



**January 10, 2010**

**First Anniversary of President Farole's Administration**

**1. OVERVIEW**

The Puntland State was established in 1998, as a result of a series of community-wide consultations and constitutional conferences, aimed at setting up an administration that could bring law and order in the territory, secure stability, reinstitute collapsed public institutions and promote development for its people, waiting to be part of a future federal system of Somalia.

It is unlikely that Puntland returns to the highly centralized form of government that existed before the fall of the central government of Somalia in 1991. We believe that a federal system, in Somalia, can be achieved by first building state governments in other parts of the country with functional institutions supported by their own constituencies.

Puntland State is a stable region of Somalia with a surface land comprising one-third of Somalia and close to half of the country's coastline. Approximately 3 million people are estimated to live and work in Puntland, including an influx of seekers of safe home and economic migrants from other parts of the country. There is a functioning constitutional government with security forces and sound public finance management.

The report on the first 100 days in office by the incumbent administration published in April 2009 has been well received both at home and abroad. Therefore, we believe that it is the responsibility of this government to keep its citizens informed and updated on the achievements and the challenges faced during the first year of its existence as well as the challenges ahead.

Puntland has worked towards fulfilling priority commitments identified at the beginning of this administration, such as security, public finance management, democratization and improving the social sector services. However, the international community has done very little to fulfill its pledges to support Puntland to address its priority needs.

## 2. STATE SECURITY

The new government of Puntland set security as its first priority and started to reorganize law enforcement institutions as reported in the first 100 days of the new administration. The reorganization included to demobilize the excessive militia forces to reduce it to an affordable size. A major government achievement in this sector was to pay salaries and other necessary costs to all security forces, together with other government institutions, throughout the 2009.

The commitment of the government to reinforce the security of the State was not limited only to reforming the security forces, but also to resolving community conflicts, mainly in the regions of Mudug and Bari.

- In the Mudug region, after the assassination of the former Information and Telecommunication Minister and the region became vulnerable to open community conflict, a high delegation headed by the President spent in Galkacyo more than five weeks from August and September, 2009 for conflict prevention and community relationship harmonization with the following outcome:
  - A community-wide awareness campaign was carried out by the delegation.
  - It was Fostered an all inclusive regional administration that resulted in community selection of local Council for Galkayo district and election of a new Mayor and local council chairperson.
  - It was appointed a new Governor for Mudug region.
  - It was a arrested the former Mudug governor who was allegedly blamed of being part of the insecurity of Galkayo and who was later on tried and sentenced.
  - It was appointed a new Puntland Police Commissioner, Mudug regional Police and station commanders.
  - It was Identified the perpetrators of the Minister's assassination who were later on sentenced in their absence.

In the Bari region a more than year old community conflict, which started in 2008, and compromising the region's security, compelled the government to intervene with deployment of Darawishta forces to implement ceasefire and subsequently fostered community-wide peace process, which resulted a benchmark reconciliation agreement in December 2009?

Despite all these positive efforts Puntland is yet to be immune from the general insecurity that is taking place in other parts of the country. The brutal terroristic operations conducted in many parts of the central regions and Mogadishu does not constitute a looming threat only to Somalia but also to the whole of the Horn and Yemen across the Gulf of Aden if not tackled in time. The twisted philosophy of these lethal groups and their indiscriminate deadly killings goes against Islam theology, humanity and the Somali culture as well.

A series of politically motivated selective assassinations and explosions, which took place recently in Puntland, were aimed at destabilizing and compromising the security of the State, but Puntland government and its people would not succumb to the cowardly criminal plots to discredit its achievements.

Most of the perpetrators of these criminal activities are apprehended, held in custody or already sentenced. The government has undertaken activities aimed at empowering the institutional capacity of the law enforcement establishments, providing incentives to upgrade the forces and the institutions. The government tightened the security of the major urban centers.

While the crisis in the South deepens, Puntland experiences an influx of IDPs most of whom being economic migrants, causing a concern for our security. Some of these new arrivals are not genuine IDPs and pose real security challenges to Puntland.

