



Thinking and working politically in Somalia:

A case study on the
Somalia Stability Fund

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Executive summary

The Somalia Stability Fund (SSF) is a multi-donor instrument that aims to strengthen local governance and mitigate conflict in Somalia. Initiated in September 2012, SSF has been designed and led by the UK's Department for International Development (DFID), with participation from Sweden, Germany, Netherlands, Norway, Denmark, and the European Union. Phase one (SSF I) ran from 2012 to 2016; the second phase (SSF II) will run from November 2016 to March 2020.

From the outset, SSF has been designed to respond flexibly and rapidly to needs on the ground, to experiment and incur higher levels of programming risk than is normal, and to adapt in response to learning. SSF's strategy is also problem-driven: rather than providing a detailed description of a desired end state and a sequence of actions to deliver it, it identifies a core problem at the root of instability in Somalia and decides how to address it. Its aim is to generate a sequence of iterative solutions, and to keep adapting and improving. The Fund is also driven by the principle of 'local ownership first', based on the belief that for peace to be sustained, it must be home grown, bottom-up and context-specific.

These principles and features of the program resonate strongly with some core ideas and examples being discussed about how to improve development practice through more politically informed and adaptive ways of working. It is clear that SSF has achieved some significant successes in an extremely challenging and dynamic political environment, which does suggest the value of thinking and working politically in this context. This report looks at three success cases: the Fund's support to the formation of three nascent federal states; infrastructure investment projects in Balanbale and Abudwak; and the reconciliation process between Galmaadug State and Ahlu Sunna Waljama'a. This is followed by a discussion of two of the more challenging investment projects that the Fund has engaged in, focusing on the Hirshabelle State Formation process and the construction of the Baraawe airstrip. The report then looks at the Fund's work on gender equality, reflecting on its progress in achieving greater formal political representation for women in Somalia, but also some of the significant obstacles that remain in shifting entrenched patriarchal norms.

The characteristics of SSF's organisation, approach and implementation that seem to be critical in enabling it to work in a politically smart, flexible and responsive way include:

- A governance model that places a significant amount of decision-making authority in a Secretariat Office which operates at arm's length from the donor committee;
- A managed-fund set-up that means most financing decisions do not have to go through donor-approval processes;
- A supportive authorising environment fostered through close contact and trust between DFID and the secretariat;
- A Fund Manager that can cope with the demands of a flexible and politically smart programme;
- Politically well-informed and astute Somali staff in the Secretariat Office and the Fund Manager country team, with connections up to and including the highest levels of government in Somalia;
- Strong analytical capability and research support;
- Close alignment with locally-defined priorities and a high degree of local ownership;

- A contracting and procurement model, based on payment by milestones, that incentivises SSF's implementing partner to be flexible and adaptive whilst progressing workstreams in a timely way;
- A results framework that combines highly ambitious outputs with flexibility on the activities in the workplan that will be used to progress towards them;
- A diverse portfolio of investments and a sophisticated approach to balancing more political, potentially higher risk projects, with less political, often lower risk ones.

This report also details some of the ways in which the Fund's systems and processes are not being used to support thinking and working politically. For example, the programme's monitoring, evaluation and learning tools have not always been used in ways that capture the value of the less formal political analysis, negotiation and networking that is critical to the Fund's work. And whilst SSF has impressive analytical capability and a deep contextual understanding of political dynamics on the ground, there are challenges with verifying data and information when working in fragile and conflict-affected states. These challenges are not unique to SSF, and point to some wider issues that may require attention from researchers and practitioners if the thinking and working politically agenda is to make a real contribution to improving aid delivery in fragile states.

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1. Introduction

The Somalia Stability Fund (SSF) is a multi-donor instrument that aims to strengthen local governance and mitigate conflict in Somalia. It offers Somali stakeholders a source of multi-year funding to respond to local needs and opportunities. SSF operates across the newly-formed Federal Member States (FMS) and Puntland to support stabilisation-related programming, including fostering social cohesion and community-government relations; improving the functioning, accountability and responsiveness of local and regional governments; increasing participation and representation of women and marginalised groups in the political process and governance structures; and reducing vulnerability to conflict in targeted areas. It also supports emerging federal entities by facilitating dialogue; investing in local governance structures; supporting community-driven development; promoting community safety initiatives; and supporting projects to empower young people.

Initiated in September 2012, SSF has been designed and led by the UK's Department for International Development (DFID). Other donor countries contributing to the Fund are Sweden, Germany, Netherlands, Norway, Denmark, and the European Union. The implementation of the Fund is led by Adam Smith International (ASI), which has the contractual relationship with DFID. Phase one (SSF I) ran from 2012 to 2016; the second phase (SSF II) will run from 2016 to 2020, with an extension up to March 2021 now under consideration. Although it is a multi-donor fund, DFID contributes the largest portion of funding, and has been delegated authority over the administration of the Fund. The Fund oversaw approximately £46 million in its first phase. For the second phase, between 2016-2020, the budget has increased substantially. DFID will contribute £35m, while the other donors will contribute between £30m – £65m in total, depending on approval by DFID of the proposed extension.

From the outset, SSF has been designed to respond flexibly and rapidly to needs and opportunities on the ground, to experiment and incur higher levels of programming risk than is normal, and to adapt in response to learning. SSF's strategy is also problem-driven; rather than providing a detailed description of a desired end state and a sequence of actions to deliver it, it identifies a core problem at the root of instability in Somalia and decides how to address it. Its aim is to generate a sequence of iterative solutions, and to keep adapting and improving (SSF n.d.a.). The Fund is also driven by the principle of 'local ownership first', based on the belief that for peace to be sustained, it must be home grown, bottom-up and context-specific (SSF n.d.b.).

These principles and features of the program resonate strongly with some core ideas and examples being discussed about how to improve development practice through more politically informed and adaptive ways of working. A number of major donors have seen a growth of interest in recent years in incorporating a closer understanding of and engagement with politics in the design and implementation of their programmes - specifically, grappling with the realities of local interests and incentives, and 'working with the grain' of power relations. In parallel with this enthusiasm amongst donors, there are several efforts underway within the research and policy-engagement community that aim to capture and reflect upon this more political approach to the way development assistance is framed and implemented. Since November 2013, a group of senior officials from major donors, along with leading thinkers and researchers, have been working together as a community of practice to promote thinking and working politically (TWP)¹ in development. Whilst there is no single agreed

¹ <https://twpcommunity.org/>. The TWP Community of Practice (CoP) exists to promote awareness of TWP approaches, to encourage debate on adaptation, and to provide evidence-based insights that can stimulate further innovation. The impetus

definition, framework, or set of formal tools for TWP, the three core principles set out in one of the founding documents produced by the TWP Community of Practice (TWP, 2015) are:

- Strong political analysis, insight and understanding
- A detailed appreciation of, and response to, the local context
- Flexibility and adaptability in program design and implementation

There are clear signs that the recent surge of interest in politically informed programming has helped to shape some aspects of development practice in innovative ways, and there is some (albeit still limited) evidence that it is associated with better implementation and outcomes than more conventional, predominately technical approaches (Laws and Marquette, 2018). However, to strengthen the evidence base for what does and does not work in terms of designing and implementing TWP programmes, researchers need to draw on and compare a broader set of programmes across a wider range of sectors and organisational contexts. Recent studies have identified that there is a notable shortage of documented examples of politically informed programmes in fragile and conflict-affected environments (Dasandi et al, 2016; Laws and Marquette, 2018). Trying to think and work in more politically engaged, experimental or entrepreneurial ways might be particularly appropriate for interventions in more challenging political contexts, given the uncertain change processes at play and the lack of prior accumulated evidence on what works (Wild et al, 2017). Given the growing concentration of aid in fragile states, a greater effort to understand whether and how donors can think and work politically in violent and unstable political contexts would seem to be of particular importance if the agenda is to make a more significant contribution to improving mainstream development practice.

Taking a close look at SSF provides an opportunity to start to fill this gap and, in doing so, to potentially deepen our understanding of whether and how TWP can contribute to more successful programme outcomes in challenging political contexts like Somalia where – recent progress notwithstanding – there are persistently high levels of insecurity and violence, and where the overall quality of governance is poor. Although, as detailed below, there are challenges in measuring the actual contribution of the Fund's activities to long-term stabilisation in Somalia, it is clear that SSF has achieved some significant successes in an extremely challenging and dynamic political environment, which does suggest the value of thinking and working politically in this context. In particular, interviews and formal reviews – including the Independent Commission for Aid Impact's (ICAI) recent review of DFID's activities in Somalia (ICAI, 2017) – point to the Stability Fund as having played a central role in supporting the political negotiations around Somalia's emerging federal structure, including its borders and administrative structures. The report looks at three further success stories and draws out the lessons for thinking and working politically in fragile states, focusing on infrastructure investment projects in Balanbale and Abudwak; and a reconciliation process between Galmadug State and the armed group Ahlu Sunna Waljama'a. This case study also sets out some of the Fund's challenges and setbacks, looking at the Hirshabelle state formation process, and the construction of the Baraawe airstrip. In large part, these challenges are a result of the fact that the political and security environment in Somalia is fluid, complex and outside of the control of donors. Nonetheless, understanding some of the difficulties that the programme has encountered is, arguably, just as valuable as understanding its achievements, in terms of generating a clearer understanding of the

behind the formation of the CoP was to translate the insights of political economy thinking into operationally relevant guidance. The CoP does this by engaging collectively with development practitioners, publishing information and advice, providing training workshops and promoting new studies/research.

kinds of donor approaches that may be more or less suitable in Somalia, as well as some of the challenges of TWP in fragile states.

The characteristics of SSF's organisation, approach and implementation that seem to be critical in enabling it to work in a politically smart, flexible and responsive way include:

- A governance model that places a significant amount of decision-making authority in a Secretariat Office which operates at arm's length from the donor committee;
- A managed-fund set-up that means most financing decisions do not have to go through donor-approval processes;
- A supportive authorising environment fostered through close contact and trust between DFID and the secretariat;
- A Fund Manager that can cope with the demands of a flexible and politically smart programme;
- Politically well-informed and astute Somali staff in the Secretariat Office and the Fund Manager country team, with connections up to and including the highest levels of government in Somalia;
- Strong analytical capability and research support;
- Close alignment with locally-defined priorities and a high degree of local ownership;
- A contracting and procurement model, based on payment by milestones, that incentivises SSF's implementing partner to be flexible and adaptive whilst progressing workstreams in a timely way;
- A results framework that combines highly ambitious outputs with flexibility on the activities in the workplan that will be used to progress towards them;
- A diverse portfolio of investments and a sophisticated approach to balancing more political, potentially higher risk projects, with less political, often lower risk ones.

