



FEDERAL REPUBLIC OF SOMALIA

TERMS OF REFERENCE

FOR

**CONSULTANCY TO UNDERTAKE DEVELOPMENT OF THE NATIONAL
COOPARATIVES POLICY AND ACT FOR SOMALIA.**

May 2024

A. BACKGROUND.

Under the Horn of Africa Initiative, the World Bank is funding the De-Risking, Inclusion and Value Enhancement of Pastoral Economies Project (DRIVE) and the Ministry of Commerce and Industries is one of the project beneficiaries. DRIVE Project aims to protect pastoralists against drought shocks, using a package of financial services including drought insurance, payment, savings, and provision of credit funding, and to connect the pastoralists better to markets by upgrading the livestock value chains and facilitating the regional livestock trade. This project is regional, and Djibouti, Ethiopia, Kenya, and Somalia are the participating countries. The development objective of the Project is to enhance de-risking, financial inclusion, and value addition of pastoral economies in the HoA.

The Ministry of Commerce and Industries of Somalia is responsible for facilitating trade and improving the competitiveness of the country's businesses through three main categories: policy, legal framework, and management. The Ministry formulates, develops, and implements policies to strengthen commerce, develop industries, promote domestic and foreign investment, and enhance the use of advanced technologies for increased productivity. In addition, it oversees the creation and enforcement of relevant investment laws and regulatory frameworks. Furthermore, the Ministry manages and collaborates on the collection, research, and sharing of commerce and industry information to attract investment, while also focusing on capacity development and advancement of its offices and staff.

The policy and act will make the agricultural, fishery, and livestock sectors more competitive by supporting cooperatives to pool resources, access better technology, and improve product quality. It will promote modern farming techniques, sustainable fishing practices, and enhanced livestock management, ensuring these sectors can integrate effectively into value chains. This structured framework aims to foster sustainable development and economic progress across Somalia.

B. NATIONAL COOPERATIVES POLICY AND ACT.

In Somalia, the National Cooperative Policy and Act serves as a crucial blueprint for economic growth, social inclusion, and investment attraction. This policy will be introduced by the Ministry of Commerce and Industry, is designed to bolster the cooperative sector across industries in Somalia. Through the policy and the act, cooperatives gain access to broader markets, facilitating trade expansion and attracting investments, both local and foreign. Job creation is at its core, particularly benefiting rural areas where cooperatives thrive, providing vital employment opportunities and improving livelihoods.

Cooperatives enhance productivity, market access, and value addition in all productive sectors, small and medium enterprises, promoting stability and food security. The document's emphasis on inclusivity ensures active participation of women, youth, and marginalized groups, and social equity. This approach not only strengthens society but also contributes to stability and resilience.

Cooperatives play a crucial role in boosting value chains by aggregating products, increasing bargaining power, accessing larger markets, implementing quality control, and sharing resources. They also provide training to improve production, processing, and marketing practices.

The Somalia National Cooperatives Policy and Act aims to address existing challenges, including infrastructure and technology constraints, market access and value chain integration, inadequate training and capacity building, limited access to finance, harness opportunities, and create an enabling environment for cooperatives to thrive. this policy will lay the foundation for cooperative growth, contributing to equitable economic development, job creation, and improved livelihoods.

In summary, the National Cooperative Policy and Act is fundamental for Somalia's economic progress, poverty reduction, and social cohesion. It aligns with the country's goals, trade policy, driving tangible change by empowering communities and steering Somalia towards a more prosperous and sustainable future. It is crucial to determine the regulatory body for overseeing cooperatives to ensure adherence to best practices. Based on its mandate and expertise in promoting economic development and regulating industry standards, the Ministry of Commerce and Industry emerges as the most suitable institution to oversee this act. This choice ensures that cooperatives operate within a structured and compliant framework, thereby fostering Somalia's economic growth effectively.

The development of a National Cooperatives Policy and Act in Somalia holds significant importance for various stakeholders and for the overall socio-economic development of the country.

Here are some key reasons why the development of such a policy is crucial.

1. Cooperatives have the potential to contribute to inclusive economic growth by involving a wide range of individuals, especially those in rural and marginalized communities.
2. Cooperatives empower individuals by providing them with opportunities to collectively own and manage businesses, leading to increased income, improved livelihoods, and reduced poverty levels.
3. A policy framework promoting cooperatives can lead to diversification of economic activities, reducing dependency on a single sector.
4. By facilitating the establishment of cooperatives, the policy can contribute to job creation, particularly for youth and women.
5. Cooperatives can play a crucial role in developing rural economies by organizing small-scale producers, providing access to markets, and improving local infrastructure and services.
6. The policy will establish the legal structure and registration process for cooperatives, ensuring clarity and accessibility.
7. It will define how producers can organize themselves and form cooperatives, emphasizing inclusivity and applying a gender lens to promote equality.

