



ANNUAL REPORT

SSF | SOMALIA STABILITY FUND

PROMOTING PEACE & STABILITY IN SOMALIA

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International





AMISOM Photo / Tobin Jones

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1 | INTRODUCTION

The Somalia Stability Fund is a multi-donor fund working towards a peaceful, secure, and stable Somalia through support to stabilisation, state-building and peacebuilding.

In October 2016, following a competitive procurement process, Phase II of SSF began with an extended inception phase of five months during which the strategic focus and key guiding principles were agreed between donors and government counterparts.

Now in its implementation phase, Year 1 of SSF II (Oct 2016 – Sep 2017) has seen the successful implementation of a new pipeline of projects, and the concurrent close out of SSF I legacy projects, resulting in the following achievements:

- > All the newly-recovered areas in which SSF has implemented stabilisation activities under phases I and II (Bardhere, Baraawe, Wajid, Baidoa, Xudur, Berdale, Mahadey and Adale) remain under government control—i.e. they have not reverted to Al Shabaab control.
- > SSF has made a major contribution to building stability across 17 districts of Somalia, delivering more than 20 community infrastructure assets which have benefitted 336,804 people, and provided a boost to social cohesion and government-community relations, against a backdrop of continued political, security and humanitarian challenges.
- > SSF has moved quickly to initiate work in the newest and most fragile states of Galmudug and Hirshabelle, with support to hospitals, roads, markets, a mother and child health centre and government buildings in six districts, including difficult locations such as Hobyso, where a new airstrip has enabled the DC to rally the community behind him and prompted other partners such as USAID's GEEL project to initiate support.
- > Investment in core government infrastructure in Baidoa and Kismayo, and navigation of a range of challenges to get the planned airstrip construction in Baraawe off the ground.
- > SSF is contributing to longer-term stability goals, such as improved participation of women, through support to advocacy campaigns targeting the Hirshabelle state formation process and the federal level electoral process, supporting a number of recipients who went on to win parliamentary seats at the federal level.

In achieving these results, and many others detailed in **Section 1**, SSF has spent just over \$20 million and is on track to meeting its year one targets both in terms of number of men and women benefitting from SSF interventions and the number of public assets constructed or rehabilitated in response to government priorities. Whilst these achievements are significant, SSF continues to work in a dynamic and challenging environment, and in response to this, SSF continues to closely monitor Somalia's political transition and overall trajectory, in order to adapt our approach in line with a changing context.

Section 3 of the report articulates some core learning themes which will be the focus of lesson-learning over the life of SSF II. These include: measuring what works and achieving value for money; gender equality and social inclusion; conflict sensitivity and conflict mitigation; community and government engagement; sustainability; and building government visibility and legitimacy.

Sections 4 and 5 will detail how SSF has adapted its strategy and programming, putting increased focus on coordination and sustainability, and finally, **Section 6** will provide a brief overview of SSF II Y1 finances.





AMISOM Photo / Tobin Jones

2 | KEY APPROACHES, ACHIEVEMENTS & CHALLENGES

SSF II works under three key pillars – stabilisation, state-building and conflict prevention. Here we detail our broad approach, key achievements, contribution to stability and challenges for each pillar during Year 1.

2.1 PILLAR 1 – STABILISATION

Approach: SSF's work in stabilisation is focused on areas newly recovered from Al Shabaab control or highly vulnerable to Al Shabaab influence. These efforts are delivered through a process that involves extensive community-government engagement in all aspects of designing and delivering tangible projects. This approach is aimed at gradually building trust between communities and government and thereby laying the foundation for longer term governance work.

As of September 2017, SSF has spent \$2.3 million on stabilisation activities, which represents 17% of the portfolio spend for the first year of SSF II. This spend has largely been allocated to the completion of legacy projects from SSF I in a total of five districts, each selected in line with the Federal Government's Stabilisation Plan.

The key achievements detailed below make a significant contribution to longer-term stability in Somalia by promoting government visibility and enhancing community-government relations in volatile regions susceptible to Al Shaabab influence and control.

Key Achievements:

