



USAID
FROM THE AMERICAN PEOPLE



GUIDE TO DEVELOPING AND INVESTING IN THE SOMALILAND POWER SECTOR

East Africa Energy Program (EAEP)



CONTENTS

CONTENTS	1
EXECUTIVE SUMMARY	4
BACKGROUND	6
CURRENT STATUS	8
POWER POLICY, LEGAL, AND REGULATORY FRAMEWORK	9
SOMALILAND POWER SECTOR INSTITUTIONS AND MANDATES	13
LAND AND COMMUNITY	15
ENVIRONMENT AND SOCIAL RESPONSIBILITY	17
CONTRACTUAL BASIS FOR GENERATION	17
GAP ANALYSIS OF SOMALILAND'S ENABLING ENVIRONMENT FOR IPP DEVELOPMENT	18
ADDRESSING GAPS AND UNCERTAINTIES	20
TYPICAL IPP PREFEASIBILITY AND FEASIBILITY ACTIVITIES AND SOMALILAND IMPLICATIONS	22
APPENDIX 1: EXTRACT OF DRAFT SOMALILAND NATIONAL DEVELOPMENT PLAN III	23
APPENDIX 2: SOMALILAND ENERGY POLICY, 2010 EXCERPTS	24
APPENDIX 3: REGULATION NO 81/2018, PERMIT APPLICATION FORM	27
APPENDIX 4: SOMALILAND ENVIRONMENTAL MANAGEMENT AUTHORITY	33

DISCLAIMER

This report is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of RTI International and do not necessarily reflect the views of USAID or the United States Government. This report was prepared under Contract Number AID-720-674-18-D-00004 / AID-720-674-19-F-00004. This document is intended to comply with Section 508 Standard of the Federal Acquisition Regulation. If you have any difficulties accessing this document, please contact accessibility@rti.org.

TABLES

TABLE 1. PREFEASIBILITY AND FEASIBILITY CHECKLIST & CONSIDERATIONS SUMMARY	5
TABLE 2. POWER POLICY AND LEGISLATIVE INSTRUMENTS	12
TABLE 3. SOMALILAND ELECTRICITY SERVICE PROVIDERS	14
TABLE 4. GAP ANALYSIS OF SOMALILAND'S ENABLING ENVIRONMENT	18
TABLE 5. GAPS, UNCERTAINTIES, AND MITIGATION STRATEGIES	20

FIGURES

FIGURE 1. MAP OF SOMALILAND.	6
FIGURE 2. RELATIONSHIPS OF A POWER SECTOR'S ENABLING ENVIRONMENT	8
FIGURE 3. TYPICAL EARLY STAGE IPP DEVELOPMENT PHASES	22

ACRONYMS

BEC	Berbera Electric Company
EAEP	East Africa Energy Program
ESP	Electricity Service Provider
ESRES	Energy Security and Resource Efficiency in Somaliland Program
HECO	Horn Electricity Company
IPP	Independent Power Producer
LESCO	Liban Electric and Solar Company
MFAIC	Ministry of Foreign Affairs and International Cooperation
MIID	Ministry of Investment and Industrial Development
MTT	The Ministry of Trade and Tourism
MOEM	Ministry of Energy and Minerals
MOERD	Ministry of Environment and Rural Development
MOU	Memorandum of Understanding
MW	Megawatt
NEC	National Electric Company
NGO	Non-Government Organization
PPA	Power Purchase Agreement
PPP	Public Private Partnership
PV	Photovoltaic
RAP	Resettlement Action Plan
SDAC	Sustainable Development Advisory Committee
SEA	Somaliland Electricity Association
SEMA	Somaliland Environmental Management Authority
SEPCO	Sanaag Electric Power Company
SERC	Somaliland Energy Regulatory Commission
SOMRENA	Somaliland Renewable Energy Association
TEC	Telesom Electric Company
USAID	United States Agency for International Development



EXECUTIVE SUMMARY

The USAID-funded Power Africa East Africa Energy Program (EAEP) has developed this guide for potential investors in Somaliland's power generation sector. The guide will also be of interest to current electricity service providers (ESPs) and other power sector stakeholders in Somaliland, because it considers solutions to gaps in the current enabling environment specific to power contracting.

Somaliland's power sector has evolved and developed rapidly following the cessation of a civil war in 1991. The rebuilding of the power sector has resulted in privately owned ESPs building and consolidating distribution power systems for large urban centers. There is no power transmission system in Somaliland, and population centers are serviced by a mix of diesel power generators with some solar and battery energy storage. Somaliland's power sector has reached a major transition point and requires increased capital to further develop. To facilitate this development, more independent power producers (IPPs), investors, and technology providers need to become involved.