The Puntland Intelligence Service “PIS” has undergone extensive reform to streamline to the broad intelligence network and security forces and it was renamed as **Puntland Intelligence Agency “PIA”** working side by side with other government agencies.

### **3. RESPONSE TO PIRACY**

Piracy remains a security threat throughout the world and Puntland Government is committed to fight and eventually defeat it. Puntland stands a pioneer to fight piracy without any external support. In this context an article recently published in a magazine reads:

*“In any serious attempt to combat piracy, Puntland must play an integral role, yet is not recognized as a legitimate actor in the region and has been financially abandoned by the International community, which continues to ignore the reality on the ground.”-Business daily, January 5, 2009 by Reuters.*

Achievements in this regard include:

- Empowering its law enforcement institutions.
- Engaging community leaders, traditional elders and Islamic scholars to discourage new recruits and convince pirates to quit,
- Detaining over 200 pirates and impounding 21 boats, 8 vehicles and large quantity of arms and ammunitions from the pirates.
- Compelling the bulk of the pirates activates to shift elsewhere, away from their habitual safe havens, such as Eyl district.
- Managing to free hostages and repossessing two fishing boats belonging to neighboring Yemeni and Omani fishermen recently captured by pirates in Eyl and Las-koray districts
- Recognizes the importance of ending impunity of the pirates.

A major obstacle to fight against piracy is the ransom payment solicited by brokers and paid by ship owners and insurance companies. Puntland policy in this regard is non-ransom payment as this practice encourages more pirate recruitment and association of these criminal activities by other terrorist groups operating in Somalia.

#### **4. HUMAN TRAFFICKING**

Human smuggling is a chronic problem and has been a frustrating factor to Puntland security. And Puntland strongly condemns it. The phenomena started after the civil war intensified in the country. Puntland Government spends its own limited resources to fight against human trafficking, which is causing a great tragedy, primarily to the people from south-central Somalia and Ethiopians, who enter the country as illegal migrants. The IDPs after accumulating enough money from manual labor try to make the risk journey to cross the Gulf of Aden. Eventhough Puntland security forces conducted extensive operation to tackle the problem, by seized smugglers boats and other equipments and also deporting many of them to Ethiopia and their original places in Somalia. To halt permanently the problem of human smuggling is far beyond the capacity of Puntland.

#### **5. IDPs PROBLEMS IN PUNTLAND**

Puntland has always provided sanctuary to persons affected by conflicts and will continue to providing sanctuary to legitimate IDPs.

These IDPs are from the southern and central regions as well as illegal immigrants mainly from Ethiopia. Presently, these economic migrants are estimated around 300,000

people concentrated mainly in the major towns of Puntland, such as Galkayo, Garowe and Bossaso, but also are living in everywhere in Puntland. Most of these people are from Bay, Bakool, Hiran, Lower Jubba (Kismayo) and Banadir (Mogadishu) regions of south-central Somalia. The IDP situation constitutes an economic burden to Puntland and also brought social problems, including health and sanitation, shelter and security problems. This issue poses a security threat to the stability of Puntland since some of the IDPs have been associated with extremist groups in the south-central zones of Somalia. Elements in the IDPs have committed politically motivated assassinations and some of them were allegedly found plotting to destabilize the country. Puntland government believes that stronger measures and resources are needed to address this growing problem.

## **6. DIPLOMATIC INITIATIVES**

The administration has taken extensive diplomatic efforts to promote Puntland progress and advocated strongly to seek possible solutions for the ever-worsening Somali crisis and to clarify its political position in this regard. A high level delegation led by the President Abdirahman Mohamud Mohamed visited the United States on June 2009 and delivered speeches in different forums.

The President testified in front of the USA House Committee on Foreign Relations, subcommittee on Africa and Global Health on 25 of June on prospects for lasting peace and unified response to extremism and terrorism. This was a unique opportunity for Puntland and the President's speech was well received by the audience. The President also visited Minnesota State where the largest Somali community resides and made a remarkable speech at the Minnesota State University.

The visit of the President re-energized Puntland overseas communities and paved the way to activate Puntland Diaspora Forum in North America and Europe.