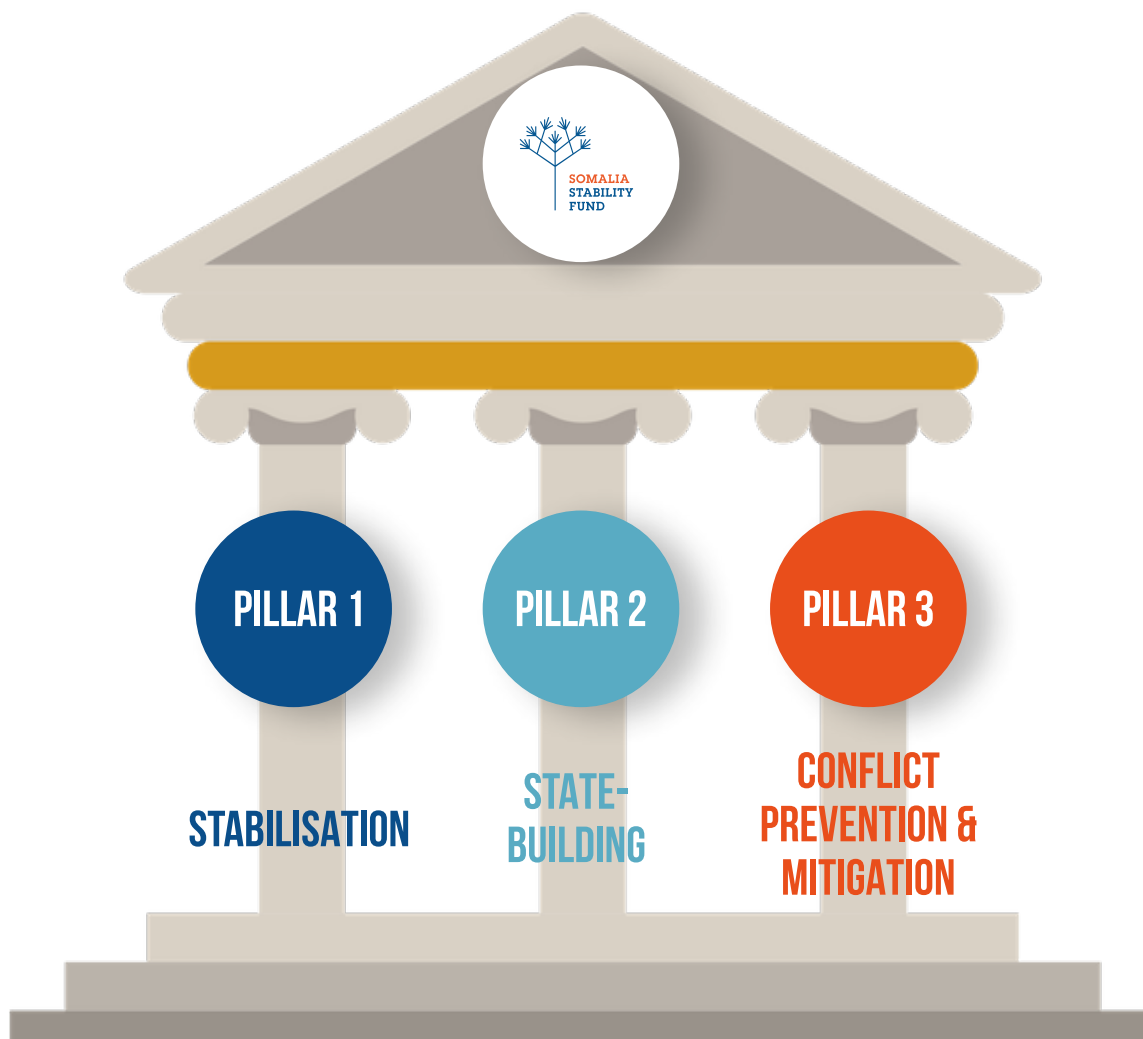
- > **Bardhere:** less than six months after recovery from Al Shabaab, SSF, through our partner NIS, was the first programme to initiate stabilisation activities, in January 2016. By April 2017, SSF had successfully handed over key infrastructure assets in Bardhere to the community and district authorities, including a newly constructed District Commissioner's Office, community social hall, Bardhere Stadium, and the rehabilitation of the river embankment flood defence system.
- > **Xudur, Berdale and Baidoa:** SSF through the Danish Demining Group (DDG) pioneered the Community Driven Development (CDD) project called Danwadag. The

Danwadag project supported communities in Baidoa, Xudur, and Berdale where a combined total of 70 infrastructure-focused projects were delivered, including: 20 local hospitals and MCHs, 11 water facilities (i.e. boreholes, shallow wells and water tanks) constructed and/or renovated, 11 schools constructed and/or rehabilitated, 5 existing service delivery facilities renovated, 16 feeder roads constructed, and 11 government-owned infrastructures constructed or rehabilitated. This initial investment has helped to lay the groundwork for district council formation, under the Ministry of Interior and Federal Affairs and Reconciliation (MOIFAR) Wadajir Framework implementation.

- > **Mahadey and Adale:** construction of community infrastructure is progressing well in spite of an Al Shabaab attack on Mahaday in mid-August, which resulted in fierce fighting between Al Shabaab and government forces. SSF's contractor suffered major losses due to damage to equipment and building material. However, despite this setback, this work – which includes construction of two markets, new district administration block and the rehabilitation of a mother and child healthcare centre (MCH) - is expected to be delivered according to current contract period performance timelines. Likewise, construction work in Adale, including the rehabilitation of the District Administration office, construction of a basketball court and market are progressing well with good oversight by SSF established Community-Government Oversight Committees.

Challenges

The gains SSF achieves through stabilisation programming are ultimately dependent on the security guarantee provided by AMISOM, which currently only extends to urban centres. This means that some of the areas in which SSF has worked are effectively enclaves towns, cut off from other major population centres, and facing ongoing security and access issues. This necessarily limits the stabilisation gains that can be achieved.



2.2 PILLAR 2 – STATE-BUILDING

Approach: SSF recognises that in Somalia the greatest potential for conflict, as well as the most effective entry points to prevent and mitigate it, will inevitably be framed by the processes of state-building at local, state and federal levels.¹ Therefore SSF's approach focuses on supporting state and district governments to be more visible and accountable, as a way of helping them to strengthen relations with communities and enhance their legitimacy.

Recognising the primacy of investing in state-building to contribute to longer term stability in Somalia, the greatest proportion of SSF's investments in this reporting period contributed to state-building: \$ 6.3 million, translating to 45% of the portfolio spend. Investments range from government buildings and public infrastructure, to institutional strengthening in various federal member states, to lobbying for increasing women's participation in the political process and strategic opportunities to encourage dialogue and reconciliation.

The key achievements detailed below play a crucial role in building government capacity and legitimacy through systems-building, improved visibility and technical skills, enhanced access to justice, and more inclusive decision making-processes.

2.2.1 STATE-BUILDING – BETTER FUNCTIONING, MORE ACCOUNTABLE & RESPONSIVE GOVERNMENT INSTITUTIONS

Key Achievements:

- > **Support to State Formation Processes:** In late October 2016, SSF concluded support to the Hirshabelle State Formation process, which culminated in a settlement based on a power-sharing system of governance between the State's two major clans.
- > **Public Financial Management Support:** Over the course of SSF I, the Fund successfully supported the establishment of Ministries of Finance, Public Financial Management (PFM) systems and Civil Service Commissions in Jubaland, Southwest and Galmudug States, paving the way for the World Bank to provide sub-national fiscal transfers for the first time. This ground-breaking work proved the potential for establishing a world-class PFM system from scratch and catalysed the development of a larger-scale follow-on programme, funded by DFID and the EU. In December 2016, SSF handed over responsibility for this work to the Public Resource Management in Somalia programme (PREMIS).