The power sector's enabling environment is still relatively underdeveloped. While Somaliland's constitution and overarching legislation supports and encourages power development and foreign investment, the Somaliland administration is still finalizing certain key policies and legislation and has yet to develop all necessary regulations. Despite gaps in Somaliland's enabling environment, developers and investors can take pragmatic measures to manage risks through special arrangements and agreements with local partners, the Somaliland administration, and off-takers.

This guide is primarily intended for potential developers in the Somaliland power generation sector, although the insights, risk assessments, and opportunities identified will be of interest to any party with an interest in investing in projects (e.g., investors, lenders, development finance institutions, risk insurers, and project advisors). The guide also will also help existing Somaliland power sector stakeholders (e.g., the administration and ESPs) to understand what developers need to invest in and how those needs could be addressed. The guide includes the following sections:

- Overview of Somaliland's power sector
- Assessment of the power sector's current state of readiness for development
- Gap analysis comparing what investors and developers require against the power sector's current investment framework
- Alternative measures to address perceived gaps in the framework
- Practical checklist of recommendations

This guide recommends that power developers initiate workarounds for each bankable project to facilitate a contracting environment favorable to all stakeholders. Through these workarounds, all parties can adopt a flexible and pragmatic approach, which leads to better outcomes and enables power project developments to proceed.



The Sanaag Electric Power Company (SEPCO) Power Station in Erigavo

Source: *Energy Security and Resource Efficiency in Somaliland (ESRES)*

TABLE I. PREFEASIBILITY AND FEASIBILITY CHECKLIST & CONSIDERATIONS SUMMARY

PREFEASIBILITY AND FEASIBILITY ACTIVITIES	PARTICULAR CONSIDERATIONS IN SOMALILAND
Project-Initiated	
Assessment and due diligence of operating environment, updates to policy, legal and regulatory frameworks, and relevant stakeholders	Contract with a local partner Engage with ministries, including MOEM and MIID initially
Community engagement	Use a local partner to determine protocols and approaches
Resource assessment	Check with MOEM to identify available resource studies
Rights to site	Use a local partner to determine protocols and approaches
Memoranda of Understanding (MOUs) relating to the site	Use a local partner to determine protocols and approaches
Power Contracting-Initiated	
MOUs relating to power sales	Consult with MOEM, SEA, SOMRENA, and individual ESPs to establish a contracting partner
Rights to resource	Use a local partner to determine protocols and approaches
Pre-feasibility-Initiated	
Construction, operations, and maintenance planning	Use a local partner to determine protocols and approaches
System connection assessment and planning	Engage with local ESPs and establish a technical approach (as there is no transmission system)
Environmental and social impact assessment planning	Use a local partner and engage with MOERD
Power Contracting, 2nd Stage	
Interim license application preparation	Consult with MOEM, SERC, and a local partner to determine requirements (as there is no licensing process yet in place)
Somaliland Administration Engagement	
Engage relevant ministries to confirm the nature and extent of administration support	Re-engage with MIID