The president's delegation got an invitation from the Puntland community in London and had the privilege to visit the leading UK Think-tank of Chattam House where he made a key note speech.

Similar positive visits were paid also to Addis-Ababa, Djibouti, Nairobi and Dubai where close relationships developed with the countries in region.

## **7. PUNTLAND-TFG RELATIOSHIP**

Puntland was and still is the backbone of the TFG structure and believes Federalism is the only viable system for political solution for Somalia, based on a bottom-up approach of administration rebuilding.

Puntland acknowledges the urgent need for the participatory formulation of a federal constitution to smoothen working relationships between the TFG and Puntland and other yet to emerge regional States.

In August 23, 2009 Puntland signed with the TFG a historic cooperation agreement when a high level delegation led by the prime Minister of the Transitional Federal Government (TFG) visited Galkayo. The agreement addressed many important issues, such as security and piracy, social-sector, development and international relations. A key point of the agreement was the TFG recognition of Puntland being a peaceful place, which could be emulated by other future federal states.

On 12<sup>th</sup> November 2009, the President of the Puntland State of Somalia met in Nairobi with the President of Transitional Federal Government H.E. Sharif Sheikh Ahmed. Unfortunately the TFG president expressed reservations with regard to the legally binding Galkayo protocol, other national issues and Puntland development programs.

## **8. PUBLIC FINANCE**

Since the 100 days report of this administration in office was published in April 2009, numerous improvements have taken place in the Public Finance sector. The Ministry of Finance has carried out improvements in providing efficient performance appraisal, which led to enhance the revenue collection capacity of the Ministry.

In addition to outlining Job descriptions, the Ministry laid off redundant and incompetent staff, giving way to the placement of qualified human resource in important positions of revenue collection. Furthermore, the enhancement of adherence to the Ministerial policies and codes of conduct was done through sensitization seminars for the staff. Besides this, the staff of the Ministry were given in-house trainings and provided with workshops aimed at strengthening their operational capacity and basic ministerial infrastructure.

To improve revenue collection in the transport sector, the Ministry of Finance entered an agreement of partnership with the Ministry of Public works and Transport and a private technical company called PIITECH. The partnership developed new documentation for vehicle circulation, vehicle licensing and road tax management. The

new documentation will be computerized in a data base system located in the ministry of Public Works and Transport compound. This system replaces previous hand-written documentation system that could have easily been forged. This new system will also contribute to the security as it eases the identification of the vehicle owners

In a bid to replace the current unitary tax system with an *ad valorem system*, which is according to value of the item, the Ministry of Finance has developed a new method based on an *ad valorem system* of taxation, which is ready to be introduced as soon as possible.

At the inception of this administration, the initial budget estimate was thirty-two billion Somali shillings per month for the first quarter of 2009. The Ministry of Finance undertook strong measures for the collection of the revenue, raising taxes on some non-essential items, adjusting inflation rate based on tax collection. These new measures brought a new budget estimate of about 53b Somali shillings, which is 66% increase. A budgetary review for the final quarter of the year produced a further increase of the budget by 7.5%. The budget increment of the last three quarters of 2009 has brought an increase of salaries for public employees and security forces. The salary increment ranges between 20% to 85%, according to the basic earning, giving privilege to the lower income earners. This enables to enhance their purchasing power, while the essential items taxation was not increased.

Budgetary preparation for the 2009/2010 takes a new form as more participatory methodology is being applied with the prioritization of collection of input from all stakeholders and the macro-economic unit at the Ministry of Planning and International Co-operation providing economic forecasts and recommendations for dealing with inflation. Therefore, the 2010 budget has been forecasted to be 62.520b Somali Shillings, which carries 9% more increment. 2010 budget may further bring an increment depending further improvement of revenue collection system, which will increase expenditure on social sector and infrastructure development.

Had upgrading of security forces, fighting against piracy and an expected expenditure for security issues not occurred the extra collected revenue would have contributed significantly to social development initiatives.