C. OBJECTIVES.

The objective of the upcoming National Cooperatives Policy and Act for Somalia is to comprehensively analyze and outline the benefits of the cooperative law, particularly in supporting the registration of farmers, pastoralists, and firms. The key objectives of developing the National Cooperatives Policy and Act are as follows:

1. Strengthen cooperative governance structures, transparency, and accountability to ensure the effective functioning of cooperatives.

2. Identify and promote key sectors where cooperatives can play a significant role, such as agriculture, fisheries, livestock, finance, and small-scale industries.
3. Develop mechanisms to facilitate access to financial resources, markets, technology, and capacity-building support for cooperative members.
4. The policy will outline the administrative, accounting, and management practices necessary for the efficient operation of cooperatives. This will ensure that cooperatives function smoothly and maintain transparent records.
5. Encourage innovation within cooperatives to adapt to changing market dynamics, promote environmentally sustainable practices, and improve efficiency.
6. Ensure the active participation of women, youth, and marginalized groups in cooperatives, promoting gender equality and social inclusion.
7. Develop clear and coherent legal and regulatory frameworks that govern the establishment, operation, and dissolution of cooperatives.
8. Promote cooperative entrepreneurship by providing training, mentorship, and incentives to cooperative members.
9. Strengthen collaboration between government agencies, cooperative associations, development partners, and civil society organizations to advocate for cooperative-friendly policies.
10. The policy will detail how profits and investments will be shared among members, ensuring equitable distribution. It will also address the need for Sharia-compliant cooperatives where applicable.
11. The policy will specify the expected lifespan and sustainability measures for cooperatives, promoting long-term viability.
12. Encourage partnerships and collaborations between local cooperatives and international cooperative networks to access global markets and best practices.
13. Advocate for ethical business conduct within cooperatives, promoting fair trade, responsible production, and ethical marketing practices.
14. And include a special focus on providing equitable opportunities for women and persons with disabilities, ensuring their meaningful participation and benefit from cooperative initiatives.

D. SCOPE OF WORK.

1. Inception Phase:

- Review all relevant documents, including existing laws, policies, and reports related to cooperatives in Somalia.
- Develop an inception report outlining the methodology, work plan, and timeline for the project.
- Conduct stakeholder consultations with government officials, cooperative representatives, civil society organizations, and other relevant stakeholders.
- Review all relevant documents, including existing laws, policies, and reports related to cooperatives in Somalia.
- Analyze international best practices and guidelines, such as the ILO Recommendation 193 and the UN Guidelines on creating a supportive environment for the development of cooperatives.
- Develop an inception report outlining the methodology, work plan, and timeline for the project, incorporating insights from the international guidelines.

2. Assessment Phase:

- Conduct a thorough assessment of the current status of cooperatives in Somalia, including their strengths, weaknesses, opportunities, and threats (SWOT analysis).
- Identify key sectors where cooperatives can have a significant impact, such as agriculture, fisheries, livestock, manufacturing, and services with a focus on enhancing productivity, market access, and value addition.
- Conduct consultations with a wide range of stakeholders, including existing cooperative groups, government officials, and civil society organizations, to gather perspectives, understand context.
- Review international best practices in cooperative development and adapt it to the Somali context considering the unique socio-economic and cultural factors.
- Assess the existing legal and regulatory framework for cooperatives in Somalia and identify gaps and areas for improvement based on international guidelines.

3. Policy Development Phase:

- Develop a draft National Cooperatives Policy and Act based on the findings from the assessment phase ensuring alignment with international best practice.
- The policy and act should include provisions for:
 - Legal and regulatory framework for cooperatives as outlined in the UN Guidelines and other international best practices, ensuring cooperatives enjoy equal treatment with other types of enterprises.
 - Promotion of cooperative enterprises and entrepreneurship with a focus on primary productive sectors like livestock, agriculture, and fisheries.
 - Access to finance and financial management for cooperatives addressing areas such as partnerships with financial institutions and development agencies, market linkages etc.
 - Governance, management, and accountability of cooperatives in line with cooperative values and principles.
 - Supportive measures for cooperative education, training, and capacity building as emphasized in the international guidelines.
 - Gender equality and social inclusion within cooperatives.
 - Mechanisms for monitoring, evaluation, and review of the policy.
 - Ensure alignment with Somalia's broader economic development goals and strategies positioning cooperatives as key drivers of inclusive growth and sustainable development.