This report also details some of the ways in which the Fund's systems and processes are not being used to support thinking and working politically. For example, the programme's monitoring, evaluation and learning tools have not always been used in ways that capture the value of the less formal political analysis, negotiation and networking that is critical to the Fund's work. And whilst SSF has impressive analytical capability and a deep contextual understanding of political dynamics on the ground, there are inherent difficulties with verifying data and information when working in fragile and conflict-affected states. These challenges are not unique to SSF, and point to some wider issues that may require attention from researchers and practitioners if the thinking and working politically agenda is to make a real contribution to improving aid delivery in fragile states.

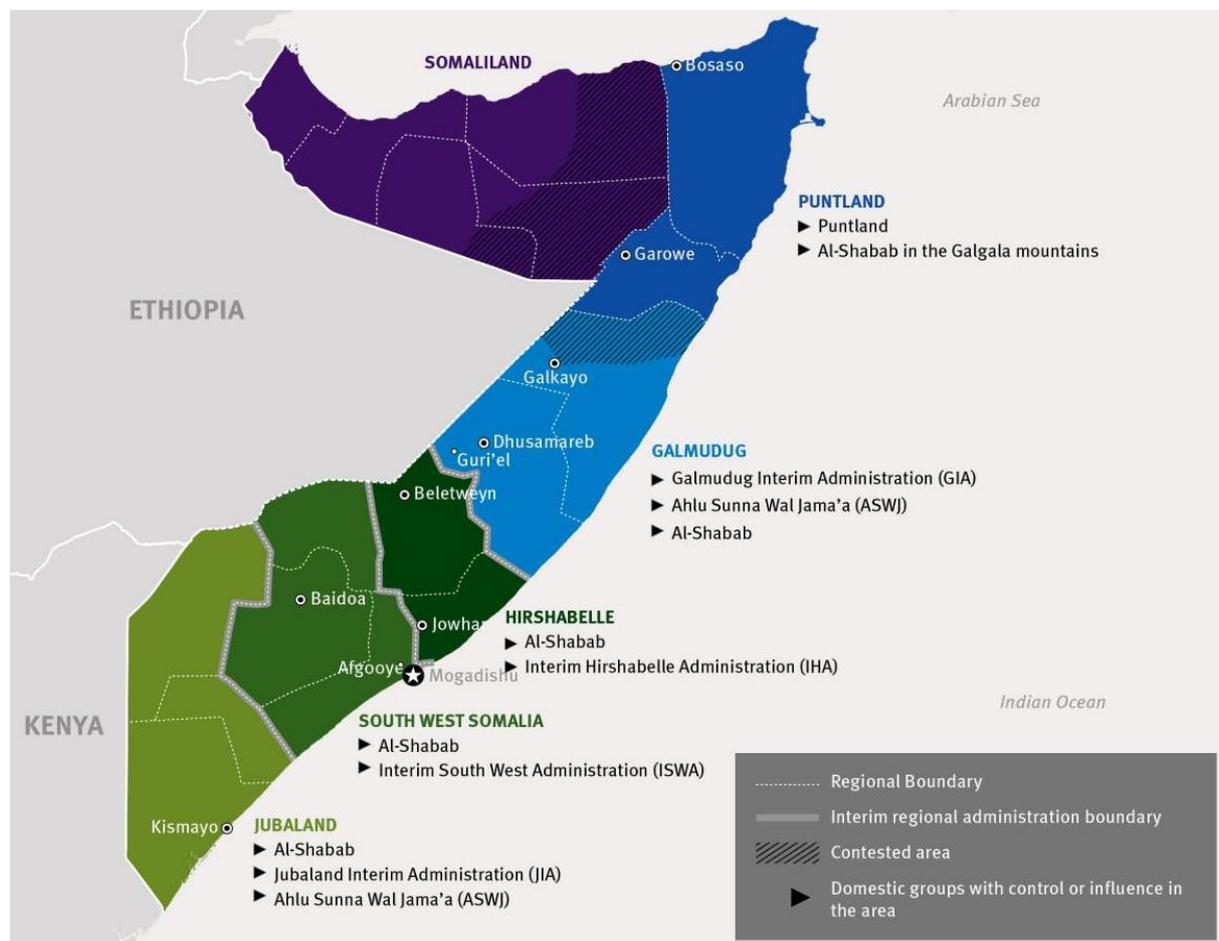
1.1. Scope and structure

This paper is based on a desk review of literature and programme documents and semi-structured interviews with key people drawn from the SSF Secretariat Office, the Fund Management team, the Joint Donor Committee (JDC), the Fund Manager country team, and the Fund's research provider. The bulk of these interviews were conducted during a week-long visit to Nairobi in February 2018, with some additional interviews conducted remotely and in London. It was not possible to travel to Mogadishu to interview Somali government officials due to time and security constraints.

Section 2 briefly describes the current political landscape in Somalia. Section 3 looks at the background to the programme and the rationale for its design, its theory of change, and how this feeds into its core workstreams.

Section 4 describes some of SSF's notable results and setbacks which are particularly relevant for drawing lessons on thinking and working politically in fragile and conflict-affected countries, which were recommended by interviewees from within the programme. It should be noted that, while these five examples were categorised as successes and challenges by the SSF team during interviews, and are described as such in internal SSF documents, most of these cases are more nuanced, with evidence of strong political thinking and engagement amongst the challenges, as well as more uncertain aspects to the success stories. Finally, this section looks at the Fund's work on gender equality, reflecting on its progress in achieving greater formal political representation for women in Somalia, but also some of the significant challenges that remain in shifting entrenched patriarchal norms.

Section 5 takes a look at the core features of the Fund's governance and management, implementation and overall approach that seem to be important in facilitating its politically smart, flexible ways of working. Section 6 draws together some overarching reflections to conclude.



Source: Human Rights Watch, Feb 2018.

2. The political context

After more than two decades of conflict and over a dozen failed peace processes, Somalia has made important progress in the past decade in re-building its state and consolidating peace. The country has almost completed its transition to a federal structure; a peaceful transfer of power at the national level took place in February 2017; a National Leadership Forum (and latterly a National Security

Council) has provided a space for consultation and compromise between the Federal government and the states; and the African Union Mission in Somalia (AMISOM) and the Somali National Army (SNA) have made progress in reclaiming territory from Al Shabaab. But these gains remain fragile. The status of the newly formed states is precarious; elite and clan-based political competition present obstacles to the transition to an inclusive and multiparty democracy; there is no consolidated political settlement at either national or sub-national level; state capacity is weak; and state-building continues to be undermined by numerous sources of instability. Somalia's policy arena is also populated by external actors who routinely pursue conflicting interests – including the eight African countries that make up the Intergovernmental Authority on Development (IGAD), Gulf states, and Western powers (SSF, 2017a). The rest of this section elaborates on the most intractable sources of conflict and instability.

2.1. Drivers of conflict and instability in Somalia

In 2017, the Stability Fund commissioned a macro-level analysis of conflict drivers and dynamics in Somalia. The analysis categorises conflict into three types: political conflict between political formations over power, people and territory at the local, state and federal level; communal conflict between clans generated by competition over resources; and violent extremism, with Al Shabaab opposing both the Federal Government of Somalia (FGS) and the FMS, and controlling large sections of the Somali countryside, often moving back into previously liberated areas as AMISOM forces move on to other regions. Several factors feed into each of these main conflict drivers (SSF, n.d.a.):

State contestation: Somalia is still in the initial stages of state-building, and the process is widely contested. Various political actors and communities compete for supremacy over state institutions, which are regarded as a prize. This contestation is exacerbated by the fact that, although the Provisional Constitution prescribes a federal state with autonomous member states, the exact allocation of resources and powers across the different levels of government remains up for grabs.

Exclusive political settlements: The state-building process at both the federal and sub-national level in Somalia is typically dominated by powerful actors. Many communities and minorities feel excluded from political representation, which often fosters the emergence of armed opposition. Al Shabaab is usually in a strong position to capitalise on these grievances as a way of extending its alliances.

State weakness: The Somali state's lack of capacity to perform the core functions of government has led to the emergence of war profiteers, monopolies, cartels and other groups that have little incentive to support the development of a functioning state. In the absence of capable state institutions, including a monopoly on the legitimate use of force, disputes between groups or individuals are typically resolved through violence. Competition to capture key economic assets is a further fuel to conflict. In the longer-term, it seems clear that the absence of basic services may cause public unrest if taxation increases but access to quality basic services does not.

Land and lack of access to justice: There is no settled rule of law in Somalia, rather a patchwork of competing formal, religious and customary legal frameworks. Al Shabaab has made the concept of justice and equality between all Somalis - independently of clan affiliation - central to its persuasion machinery, which is often appealing to those who have grievances, be it through violated land rights, gender inequality, political or social exclusion, abuses at the hands of security forces, or corruption.

Resource scarcity and poverty: Four out of five Somalis live below the poverty line. 20% of Somalis are pastoralists or agro-pastoralists, and with increased competition over water and pasture due to the

effects of climate change, vulnerability to communal clashes are on the rise. 90% of 15-24-year olds are either underemployed or unemployed, making them easy recruits for armed groups.

External involvement: Several countries are involved in Somalia's state-building process, and there is a perception that the neighbouring African states tend to side with actors allied to their strategic interests at the expense of a stable Somalia. Increasingly, Gulf states compete with one another for political and economic leverage in Somalia in a way that is said to fuel corruption and instability. Past failed interventions by the UN and the West such as UNISOM have generated negative perceptions about the role of external actors in rebuilding the Somali state (SSF, n.d.a.).

3. SSF: background and rationale, theory of change, and core workstreams

3.1. Background and rationale

At the UK Prime Minister's February 2012 London Conference on Somalia, there was a general agreement reached that the international community should make a more concerted effort to support the most fragile areas of Somalia. The conference set out principles to guide international engagement on local stability and announced a multi-donor Stability Fund that would integrate political, security and development interventions, and respond quickly to emerging opportunities. The Fund was initiated as a component of DFID's four year, £30m Somalia Stability Programme (SSP). The initial design and programming were undertaken at a time when, after decades of conflict, civil strife and political turmoil, there appeared to be a window of opportunity for more coherent government in Somalia. The move in mid-2012 from a transitional government to a more widely-legitimised elected President was coupled with the acceptance of a Provisional Constitution. DFID looked to build on these developments by designing SSF to provide flexible support to address issues which create conflict in different parts of the country, and to engage in parts of Somalia where other development programmes were unable to operate due to political uncertainty and insecurity (SSP, 2014).