- > **Government-community relations:** Cumulatively since October 2016, SSF has constructed or rehabilitated 17 community assets, all in partnership with government. This figure includes construction of a university building and a vocational school in Abudwak, a public hospital and administration block in Balanbale, another hospital and three roads in Adado, a social hall, administration block, stadium and flood defence system in Bardhere, three youth centres in Bossaso and Galkayo and finally rehabilitation of an administration block and airstrip in Hobyo. The airstrip has had a transformational impact on the town, enabling the District Commissioner to move back to Hobyo and boosting high value seafood transportation from Hobyo to markets in Mogadishu within an hour.
- > **Government Visibility:** In Southwest State, SSF's investment in a new Statehouse and Ministry of Finance complex is at an advanced stage and expected to be handed over to the administration in late 2017. Meanwhile in Jubaland, through our partner NIS Foundation, SSF is investing in a multi-purpose Ministry complex and a large youth centre.
- > **Capacity Building on Human Rights for Police:** Support to the Office of the Puntland Human Rights Defenders (OPHRD) focused on 1) police training on human rights; 2) women's education on constitutional rights; 3) monitoring police stations on human rights conduct; 4) and facilitating community-police dialogue. A recently concluded evaluation of the OPHRD investment found that the project had a tangible and measurable impact upon the treatment

of prisoners in police custody.² It also found that the community-police dialogues were seen as particularly effective forums for developing a working understanding around police-community cooperation in the event of crime.³ SSF plans to continue supporting OPHRD through a third phase in 2018.

Challenges:

- > Despite multiple efforts, SSF has experienced delays in the construction of the Baraawe Airstrip. The previous site was deemed unsuitable because AMISOM was unable to secure it. SSF conducted a mission to Baraawe in September to assess the feasibility of two alternative sites. Following this mission, SSF will transfer the contract to a new site. This delay initially represented a significant delivery and reputational risk to SSF which has since successfully been resolved through close community-government cooperation and rigorous negotiations with the contractor. The Baraawe airstrip remains a top priority both for the Southwest Administration as well as the wider community.
- > A major challenge to building a more legitimate and capable police force for Somalia is the ability to pay police salaries. Any boosts to the morale of police officers and the community through the construction of police stations and providing associated training will need to be complemented by a decent and predictable living wage for all police men and women.



2.2.2 STATE-BUILDING, INCREASED PARTICIPATION AND REPRESENTATION OF WOMEN AND EXCLUDED GROUPS IN GOVERNANCE STRUCTURES

Key Achievements:

- > **Women's Participation & Representation:** In October 2016, SSF supported the Somali Women Study Centre (SWSC) and its local partner, the Somali National Women's Organisation (SNWO) to advocate for a 30% quota for women seats in the Hirshabelle parliament. SNWO engaged clan elders, the technical committee, IGAD officials, politicians from Hiraan-Middle Shabelle to secure their support. As a result, 21 out of the total 116 MPs elected were women; not quite attaining the 30% quota but a significant result. Additionally, a woman was elected to the position of deputy speaker for the first time. However, at the time of writing, only 93 MPs had been officially sworn in, of which just four are women, highlighting the need for further follow up by Hirshabelle State.
- > **Women's Participation & Representation:** In addition to SWSC's work in Hirshabelle, SWSC also led advocacy campaigns in Baidoa, Jowhar, Kismayo and Adado, lobbying for the fulfilment of the 30% quota for women MPs at the federal level. Through these district-level campaign efforts,

SWSC supported 18 of the women who went on to win MP seats within the lower and upper houses of the FGS Parliament. SSF's efforts, combined with wider pressure applied by the international community, helped to achieve 24% women's representation in the Lower House and 22% in the Senate.

- > **Access to Justice:** SSF has designed a pilot approach to increase access to justice for women and marginalised groups, based on a very localised understanding of the issues they face in 4 pilot locations in Puntland and Galmudug. These pilot activities will complement the work of UN Women and UNDP's rule of law program.
- > **Enhancing Confidence in Women's Leadership:** Following a request from the Benadir Administration, SSF is in the process of designing an investment to increase public confidence in the five newly-appointed female commissioners in Benadir by enhancing their service delivery capabilities, in partnership with DRC.

Challenges:

- > The main challenge for SSF is to move beyond token representation of women achieved through mandatory quotas and instead support genuine inclusion of women's voice and agency in the political process. SSF's progress in this regard has been very modest and while important processes have been initiated, there are limited results to report in this reporting period.

2.3 PILLAR 3 – CONFLICT PREVENTION & MITIGATION

Approach: SSF's macro conflict analysis sets out a typology of conflict comprising three categories - political conflict, violent extremism and communal conflict - which are best understood as different entry points for engaging in a single, complex conflict system.

In line with some of the priorities identified in the macro-conflict analysis, SSF is working with a range of actors to address the root causes of conflict in Somalia. In the first year of SSF II, \$5.3 million, (38% of the portfolio spend) was spent on investments that ranged from: drought relief to mitigate the potential for conflict over scarce water resources; engagement of business leaders to shore up the ceasefire agreement in Galkacyo; legacy investments in borehole construction in water scarce areas of Puntland; community driven development and peacebuilding in Sool and Sanaag; and higher education teaching and research to improve local capacities to generate evidence and learning on conflict resolution. In the coming year SSF will further evolve the work under pillar three to focus on strategic fault-lines for contestation and conflict, in particular by exploring opportunities to collaborate with the FMS to address conflict in their territories.

Key Achievements:

Water for Peace (WfP): In November 2016, construction of borehole facilities in Towfiig, Dhudhub, and Ceelbuuh was completed under the Water for Peace project. In January 2017 the facilities were officially handed over to the Puntland State Authority for Water, Energy and Natural Resources (PSAWEN) and the Puntland President visited two out of the three sites.

Drought Relief to Prevent Resource-Based Conflict: During the past year, the entire East Africa region has been engulfed by one of the worst drought cycles in the last decade, triggering widespread water, pasture and food shortage which precipitated malnutrition and displacement. Recognising the implications of humanitarian crises on stability, SSF re-allocated \$4 million from planned investments to respond to the urgent drought relief efforts. ARC and ADESO, two leaders in humanitarian relief work, were selected as partners both for their experience in conflict sensitive delivery of relief and because they are a trusted partner from the first phase of SSF.