BACKGROUND

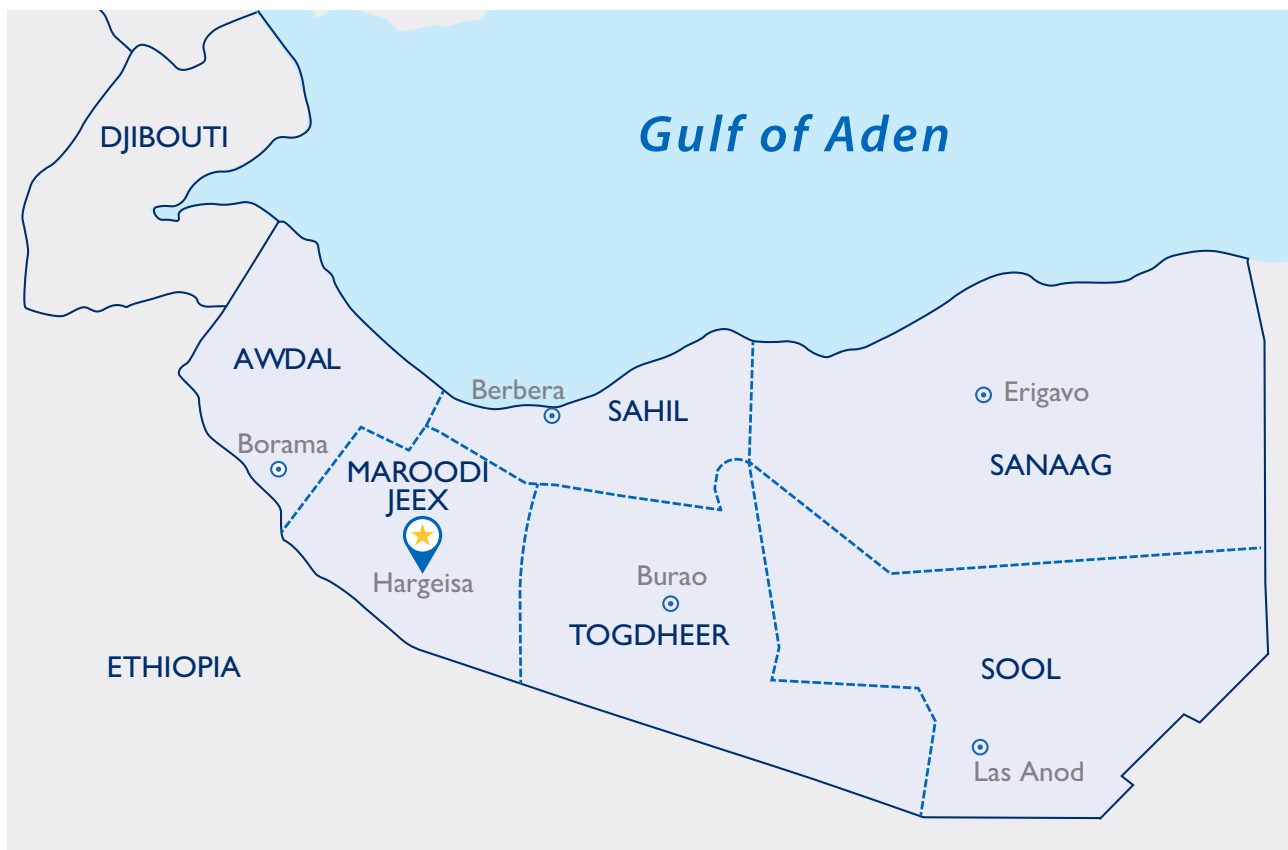
GEOPOLITICAL CONSIDERATIONS

Following unrest and civil war in 1988, on May 18, 1991 Somaliland declared independence from Somalia and began its state-building process. Few countries have since established a diplomatic presence in Somaliland, and no country has yet officially recognized Somaliland as an independent country. Despite Somaliland's limited support, diplomatic or otherwise, from the international community, the country has made impressive progress in building its institutions and governance.

In May 1993, tribal elders successfully led a reconciliation process, disarmed tribes, and established an interim administration through a vote by the House of Elders. The House of Elders then led the adoption of a multi-party system, with a president and legislative representatives elected by the people. Since its establishment, Somaliland has held several presidential and parliamentary elections with peaceful transfers of power. Even as parts of the surrounding region have remained volatile, the administration prioritized security and peace-building and sustained stability, which led to increased local business and investment from diaspora communities. Consequently, many private sector sectors, such as banking, telecommunication and power, have taken the initiative, developed, and thrived.

Somaliland has six regions, each of which has a major city as its capital, as shown in Figure 1. Map of Somaliland. Hargeisa is both the national capital of Somaliland and the regional capital for the Maroodi-Jeex Region. Berbera, which is the regional capital of the Sahil Region, hosts Somaliland's largest port, Berbera Port, which manages more than 95 percent of Somaliland's imports. Berbera has benefited from investments by the United Arab Emirates and the United Kingdom's Foreign, Commonwealth, and Development Office to develop the Berbera Port and improve the major road connecting Berbera to mainland Ethiopia. These infrastructure advancements show Somaliland's economic progress and readiness for further international development.

FIGURE 1. MAP OF SOMALILAND



POWER SECTOR: STATE OF DEVELOPMENT, STRUCTURE, OWNERSHIP, AND ROLE OF THE ADMINISTRATION

Presently, Somaliland has no centralized national transmission grid and has no interconnection with neighboring countries. Multiple private metro-grids supply Somaliland's electricity;¹ in major cities these grids have been disconnected since the civil war, damaging or destroying the state-owned electricity infrastructure. Emerging from war, the administration prioritized repairing power systems that were critical to administrative operations. The private sector led the development of most power systems.