The design of SSF as a flexible, politically-informed and responsive Fund was informed by a review, undertaken at the design stage of the programme, of similar funding initiatives in fragile states. Experience appeared to demonstrate that top-down approaches to governance and security (usually involving centralised, contractually-structured, procedurally-allocated, mid-to-large scale funding envelopes) had not, in isolation, been particularly successful, largely because they were unable to respond in a timely fashion to rapid changes in the local environment (SSP, 2012). For example, the Afghanistan Reconstruction Trust Fund was found to be limited in its ability to understand and respond to changes on the ground, due to a highly centralised structure and lack of access to areas of implementation. Similarly, the Temporary Financing Mechanism in Libya was said to be unable to respond to changes that were unforeseen at the inception phase of the programme, due to an overly rigid governance structure. The design of SSF also drew from past experience of stabilisation initiatives in Somalia. According to the Business Case for the first phase of SSF (SSP 2012), the provision of stipend and capacity-building support to the central government in Somalia had delivered poor results in the past. The contrasting experience of the Search for Peace work by Interpeace appeared to show that a more flexible, Somali-led approach, which aimed to accommodate evolving Somali political allegiances, had a better chance of success. On the basis of this evidence, SSF was designed from the

outset to be flexible enough to react to the evolving context on the ground in Somalia and to respond to unforeseen events and needs (SSP, 2012).

3.2. The theory of change

In the first phase of the programme, the Fund's theory of change was that the creation of local pockets of stability would result in conflict being reconciled across increasingly wide areas of Somalia. Instability was seen to result from a lack of governance, which meant that various competing actors (including clans, militias, Al Shabaab, and others) endeavoured to control and direct the flow of limited resources and establish informal authority. According to this theory of change, reducing tensions over resources by bringing together communities to plan and access additional services would reduce sources of competition. It was envisioned that working with power-brokers to manage and negotiate settlements peacefully would bring about greater security, and that formalising some of these negotiations into governance structures would provide a framework for managing conflict and a basis for stability in local settings. By resolving localised conflicts that create instability in this way, and joining areas where peace has been established into an overarching framework for reconciling competing interests, a network of stable areas abiding by an agreed set of governance principles would emerge.

This 'local stability' approach achieved broad consensus at the Somalia Conference in London on 7 May 2013, and formed the basis for the Fund's investment strategy in phase I, which prioritised relatively small-scale, community-driven development (CDD) projects. According to several interviewees, there was an acknowledged need to experiment in phase I with a wide range of projects to establish options that would work well in the Somali context. However, as the development of interim regional administrations in Somalia gained momentum in the early years of the Fund, SSF started to change its CDD approach in order to provide support to these nascent governance institutions. The emergence of these administrations and the new programming opportunities which they presented prompted a re-think of the theory of change for the second phase of the programme. Revising the theory of change was also encouraged by the findings of a mid-term evaluation conducted in 2016, which found little evidence to support the assumption that sustainable gains in stability would be established in Somalia by resolving local conflicts and joining areas to produce a network of stable areas. The evaluation found no evidence that this 'islands of stability' dynamic was playing out in practice at scale, and the sustainability of SSF's impact on expanding the number of areas of local stability was seen as vulnerable to changing political and conflict dynamics (SSF, 2016). In one case, for example, the departure of AMISOM troops from the town of Xudur for a short amount of time led to the capture of the town by Al Shabaab, who executed a number of individuals that it considered to have collaborated with its enemies. Even though AMISOM was able to recapture the town shortly afterwards, trust and community cohesion are difficult to rebuild, and these developments evidently jeopardise the results that SSF aims to achieve (SSF, 2016: 44).

In response to these findings and developments, the theory of change for SSF II has shifted its analysis of the main drivers of conflict and instability to the state level. SSF's strategy is now premised on an analysis that the core problem at the root of Somalia's prolonged crisis is competition over access to power and resources, coupled with perceptions of injustice and exclusion on the part of some social groups, due to exclusive political settlements at the federal, state and district levels. Powerful actors are understood to dominate the state-building process, capturing key revenue streams and leaving many communities and minorities feeling excluded. The sense of grievance felt by these groups has fostered the emergence of armed opposition groups; enabled Al Shabaab to extend its alliances; and

created space for external actors to expand their influence. At the local level, unequal access to scarce resources such as water and pasture land drives communal conflict and can be exploited by political actors for their own purposes.

Building on this understanding of the drivers of instability in Somalia, SSF's theory of change is that by addressing fault-lines for political conflict; enhancing popular voice and participation (particularly for women and excluded groups); increasing government visibility and community engagement around key priorities such as services and livelihoods; and reducing community vulnerability to conflict through targeted conflict resolution approaches; SSF will contribute to enhanced government legitimacy and reduced political and communal conflict, ultimately enhancing stability in Somalia.

3.3. Core activities and assumptions – unpacking the theory of change

SSF's theory of change pre-supposes that addressing political fault-lines for contestation and conflict should be central to building stability in Somalia. However, as an external actor, the Fund is also realistic about its scope for influencing underlying power structures, recognising that this depends on the political will and the incentives of key elites, as well as the broader stability landscape in Somalia (SSF 2018).

Alongside promoting sufficiently inclusive elite settlements to reduce the risk of conflict in the short-term, SSF supports enhanced popular participation, particularly for women and excluded groups. A critical assumption here is that by increasing popular participation, SSF will support these groups to increase their voice, agency, and ultimately their impact on policy outcomes, leading ultimately to enhanced government legitimacy.

Thirdly, SSF support a range of interventions designed to increase government visibility and community engagement around key priorities such as services and livelihood opportunities. This assumes that the government at state and district levels is incentivised to improve relations with the community, and that by supporting inclusive and participatory processes to identify community priorities and then investing in these in the name of the government, SSF can improve trust between communities and government and tackle perceived social and economic inequalities between groups. SSF delivers this work as part of an integrated approach, which includes reconciliation and rule of law (SSF 2018).

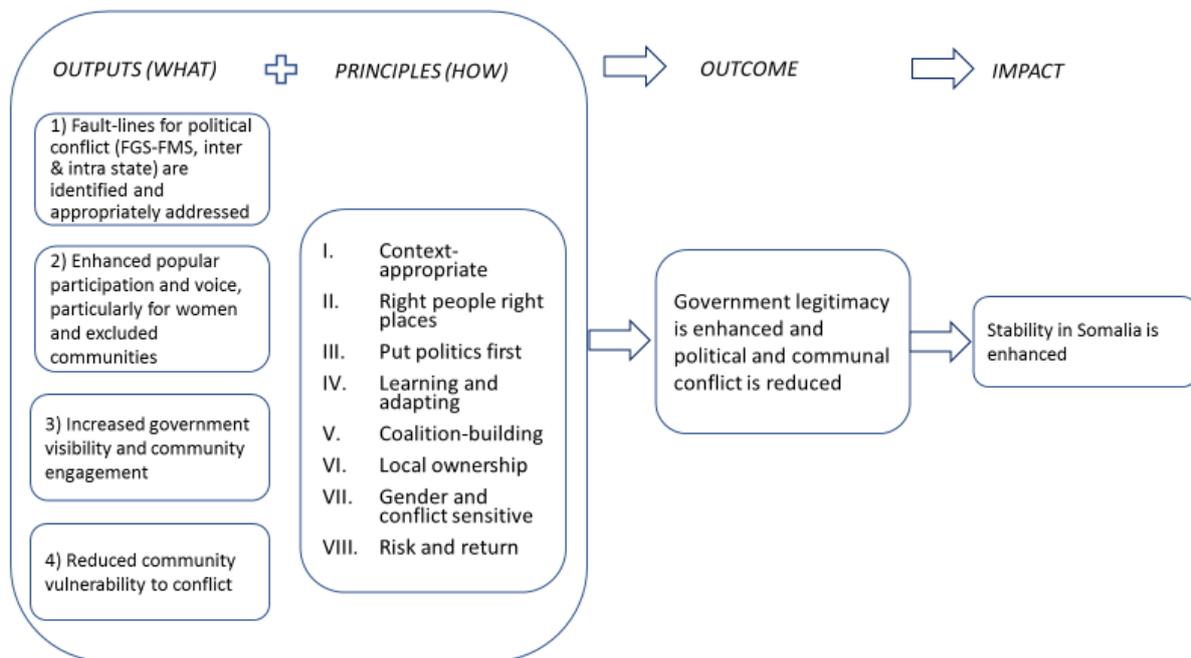
Finally, SSF supports targeted conflict-resolution processes - working in partnership with the state authorities far as possible as the best way of ensuring sustainability – together with activities to address localised conflict drivers and reduce incentives for conflict.

SSF's most recent strategy (SSF 2018) also sets out the principles through which the Fund delivers support. This is a strong statement of what politically smart, locally-led, gender-sensitive programming looks like in principle:

- i. *Context-appropriate* – SSF strategy and programming is based on regular analysis and scenario-planning.
- ii. *Right people right places* – SSF empowers its Somali staff in the Secretariat Office and the Fund Manager country team, who speak the language and bring strong local understanding and political networks, to influence policy and programming decisions.

- iii. *Engage with the politics* – the Fund engages with Somali politics to understand incentives and identify investments; and uses project funding and the Secretariat Office’s influence to help to build confidence in political processes and underpin the agreements that come out of them.
- iv. *Learning and adapting* – SSF has developed a learning agenda which supports the iteration and adaptation of strategy and programming in line with emerging evidence and lessons.
- v. *Coalition-building* – SSF shares its analysis and learning in a wide range of fora and encourages more joined-up work amongst international actors in Somalia.
- vi. *Local ownership* – SSF works to ensure alignment with government priorities and government visibility and leadership across its investments, whilst at the same time supporting government- community engagement and responsive delivery.
- vii. *Gender and conflict sensitive* – SSF investments aim to positively address conflict dynamics and shift gendered power relations to promote women’s empowerment.
- viii. *Risk and return* – SSF takes a balanced portfolio approach to risk, which ensures that high risk projects are balanced by low risk projects.

Figure 1: SSF theory of change (SSF 2018).



4. Key achievements and challenges

Aid programming in Somalia comes with an elevated set of risks. For SSF, these risks include provoking disputes between competing political entities, clans or sub-clans who perceive that benefits of the Fund’s activities have not been distributed fairly; that enhanced political engagement around fault-lines² is perceived negatively by the states; or that governance structures supported by the SSF are not sufficiently inclusive or legitimate (SSF, n.d.a.). The ability to understand and negotiate around a

² Faultlines are areas which are probable sources of tension, contestation or conflict which exist at different levels of the Somali polity, including between the federal government and the member states (particularly around key transitional tasks), between member states (such as the border dispute between Puntland and Galmudug) and within member states (such as the prior conflict between competing governance structures in Galmudug state due to the continued territorial control enjoyed by Ahlu Sunna Wal Jama’a) (SSF, 2017b).

highly complex and often rapidly changing network of political interests and incentives is therefore critical to ensuring that the Fund's interventions contribute to stability and avoid creating harm. The dynamic nature of politics and the security situation in Somalia means that the Fund's project management calls for a considerable amount of flexibility. Moreover, as discussed in the previous section, the Fund has shifted to focus more heavily on state-building for phase II. For the Stability Fund, thinking and working politically in Somalia therefore often means engaging with fragile and contested political institutions. For these reasons, working on stabilisation in Somalia calls for SSF to operate in ways that are politically smart, locally-led where possible, and flexible and adaptive (TWP Community of Practice 2015; Booth and Unsworth 2014).