- > **ADESO:** ADESO is working in partnership with NIS Foundation in Gedo, Bay and Bakool, to support drought recovery through the rehabilitation of water sources and provision of unconditional cash transfers for food relief, improvement of livelihoods through short-term jobs creation, and the strengthening of water resource management structures to reduce resource-based conflict.
- > **ARC:** ARC is supporting communities in 8 locations of Sool, Sanaag and Bari regions with the construction of water facilities working closely with informal community-based structures and volunteers.

Support to Research on Conflict Prevention and Mitigation:

The SSF portfolio on research and education investments

includes partnerships with the University College London (UCL), Observatory for Conflict and Violence Prevention (OCVP), and Rift Valley Institute (RVI).

- > **Under the OCVP High Quality Research Training Program,** 30 trainees graduated from the training program in September 2017. A tracer study done for the Year 1 graduates showed that over 55% (25 in total) had taken up more influential roles within their organisations as a result of the qualifications gained from the training.
- > **Under the UCL investment,** the curriculum for the Master's Program on Peace and Conflict Studies was finalised following two rounds of teaching in Hargeisa - jointly done by UCL and University of Hargeisa – and feedback from global experts in the field.
- > In coordination with RVI, SSF funded a **series of events** between January and March 2017 to disseminate RVI's 2014 research paper titled 'The Impact of War on Somali Men.' Five events were carried out in Hargeisa, Garowe, Mogadishu and Nairobi, including one in Eastleigh, targeting around 450 Somali men, women and youth.

Community Driven Development (CDD) in the disputed territories of Sool and Sanaag:

In the disputed regions of Sool and Sanaag, SSF invested in a community-consensus building approach designed to increase trust among different segments of the community and deliver tangible, shared benefits:

- > **Sanaag:** through SSF's partner CARE, activities included upgrading of water supply systems that benefited over 3000 households. In total 32 berkedes⁴, 4 water kiosks and 2 elevated water tanks were constructed across the project locations, while water pipelines spanning about 17 kilometres were laid in Xingalool (1.5km), Buran (1 km) and Dhahar (15 km).⁵ The water projects were particularly critical in helping the Sanaag communities cope with the 2017 drought.
- > **Sool:** SSF's partner DDG implemented conflict-sensitive Community Driven Development (CDD) projects, branded as 'Talowadag', in Buhoodle and Las Anod. These projects were managed by Community Steering Committees who were responsible for fundraising for community priority projects and overseeing the sustainability of the projects. The projects included construction of roads, "House of Elders" (a neutral space for inter-clan dialogue and reconciliation), community health centres, market rehabilitation and a football stadium. The project also provided 'soft' grants, of small amounts of cash, disbursed among SMEs in Buhoodle and Las Anod. Women and minority groups benefitted the most from the projects, which included training on aspects of business management.⁶ In September 2017, SSF commissioned an independent evaluation of the investments in Sool. The evaluation found the project had helped to foster inter-clan cohesion and that the tangible peace dividends of the project galvanised the community into working collectively

Youth Centres: SSF invested in setting up three youth centres that have now been functioning as profit making social enterprises for almost a year. The youth centres in Galkacyo, Galmudug and Galkacyo, Puntland provide a platform to connect communities in this divided city that has witnessed violent

conflict as recently as November 2017. In the coming year, both SSF and USAID's TIS Plus program will use the centres to support a range of activities that aim to bring together youth from both sides of the city, including through sporting tournaments and cultural and peacebuilding activities.⁷ If these activities are implemented with the right political buy-in and support from a wide range of stakeholders, they could be a major contributor to peace in Galkacyo.

Challenges:

- > Start-up of activities under the ARC drought relief investment experienced major delays, due to the political sensitivities of operating in areas claimed by both Puntland and Somaliland. However, in September, SSF and ARC engaged in a series of high-level discussions with both administrations, resulting in the smooth and apolitical continuation of the project. Although SSF-specific project activities were delayed, ARC did manage to support Love Army for Somalia, a US based organization (<https://www.gofundme.com/LOVEARMYFORSOMALIA>) that raised \$1 million for relief effort in response to the drought. ARC distributed the funds raised by Love Army for Somalia via mobile money transfer to 1000 households to provide urgently needed cash for families to re-stock livestock. In a historical first, a livestream was set up between the beneficiaries and the GOALKEEPERS⁸, which meant the high-level participants were able to see the live mobile money transfer. The Love Army initiative is expected to complement SSF's work on rehabilitating reservoirs and water pans in the area. All of SSF's drought relief work is expected to be completed by the second quarter of 2018, after which SSF will commission an end-line evaluation to measure their effectiveness and overall impact.



3 | LEARNING & ADAPTING



This section describes how SSF has adapted and evolved as a result of both the independent evaluation of the Stability Fund and the SSF I final report. It is partly informed by the discussions and reflections of the SSF team and its partners at the recently concluded SSF II Investee workshop, which took place in Hargeisa in late September 2017.

Adapting SSF II based on the SSF I Evaluation

A key shift from SSF phase I to phase II is the existence of a clear and coherent overarching strategy and theory of change. SSF's most up to date strategy outlines four objectives that help prioritise activities and target districts for implementation: 1) facilitate FGS-FMS co-governance; 2) address Inter and Intra FMS conflict; 3) address drivers of conflict and instability and; 4) deepen popular participation particularly for women and marginalised groups. The value of this update is that SSF has a more robust strategy and, more importantly, a more disciplined lens through which to select target districts and investments.

