitious. The security challenges limited Development Partners (DP) presence in Mogadishu. This, combined with the political changes within the Federal Government of Somalia (FGS) in the early years, hampered efforts to build effective working relationships. For a number of reasons, there were clearly some misunderstandings, while expectations on both sides were unrealistic.

In this context, some frustrations and failures around the Compact are unsurprising. Given the context, it is striking that the Compact has endured and been generally positively received. Everyone consulted was clear that the current position is better than before and the alternative of no compact would have been worse. Many also noted that progress with the Compact has been much faster in the last year or so.

In terms of the 12 specific questions set for the review, one striking result is the difference in views between the FGS and DPs. This report has set out these views in some detail (but kept them anonymous) in a separate paper, 'Summary of FGS, DP and CSO consultation'. This snapshot of perceptions of current key FGS and DP actors is intended as a useful reference document for future discussions and debates about any new Partnership Agreement. Views of various stakeholders also differed

on the Somaliland Special Arrangement (SSA). The Terms of Reference for this review requested an assessment of the SSA. The different stakeholders' views, and the review team's own conclusions, are also set out in another document.

Key achievements of the compact include a comprehensive approach, seeking to fully engage with all five peace and statebuilding goals. In terms of inclusion, the new architecture has been most successful in responding to emerging Federal Member States (FMS). The Compact has helped to build trust. It has provided a valuable, clear transparent framework for mutual accountability between FGS and DPs and the fundamental requirements for any successful Government-Development Partner dialogue. There has been clear progress on many of the New Deal FOCUS and TRUST principles, in some cases, this progress has been impressive. Many DPs cited the Compact as being a key factor in their decisions to sustain increased levels of long-term development funding. Aid flows in aggregate have already significantly exceeded the headline figure announced in the Brussels Somalia conference. The Compact also appears to have played a role in the re-engagement of International Financial Institutions (IFIs), and beginning the process of obtaining debt relief. The Somali Development and Reconstruction Facility (SDRF) is becoming an effective new funding mechanism, though donors are not using it to the fullest extent possible.

The challenges of the Compact include concerns about its effectiveness and progress on the multiple milestones. Humanitarian and development efforts need to be more coherent. The dialogue processes of the Compact are viewed as unduly burdensome and fail to provide space for real engagement with Somalis. Paradoxically, multiple parallel coordination fora jeopardise efficiency and effectiveness. Progress has been too slow on tackling core financial governance issues such as Public Financial Management (PFM), corruption and the imperative of increasing domestic revenues. Aid flows seemed to have plateaued at around 2013/2014 levels and are expected to decrease slightly in the future. On a per person basis, they are expected to remain significantly below some other post-conflict countries. DP use of country systems is still very limited. Progress on arrears clearance has been very slow. The private sector and civil society have been insufficiently involved in the Compact. Despite gender being one of the four cross-cutting issues in the Compact, the evidence of significant impact in this area is patchy at best. The same can be said for capacity development. The

Compact has, unfortunately, become the public focus for concerns about lack of tangible improvements in ordinary people's lives. However, the SDRF has only just started to work at scale and the degree of commitment to the mutual accountability framework is unclear on both sides.

Many of the lessons are similar to the key findings in other countries. Context matters: progress is hard in the absence of basic security and a stable political settlement. Compacts generally improve coordination but with high transaction costs and slow movement towards coherence of policies involving development, humanitarian, security and political actors. Success in one of these areas is unlikely to be sustained without success in the others. In Somalia, a longer time to prepare would have given the chance for greater country ownership and broader participation. A narrower list of agreed priorities and shorter timelines, focused on the issues of greatest concern and the linkages among them, might have increased the relevance and effectiveness of the Compact.

Despite the exceptionally challenging context, the overriding lesson is that the Somali Compact has proved useful and all parties want to continue with some form of Partnership Agreement. At the most basic level, the National Development Plan (NDP) could readily incorporate a set of Partnership Principles and/or a list of mutually agreed priorities. There is also a good case for a Mutual Accountability Framework (MAF), a higher level and broader document jointly agreed between the Government and DPs. The Compact itself already provides a rich agenda and this report's assessment of the twelve questions set for this review will help the FGS and DPs decide on the future focus. One of the key challenges, based on experience elsewhere, will be to ensure that the MAF is appropriately balanced between the FGS and DPs.

One question is whether to go beyond the NDP and Partnership Principles. The team's reading of the evidence from other countries – and from Somalia's own experience – is that there is a strong case for having an additional higher level framework, despite the challenges involved.

A successful transition from fragility to resilience in Somalia goes beyond just development and will require a comprehensive, coherent and coordinated approach across different policy communities. Such a framework needs to be strongly Somali-owned. It will take time to develop, not least to ensure ownership by FMS, the Legislature and, ideally, civil society and traditional authorities.

The team also noted four other key areas for any new Partnership Agreement(s):

1. Stronger focus on private sector issues; in particular, a possible compact with the private sector to enable Somalia to escape the current low-level equilibrium trap whereby the Government has insufficient revenues due to a low tax base and cannot deliver effective services such as infrastructure.
2. Renewed focus on ensuring all efforts are integrated and coherent – especially on humanitarian and development efforts, security and working across all NDP pillars.
3. Faster progress on core financial and governance issues – especially on improving PFM coherence and coordination, tackling corruption, prioritising across all sources of finance and agreeing a roadmap for arrears clearance and debt relief. The last issue is key to increasing access to external financing for large-scale infrastructure. To avoid false expectations developing, it should be clear what additional amounts of finance would be available to spend in Somalia.
4. Improved consultation processes to ensure the right balance between large consultative groups, supported by much greater investment in the translation of documents and smaller groups for ongoing honest exchange. The experience from other countries is that while challenging, consultation is critical to success. Better consultation would be further enhanced by stronger monitoring and evaluation systems. This is also important for engaging with Somali civil society more effectively.



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Cover photo: A Somali girl walks down a road at sunset in an IDP camp near the town of Jowhar on December 14. Fighting between clans has displaced more than twelve thousand people near the town of Jowhar, Somalia. Many have sought temporary shelter near an African Union military camp in the area, who are currently providing security for the IDPs. Credit: AU UN IST PHOTO / Tobin Jones.

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