This section details some of the notable examples where thinking and working politically has been a critical component of success in SSF's programming, drawing on investments from both phases. These examples include the Fund's support to the formation of nascent federal states; infrastructure investment projects in Balanbale and Abudwak; and the reconciliation process between Galmudug State and Ahlu Sunna Waljama'a. This is followed by a discussion of some challenges that the Fund has encountered, focusing on the Hirshabelle state formation process and the construction of the Baraawe airstrip. The aim is to draw out some of the lessons from these examples for politically-informed approaches to aid delivery in fragile and conflict-affected countries. Finally, this section looks at the Fund's work on gender, reflecting on its progress in achieving greater formal political representation for women in Somalia, but also some of the significant challenges that remain.

4.1. Achievements

Support to federalisation

There was a broad consensus amongst interviewees that the Fund's support to the formation of nascent federal states in Somalia was the outstanding achievement of SSF I. Having assisted in the formation of interim administrations in the South West, Galmudug and Jubbaland through technical advice, training, logistics, and infrastructure, the Fund subsequently supported the establishment of finance ministries, public financial management (PFM) systems, and civil service commissions in each state. This paved the way for the World Bank to provide fiscal transfers – which is the first time this kind of funding has been made available at the sub-national level. The Fund's work in this area is largely without precedent, as donors typically reform existing public PFM systems rather than help build them from scratch. In December 2016, SSF handed over responsibility for this work to the Public Resource Management in Somalia programme (PREMIS)³.

SSF's decision to support the emergence of regional governance institutions by providing aid and technical support was a political decision that had a legitimising effect on those political settlements and governance structures (Herbert and Marquette, 2015). Support to any process that leads to new power sharing and governance arrangements is inherently political and therefore calls for flexibility,

³ Co-funded by DFID and the EU, this four year, £13.8 million programme will support the newly established FMS in raising revenues, effectively managing public resources and building up their civil service. Using the merit-based recruitment systems instituted by SSF, over 250 newly civil servants have been trained in budget preparation and execution, treasury and cash management, procurement, external and internal audit, and fiscal analysis, and are now eligible for World Bank Recurrent Cost Reform Financing. With much of the groundwork laid out under the SSF, PREMIS was able to take on a more rigorous, accelerated workplan to scale-up PFM operations, including initiation of system roll-out to respective State Presidencies and Ministries of Security, improving revenue collection by training collection agents and modifying revenue management systems to begin to take on more complex tax sources.

patience, and continuous analysis. Each state government in Somalia emerged from an intense process of negotiation and deal-making amongst the various clans in the relevant region, with the outcome in each case that one clan was awarded the presidency, another the capital, and the remainder were compensated by larger proportions of parliamentary seats or key cabinet positions (SSF, 2017d).

For SSF, the importance of being politically well-informed and astute is arguably most pronounced in the context of this state-building work, given the high level of risk that its activities could provoke rather than ameliorate tensions between different actors. The creation and formalisation of member states raises the potential gains to be had from political influence over the allocation of land and other economic assets, and it can also entrench conflict where two states meet or where control over state institutions is still heavily contested (SSF, 2017d). Therefore, to provide support to these emerging institutions in a way that has been conducive to stabilisation, SSF had to be very well-informed about local power and conflict dynamics, particularly the relations between clans, sub-clans and how they related to overarching political institutions. Moreover, given that the federal states in Somalia emerged and are held together through delicate clan-based power-sharing formulae, accommodation for minority and smaller clans within these processes of member-state formation is essential for on-going stability (Mosley, 2015). Therefore, in providing support to these power-sharing arrangements, SSF had to not only be aware of local power dynamics, it also needed to be ready to make assertive decisions to promote the inclusion of clans that might have otherwise been excluded from or inadequately represented in the new political institutions. In the case of each State, the Fund undertook an assessment of whether the proposed power-sharing arrangements were sufficiently inclusive before providing assistance. The segmentary character of Somali clan identity, the informal and fluid nature of Somali political affiliations, and the absence of reliable demographic data, meant that assessing the inclusivity of these arrangements was particularly challenging (SSF, n.d.c.).

SSF's work with the interim administration in Jubbaland (IJA) was flagged up in SSF's annual review in 2015 as being a particularly strong example of politically aware, flexible and technically robust governance work. SSF provided financial, technical and logistical support to the IJA to draft a provisional constitution, which included gathering the views of the people of Jubbaland and presenting a draft to a constitutional convention in Kismayo. This support was facilitated by the fact the Fund's Policy Advisor had direct access to the IJA President, Ahmed Mohamed Madobe, and members of his Cabinet and senior staff. The Fund took care to ensure that its work was *enabling* – i.e. providing local actors with the material support they needed to make decisions about the shape and content of their own administration and constitution. This approach appears to align well with the Fund's commitment to take a problem-driven approach to stabilisation in Somalia, rather than be led by pre-determined solutions.

The Fund's interventions took place against the backdrop of a contested state formation process in Jubbaland, with significant opposition from a number of clans in the region, who felt marginalised from the emerging institutions, as well as the Federal Government. Political processes like state formation often attract spoilers, and all the States in Somalia experienced moments of apparent deadlock in the face of fights between different presidential candidates and other politicians, clan disagreements, negotiations, and political scheming. In the case of Jubbaland, members of the SSF Secretariat Office consulted extensively with relevant actors from across the political spectrum to help facilitate the process, and used their political leverage to ensure that the emerging political settlement was sufficiently inclusive to satisfy the various potential spoilers.

The fact that the administration in Jubbaland, as well as South West and Galmudug, have proved durable, seems to provide some testament to the strength of the Fund's political analysis and engagement in these cases. However, not all the Fund's work in supporting state formation processes has led to stable political settlements. As discussed in more detail below, the federal administration in Hirshabelle is the site of intense and on-going clan contestation over political resources. It is also worth emphasising that, in many important respects, the process of federalisation in Somalia is imperfect, incomplete and contested. In addition to Hirshabelle, a change of leadership has also taken place in Galmudug, and leaders in all the States have faced significant challenges. Before 2020, each FMS is expected to conduct internal electoral processes that will further test their inclusiveness, cohesion and legitimacy (SSF, 2017d: 2).

The main lessons from this case are as follows:

- **Political insight and understanding.** Understanding the relations between the various clans and communities in each region, and their positions relative to overarching political institutions, has been critical in managing the risks associated with supporting state-formation processes in Somalia.
- **A trusted, well-informed and well-connected team on the ground.** SSF has full-time staff members with direct access to senior figures in the federal, regional and district levels of government in Somalia. This has enabled the Fund to consult with actors from across the political spectrum to help facilitate the federalisation processes, and to encourage the appropriate inclusion of relevant groups.
- **Gradual engagement.** SSF has tended to adopt a gradual approach to engaging with key actors in the federalisation processes. This gives the Secretariat an opportunity to learn how to navigate what are often tense environments, and to identify partners that are capable of implementing projects in the relevant areas. Partners on the ground can face intense pressure and will often need support from the SSF team to challenge rent-seeking behaviour.
- **Building on existing operational capacity and track record.** In some cases, the Fund was in a position to support emerging political processes because of its previous work on less politically-charged investment areas like service delivery. For example, the Stability Fund's strategy for Baidoa was initially to work with governing committees at the village level, to help bring communities together and deliver some services. By developing operational capacity and a strong track record for delivery in the region, the Fund was able to then engage on more political issues in mid-2014 with the emergence of the Interim South West Administration (ISWA).

Infrastructure investment in Balanbale and Abudwak

Infrastructure investment projects serve two important political purposes for the Stability Fund⁴. Firstly, physical structures like parliaments and ministry buildings increase the visibility of government.

⁴ Between October 2016 and November 2017, SSF constructed or rehabilitated 17 community assets, all in partnership with government. This included a university building and a vocational school in Abudwak, a public hospital and administration block in Balanbale, a 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 the rehabilitation of an administration block and airstrip in Hobyo (SSF 2017b).

Secondly, as one interviewee explained, engaging in projects like infrastructure is a way of buying the capital that enables the Fund to engage in more politically sensitive work, such as pushing for more inclusive political settlements at the state level.

In many of the communities in which the Fund operates, conflict dynamics are not readily pronounced at the outset of a project but emerge during critical stages of the investment selection process, particularly with projects like communal infrastructure. The Balanbale public hospital and administration block in Galmudug is one example. SSF and its partner, the Zamzam Foundation, were informed that the community had prioritised the construction of a new health facility, despite the fact that there was already a functioning clinic nearby (albeit in need of repairs and upgrades). The community had opted against rehabilitating the existing facility, primarily because it was located in an area that was considered to be a stronghold of a competing clan. Relying on its understanding of the conflict dynamics in the area, SSF took this as an opportunity to build cohesion between communities. Through a lengthy process of dialogue and consensus-building, an agreement was brokered among community leaders to set up a new and more inclusive management structure for the existing health facility so that, despite its location, it was communally-owned. The agreement helped to both cultivate a common understanding among the community while also ensuring the sustainability of the facility (SSF 2017b).

The construction of Galgaduud University in Abudwak was mentioned a number of times in interviews as another strong example of the advantage of the Fund's politically savvy and flexible approach. Initially, the construction of a university was identified as a priority need in a community-led, consensus-building process. However, the two major clans in the area could not reach agreement on the exact location. The situation was further complicated by the fact that the federal government, on the one hand, and supporters of Ahlu Sunna Wal Jama'a (ASWJ), on the other, sided with opposing clans. Thanks to the SSF team's extensive understanding of the underlying political and community tensions feeding this dispute, the Fund successfully changed its approach to dealing with the community. In order to diffuse tensions, SSF paused the project and withdrew funding until both parties were able to reach an agreement on a way to share the investment equitably. In response, the community began to negotiate and managed to reach consensus among themselves on the selection of the most appropriate location. Moreover, the community mobilised US\$85,000 as their contribution to the construction and establishment of the University. The facility was completed and transferred to the community in April 2017 (SSF, 2017b).

The main lessons from these cases are as follows:

- **A trusted, well-informed and well-connected team on the ground.** In both examples above, underlying conflict dynamics were at risk of being exacerbated by the Fund's investment activity. In order to diffuse tensions between competing communities over the location of the new infrastructure, the Fund relied on the ability of its country staff to understand the source of the grievances and to act as trusted mediators.
- **Flexibility and patience.** The example of Galgaduud University in particular highlights the value of the Fund being able to flex its approach in response to developments on the ground, and be patient enough to allow for locally-defined solutions to emerge.
- **Local ownership and alignment.** These examples demonstrate the importance of not only consulting with communities, but empowering them to reach their own conclusions about how investments should proceed.