Gender Equality & Social Inclusion (GESI) – it's not just about women's empowerment

One of the weaknesses noted in the independent SSF evaluation was poor implementation of the previous gender strategy. In the second phase of SSF, we have learned that framing the discourse around gender within a broader social inclusion agenda, around power dynamics, helps break down resistance to suggestions for "gender mainstreaming" or "gender sensitive" programming. This was evidenced at the recent SSF investee workshop, where SSF received positive feedback on the GESI strategy. One participant noted that all other donor workshops that he attended framed gender issues very much as women's issues and came across as an imposition of Western norms on Somali culture. This is not to suggest that the efforts to implement the GESI strategy will be any easier in this phase of SSF, it is in fact likely to be even more challenging because of its ambition. However, SSF has learned that getting buy-in for this strategy from both the SSF team and the investees/implementing partners, is a critical first step. For example, when SSF suggested to implementers

of stabilisation programs in Bardhere and Galmudug, the requirement that 30% of the budget for community block grants be set aside for women's priorities that they themselves decide through a process facilitated by a female program officer, there was no push back. SSF will observe how this approach translates into action but also be mindful of potential negative consequences and ensure that this new approach is implemented in a conflict sensitive way. Somali women are not a homogenous group, therefore there is always a risk that women from powerful clans may exploit the advantage this quota gives them and pressure minority clan members to support their point of view. SSF will monitor the application of this quota system and report on how it is working in subsequent progress reports.

SSF has also learned that if Somali men lead the discussion around GESI issues, it further helps breakdown negative perceptions around gender issues. Gender champions who are influential Somali men both within SSF and in government, civil society and the private sector will be key to any progress on this agenda.

Conflict Sensitivity & Conflict Mitigation – Do No Harm

While the SSF team prides itself in being a leader on conflict sensitive programming, especially through implementation of Community Driven Development (CDD), the independent evaluation concluded that there was not enough documentary evidence to demonstrate that SSF was making decisions based on conflict sensitivity criteria.⁹ On SSF II, a gendered district context analysis (GDCA) is a prerequisite before investment decisions are made. While the introduction of this new requirement is likely to affect delivery timelines (for example in Bulo Burto), SSF has learned that it may be worth the investment in time and resources. The GDCA helps to ensure program delivery factors in the different actors, interests, power relationships, historical conflict dynamics, incentive structure and the priorities, perspectives and concerns of both men and women.

SSF has also learned that there is no silver bullet when it comes to conflict sensitive programming. For example, while implementing the CDD project in the disputed region of Sool, SSF's partner DDG employed an apolitical approach to program delivery that relied on an intensive community engagement

and ownership model. However, based on the evidence from the recent evaluation of this project, SSF has learned that, 'community' is not necessarily apolitical in concept or in practice, and when engaging with community elites, we could empower certain actors, and the project could be perceived as subscribing to that individual's political allegiance to Khatumo, Puntland or Somaliland.¹⁰ The lesson learned here is that even if the projects delivered meet community priorities, if the governing body overseeing them is not perceived as legitimate or capable, they will not be trusted.

Moving forward, in line with our conflict transformation aspiration, SSF hopes to also begin to generate learning on how to prevent and manage conflict, including the pros and cons of different models, with the involvement of the FMS, FGS, community leaders and MPs. This will signal a step change from phase I where SSF focused on very local level grassroots approaches to conflict prevention and measured the number of relatively small-scale disputes that the Fund contributed to resolving, in favour of a focus on supporting strategic reconciliation initiatives which deal with conflicts which are critical for Somalia's stability.

Building Government Visibility & Legitimacy

During the first phase of SSF, there was a strict no branding policy, because SSF did not want visibility or credit for SSF investments, but sought to promote Somali ownership. This was also an important security risk mitigation measure for SSF staff and investments. However, this policy often meant that implementing partners branded their work and therefore received credit for projects delivered, undermining community and government ownership. Recognising this challenge, SSF is now much more prescriptive, requiring partners to deliver projects in the name of government so that nascent district administrations, FMS and FGS get credit for the tangible benefits delivered. This policy is particularly relevant for investments under the Stabilisation and State-building pillar. However, it must be implemented very judiciously. At the recent investee workshop, some partners cautioned that increasing government visibility requires a nuanced approach that incentivises responsive governance through forums like townhall meetings and community dialogue events to help government engage in genuine dialogue in order to build trust with communities.

4 | COORDINATION

This section will focus on SSF's relationships with government and international stakeholders. The below list is not exhaustive but captures the main actors and programmes the fund coordinates with.

4.1 COORDINATION WITH GOVERNMENT

Federal Government of Somalia:

SSF regularly engages with the Federal Government. The Fund worked closely with Ministry of Interior and Federal Affairs (MOIFA) under the previous government, particularly on areas such as the state formation process in Hiraaan and Middle Shabelle, stabilisation in the newly recovered districts and implementation of the Wadajir Framework. Following the election of the new government, in June 2017 SSF held Phase II consultations with the MOIFAR, the Ministry of Planning, Investment and Economic Development, and the Office of the Prime Minister (OPM). The SSF presented its thinking around Phase II strategy and discussed how government priorities could be supported, including through a new dedicated Government Window. The Ministry of Planning, Investment and Economic

Development in particular requested to have a 'light' government oversight board to enhance the fund's accountability to government. In response to this request, the Fund started preparations for the first Review Board meeting in September, but the first meeting had to be postponed to provide more time for government counterparts to agree on its composition.

Federal Member States:

SSF has regularly engaged all Federal Member States to discuss their priorities for Phase II, including with the Presidents, Vice-Presidents, State Ministers, and relevant line Ministers. These consultations have resulted in the development of a tailored package of support for each FMS, in line with the SSF regional strategies. At this stage, the only FMS where such a package has not been finalised is Hirshabelle (following JDC approval of the inclusivity analysis in June 2017), due to the vote of no confidence by the regional assembly against former President Osoble in August 2017. President Mohamed Abdi Ware has been elected through an electoral process on 16 September. SSF is planning an early meeting with President Ware to discuss Hirshabelle's priorities.



New Deal Structures:

In order to enhance coordination with the formal SDRF funding windows, the Fund has participated in the New Deal working and sub-working groups – although their frequency diminished during the elections period in Somalia and the transition period awaiting the implementation of a new Partnership Agreement between government and the international community. Once the new structure under the Partnership Agreement is in place, the Fund will participate in all the relevant working groups.