ELECTRICITY SERVICE PROVIDER FORMATION

In the absence of administration-supported electricity, businesses began establishing their own power generation facilities, starting with small diesel generators for their own power needs and eventually expanding into larger mini-grids that also supplied surrounding communities with electricity. The mini-grids grew organically, and city power systems consisted of inefficient and fragmented mini-grids. Many of those grids operated in the same neighborhoods via separate distribution lines. Over time, select grid operators merged into metro-grids, owned and operated by electricity service providers (ESPs); however, in several cases, more than one power company currently services the same urban area.

Larger ESPs, such as SomPower and Telesom Electric Company (TEC), emerged from the aggregation of several mini-grids operating in the same area. The mergers served as investment opportunities in the sector for local investors, particularly those in similar service industries, such as telecommunications and banking. For example, SomPower's largest investor and shareholder is Dahabshiil Bank, while TEC's largest investor and shareholder is Telesom Company. Dahabshiil and Telesom are, respectively, the largest bank and telecommunications companies in Somaliland.

¹ In this guide a metro-grid is defined as a standalone power grid, which supplies power to cities or major towns, and which is not connected to other load centers outside those population centers.



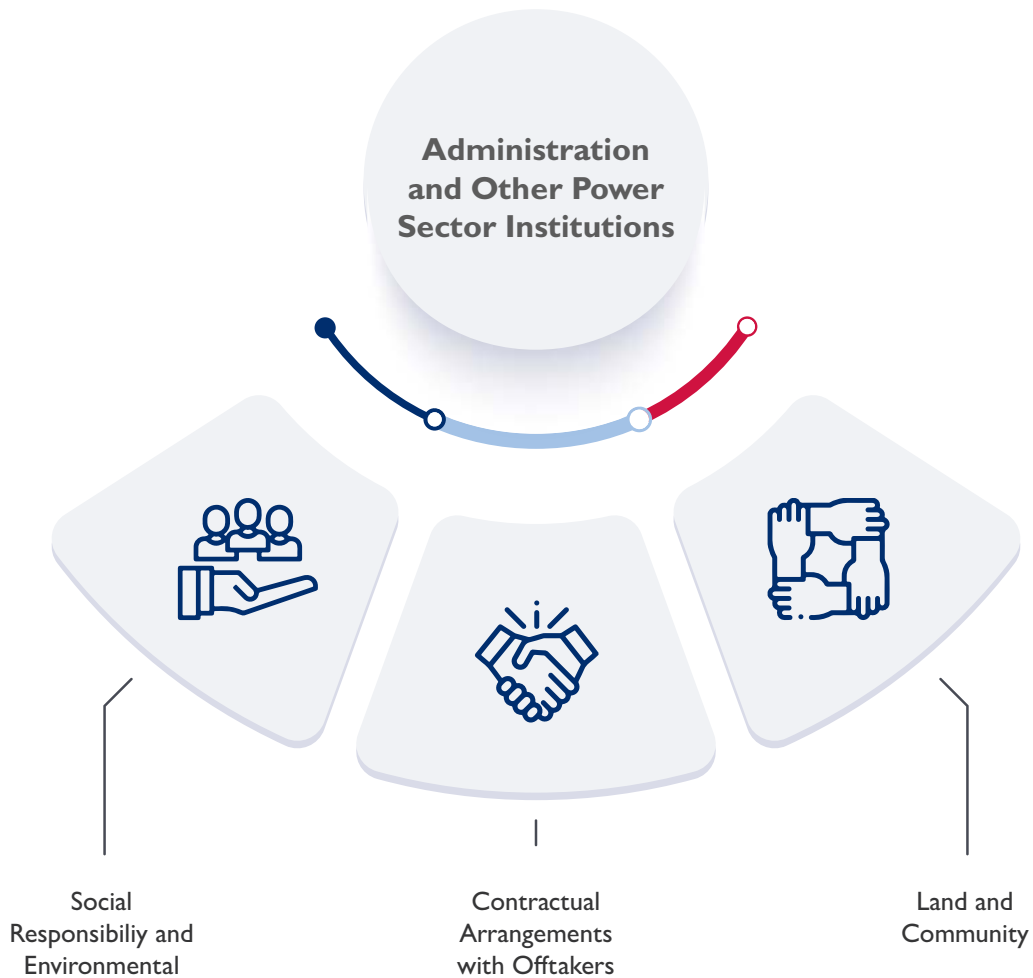
CURRENT STATUS

Somaliland's power sector is at a major transition point. ESPs require substantial capital to invest in larger power stations and associated energy storage systems, to increase required capacity and reduce the cost of generation. For Somaliland's power development to progress, the administration needs to encourage the involvement of independent power producers (IPPs), investors, and technology providers. Several ESPs in Somaliland have already engaged with IPPs, and some have successfully developed projects, mostly in the range of 1-2 megawatts (MW).