Reconciliation between Galmadug and Ahlu Sunna Waljama'a

Several interviewees pointed to SSF's more recent work on facilitating reconciliation between Galmadug State and ASWJ – two sides with a long history of violent conflict that presented a major impediment to the stabilisation process in that state - as evidence not only of the Fund's politically well-informed and astute way of working, but also its ability to scale up support in response to an emerging opportunity. What began as a fairly modest ambition on the part of SSF to provide some training for both sides morphed into the creation of a platform for them to hold reconciliation talks. Working with IGAD as the political mediator, SSF engaged the key political actors intensively in the run up to the talks, to ensure that both sides were genuinely ready and committed to discuss peace and power-sharing arrangements. According to one interviewee, the Fund's understanding of the incentives at play was critical in enabling it to spot the opportunity to scale up its ambitions. The Galmadug President was at risk of being ousted by the Federal government, and was keen to consolidate his power base. On that basis, he was motivated to start dialogue with ASWJ. On the part of ASWJ, their internal power base was fracturing and there was discontent forming within the districts over which they exercised control. These factors meant that the timing was right for them to benefit politically from participating in reconciliation with Galmadug.

According to several interviewees, one of the Fund's most important achievements in ensuring the sustainability of the peace process was to convince Galmudug state to invite the Federal Minister for the Interior to oversee the talks in Djibouti. The Stability Fund's Policy Advisor understood that the Minister's involvement in this process was crucially important because: a) his perceived neutrality from the perspective of communities in Galmudug would lend legitimacy to the peace process, and b) his direct involvement in the process would help avoid the risk that the FGS would act as a spoiler later down the line, by seeking to derail any agreement that they were not part of.⁵ For this same reason, the Fund further encouraged the two sides to officially validate their agreement in Mogadishu, under the auspices of the federal government.

By understanding that the interests of the two sides were aligned in ways that could pave the way for peace talks, by being flexible enough to scale up the process of engagement, and by being astute enough to ensure the right people attended and were accepted at critical meetings and workshops, SSF played an important role in facilitating the negotiated settlement and power-sharing deal that was eventually signed in December 2017.

The main lessons from this case are as follows:

- **A trusted, well-informed and well-connected team on the ground.** In this example, SSF not only understood the nature of the political incentives at play amongst the leadership on both sides of the dispute, but was perceptive enough to recognise when those incentives were sufficiently aligned to provide an opportunity for reconciliation. The ability of the SSF Policy Advisor to then act on that understanding by engaging directly with key actors to ensure their input into the process was crucial.

⁵ While SSF lobbied for the FGS Minister to attend, in the end the talks were actually attended by the State Minister. SSF faced an additional set of challenges in convincing the Galmadug President, Ahmed Dualle Geele Haaf, to accept the participation of the State Minister, due to his complicity in a prior attempt to impeach the President.

- **Flexibility.** Equally important was the capacity of the Fund to scale up its activities in response to an emerging opportunity, moving from an initial plan to provide training to facilitating peace talks.

4.2. Challenges

Hirshabelle State Formation process

In late October 2016, SSF concluded support to the Hirshabelle State Formation process, which culminated in a settlement based on power-sharing between the state's two major clans. SSF provided support to the venue for the negotiations, accommodation for Genuine Traditional Elders (GTEs) and delegates and local transportation costs for the GTEs and the Ministry of Interior, Federal Affairs and Reconciliation (MOIFAR) facilitators. The logistical support that the Fund provided required constant attention to the evolving political dynamics and engagement with donors, the Federal Government, IGAD, the UN, and GTEs to agree on power-sharing milestones that needed to be met in order for SSF's support to the process to be continued. This process was designed to ensure that SSF did not legitimise a process that was not sufficiently inclusive, thus risking conflict (SSF 2017b).

The most visible tension the Fund was concerned with was political contestation between the Hawadle and Abgaal clans over governance arrangements of the state. While the Abgaal have historically dominated the politics of Middle Shabelle region, the Hawadle have enjoyed primacy in Hiiraan, and each of them were eager to dominate the new state. Following negotiations between Abgaal and Hawadle community leaders and pressure on the FGS by the international community, including IGAD, SSF donors, and the UN, these differences were settled in the election of a Hawadle President, Ali Abdullahi Osoble, and the designation of Jowhar as the state capital where Abgaal groups are dominant. The speaker of the Hirshabelle regional assembly was given to Galje'el, which is also a major clan in Hiiraan.

Despite the significant measures that were taken to reach an inclusive settlement, major challenges arose after the administration was formed. The federal government was widely perceived by other clans in the region as having interfered in the federalisation process to engineer the appointment of a favourable candidate ahead of federal-level elections. Moreover, some elements of the Hawadle clan never accepted the process and continued to argue for a Hiiraan-only state.⁶ This opposition was fuelled by President Osoble's decision to appoint Hawadle district commissioners and deputy commissioners to the multiclan districts. Tensions between the executive and the regional assembly eventually led to vote of no confidence in the President, less than a year after taking office.

SSF had planned to scale up investments in Hirshabelle and respond to some of the priorities of the Hirshabelle administration. However, because of this political turbulence, SSF had to put these plans on hold. The Hirshabelle administration faces ongoing challenges in bridging divided communities and addressing grievances by relatively smaller clans, including Jaje'le, Baddi'adde and Makanne, and extending governance across the state.

The main lesson from this case is as follows:

⁶ The Provisional Constitution requires each state to be composed of at least two regions.

- **Not all good things go together.** Hirshabelle is distinct from some of the other federal states in Somalia because no single dominant victor emerged from the processes of negotiation, contestation and dialogue that informed the state-formation process. Instead, the Hawadle and Abgaal clans reached an informal power-sharing agreement that left the President vulnerable to being unseated through the Parliamentary process. In comparison, the leadership of South West State and Jubbaland not only secured support from their constituencies, they achieved political dominance, partly by co-opting armed groups in their regions. Interviewees from SSF said the strength of the political leadership in these two states is an important factor in accounting for their relative stability.

This analysis speaks to a wider dilemma that international actors may have to grapple with in deciding whether and how to support political settlements in fragile environments. In shaping the emerging federal structure in Somalia in ways that align with democratic values, the Stability Fund wants to promote strong state-level Parliaments that can hold the Executive to account. But at the same time, the experience of Hirshabelle, in comparison to South West State and Jubbaland, points to the importance, for short-term political stability, of strong political leadership that can consolidate political control. This suggests that donors may sometimes need to confront trade-offs, at least in the short-term, between a strong culture and practice of democratic contestation, on the one hand, and political stability, on the other, in the course of thinking and working politically in highly fragmented polities like Somalia.

Baraawe airstrip

Delivery against the SSF Results Framework rests on an assumption that AMISOM will uphold and continue its mandate to support the FGS and FMS, and counter the insurgency by Al Shabaab (SSF, 2017b). Some of the areas in which SSF has worked are cut off from other major population centres and face ongoing security and access issues. The success of projects in these areas often depends on the security guarantee provided by AMISOM, and this can leave the Fund in a precarious position. Despite concerted efforts, SSF has experienced persistent delays in the construction of an airstrip in Baraawe, the designated capital of South West State (SWS). The SWS administration believes that the completion of an airstrip will accelerate the formal relocation of the State Capital from its temporary location in Baidoa. AMISOM had predicted that the original intended site for the airstrip would be within a 'pocket' of security and stability, and on that basis SSF proceeded with contracting the investment. However, AMISOM was not able to secure the site that had been agreed upon. AMISOM had not made sufficient progress in combating Al Shabaab in the surrounding region, and the capacity-building process of the Somali National Army was much slower than had been envisaged. The result was that the original site was no longer feasible for the project. This delay presented both a financial risk to the Fund, because of the costs of having to search for, assess and design a new site, and a reputational and political risk, given that the airstrip was a priority for SWS President Sharif Hassan.

Given that, in this case, the delay was created by security circumstances outside of the control of SSF, this example primarily underscores the risks that are to some extent inherent in operating in fragile and conflict-affected countries, rather than pointing to a failure on the part of the SSF to operate with sufficient flexibility or political know-how. Nevertheless, SSF documentation (SSF, 2017b) sets out three lessons from this experience, which provide a useful insight into some of the Fund's learning processes and risk management principles that will help it to adapt to similar situations in future.

The main lessons from this case are as follows:

- **Sequencing.** In the case of particularly high-risk investments, SSF has now decided to require its counterparts to first fulfil their commitments before officially contracting investments.
- **Leveraging diplomatic support.** The SSF team will in the future consider calling on its donors to engage diplomatically much earlier in these process, rather than relying on assurances from government that issues are appropriately escalated.
- **Consulting directly with community leaders when delivering against government priorities.** In the design process for the construction of the airstrip, SSF did not initially conduct extensive community consultations due to difficulties in accessing Baraawe, which cannot be reached by road. SSF staff and officials from the Ministry of Interior and Federalism (MOI) visited Baraawe in December 2014 to carry out a rapid political economy assessment. Community participation and interaction during the visit was, however, minimal, due to fear among the public of reprisal attacks by Al-Shabaab operatives. Instead, the airstrip and its proposed location were identified by the SWS leadership. When difficulties emerged over the location of the proposed construction site, SSF undertook a mission to assess new sites. The community consultations that accompanied this field visit brought to light grievances in relation to the promised airstrip, and how the project had been managed by SWS and SSF up to that point. Through extensive consultation, SSF has endeavoured to regain the trust of local communities, and this has resulted in the selection of a new site that, at the time of writing this report was under construction. Community consultations are now seen as an important part of the Fund's risk management strategy across all of its investments (SSF, 2017b).

Box 1: Thinking and working politically on gender in Somalia

It has been noted by several authors that, until very recently, there has been a lack of focus on issues related to gender equality in the literature on thinking and working politically (Browne, 2014; Koester, 2015; Dasandi et al, 2016; Laws et al, 2018).⁷ This omission is glaring given that gender is one of most central and pervasive systems that shape power relations in the world. Incorporating gender would therefore seem to be an important part of being politically smart in the context of most analyses, sectors and programmes (Koester, 2015).

Evaluations of phase I of the Stability Fund found that whilst gender issues were considered to some extent during programme design, procedures were not in place to mainstream gender in implementation plans and activities, and no link was made at a conceptual level between gender and stability, governance, or inclusion. The Fund refreshed its approach to gender under Phase II with support from a gender expert (SSF 2017c). In its second phase, SSF has committed more thoroughly to mainstreaming gender throughout the programme, by ensuring that the impact of a project on gendered power relations forms part of the design-stage analysis and by requiring investees to ensure their interventions will not negatively affect the relative power of women and minorities. The Fund has also earmarked a specific amount of funding in each state to respond to investment proposals that are designed to promote or support changes in gendered power relations. It has further mandated that 30% of funds for community-level projects will be invested in line with women's priorities, in recognition of the fact that women tend to be poorly represented in consultation processes.