## **9. MINERAL AND PETROLEUM EXPLORATION**

Review and Re-negotiation of Mineral and Petroleum exploration agreement, between foreign companies and Puntland government, was one of the priorities in the new administration's program in 2009. This was motivated by a major public concern, which

created tensions within the society resulting from the ratification of a Production Sharing Agreement “PSA” by the previous administration.

The incumbent administrations put efforts, aiming to amend many articles in the previous PSA. Through consultation and retaining international legal experts, the incumbent administration concluded an agreed upon amendment to the PSA, which was presented to the cabinet and parliament where it was overwhelmingly supported and approved by both organs.

## **10. DEMOCRATIZATION PROCESS**

The democratization of the political system of Puntland featured at the top of the tasks of the first administration of Puntland since 1998. However, due to confluence of various factors, Puntland is still in transition to fully fledged democracy to be exercised through multi-party system.

Although the former administration of Puntland had issued a presidential decree that had defined a general road map of the democratization process, by December 2006, it had only succeeded to accomplish the technical Review of the Provisional Constitution of Puntland of 2001.

The current administration firmly believes that further delay of the democratization process to accomplish the major targets during the first two years in office would compromise the pledge of the government to put in place the system within first two years of its mandate. As an indication of the level of commitment of the government, a Minister of State for Democratization and Federal Affairs has been appointed.

The efforts of the last year produced a complete constitution review where by both the cabinet and parliament has approved the amendments in December, 2009. Another major step was the introduction of the Puntland Flag and Emblem as a result of public participation to choice appropriate design and features, then approved by the cabinet and the parliament.

The democratic future for the Puntland State of Somalia looks very promising with plans:

- Drafting electoral laws
- Formation of electoral commission
- Public referendum for the constitution,
- Establishment of Political parties
- Elections for the local Councils and Legislative organ and
- Presidential election for the next term

## 11. SOCIAL SERVICES

In Puntland social service deliverance has made remarkable improvement during the first year of this administration.

**11.1 Education** | Steps have been taken forward by the Minister of education to analyze the state of education in Puntland where he reported to the Council of Ministers to have found a dismal situation. The Ministry is carrying fundamental education sector reform, which has begun already. Fundamental education reform has been done in this sector with the following achievements:

- Harmonization of the secondary school curriculum.
- Education budget increased and 200 teachers recruited
- Accreditation for Puntland Secondary and Primary Certificates in neighboring countries
- A considerable number of scholarships have been secured from Yemen and Sudan and distributed on a merit basis.
- Increments in EC funded projects were achieved
- Efficient Administration and Finance structures introduced.

The harmonization of the curriculum and the official recognition of the Puntland certificates by a number of countries is indeed a great step towards the achievement of the national vision and will enable Puntland students to pursue their higher education.

During first quarter of the 2010, the Ministry of education is planning to review education and Teacher Training policies and develop the education Act and the Education Strategic Plan. It is also in the plan of the Ministry of education to recruit 200 more teachers this year and carry out comprehensive curriculum review in the year 2010. Furthermore, the Ministry of Education intends to seek more scholarships and recruit highly qualified education experts in key departments to facilitate education quality improvement.

Other key priorities include; increase access to education, to introduce new skills training programs and establish an internal resource pool for education funds. One of the key challenges in the education sector remains the limited number of qualified teachers and the limited resources for education materials.

**11.2 HealthCare** | The health system and service delivery is an obligation of the Ministry of Health in Puntland and the following priority areas of health system development, such as health technology and medicines, human resource development and health care delivery have been covered.

- Health system and service delivery mainly achieved the standardization of information management system in all hospitals and MCHS in the Puntland State of Somalia in harmony to the national system.
- The Puntland health sector received 24 refrigerators and freezers for immunization. A fully equipped malaria referral lab was installed. Vaccines for H1N1, Hepatitis B and Yellow fever were introduced.
- 115 personnel took in-service training while 31 laboratory technicians graduated successfully
- The construction of 3 new TB centers in the towns of Qardho, Baran and Galdogob and Four (4) Mother-to-Child Health centers with out-patient departments highlighted the achievements.
- A presidential initiative supported by the private sector in Bosaso received enough funds to carry the construction of two story building of 100 beds to increase the capacity of Bosaso public hospital.