Investors are also considering larger power stations, so the sector can take advantage of economies of scale. A combination of energy storage and transmission system development will be necessary for Somaliland to integrate larger power stations and share generated power between major load centers. The development of the requisite transmission systems will require the coordination and cooperation of the administration, community leaders, and ESPs and their shareholders.

Figure 2: The Relationships of a Power Sector's Enabling Environment illustrates the following interconnected considerations: (a) the policy, legal, and regulatory framework; (b) the administration and other power sector institutions; (c) land and community systems; (d) contractual arrangements with offtakers; and (e) social responsibility and environmental systems. A power sector's enabling environment comprises the structures and arrangements that together create a region's climate for power development.

FIGURE 2. RELATIONSHIPS OF A POWER SECTOR'S ENABLING ENVIRONMENT



POWER POLICY, LEGAL, AND REGULATORY FRAMEWORK

POLICY

The Somaliland administration's policy documents relevant to the power sector include:

- National Development Plan III, 2021–2026 (which is under development)
- Energy Policy, 2010 (which is under development)
- Power Master Plan, 2018

NATIONAL DEVELOPMENT PLAN III, 2021–2026

The list of relevant energy policy goals and recommended regulations for urgent development are included in Somaliland's draft National Development Plan III, 2021–2026, as excerpted in Appendix 1: Extract of Draft Somaliland National Development Plan III.

The policy goals in the Plan have an economic development focus that recognizes the importance of an effective enabling environment or investment framework for energy sector stakeholders. The Plan also focuses on encouraging the development of renewable energy in power generation, and minimizing the negative environmental and social aspects of energy development. The plan recommends facilitating competition, international cooperation, and swift development of a regulatory framework for the sector to encompass licensing, technical regulation, economic regulation, and dispute resolution.

ENERGY POLICY, 2010

Relevant excerpts of Somaliland's Energy Policy, 2010 are in Appendix 2, with the caveat that, as of this guide's publication, the policy is in the process of being updated. Implementation targets from the 2010 policy document have expired.



Actors in the petroleum and power sub-sectors are mainly private entrepreneurs who are normally licensed to operate as general retail businesses, but have not been properly vetted to meet basic requirements for the kind of energy activities carried out. In some circumstances, the authorisation to undertake such businesses have been on an ad-hoc basis without clear licensing or contracts or any legal basis.

There is no mechanism to vet quality and safety standards of energy equipment and fuels imported into the country, thus exposing the consumers to safety risks.

– Energy Policy, 2010

The observations in this Energy Policy, 2010 excerpt are still relevant, although the Somaliland administration is still addressing licensing and safety challenges. Most of the proposed strategic interventions in the Energy Policy have yet to be completed, including:

- Developing financing mechanisms focused on environmentally friendly energy services
- Developing a strategic plan and investment guidelines to promote increase of the energy supply
- Implementation of an effective legal and institutional framework that facilitates contracting with IPPs and connection to the power network

POWER MASTER PLAN, 2018

In 2018, the Somaliland administration developed the Power Master Plan, 2018, which it will update according to relevant updates in policies and legislation. Below is a summary of the Plan's major conclusions, which highlight the need for electricity generation and address consolidation and coordination across the power distribution sector:



There is insufficient generation capacity to meet the current loads:

- The current generation is not being used efficiently
- There are high technical and commercial losses
- Significant improvements can be made to the operation of the power sector throughout the country by increased cooperation between ESPs under some supervision from one or more regulatory authorities. This is specifically in the areas of duplication of distribution investments and the inability to benefit from the economies of scale in the purchase and installation of small units to serve a large market.

– The Power Master Plan, 2018

The recommendations of the Master Plan include building more medium-speed diesel and simple-cycle gas turbines for major urban centers. The Plan also recommends expanding solar PV after ESPs have mastered and automated thermal generation, and recommends against developing grid-scale generation, integrating Somaliland's major urban centers, and interconnecting transmission with Ethiopia.

LEGISLATION AND REGULATIONS

To understand the implementation of the Somaliland administration's policy and law, it is necessary to consider the roles of statutory, religious, and customary justice within the legal framework. Statutory law includes the Constitution, other legislation, and attendant regulations and institutions; it is the most recent of the justice systems and is still in development. *Shari'ah* (i.e., religious law that is part of the Islamic tradition) in its *Shafi'i* interpretation (one of the four major schools of Islam) forms the basis of constitutional law. Customary law, called *Xeer*, is, however, the most commonly practiced justice system, and has an inherent focus on the avoidance of communal conflict, as it is presided over by clan elders.