⁷ A recently published research stream from DLP, consisting of a literature review, synthesis report and a series of case studies, looks at how external actors can combine gender analysis with TWP to achieve more effective development outcomes. <http://www.dlprog.org/gender-and-politics-in-practice.php>.

Much of the Fund's direct work on gender to date has focused on increasing formal political representation for women. In October 2016, SSF supported the Somali Women Study Centre (SWSC) and its local partner, the Somali National Women's Organization (SNWO), to advocate for a 30% quota for women seats in the Hirshabelle parliament. As a result of their engagement efforts, 4 women were elected and a further 17 seats out of a total of 116 were reserved for women candidates. Additionally, a woman was elected to the position of deputy speaker for the first time. However, to date the administration has not made good on its commitment to elect women to the 17 seats supposedly reserved for them, despite follow-up by SSF and commitments from the new President that he will address this issue. SSF also supported SWSC to lead advocacy campaigns in Baidoa, Jowhar, Kismayo and Adado, lobbying for the fulfilment of the 30% quota for women MPs at the federal level with candidates from these districts. Through these district-level campaign efforts, SWSC supported 19 of the women who won MP seats within the lower and upper houses of the FGS Parliament. The SWSC and SSF also actively engaged the leaders of all the FMS to adhere to the agreed quota for women. These efforts helped to achieve significant representation for women in the senate (SSF n.d.b.).

According to one programme actor, SSF has successfully established the 30% quota for women as part of the 'official mindset' in the state administrations. However, it was also acknowledged that the main challenge is to move beyond the token representation of women through mandatory quotas, and to support the genuine inclusion of women's voice and agency in political, economic and social structures. Programme documentation (SSF, 2017b) notes that SSF's progress in this regard has been very modest, and while important processes have been initiated, there are limited results to report. Interviewees suggested that whilst there was agreement that the Fund can make progress on gender objectives in regard to political participation and economic empowerment, there is less optimism that underlying gender norms in Somalia can be affected simply through a donor-led intervention.

At the time of writing this report, SSF had identified partners to support women's participation in political processes across the five states, with a particular emphasis on women from traditionally marginalised groups. These partners will focus primarily on encouraging and supporting women to participate in state elections, assume decision-making roles in local government and state parliaments, and engage the community as a whole on the benefits of supporting women to do so. These activities will be complemented by a new media investment, focused on changing the normative framework around gender equality in Somalia by addressing common prejudices about the participation of women and men from marginalised groups in public life.

5. Enabling conditions, and lessons for thinking and working politically

This section looks at some of the key features of SSF's organisation, approach, and implementation that have enabled the Fund to think and work politically.

5.1. Organisation

Governance and management

A key part of SSF's strategic advantage is due to its rather unusual governance and management model. Many stabilisation initiatives are bilateral programmes where a single donor engages an implementing partner (SSP 2012). By comparison, the Stability Fund is administered by a Fund Manager (operated by Adam Smith International (ASI)) which is overseen by a donor-staffed Secretariat Office, which in turn is overseen by a Joint Donor Committee (JDC), which includes representatives from each of the Stability Fund's donors. The responsibility of the Fund Manager is to deliver programmes under the direction of the Secretariat Office. The role of the Secretariat Office is to develop SSF policy and strategy, take programmatic decisions, and liaise with Somali and international stakeholders.

By design, SSF has considerable freedom to shift its attention and resources from one project to another, employ tactics that prove politically smarter in response to changes on the ground, and if necessary cancel investments that are proving unpromising. Whilst outcome areas are fixed, there is flexibility to change the balance of investments in line with changing security and political dynamics and emerging opportunities, and to add or amend outputs. This flexibility is facilitated by three interlocking features of the way the Fund is governed and managed.

First, the Secretariat operates at arms-length from the donor agencies that form the JDC. The JDC delegates the majority of decisions to the Secretariat and avoids committee decision-making wherever possible. In addition, the Secretariat and the Fund Manager for SSF are housed in the same office in Nairobi, enabling the kind of quick decision-making and rapid sign-off on course corrections which are often called for as part of a flexible programme.⁸ Several key informants cited this devolved decision-making structure as a key reason why the Fund is able to work politically, by making agile decisions in response to changes on the ground. By comparison, according to one respondent, a number of other international stabilisation projects in Somalia - including those led by the UN - are often slowed down because they sit under the Somalia Development and Reconstruction Facility (SDRF) structure⁹, which means that key strategic decisions have to be approved through committee.

Second, by having a managed fund with multiple donors, SSF has a significant amount of freedom to identify and allocate resources to new initiatives as the programme goes along, or to change its funding priorities as it sees fit. SSF can make these kinds of agile and responsive decisions in part because it does not need to fundraise for specific projects. Donors commit resources to the Fund itself rather than to particular interventions, which avoids the need for project financing to go through (potentially onerous and slow) internal donor-approval processes.¹⁰ Moreover, whilst DFID's insistence on accurate monthly financial forecasting can be hard to reconcile with a politically responsive

⁸ Denney & McLaren (2016) discuss the benefits of a similar co-location arrangement in the context of the DFAT-funded Pacific Leadership Programme. They found it helped create a supportive enabling environment for thinking and working politically by strengthening relationships between programme and donor staff and streamlining decision-making, approvals, communication and risk management.

⁹ The SDRF is a coordination framework and a financing architecture for implementing the Somali Compact – an agreement between the FGS, the EU and other international partners on priority interventions to ensure the country stays on the path to long-term peace and state-building.

¹⁰ Lucia et al (2017) similarly found that the managed fund set-up maintained by DFID's FOSTER programme in Nigeria was conducive to flexible and adaptive programming.

approach to programming, the Fund's other donors are much more flexible in terms of what the Fund spends each month against their commitment, which creates the financial space for course corrections, flexing in response to new opportunities or information on the ground, and so on. A number of interviewees emphasised that the individual members of the JDC are all committed to the Fund as a flexible and adaptive instrument; although some donors insist that their contributions are only spent on specific activities, which places certain limits on the Fund's overall financial flexibility.

Finally, partly as a result of the first two governance features, the Fund works without a set annual workplan. Although – as discussed in more detail below – the programme operates with a conventional DFID logframe and results framework template, its workplan is regarded as a 'living document' that is updated on an almost daily basis in response to changes on the ground or new information.

The authorising environment

It is widely recognised that the ability and motivation of implementing partners to think and work politically is shaped by the wider donor environment within which they operate. Interviewees suggested that an understanding of the need for flexibility and political engagement is something that percolates throughout the DFID Somalia office, partly in recognition of the fact that more conventional approaches to reform are unlikely to have traction in such a complex and fluid governance and security environment.

Whilst senior DFID management appear to be supportive of the Stability Fund's overall ethos of experimentation, adaptation and (managed) risk-taking, having a clear line of communication and a high level of trust between DFID Somalia and the Secretariat Office via the Head of SSF is critical in this regard. This is particularly important given that SSF is the one of the largest spending programmes in DFID Somalia, and is considered a flagship project for the country office. Whilst the Secretariat Office operates at arm's length from the JDC and has an unusually high level of unilateral discretion over funding decisions, the current and previous heads of SSF have been seconded from DFID and therefore understand the internal political dynamics in the country office, as well as DFID's approach to accountability, risk, and value for money, all of which have to be carefully managed in any programme, but particularly when working on sensitive political processes in a fragile environment. Interviewees from the implementation side of the programme stressed the importance of meeting frequently with DFID and the JDC to update them on developments and emerging opportunities. This frequent contact and open communication seems to be critical for maintaining the trust that is required for the Fund to otherwise operate at arm's length from its donors.

5.2. Approach

Staff and physical presence in Somalia

Having staff with a sophisticated understanding of local political dynamics, alongside access to the right connections and networks, is a critical element of all programmes that are associated with thinking and working politically (Laws and Marquette, 2018). In particular, the need for skilled and experienced staff who have operated on the ground for long periods of time and can act as brokers and coalition-builders is a prominent theme in the cases of 'development entrepreneurship' described by Faustino and Booth (2014). Staff with the right connections, aptitudes and know-how to undertake politically-informed and responsive work seem to be a particularly important asset in the disputed

areas in Somalia where SSF often has to manage difficult government relationships to prevent the obstruction of the delivery of projects. In particular, interviewees flagged up that having politically well-informed and astute local staff with direct access to key officials in the FMS and FGS has been invaluable to the Fund's activities. Some of these staff members were seconded by Sahan Research – the Fund's research provider, whose role in the programme is discussed in more detail below – while others were headhunted on the basis of their political profile and background.

To service and maintain these relationships and networks, SSF maintains a permanent multi-regional presence with offices in Mogadishu, Garowe, Baidoa, and Kismayo. The extent of SSF's physical presence in Somalia is unmatched by any other donor-led stabilisation initiative, and means that its in-country staff have a distinct advantage in terms of the depth of their understanding of the political context. It also enables the Fund to operate as a first responder in newly recovered areas, which was something that a number of interviewees mentioned as one of the Fund's key strengths. For example, in Bardhere, a town recovered from Al Shabaab control in 2015, SSF was the first program to deliver and complete stabilisation projects. Less than two years after recovery, the construction of a District Commissioner's office, a community social hall, the construction of a sports field and stadium and improvements to the flood defence systems were in the final stages of completion. For SSF, empowering local communities and local authorities and giving them a sense of agency in the delivery of these kinds of projects is a way to strengthen community coherence and thus promote stability. As of March 2017, all the newly recovered areas in which SSF had implemented stabilisation activities remained under government control, i.e. they had not reverted to Al-Shabaab control (SSF, n.d.b.).

Research and evidence

TWP implies that external actors and their partners need the best knowledge they can generate or access about local political dynamics (Booth and Unsworth, 2014). Being politically smart means having an in-depth understanding of country and sector context, including embedded structures, history, and local institutions (both formal and informal, including norms, values and ideas), relationships and actors (DLP 2018). However, advocates for thinking and working politically need to pay more attention to questions around the collection and verification of information in fragile and conflict-affected countries, if the agenda is to have a useful influence on aid delivery in these contexts. At present, it appears that there is very limited discussion in the TWP literature about issues like data collection techniques in regions that are too difficult or dangerous to visit, or the implications of remote data-gathering for the credibility of knowledge production.¹¹

Interviewees placed a heavy emphasis on the strength of the analytical capability and the depth of the understanding of local political dynamics that the Fund is able to draw upon. Each of the Stability Fund's investments is informed by a project-level PEA and gendered conflict analysis, which informs what the investment will do (what conflict drivers and dynamics will be addressed) and how it will be implemented. The Fund also aims to ensure that the impact of a project on gendered power relations forms part of the design stage analysis.