Stabilisation coordination meeting organised by MOIFAR (monthly): SSF has attended and contributed to the monthly stabilisation meetings organised by MOIFAR, which serve as a coordination opportunity for stabilisation actors. SSF is also closely following MOIFAR's drafting of the new Stabilisation Strategy and has provided feedback in coordination with SSF donors and USAID.

4.2 WORKSHOPS ORGANISED BY SSF

Expert workshop to discuss strategy:

The Fund organised an expert workshop on 18 November 2016 to test the findings of the background analysis for SSF II and seek external challenge on the draft strategy with fifteen Somalia experts and practitioners. The experts' inputs provided a useful challenge function and resulted in a number of changes to the final SSF II strategy.

Partner meeting to present SSF I final report, independent evaluation and draft SSF II strategy:

On 6 December 2016, SSF invited approximately 30 partners (NGOs, UN, USAID, etc) to present the SSF I final report, independent evaluation and SSF phase II strategy, in order to share lessons learned from the Fund's phase I and receive inputs from partners on phase II.

Presentation on Options for Livelihoods, Economic Development and Human Capital Development:

The Fund worked with an expert on livelihoods, economic development and human capital development to identify the fund's niche and approach in this area. On 2 June 2017, the options paper that resulted from this work was presented to an audience of development practitioners to ensure investments in this area are complementary.

4.3 COORDINATION WITH OTHER PARTNERS

AMISOM: SSF believes that for sustainable progress in the newly recovered areas, there need to be stronger links between the military intervention, early recovery activities, stabilisation, and development. As part of this thinking, SSF has started to reach out to AMISOM to develop a closer working relationship, facilitated by the Early Recovery Advisor to the Special Representative of the Chairperson of the African Union Commission (SRCC), whose contract SSF took over from the British Embassy Mogadishu in September 2017. In June 2017, SSF met with the Special Representative Ambassador Madeira, to discuss plans to liberate major supply routes. SSF will also attend a follow-up operational meeting with other early recovery partners to discuss coordinating SSF support with plans to liberate MSRs.

UNCRESTA/A: In April 2017, the UN Special Representative of the Secretary General (SRSG) invited SSF to present lessons learned from SSF's work in newly recovered areas (NRAs) at a high-level meeting in Mogadishu on stabilisation and the extension of state authority. The UN initiated the meeting to find a common approach to work in NRAs among the various implementing partners working in these areas. At the end of July, UNCRESTA/A organised a follow up round-table to discuss with partners how to increase impact in stabilisation interventions and



ways to identify a more coordinated approach.

IGAD: SSF coordinated closely with IGAD on the Hiraan and Middle Shabelle state formation process, including sharing political analysis on whether the process was sufficiently inclusive. IGAD played a mediating role whereas SSF supported the logistics of the process. SSF continues to engage closely with IGAD on wider issues, in particular the Galmudug/ASWJ conflict, where SSF plans to support training, ahead of formal talks mediated by IGAD.

Informal donors' stabilisation meeting (irregular): the SSF participates in– and sometimes chairs – the Nairobi held 'informal stabilisation gatherings' to increase awareness and information sharing on stabilisation activities among international partners.

JPLG: The Fund coordinates with JPLG and the FCA consortium around implementation of the Wadajir Framework (WF). These coordination meetings help to ensure that the WF partners have a coherent approach to implementation, and SSF work is sequenced with JPLG capacity building.

UNDP: SSF attended the UNDP-organised parliamentary support workshop to better understand what is currently being implemented in this area, and identify potential gaps where SSF may be able to complement existing work. Furthermore, SSF has in the past year attended two board meetings of the Support to Emerging States (Stefs) program.

UNSOM: The Fund worked closely with UNSOM (and UNDP) around the support to the formation of the Hiraan & Middle Shabelle state, including sharing of political analysis with UNSOM. The Stability Fund and UNDP divided up responsibilities, with the Fund focusing on support to logistics (food, accommodation and local transport). SSF also coordinates closely with UNSOM on potential support to Galkacyo, in particular the recently established joint police force.

USAID (TIS Plus, GEEL and SSI): The Fund has established very good relationships with USAID mainly on stabilisation and economic development programming. There is regular exchange of information such as district assessments to coordinate programming in the newly recovered areas between our teams. The GEEL team have also helped review SSF's strategy to move forward with youth employment and private sector development initiatives. SSF and TIS Plus are also in discussions around hosting joint learning events through the RVI roundtable series.





5 | SUSTAINABILITY

Sustainability is a persistent challenge faced by all programs in Somalia. Under Phase II SSF has integrated sustainability analysis and plans into the earliest stages of the investment lifecycle right through to closeout. SSF employs a number of approaches, including coalition-building in which the Fund cultivates collaborative partnerships at various levels – i.e. other donors, implementing partners, government, privates sector, civil society, and community – to ensure the long-term sustainability of investment. Below are the five options which the Fund employs to foster sustainability.

The host government takes on longer term operations & maintenance of an infrastructure asset: In Puntland, SSF supported the installation of solar streets in the towns of Garowe, Galkacyo, Qardho, Bossaso, Badhan, and Cagaaran. The handover of completed projects included a robust agreement in which the government officially took over all post-installation services and maintenance. SSF allocated a small budget for training and capacity building on troubleshooting and maintenance for two technicians, but the local governments in the target district employed and paid the salaries of the technicians. The increased availability of solar street lights spare parts, equipment and supplies in the last few years enables local government to administer maintenance with relative ease. Similarly, the airstrip in Hobyso which SSF constructed is currently managed solely by Galmudug State. In addition to minimising the likelihood of resource-based community conflict over the airstrip, this also ensures the sustainability of the project. The local administration currently reserves a portion of the revenue generated from the airstrip to cover costs incurred on servicing, maintenance, and upgrades to the airstrip.