Somaliland statutory law is incorporated in the nascent energy policy, legal, and regulatory framework. The major legislative documents relevant to power sector development in Somaliland are:

- Constitution, 2001
- Somaliland Investment Act, 2021
- Electricity Act, 2016 (which is also known as "the Act" and includes an amended version under development and not yet available to the public)

SOMALILAND INVESTMENT ACT, 2021

In June 2021, Somaliland passed the Somaliland Investment Act No:99/2021 (also known as the Investment Act). The main objective of the Investment Act is to manage, promote, and encourage investment in the country. The Act is applicable legislation for any foreign investment in Somaliland. The following provisions of the Investment Act are particularly relevant to foreign investors:

- The administration shall ensure foreign investors have, at a minimum, the same rights as domestic investors for the management of its investment and the treatment of foreign investors in accordance with international agreements shall not be considered discrimination.
- The administration shall not expropriate (i.e., dispossess) investments in Somaliland, except by provision of law in the public interest and on a non-discriminatory basis
- Any expropriation (as legally enforced) will be accompanied by a prompt, adequate, and effective compensation

Somaliland's Ministry of Investment and Industrial Development (MIID) has the responsibility to encourage and facilitate foreign and domestic investment.

ELECTRICITY ACT, 2016

Parliament drafted and passed the Electricity Act, 2016² in 2018, which represents an important step toward guiding energy sector investments. The Act confirms the Ministry of Energy and Minerals (MOEM) as the highest authority in setting energy policies in Somaliland. The Act also establishes the Somaliland Energy Regulatory Commission (SERC), legislates provisions on consumer protection, and includes important provisions on governance and regulation of the sector.

The mandate of SERC is to regulate energy providers, including determining equitable prices for electricity and other energy services and issuing licenses for all energy generation, transmission, and distribution in accordance with regulations and procedures. Various regulations are required to operationalize the Act and empower SERC to exercise its regulatory mandate.

SERC is currently operational, with regulatory powers that seem to overlap with those of MOEM. This apparent duplication of mandates and lack of clarity around roles and responsibilities can be attributed to SERC's initial establishment occurring before the administration passed legislation to empower it.

The protracted delay in finalizing the Electricity Act, 2016 and supplementary regulations, standards, and codes means that the sector currently operates without a fully formed regulatory framework. Instead, MOEM still serves as the *de facto* regulator over the sector, even though SERC is now established. Currently, ESPs are not subject to licenses and technical standards of performance.

The overlapping regulatory powers include the following:

- Licensing
- Approving tariffs
- Dispute resolution, for example between licensees and customers

SOMALILAND COMPANIES ACT, 2018

In August 2018, the Somaliland parliament approved the Somaliland Companies Act (Law No. 80/2018). This law governs the formation, operations, and procedures for setting up companies in Somaliland. The law modernizes existing legal and regulatory frameworks for business entities by repealing the previous law (Somaliland Companies Law – Law No. 25/2004), and all other laws pertaining to companies in Somaliland.

The law recognizes that a robust, vibrant private sector in the Somaliland economy is beneficial for the people of Somaliland, and that growth of the private sector is enhanced when supported by a modern legal and regulatory framework that incorporates international best practices to promote ease of doing business for entrepreneurs and business of all sizes and pursuits.

Table 2, below, shows important sector policy and regulatory instruments currently in place in Somaliland.

² Currently, only certain parts of the Act are operational, and provisions relating to tariffs and consumer protection are incomplete. An amended version of the Act (currently under development at the time of this guide's publication) aims to address the gaps in the current legislation and is currently undergoing review in Parliament.

TABLE 2. POWER POLICY AND LEGISLATIVE INSTRUMENTS

INSTRUMENT	PURPOSE	STATUS	INSTITUTION
Policies			
Energy Policy, 2010	Meets the energy needs of Somaliland for social and economic development in a cost-effective way that promotes sustainable energy production and use, while minimizing negative environmental impact	A new Energy Policy is under development	MOEM
Legislation			
Electricity Act, 2016	Establishes the SERC; legislates provisions on consumer protection, among other categories; sets forth important provisions on governance and regulation of the sector	The amended version of the Act is under development and not in the public domain	MOEM
Plans			
Power Master Plan, 2018	Outlines electrical energy plans over a 20-year planning period	Approved in 2018	MOEM
Procurement of new capacity framework			
None. ESPs are responsible for power planning and procurement	Procures new generation capacity to meet demand	Ongoing	ESPs
Regulation			
Licenses	Sets out terms and conditions for conducting generation, transmission, distribution, and sales of electricity services	MOEM implements an informal system. MOEM has developed a form to be completed for permits and licenses. For reference, the template is in Appendix 3: Regulation No 81 /2018, Permit Application Form	MOEM
Tariffs	Allows the administration to determine and approve charges to customers	Pending finalization of tariff provisions in the Electricity Act under development, ESPs currently determine their own tariffs	MOEM
Technical Standards	Regulates quality of service and supply, and health and safety	No formal technical standards exist	MOEM
Grid Code (transmission)	Establishes rules governing operation, maintenance, and development of the transmission system, and sets out procedures for governing the actions of all transmission system users	A grid code does not exist yet	MOEM