SSF's country-officers are critical in helping the Fund make sound judgements based on reliable contextual analysis. Interviews with project staff suggest that much of this analysis resembles what Hudson et al (2016) refer to as 'everyday political analysis' – i.e. a process of posing simple questions

¹¹ A two-year seminar series hosted at the University of Birmingham has recently begun to grapple with some of these issues. For more information see <https://www.birmingham.ac.uk/schools/government-society/departments/international-development/events/from-data-to-knowledge/index.aspx>

about the set of interests at play in a given scenario, and the space and capacity available to effect change. Several respondents mentioned that this informal analysis is supported through a strong 'challenge culture' in the office. While SSF looks to its Somali staff in the Secretariat Office and the Fund Manager country team to provide much of this informal information and feedback, the Fund also depends heavily for more formal political economy and conflict analysis on Sahan Research, which has a base of operations in Nairobi and field researchers across Somalia. Several respondents suggested that the JDC and Secretariat regard the analysis provided by Sahan as of the highest standard, and the Fund has commissioned a growing number of products from the organisation in response to demands from DFID for more thorough documentation of learning and evidence as SSF has moved into phase II.

However, there are considerable challenges with conducting rigorous analysis and information gathering in fragile and insecure environments. A great deal of international engagement on Somalia occurs at a distance, with direct engagement between local communities and those producing knowledge on them heavily restricted. This situation raises questions about the evidence base upon which policy interventions are undertaken, and how far those interventions reflect and respond to the perspectives and experiences of those living there. Most of the Fund's non-Somali staff are unable to actually see the consequences of many their decisions because of security-related travel restrictions. This creates a much heavier reliance on Somalia-based intermediaries and partner organisations to provide information, which comes with risks of inaccuracies and bias, particularly given the long and divisive conflicts and tensions that have characterised Somalia politics and community relations (Herbert and Marquette, 2015).

Given these issues, strong 'do no harm' frameworks and triangulation systems ideally need to be in place (Herbert and Marquette, 2015: 16). Ideally, this means subjecting information and analysis to a rigorous process of challenge and contestation, and searching out other sources of information that confirm or contest particular sources. This is particularly difficult to ensure in places like Somalia, given the very limited number of information sources available and the security-related access restrictions.

SSF and DFID Somalia have put in place a number of measures to address these issues. The Fund's Policy Advisors and investment managers go to considerable lengths to triangulate information and seek out multiple perspectives on issues, including making regular visits to the field when possible to truth-check monitoring data; M&E tools have been put in place to require partners to submit certifiable backup justification for data reported; and DFID has engaged a third-party organisation through the Learning and Monitoring Programme Somalia (LAMPS), to help verify activities and results on the ground. At the time of writing this report, the Fund had recently issued a call for an information provider to perform a challenge function to discuss and critique key analytical products and research reports, suggesting a continued focus on improving triangulation and verification.

Local alignment and ownership

The TWP literature places a strong emphasis on identifying issues that are important to local actors, and enabling them to play a leading role in finding solutions and steering the programme approach, rather than introducing international best practice or addressing pre-determined issues (Hadley & Tilley 2017). The emphasis placed on local leadership is a way of underlining the significance of the knowledge, relationships, capacities and motives that can be brought to bear on a development problem by local actors, all of which is said to have an important role to play in creating interventions that have both impact and tractability (Booth & Unsworth, 2014). Otherwise, institutional reform programmes are said to produce results characterised by what Andrews et al (2012) term 'isomorphic

mimicry' – reforms and solutions that are designed to satisfy external funders but fail to change things in practice.

In keeping with these principles, SSF works to ensure strong local ownership at various levels of Somali society, and to be driven by locally-defined problems. In terms of alignment with local communities, each investment project is premised on a closely co-ordinated, inclusive and often lengthy process of engagement that involves as many actors as possible who have a stake in the process. In terms of alignment with the FGS and FMS, the Fund regularly engages with government officials to discuss their priorities and how the Fund can support them. Consultations with member states have resulted in a tailored package of support for each state, in line with the Fund's regional strategies (SSF, 2017b). Furthermore, the Fund Manager's Somali country team is empowered to contribute to policy and strategy, which strengthens the degree to which locals are involved in setting the Stability Fund's direction.

In addition, SSF typically takes an arms-length approach that involves a large amount of low-profile work with minimal donor branding, with the intention of allowing locals to lead on and take the credit for investments.¹² This is critically important for all of the Fund's activities, but particularly so in the case of its support to emerging political institutions. For these institutions to be locally legitimate, the political processes that lead to their emergence must ultimately be owned by the relevant local communities. However, whilst there was a strict no-branding policy for the donors during SSF I, this policy often meant that implementing partners branded the investments instead, and therefore received credit for projects delivered, undermining community and government ownership. Recognising this challenge, SSF II is much more prescriptive in this area, 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 (SSF, 2017b).

5.3. Implementation

Contracting and procurement

A key shift between SSF I and SSF II has been the introduction of a hybrid payment model whereby fees are paid quarterly based on the contracted fee budget and against the delivery of agreed milestones. In phase I, SSF had a similar arrangement but fees were paid mainly against funds dispersed and the production of reports. Although this incentivised the Fund Manager, ASI, to spend money, it did not tie these payments to actual progress against agreed objectives. In Phase II, DFID encouraged ASI to revise the contract to tie payment milestones more closely to ASI's management performance, measured each quarter against: a) whether activities in the workplan are being progressed in a timely manner, b) whether activities fit with the Fund's overarching strategy, and c) whether the Fund Manager is being flexible and adaptive in terms of the decisions it makes. At the start of each quarter, the Fund Manager meets with DFID to agree on their expectations for delivery against these three criteria. Monthly catch-ups are adhered to rigidly, to ensure that all parties are aware of the general trajectory of the Fund against the milestones. In order to protect their commercial position whilst still engaging in potentially risky programming, ASI worked carefully to include, in the logframe and their contract, a realistic understanding of the various factors out of their control that might cause problems in the delivery of milestones. Several respondents said this contracting and

¹² This is also considered an important security measure for SSF staff.

payment model was valuable because it incentivised ASI to be flexible and adaptive whilst also progressing work strands in a timely way, and because the focus on high-level outcomes has kept the Fund focused on maintaining a positive trajectory towards its overarching goals. However, one interviewee was of the opinion that the team spent too much time on evidencing adaptation, particularly in the run-up to the publication of the quarterly reports, and not enough time on helping country teams on the ground be adaptive.

It was stressed by several interviewees from across the programme that the human resource requirements on the implementation side for a flexible and politically-agile Fund like SSF are significantly more burdensome than in more conventional investment fund structures. Nonetheless, ASI was praised by several respondents for its ability to manage a flexible work plan and to cope with the onerous administrative demands that come with making course corrections, developing new projects, and responding to emerging opportunities as part of the Fund's commitment to adaptive programming.

Monitoring, evaluation and learning

In the first phase of SSF, the Fund mostly functioned as a financier of innovative and diverse investments that broadly contributed to peace and stability in Somalia. Articulating *how* the portfolio of investments linked to stability outcomes, and understanding the aggregate impact of the Fund's various investments, were challenges noted in the external evaluation of phase I. The evaluation pointed to a need to improve reporting and documentation on learning and decision-making. One respondent felt that while SSF I achieved important results at an impressive pace, the programme was not sufficiently rigorous in following due processes and procedures to ensure accountability and risk management.

In response, there has been a push to develop a more robust results framework and to improve learning in the second phase of the programme. Interviewees flagged up the following developments as being key to this enhanced monitoring, evaluation and learning (MEL) system, which the Fund has developed in partnership with a Nairobi-based consortium comprised of Wasafiri Consulting and Forcier Consulting:

- SSF II has a clearer overarching theory of change that provides the strategic direction for the Fund, and a relatively conventional results framework. While the outputs in the logframe are highly ambitious – e.g. 'Reduced community vulnerability to conflict' - the Fund has broad discretion in picking the specific activities that will be used to progress towards them. Several respondents felt this was a good way of maintaining the space for flexibility and adaptation. However, in order to meet DFID's reporting requirements, many of the outputs in the logframe have set numerical targets, which may place some limits on the Fund's freedom to adapt.
- There is an emphasis on qualitative data in the results framework, as part of an effort in phase II to capture changes which are hard to measure but may be important for stability - such as the degree of government legitimacy in the eyes of local communities - rather than just things that can be easily counted but that might not be as important for long-term stability - such as the number of people who have benefited from a particular investment.
- In phase II the Fund has developed scenario-planning tools that provide proxy measures which are designed to enable SSF and its donors to monitor progress and assess the status and trend direction in each FMS. The Stability Fund has a contract with Sahan to provide quarterly reporting against a set of stability indicators tailored for each federal member state, and Somalia at the macro-level. These indicators are used to identify where Somalia is

positioned in relation to four scenarios, which represent best to worst case. These scenarios are used alongside macro-level monitoring and analysis, and provide a 'deep-dive' on specific issues to help ensure that SSF strategy and implementation adapts to the context. They will also feed into outcome level assessments on the status of political conflict, monitored on an annual basis.

- SSF commissioned its first baseline study in 2017 in an effort to measure its progress over time. This marks an important step from phase one, where the Fund reportedly struggled to gauge its overall progress because it did not have a set of indicators that it could measure from year to year. The Fund is also doing more to encourage learning in phase II through more regular meetings with implementing partners and taking closer records of the discussions. This should also better enable the Fund to share lessons about politically smart programming in fragile states with the wider development community.

Despite these efforts, the problem of attribution (being able to draw a link between the Fund's activities and stabilisation outcomes) was a challenge noted by several interviewees from across the programme. Respondents from both DFID and the Secretariat said that more investment needs to be made in understanding the impact the Fund is having. As one interviewee commented, the fact that a given programme scores highly at the annual review process does not necessarily mean that it has achieved impact, and the Fund still reportedly struggles to tell a convincing story about concrete stabilisation gains in Somalia.

A significant attribution challenge in all programmes, and particularly ones like SSF that are tackling deep-rooted political dynamics and norms that feed instability, is that real change may take much longer than the life-span of the programme. In connection with this, one respondent felt that the Fund should have been set up to run for five years rather than three. But even with an additional couple of years, it is likely that many outcomes stemming from the Fund's work will only emerge after the programme is over, particularly those related to state-building at the Federal level. As Lucia et al (2017) argue in their discussion of DFID's FOSTER programme in Nigeria, this suggests donors should commission longer-range studies that look at the impact of projects over a more extended time frame, to capture the extent to which a series of programmes has contributed towards significant governance changes over the longer term.