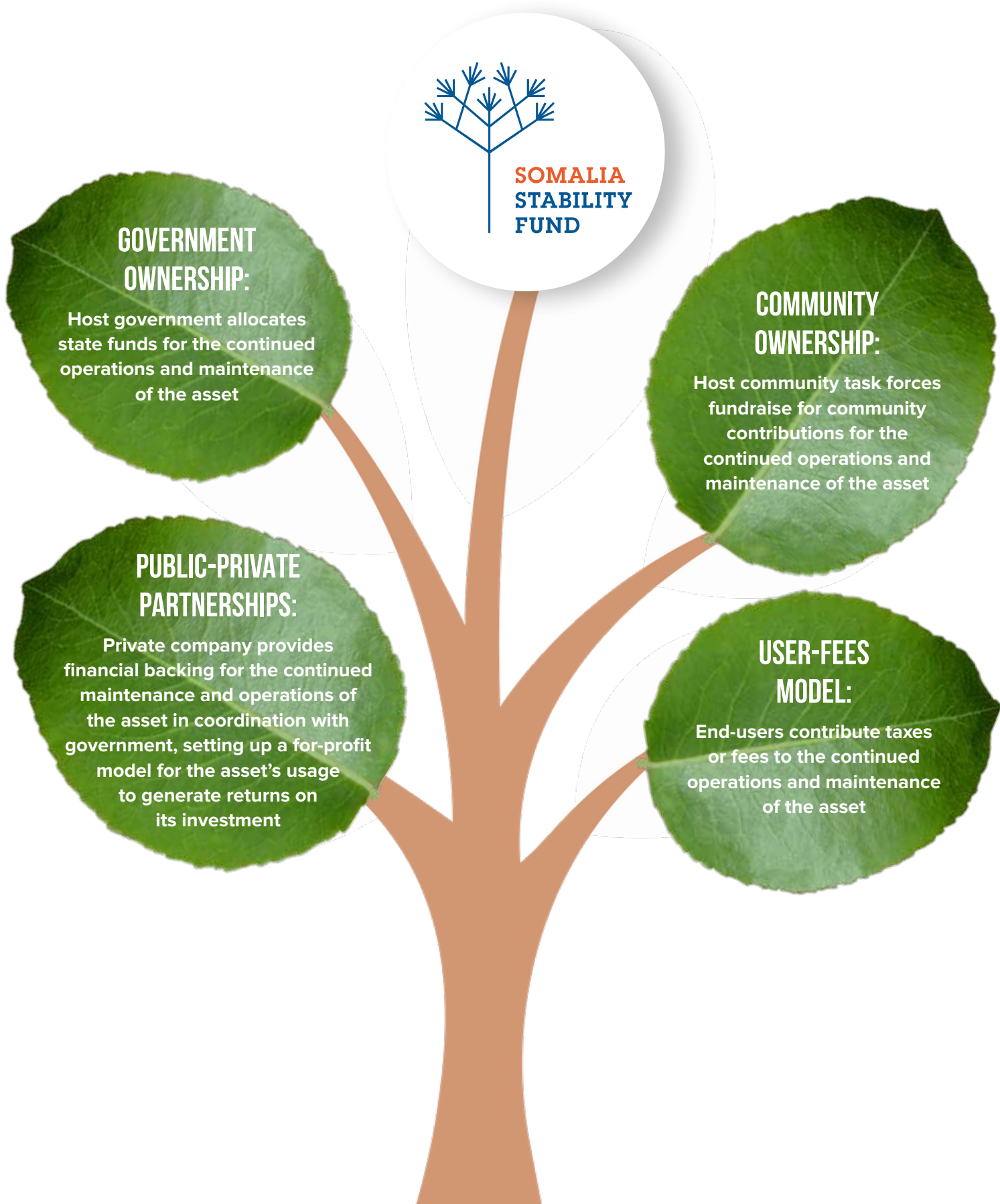
Models of community ownership: Under Talowadaag, SSF delivered a number of investments in the towns of Buhoodle and Las Anod, including infrastructure projects such as the construction of new roads, a meeting place for clan elders, a community health centre, and a football stadium. An SSF-commissioned end-line evaluation of these projects confirms the existence of widespread support among both communities for SSF investments, which is demonstrated through a strong willingness to make a financial contribution toward either a continued version or a different iteration of these activities. “Continuing the financial contributions by the community

appears to be viable, with FGD participants, steering committee members and businessman all stating they would be interested in doing so; in the words of a business owner interviewed: *“I am very supportive. I will contribute with my money and if they need my strength I will give it my all.”*¹¹ Such statements are indicative of the strength of this model and the strong sense of community ownership that it engenders.

Public Private Partnerships (PPPs) & comparable financing arrangements: In line with the Puntland State’s strategic priorities, SSF supports the Water for Peace Investment in collaboration with the Puntland State Authority for Water and Energy (PSAWEN). The delivery of this investment through a private-public-partnership (PPP) model has provided the Fund an opportunity to ensure operational efficiency in the provision of water in four conflict prone locations where water scarcity is a key driver of communal conflict. Equally important, the delivery of this investment through PPP responded precisely to the difficulty faced by Puntland State in ensuring the sustainability of its public facilities, particularly in remote areas. An SSF-commissioned external evaluation confirms that while the private contractors have ensured the transfer of necessary skills and competencies at both the government as well as community level, PSAWEN has taken full responsibility for all post-installation maintenance and services.

User-fee delivery models: SSF has established three youth centres in Bossaso, North Galkacyo and South Galkacyo. All three have been established as social enterprises and are already showing strong signs of long-term sustainability, and less than one year after they were opened are already making a profit, having filled a significant gap in the demand for recreational, social and economic opportunities for young men and women. For more information about the youth centres, please see the description under Key Results and Achievements for the Conflict Prevention Pillar. In Sanaag, SSF supported community-driven investments in water sources in 9 villages. An endline external evaluation confirms that these investments have dramatically improved access to water for 3,000 households. A user-fees model has ensured the sustainability of completed infrastructure. *“...there has been a 20% increase in revenues accruing to the Al Amin Water Company in Dhahar: the company has been able to increase its water supply to the town to 288,000 litres daily. This has raised revenues to*

US\$12,930 per month.¹² The revenue generated from the sale of water enables the PPPs' to deliver their services more efficiently and sustainably.