SOMALILAND POWER SECTOR INSTITUTIONS AND MANDATES

MINISTRY OF ENERGY AND MINERALS

MOEM is responsible for implementing all energy sector policies in Somaliland, and is the highest authority over the energy sector. MOEM's responsibilities, as outlined in the Electricity Act 2016, are to:

- Encourage private sector investments in the energy sector and promote the development of indigenous and renewable energy sources
- Develop the National Energy Plan for the energy and electricity sectors
- Conduct energy assessments of energy generation, consumption, distribution, transmission, and supply
- Facilitate and encourage reforms in the structure and operations of distribution utilities, for greater efficiency and lower costs
- Serve as the arbitration body for disputes regarding SERC decisions
- Develop and manage the Somaliland Energy Trust Fund, which will be established for infrastructure investments related to the development of the energy sector and SERC
- In cooperation with the Ministry of Foreign Affairs and International Cooperation (MFAIC), initiate bilateral and regional electricity and energy business as well as energy research cooperation with neighboring countries and international energy business cooperation agreements
- Approve new energy sector foreign investments according to Ministry of Trade and Investment requirements, and in consultation with SERC
- Promote the development and use of advanced fossil-based and renewable energy technologies, including but not limited to biomass, coal, solar, wind, tidal waves, hydropower, biogas, and municipal waste
- Promote the development of appropriate local capacity for the manufacture, installation, maintenance, and operation of basic renewable technologies, such as wind turbines and solar systems.
- Promote international cooperation on programs focusing on renewable energy sources and advanced fossil-based sources, in line with international clean energy practices

SOMALILAND ENERGY REGULATORY COMMISSION

In July 2020, the Somaliland administration mandated the establishment of SERC through the Electricity Act, 2016. SERC is currently operational, with some powers overlapping those of MOEM. The Act assigns SERC the responsibility of preparing national energy policies and regulations for MOEM's approval, which SERC then implements and enforces. The mandate of SERC is to regulate energy providers by:

- Determining equitable prices for electricity and other energy services
- Issuing licenses for all energy generation, transmission, and distribution, in accordance with regulations and procedures

Under the Act, regulations may cover the following areas:

- Licensing
- Approving tariffs
- Resolving disputes (e.g., between licensees and customers)
- Setting codes of practice for the sector
- Setting technical standards, health and safety standards, and quality-of-service standards
- Setting standards, processes, and charging rules for connections
- Issuing compliance certificates to technicians, suppliers, and companies working with codes of practices and technical standards for the electricity sector
- Auditing certified technicians, suppliers, and companies working with codes of practices and technical standards for the electricity sector
- Approving the Grid Code

MINISTRY OF FINANCE

The Ministry of Finance receives license fee payments for the sector, approves major development partner projects, and processes tax exemptions (e.g., for renewable energy equipment). The Ministry of Finance also administers the Somaliland Energy Trust Fund.

OTHER RELEVANT MINISTRIES

- The Ministry of Public Works supervises the demarcation of land into industrial zones and awards land permits
- The Ministry of Environment and Climate Change oversees management and control of natural resources, including charcoal
- The Ministry of Trade and Tourism (MTT) formulates trade policies to facilitate the import or export of energy equipment and materials.
- The Ministry of Investment and Industrial Development (MIID) promotes Somaliland as an investment destination and provides a “one-stop shop” for prospective investors. MIID also promotes the use public-private partnerships (PPPs) as a vehicle for investment. As of July 2022, MIID is drafting a Public Private Partnership law, and publicly consulting with various stakeholders to review and finalize the draft law before it goes to parliament for enactment
- MFAIC manages Somaliland's bilateral and regional electricity and energy business, as well as cooperation on energy research with neighboring countries. MFAIC also negotiates and closes international energy business cooperation agreements

ELECTRICITY SERVICE PROVIDERS

ESPs are private companies that own and operate vertically integrated generation and distribution services. The generation technology used is primarily high-speed engines utilizing diesel fuel. In the absence of a fully developed regulatory framework, ESPs are responsible for demand forecasting, operational planning, and investment planning. In addition, ESPs build their own sector infrastructure, operate their systems, set tariffs, measure consumption, and collect revenue.