4. Validation and Consultation Phase:

- Organize validation workshop with stakeholders to validate the draft policy.
- Incorporate feedback and suggestions from stakeholders into the final policy document.
- Present the final draft policy to the Ministry of Commerce and Industry for approval.

5. Implementation Framework:

- Develop an implementation framework outlining the steps, responsible entities, and timelines for executing the policy.
- Provide debrief and handover with the dedicated unit or department within the Ministry of Commerce and Industry especially the SME's and Cooperatives Department for overseeing the implementation of the policy.

- Provide guidelines for monitoring, evaluation, and reporting on the progress and impact of the policy.

6. Capacity Building and Awareness:

- Develop comprehensive training modules and materials on the National Cooperatives Policy and Act, tailored for different target audiences, including cooperative members, government officials, and other relevant stakeholders. These training modules should cover topics such as:
 - Key provisions/guidelines of the National Cooperatives Policy and Act
 - Cooperative governance and management best practices
 - Financial management and compliance requirements for cooperatives
 - Strategies for promoting inclusive participation and gender equality within cooperatives
 - Monitoring and evaluation frameworks for assessing cooperative performance and impact
- These training modules and materials will serve as core resources for the Ministry of Commerce and Industry to train cooperative societies and other stakeholders on an ongoing basis.
- Conduct training sessions for the SME and Cooperatives Department staff of the Ministry of Commerce and Industry, as well as other key stakeholders, on the effective use and delivery of the training modules and materials developed to ensure that the Ministry staff and other trainers are well-equipped to provide comprehensive training and support to cooperative societies in the implementation of the new policy and act.

E. METHODOLOGY

The development of the National Cooperatives Policy and Act will involve a participatory and consultative approach, including the following steps:

1. Conduct a comprehensive review of existing cooperative laws, policies, and regulations in Somalia.
2. Undertake in-depth research and analysis of the current state of cooperatives in various sectors.
3. Engage with key stakeholders, including government ministries, cooperative associations, development partners, and civil society organizations, through consultations, workshops, and surveys.
4. Identify challenges and opportunities facing the cooperative sector through qualitative and quantitative assessments.
5. Develop a comprehensive policy document that outlines strategies, objectives, and action plans for cooperative development.

F. EXPECTED OUTCOMES.

The development of the National Cooperatives Policy and Act will result in the following outcomes,

1. A well-informed and comprehensive National Cooperatives Policy and Act document that reflects the needs and priorities of various stakeholders.
2. Strengthened cooperative sector governance, transparency, and accountability.

3. Increased access to financial resources, markets, and technology for cooperative members.
4. Enhanced youth and women empowerment for social inclusion within cooperatives.
5. Improved legal and regulatory frameworks that promote cooperative growth and sustainability.
6. Strengthened collaboration and advocacy mechanisms among key stakeholders.

G. TIMELINE

The development of the National Cooperatives Policy and Act is expected to be completed within five months from the commencement of the project.

H. STAKEHOLDER COLLABORATION.

This Policy and Act development requires close collaboration between government ministries, cooperative associations, development partners, academia, and civil society organizations to ensure a holistic and inclusive approach to policy development.

By developing the Somalia National Cooperatives Policy and Act, the aim to create an environment where cooperatives can flourish, contributing to socio-economic development, poverty reduction, and sustainable livelihoods for Somali citizens. This policy will serve as a roadmap for cooperative growth and empowerment, fostering an inclusive and resilient economy.

I. DELIVERABLES.

S/N	Deliverable Title	Deliverable Description	T+ Contract Signature/ Payments Structure
1	Inception Report	The inception report will include a comprehensive review and desk research on Somalia's current cooperative law for Somalia, trade policies, regulatory framework, trade agreements and preferential trade agreements Somalia has entered. The report will also contain an overview of the existing cooperative law provisions in these agreements and the potential gaps and opportunities to standardize and harmonize them into a comprehensive Cooperative Law. The inception report will	2 weeks 10% of payment

		include a work plan with timelines	
2	Analysis and Assessment Report	The firm will provide a detailed assessment of Somalia's current state of cooperative management, considering its trade agreements and relationships as well as other regulations available in the country. The report will also include a comparative analysis with cooperatives management in other similar countries, highlighting best practices that could be beneficial for Somalia. And how accessing COMESA, EAC, WTO and ACFTA will be impacted by the proposed Cooperatives Policy.	5 weeks 10 % of payment
4	Draft National Cooperatives Policy and Act	Based on the findings of the assessment and initial stakeholder consultations, the firm will prepare a draft National Cooperatives Policy and Act that aligns with international best practices and considers Somalia's unique context. This draft policy will reflect a harmonized approach to managing cooperative groups in a way that promotes trade and protects Somalia's interests.	12 weeks 25 percent of payment
5	Stakeholder Engagement Report	The firm will organize and facilitate a series of consultations with key stakeholders, at the assessment stage and during the validation workshop, including with public and private sectors, cooperatives, business associations, trade	16 weeks 10 percent of payment

