Article 02:

Public–Private Partnerships in Somalia's National Transformation Plan: **OPPORTUNITIES, GAPS, AND THE WAY FORWARD**

SUMAYA NOR ABDI

Bio: Sumaya is a Public-Private Partnership (PPP) Specialist at the Ministry of Planning, Investment, and Economic Development in Somalia. With over eight years of experience in public administration and development coordination, she works closely with government institutions, development partners, and the private sector to advance private sector participation in public investments, and she is part of the team supporting the preparation and implementation of Somalia's National Transformation Plan. Sumaya has led stakeholder engagement, resource mobilization, and partnership development initiatives, and serves as the National Focal Point for JICA and KOICA programs in Somalia

Introduction

Somalia is at a critical juncture in its development trajectory. For decades, national progress has relied heavily on donor funding and short-term, project-based interventions, often shaped more by external priorities than by long-term national planning . That model is increasingly unsustainable. Donor fatigue, tightening global development finance, and a growing focus on humanitarian emergencies have reduced the availability of large-scale investment support. At the same time, Somalia's development needs continue to expand, particularly in employment, energy, infrastructure, education, health, and basic services for a young and rapidly growing population.

It is within this context that the National Transformation Plan (NTP 2025–2029) marks a strategic shift. The Plan envisions a development model driven primarily by the private sector, with the state assuming a more strategic role as regulator, coordinator, and protector of the public interest . The ambition is substantial: the NTP outlines investments of approximately USD 26.2 billion over five years, far beyond what public revenues and traditional donor financing can realistically support.

To bridge this gap, the Plan anticipates a significantly expanded role for private investment, with more than USD 6 billion expected from private sources. Public–Private Partnerships (PPPs) are therefore positioned as a key instrument to mobilize capital, improve service delivery, and reduce pressure on constrained public finances. While this approach reflects practical realities, it also raises important questions about institutional readiness, governance, and public accountability.

This article examines the role PPPs are expected to play under Somalia's National Transformation Plan, the risks associated with pursuing partnerships amid shrinking aid and evolving institutions, and the foundational changes required to ensure PPPs contribute to inclusive and sustainable development.

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[1] *Federal Government of Somalia, Ninth National Development Plan (NDP-9), 2020–2024 (Mogadishu: Ministry of Planning, Investment and Economic Development, 2019); World Bank, Somalia Country Economic Memorandum: Rebuilding Resilient and Sustainable Growth (Washington, DC: World Bank, 2023)*

[2] *Federal Government of Somalia, National Transformation Plan (NTP) 2025–2029 Ministry of Planning, Investment and Economic Development, 2025.*

Private Sector-Led Development under the NTP:
WHAT ROLE ARE PPPS EXPECTED TO PLAY?

The NTP represents a clear departure from past development approaches by placing the private sector at the center of economic delivery. Rather than relying on the state as the primary financier and implementer, the Plan assumes that private capital, operational capacity, and innovation will drive much of Somalia's transformation, while government provides oversight and strategic direction.

Within this framework, PPPs are expected to serve three main functions. First, they are intended to help close financing gaps in sectors where public resources and donor funding are insufficient or declining.

Second, PPPs are expected to improve efficiency and service quality. The NTP assumes that private participation can address persistent challenges such as unreliable energy supply, weak infrastructure, and limited access to quality services by introducing performance-based management and operational discipline.

Third, PPPs are seen as a pathway toward greater economic sustainability. By relying on long-term contractual arrangements and, where possible, commercial revenues, partnerships are expected to reduce dependence on short-term donor-funded projects and create more predictable service delivery models.

However, these expectations place a significant burden on PPPs to compensate for fiscal constraints, shrinking aid, and capacity gaps within the state. When partnerships are pursued primarily out of necessity rather than strategic readiness, there is a risk that PPPs become a default option rather than a carefully chosen tool.

The Missing Foundations:
WHY THE ABSENCE OF A PPP LAW MATTERS

As PPPs gain prominence under the NTP, a critical weakness becomes increasingly evident: Somalia is advancing a private sector-led development agenda without a fully enacted PPP legal framework. While policy intent is clear, the rules governing how partnerships are selected, structured, and managed remain incomplete.

This gap matters because PPPs are complex, long-term arrangements that allocate risks, responsibilities, and rewards over many years. Without a clear legal basis, partnerships risk being negotiated on an ad hoc basis, shaped more by immediate pressures than by consistent standards or long-term public value.

For government institutions, the absence of a PPP law weakens negotiating capacity and complicates coordination across ministries and levels of government. For private investors, it creates uncertainty around predictability, dispute resolution, and contract enforcement, factors that directly influence investment decisions and risk pricing.

Most importantly, the lack of a legal framework limits the state's ability to safeguard the public interest. Robust PPP laws typically define project selection criteria, value-for-money assessments, risk allocation principles, and transparency requirements. Without these safeguards, partnerships may prioritize short-term delivery over affordability, equity, and service quality, reinforcing public skepticism toward private participation.

These risks are compounded by institutional capacity constraints. Managing PPPs requires specialized skills in project preparation, financial analysis, contract management, and performance monitoring, capacities that remain uneven across Somalia's public institutions. In the absence of a clear legal framework, these weaknesses become more pronounced, increasing reliance on external advisors and reducing local ownership.

From Ambition to Impact:
WHAT NEEDS TO CHANGE FOR PPPS TO WORK FOR THE PUBLIC

If PPPs are to deliver on their promise under the National Transformation Plan, several shifts are required.

First, clarity and sequencing are essential. Passing and operationalizing the PPP law would establish minimum standards for transparency, accountability, and risk sharing, providing a common reference point for all stakeholders.

Second, public sector capacity must be strengthened, particularly in project preparation and contract management. Weak feasibility studies and poorly allocated risks often lead to renegotiations or service failures.

Third, PPPs must be used selectively. Not all projects are suitable for partnerships, and pursuing PPPs simply because public funding is unavailable can create long-term fiscal and social costs.

Transparency and public communication are also critical. Publishing key project information and clearly explaining public obligations can help build trust and manage expectations.

Finally, PPPs must align with the broader objectives of the NTP. Partnerships should advance national priorities such as job creation, affordability, and inclusive growth, rather than operating as isolated transactions.

Getting PPPs Right:
A PATH FORWARD FOR SOMALIA

As Somalia moves from planning to implementation, PPPs will increasingly shape the country's development outcomes. Getting them right requires anchoring partnerships in a clear legal framework, strengthening public sector capacity, being strategic in project selection, prioritizing public outcomes, and ensuring transparency.

PPPs can play a meaningful role in Somalia's transformation, but only if they are approached with realism, discipline, and a firm focus on public value. Otherwise, they risk becoming a response to fiscal pressure rather than a pathway to sustainable development.

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