Another more general problem associated with designing or using MEL systems in a way that is fit for purpose for politically-informed and adaptive programmes is being able to capture not only delivery against what was intended at the outset, but also the new and sometimes unintended activities and results that can nonetheless contribute significantly to the programme's outcomes (Lucia et al, 2017). Several interviewees spoke about the difficulty of capturing, in the conventional DFID logframe and results framework, the activities, course corrections and change processes that seemed to them to matter the most for making progress on stabilisation in Somalia. For example, staff from Sahan played a critical role in facilitating DFID's support to a policing programme in the port city of Kismayo. Due to security-related access restrictions, Sahan was called on to communicate with the President of Jubbaland, negotiate with the relevant Finance Minister, and deliver the final agreement. But as Sahan was officially recognised only as a third-party monitor, none of these activities could be recorded in the programme's logframe, despite being a crucial part of the process. Another example - also mentioned above - that several interviewees referred to in this context is the decision on the part of SSF, at a vital point in the reconciliation process between Galamadug and ASWJ, to bring the Federal

Minister for the Interior to a workshop in Djibouti that was also attended by the head of ASWJ. Although this was a critically important decision, it was impossible to capture it in the SSF logframe at the time.¹³

These examples suggest that, while SSF has taken steps in its second phase to better document and learn from its experiences, it may not have always used MEL tools to report on all of the aspects of thinking and working politically that the programme has found to be important for making progress.¹⁴ Although this problem is by no means unique to SSF, it does raise an important set of questions about what DFID and other donors can do to harness or develop MEL in ways that enable credit to be apportioned properly in the context of programmes that are trying to be politically savvy and adaptive.¹⁵ One respondent regretted that the Stability Fund's results framework had not been designed to be more iterative, but felt that DFID's requirements for quantitative milestones strongly encouraged programmes to use a conventional logframe regardless of whether an alternative tool might be more suitable for the programme's structure and ambitions, and despite the fact that logframes are not a formal requirement since the introduction of the *Smart Rules*.

It should be noted that the most recent update to the SSF results framework is designed to make it easier to capture the influencing work being done by the Fund's Policy Advisors. It includes the following output: 'Fault-lines for political conflict are identified and appropriately addressed'. This output will be measured on the basis of an SSF presentation to a panel of Somali experts. This is designed to provide an opportunity to reflect on the role of SSF in supporting these processes, alongside its project investments. Whilst there is still a danger of focusing excessively on numeric scores in the logframe, the hope is that the Fund will be in a better position to capture and report on the kind of informal influencing work which has been critical to its work. These updates to the results framework are too recent to assess here, but may be useful for informing on-going discussions and research into MEL for adaptive and politically smart programmes.

With regard to the importance of learning, there is also a question about how to create an institutional memory in politically-informed programmes, so that important political insight and experience is not lost when key members of staff move on. An ICAI report on how DFID learns (ICAI, 2014: 16) flagged

¹³ Another respondent pointed out that the way programmes are scored in DFID does not depend entirely on the achievement of pre-planned outputs in the logframe, and that there are sections of the Annual Review that allow for the documentation of these kinds of unintended activities and decisions. Still another interviewee noted that the logframe is, in principle, a flexible tool that can include both quantitative and qualitative indicators. This suggests that it may not be the logframe itself which is problematic in terms of capturing and reporting on all the activities and decisions that are part of thinking and working politically, but rather the way in which SSF is being incentivised to use it. This raises a further set of questions about whether DFID's review processes place proportionate rewards on learning and adaptation and the kinds of qualitative stories that may be most suitable for evidencing them. In his discussion of the Economic Policy Incubator programme in Nepal, Booth (2018: 18) describes how DFID Nepal have customised the Annual Report format to provide greater emphasis on what EPI has learnt and how the programme has changed over the preceding year. It is beyond the scope of this report to look in more detail at the enabling conditions and best practices for MEL in the context of politically smart and adaptive programme, but workstreams are underway that aim to shed more light on these issues - please see the reference to GLAM below.

¹⁴ As one programme actor commented, this may not just be a result of the way that tools are being used, but also the way that skills and capacity are distributed throughout the SSF team, with responsibility for MEL concentrated in the hands of a few individuals.

¹⁵ DFID and USAID have recently established a programme called Global Learning for Adaptive Management (GLAM), which plans to develop MEL tools and practices to better support politically smart and adaptive programmes. As Laws and Marquette (2018: 17) point out, this programme has real promise with regard to learning and evidence, "especially if the programme can produce evidence that clearly demonstrates a causal link between adaptive management (politically-informed or otherwise) and improved programme outcomes".

up that DFID guidance for ensuring that knowledge is handed over between staff leaving and starting new jobs is applied inconsistently. Developing clearer guidance on this and taking steps to ensure its proper implementation would seem to be particularly important for programmes like SSF where a great deal of information and analysis is still gathered, generated and communicated informally through conversations, emails, and field visits, and where there is a heavy reliance on the personal networks and experience of a relatively small number of advisors, country staff, and consultants. There is a danger that a key ingredient that enables programmes like SSF to work in politically smart ways could be lost or diluted if and when these individuals move on, and learning tools need to be adapted and utilised to mitigate this. According to one respondent, the reporting requirements and analytical products that SSF has introduced in its second phase were developed partly for this purpose. But they conceded that being able to ‘hand over’ key relationships and contacts, once staff move on, is a challenge they have yet to overcome fully.

Portfolio management

SSF oversees a diverse range of investments, and its sophisticated approach to managing this portfolio is an important enabling condition for its politically responsive work. Central to this strategy is balancing higher risk, more politically sensitive projects (such as political engagement around the faultlines for contestation in Somalia) with lower risk, more ‘straightforward’ projects (such as infrastructure investment). As mentioned above, creating infrastructure like government buildings or community assets buys the Fund the trust and political capital that it needs to engage with political actors and institutions as part of its state-building work. A diverse portfolio approach also helps to mitigate the potential criticism that the Fund might attract if it is seen to be prioritising the interests of one actor or group over another. This is particularly important in a country, like Somalia, which is so fragmented by clan affiliation.

Furthermore, maintaining a range of investments has the indirect benefit of creating a certain amount of breathing space that enables the Fund to take a patient approach where necessary. This is often an asset when working on faultlines and emerging political institutions in Somalia. For example, one interviewee explained that SSF has earmarked a pot of money to support district council formation in Galmudug state. Given that SSF has a number of other projects and potential results that it can point to, there is no undue pressure to rush this process. If the political conditions are on the ground in that state are not sufficiently aligned, SSF can postpone its support or move the allocated money elsewhere. This flexibility – backed up in part through having a number of ‘irons in the fire’ across Somalia – puts the Fund in a potentially stronger position to identify and support projects that are likely to have real traction and be sustainable, in comparison to other donors in the country who are working on single issues.

6. Conclusion

This paper has discussed some of the ways in which SSF has been able to think and work politically on stabilisation in Somalia. The findings aim to inform discussions around stabilisation programming, and contribute to the wider evidence base on TWP in aid programmes.

DFID established SSF as an adaptive programme, able to respond to emerging learning, react quickly to opportunities as they emerge, and change course in response to an evolving and dynamic context. The Fund is driven by the principle of ‘local ownership first’, based on the belief that for peace to be

sustained, it must be home grown, bottom-up and context-specific. Notwithstanding challenges in measuring the actual contribution of the Fund's activities to stabilisation in Somalia, SSF has achieved some significant successes against its objectives in an extremely challenging and dynamic political environment. These successes include the Fund's support to the formation of three nascent federal states; infrastructure investment projects in Balanbale and Abudwak; and the reconciliation process between Galmadug State and ASWJ. The common success factors in these examples include strong political insight and understanding; a trusted, well-informed and well-connected team on the ground; flexibility and patience; and local ownership and alignment.

This report has also looked at two of the more challenging investment projects that the Fund has engaged in: the Hirshabelle state formation process, and the construction of the Baraawe airstrip. The instability of the Hirshabelle political settlement indicates that the goals of stability and inclusivity in relation to state-building are not always easy to reconcile. The delays to the Baraawe airstrip underscore that infrastructure projects in fragile and conflict-affected countries can be undermined by the unpredictability of circumstances on the ground, even if they are based on sound analysis of the political and security environment.

This section also discussed the Fund's work on gender equality, reflecting on its progress in phase II in achieving greater formal political representation for women in Somalia, but also some of the significant challenges that remain in shifting entrenched patriarchal norms and practices.

The characteristics of SSF's approach, organisation and implementation that seem to be critical for thinking and working politically in Somalia include:

- A governance model that places a significant amount of decision-making authority in a secretariat, at arm's length from the donor committee;
- A managed-fund set-up that means most financing decisions do not have to go through donor-approval processes;
- A supportive authorising environment fostered through close contact and trust between DFID and the Secretariat Office;
- A Fund Manager that can cope with the demands of a flexible and politically smart programme;
- Politically well-informed and astute Somali staff in the Secretariat Office and the Fund Manager country team, with connections up to and including the highest levels of government in Somalia;
- Close alignment with locally-defined priorities and a high degree of local ownership;
- A contracting and procurement model, based on payment by milestones, that incentivises SSF's implementing partner to be flexible and adaptive programming whilst progressing workstreams in a timely way;
- A results framework that combines highly ambitious outputs with flexibility on the activities in the workplan that will be used to progress towards them;
- A diverse portfolio of investments and a sophisticated approach to balancing more political, potentially higher risk projects, with more apolitical, typically lower risk ones.

In phase II of SSF, DFID has pushed for a more rigorous programme management and results framework and introduced a stronger focus on capturing learning and decision-making procedures. Another key shift from SSF phase I to phase II is the existence of a clearer overarching strategy and theory of change, based on a macro-level analysis of drivers of conflict. Strong examples of politically-informed, flexible and adaptive ways of working in phase II (such as the reconciliation process between Galmadug and ASWJ) suggest that these changes have not limited the ability of the Fund to be flexible

and agile, or to think and work politically. However, the Fund has struggled to capture and report – through formal evaluation - on what it regards as some of the most critical features of thinking and working politically in Somalia. In particular, it seems that the programme’s MEL tools have not always been used in ways that reflect adequately the value of the less formal political analysis, negotiation and networking that is critical to the Fund’s work. The Fund has recently worked hard to develop new approaches to evidence and results in ways that will respond to these issues, and while most of these innovations are too recent to assess here, they are likely to be useful for informing on-going discussions and research into MEL for adaptive and politically smart programmes.

The evidence in this paper does not suggest that thinking and working politically in the context of aid delivery is a guaranteed path to long-term stabilisation in Somalia. It does, however, contribute to a growing list of case studies on programs that appear to be unlocking progress through paying close attention to local political dynamics, and by deploying politically smart ways of working. To date, there have been almost no documented examples of programs working in these ways in conflict-affected countries, despite an intuitively-appealing logic that suggests these environments are particularly suited to more experimental, politically-engaged programs. By taking a close look at SSF this report has looked to address that gap and, in doing so, publicise some lessons from a development initiative that has demonstrated not only significant successes, but an ability to learn from setbacks and challenges.

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