6 | FINANCES

The total SSF spend from August 2016 to September 2017 covering both core and support activities amounted to USD19.4 million. This total includes a USD3,262,973 from the UK that was drawn down from phase II into phase I during the August to October period due to an unanticipated shortfall in donor contributions. This drawdown amount was mostly directed to completing legacy projects as further elaborated below.

The tables below show the total spend for the period by pillar together with the cumulative spend to September 2017, burn rates and projections from October 2017 onwards.

TABLE 1: FINANCIAL OVERVIEW – INCLUDING UK DRAWDOWN FOR PHASE 1

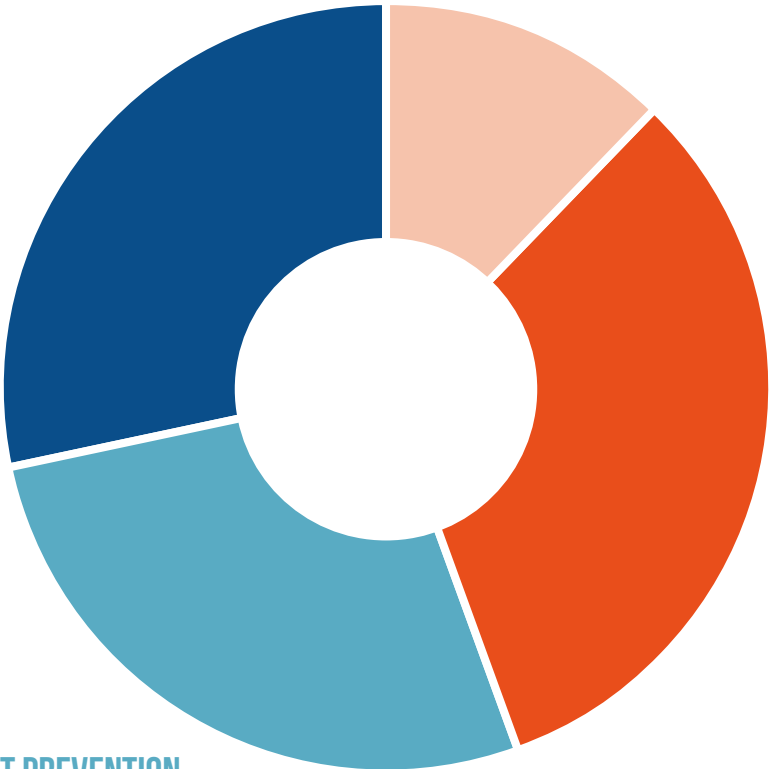
BY PILLAR	BUDGET	SPEND: SEPT '17	SPEND: AUG '16 –SEPT '17	BURN RATE: AUG '16 –SEPT '17	SPEND: OCT '17 – MAR '20
OUTPUT 1: STABILIZATION	\$6,980,458.74	\$119,286.00	\$2,389,024.54	34%	\$4,591,434.20
OUTPUT 2: STATE-BUILDING	\$25,606,746.61	\$305,213.91	\$6,265,055.14	24%	\$19,341,691.47
OUTPUT 3: STATE-BUILDING	\$6,000,000.00	\$ --	\$ --	0%	\$6,000,000.00
OUTPUT 4: CONFLICT PREVENTION & MANAGEMENT	\$23,265,375.63	\$350,000.00	\$5,304,849.75	23%	\$17,960,526.88
SUB TOTAL PILLAR	\$61,852,580.98	\$774,499.91	\$13,958,928.43	23%	\$47,893,652.55
SUPPORT ACTIVITIES	\$21,078,137.51	\$704,321.92	\$5,458,195.38	26%	\$15,619,942.13
GRAND TOTAL	\$82,930,718.49	\$1,478,821.83	\$19,417,123.81	23%	\$63,513,594.68



CUMULATIVE SPEND BY PILLAR

SUPPORT ACTIVITIES
\$5.5 MILLION (28%)

OUTPUT 1: STABILIZATION
\$2.4 MILLION (12%)



**OUTPUT 4: CONFLICT PREVENTION
& MANAGEMENT**
\$5.3 MILLION (28%)

OUTPUT 2: STATE-BUILDING
\$6.3 MILLION (32%)

ENDNOTES

1. This is not to deny the multifarious causes and drivers of conflict in Somalia, such as competition for resources, unemployment, inadequate educational opportunities, ideological prejudice or external interference. However, none of these can be addressed in an effective, enduring manner in the absence of state institutions, but the very process of state-building can itself become a source of conflict, especially if it is perceived to be monopolistic and exclusionary.
2. Wasafiri-Forcier, Evaluation of SSF's support to OPHRD, based on KIs with Police officers, pg. 11
3. Wasafiri-Forcier, Evaluation of SSF's support to OPHRD, pg. 8
4. These are lined sub-surface water reservoirs excavated below the ground level, designed to hold water for long through minimizing water seepage or water loss by way of evaporation. Suitable for one household or several households' consumptive water use.
5. CARE International, Final Evaluation Report of the SSF funded Community Driven Development (CDD) project in Sanaag, July 2017, pg. 33
6. Wasafiri-Forcier, Talowadag Evaluation, September 2017, pg. 7
7. Interview with Liban Jama, Program Development Specialist, USAID's TIS Plus
8. GOALKEEPERS is an event set up by the Bill and Melinda Gates Foundation at the UN General Assembly. This year's GOALKEEPERS event included Barack Obama, Justin Trudeau, and Malala Yousafzai.
9. ePact, DFID Commissioned Evaluation of the Somalia Stability Fund, August 2016, pg. 55
10. Wasafiri-Forcier, Final Evaluation of Talowadag in Sool, September 2017, pg. 12
11. Wasafiri-Forcier Talawadaag End-line Evaluation, September 2017, pg. 20.
12. CARE International, Endline Evaluation, pg. 34



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