legislation in developing countries. The firm should demonstrate experience in conducting comprehensive assessments of the cooperative sector, facilitating multi-stakeholder consultations, and providing capacity-building support to government institutions and cooperative organizations. Experience working in post-conflict or fragile states, particularly in Somalia or the Horn of Africa region, would be highly advantageous.

Key Experts

1. Cooperative Policy and Legal Expert (Team Leader)

Education: Master's degree in Law, Public Policy, Development Studies, or a related field. A specialization in cooperative law or policy would be highly advantageous.

Experience: At least 10 years of professional experience in developing and implementing policies and legislation related to cooperatives, SMEs, and inclusive economic development. The expert should have led at least one similar assignment, preferably in developing countries, and have a strong track record of delivering high-quality outputs and achieving desired outcomes.

Expertise: In-depth knowledge of international best practices in cooperative policy and legislation, including the ILO Recommendation 193 on the Promotion of Cooperatives and the UN Guidelines on creating a supportive environment for the development of cooperatives. Proven ability to analyze complex legal and policy issues, draft clear and concise legal and policy documents, and provide strategic advice to government clients. Strong leadership and team management skills, as well as excellent communication and stakeholder engagement abilities.

Specific Experience: Demonstrated experience in conducting comprehensive assessments of the cooperative sector, identifying key challenges and opportunities, and developing evidence-based policy and legal recommendations. Proven track record of successfully facilitating multi-stakeholder consultations and building consensus among diverse groups of stakeholders. Experience working in Somalia or the Horn of Africa region, and familiarity with the local legal and policy context, would be highly desirable.

2. Cooperative Development Expert

Education: Master's degree in business administration, Economics, Social Sciences, or a related field. A specialization related to cooperative management, rural development or development would be highly advantageous.

Experience: At least 10 years of professional experience in promoting and supporting the development of cooperatives and other forms of inclusive business models. The expert should have participated in at least one similar assignment, preferably in developing countries, and have a strong track record of delivering capacity-building and technical assistance support to cooperative organizations.

Expertise: Deep understanding of the principles and practices of cooperative development, including governance, management, financial sustainability, and member participation. Knowledge of best practices in cooperative training and capacity building, as well as experience in developing and delivering training programs for cooperative members and leaders. Strong analytical and problem-solving skills, as well as excellent communication and facilitation abilities.

Specific Experience: Demonstrated experience in assessing the capacity-building needs of cooperative organizations, designing and implementing training and technical assistance programs, and monitoring and evaluating the impact of these interventions. Proven ability to

work effectively with a wide range of stakeholders, including government officials, cooperative members, and development partners. Experience working with cooperatives in the agriculture, livestock, and fisheries sectors would be highly desirable.

3. Stakeholder Engagement Specialist

Education: Degree in Communications, Public Relations, Social Sciences, or a related field.

Experience: At least 5 years of professional experience in designing and implementing stakeholder engagement strategies for development projects and programs, particularly in the areas of cooperative development, SME promotion, and inclusive economic growth.

Expertise: In-depth knowledge of stakeholder engagement principles, methodologies, and best practices, including stakeholder mapping and analysis, participatory planning and decision-making. Proven ability to design and facilitate multi-stakeholder consultations, workshops, and dialogues that foster open communication, trust-building, and collaborative problem-solving. Excellent interpersonal and communication skills, as well as strong cultural awareness and sensitivity.

K. REPORTING.

The consultancy firm(s) will work under the direct supervision of the Director General of the Ministry of Commerce and Industries and the DRIVE Trade Focal point and shall provide weekly progress reports summarizing progress; challenges and presenting any issues that require action from the Ministry and the DRIVE Project. The consultant firm will coordinate with the PIU of the DRIVE project and the World Bank and to include inputs from the relevant MDAs since the development of the policy needs to be harmonized and coherent with the regulations of the other institutions.

Sharing of work progress updates, stakeholder meetings, and workshops shall be conducted within the agreed timelines by the parties and the final validation workshop shall be stakeholder sensitive, consultative, and inclusive. A validation workshop shall be conducted for a final consultative opportunity by the stakeholders.