## **12. PUNTLAND AIDS COMMISSION (PAC)**

Puntland AIDS commission (PAC), established for the coordination, harmonization, synchronization, management and monitoring the employment of HIV/AIDS activities, in partnership with the international agencies have conducted extensive awareness campaign to prevent the spread of the virus.

The areas that need support in the coming years include strengthening of the regional AIDS Committees, data collection and analysis systems, additional support to the most-at-risk population, mainstreaming HIV programme with the line ministries and private sectors.

### **13. PUNTLAND AGENCY FOR SOCIAL WELFARE (PASWE)**

PASWE was established due to the unprecedented increase in the number of displaced persons who are in desperate need of basic human services. Another reason for its establishment was an upsurge in the number of vulnerable groups like Disabled groups, orphans, street children, and women without support in the country.

Due to these prevailing circumstances, the government of Puntland appointed Puntland Agency for Social Welfare “PASWE” to deal with the problem of the less fortunate and vulnerable members of the society.

PASWE is run by a Board of Directors composed of 16 major stakeholders; including the Ministry of Justice, the Ministry of Education and the Ministry of Health, two from the Civil Society groups, Nine from Business communities and two from religious group.

PASWE supports more than 1,000 Orphans and disabled people in Puntland with \$35 monthly to each of these disadvantaged groups donated by the Puntland government. PASWE has opened a small mental health centre in the Bosaso main Hospital compound. Another mental health center is under construction in Garowe. To fulfill its mission this agency needs generous endowments both from local community and international philanthropists.

### **14. INFRASTRUCTURE**

Another key development that has taken place within the last year in terms of infrastructure rebuilding, under the guidance of the ministry of Public Works and Transport and the Ministry of the Civil Aviation and Airports include:

- Installation of traffic signs for the north-south highway which connects Bosaso to Galkaio in collaboration with the business community.
- Continuous maintenance of the damaged parts of the highway.
- Completion of Bosaso airport terminal with the introduction of modern system of immigration management and completion of its access road.
- To obtain ICAO approval certificate soil experiment of the runway was undertaken and recommendations to repair identified damaged spots of the runway was received from ICAO and will be implemented soon.

## 15. CHALLENGES AHEAD

Despite improvement in various sectors of Puntland, including the achievement of some of the priorities in the government's program, there is imminent danger from extremist and terrorists, which has taken root in many parts of the South-Central regions of Somalia. The bigger challenge is balancing Puntland's adherence to international humanitarian laws addressing IDPs and migrants without compromising its obligation of maintaining internal security. Security forces made discoveries of terrorist elements that infiltrated Puntland disguising themselves as genuine IDPs and refugees while perpetuating assassinations targeted at key figures in the Puntland society and planting explosives. Puntland intelligence networks and security forces detained many such criminals, while some were killed by the security forces as they tried to flee from the crime scenes.

It is worth noting that AL-Qaeda's proxy in Somalia announced its intentions to overrun peaceful and stable regions of the country. These groups claim that they intend to venture across the Gulf of Aden to support insurgent groups fighting in Yemen. Puntland takes this threat seriously and has intensified its security to defend its borders.

On the other hand, piracy has been an international phenomenon making Puntland a victim especially in the security and economy sectors of the State. Puntland invested heavily in the fight against piracy, using its internal resources that could have been invested in other productive sectors of the economy. Another menace, which has drained the meager resource of Puntland, is human trafficking. The daring human trafficking practice in the Gulf of Aden has been responsible for the death of hundreds of people hailing from parts of Southern Somalia and Ethiopia. In a bid to control this social menace, Puntland security forces mounted land and waterfront patrols. This has resulted in the seizure and detention of traffickers as well as their gear. In addition to that, many suspected illegal voyagers were nabbed at checkpoints across Puntland and subsequently deported to the point of entry.

The fact that Puntland is a peaceful and stable region attracted an influx of IDPs and economic migrants who pose significant threats to the stability of the country.

Therefore, Puntland appeals to regional and international partners to support the state in overcoming the challenges ahead in the following year. We urge partners to collaborate in the promotion of the common cause of regional stability.,