ASSOCIATIONS

Many of Somaliland's ESPs have helped develop the nation's primary association for ESPs, the Somaliland Electricity Association (SEA). The Somaliland Renewable Energy Association (SOMRENA) is a nonprofit industry association representing the interests of the renewable energy industry, and a number of ESPs are members. Table 2, below, shows the major ESPs active in Somaliland's major population centers.

TABLE 3. SOMALILAND ELECTRICITY SERVICE PROVIDERS

ELECTRICITY SERVICE PROVIDERS	CENTERS SERVED	ESTIMATED CAPACITY (KW)
SomPower	Hargeisa, Wajaale, Gabiley	45,500
Berbera Electric Company (BEC)	Berbera	16,500
Telesom Electric Company (TEC)	Hargeisa, Wajaale, Gabiley, Borama, Buhole, Ceel-afwayn	12,500
Horn Electricity Company (HECO)	Burao	5,500
Sanaag Electric Power Company (SEPCO)	Erigavo	4,800
Aloog Electricity Company	Borama	4,600
National Electric Company (NEC)	Hargeisa	2,800
Sool Power	Las Anod	1,400
Gafane Power Company	Hargeisa	1,300
Badhan Electricity Company	Badhan	1,200
Beder Electricity Company	Sheikh	1,000

OTHER POWER GENERATION DEVELOPMENTS

ENERGY SECURITY AND RESOURCE EFFICIENCY IN SOMALILAND

The Energy Security and Resource Efficiency in Somaliland (ESRES) program³ provided funding, training, and other support over two project phases, and, with grant funding and co-financing from recipient ESPs, resulted in the development of nine solar PV and battery storage projects. The grants came with the condition that ESPs must commit to lowering retail prices to customers. ESRES resulted in the development of 5.7 MW of total installed generating capacity, as well as 3.1 MWh of battery storage to stabilize the grid and optimize supply.

ABU DHABI DEVELOPMENT FUND SOLAR PV

In 2021, the Abu Dhabi Development Fund funded the development of a 7MW solar PV power station in Berbera. The Somaliland administration transferred ownership of the facility to MOEM.

IPP ACTIVITY

Equator Energy is an example of an IPP active in Somaliland. The company has developed a 1.2 MW solar PV power station integrated into the National Electric Company's existing high-speed, diesel-based power station. Equator Energy provides its solar PV power stations and contract through a PPA, and operates its power stations like a typical IPP, managing operations and maintenance. The Equator Energy PPA model uses pay-per-use contracts at a fixed price.

LAND AND COMMUNITY

SOMALILAND CONSTITUTION

The Somaliland Constitution provides that land is public property, commonly owned by the nation, and has provisions on land acquisition, restrictions on land use, and involuntary resettlement. The Constitution does not explicitly recognize the role of customary law in any sector. However, in practice, customary law is the predominant means of processing land issues. For example, the administration sometimes relies on customary law in resolving disputes that may affect security within Somaliland. Notably, under the Constitution, the state is obliged to ensure the security of foreign investment. This (and related provisions in the Somaliland Investment Act 2021) could reasonably be interpreted as designed to protect foreign investors' land-ownership rights.

The administration grants private citizens ownership of some land (especially urban and agricultural land) and provides for the transfer of some land into private hands. Article 12 of the Constitution addresses land rights, transfer of public assets, and natural resources.



Article 11: The National Economy

3. The state shall ensure the security of foreign investment in the country. Such investment shall be regulated by law.

Article 12: Public Assets, Natural Resources and Indigenous Production

1. The land is a public property commonly owned by the nation, and the state is responsible for it.
2. The care and safeguarding of property, endowments and public assets is the responsibility of the state and all citizens; and shall be determined by law.
3. The Government shall have the power to own and possess movable and immovable property; and to purchase, sell, rent, lease, exchange on equivalent value, or otherwise expend that property in any way which is in accordance with the law.
4. Where it is necessary to transfer the ownership or the benefits of a public asset, the transfer shall be effected in accordance with the law.

– Somaliland Constitution

³ A Memorandum of Understanding (MoU), governing the implementation of the Energy Security and Resource Efficiency in Somaliland Program, was signed in July 2015 between the Somaliland administration and the UK's Department for International Development.

Article 31 of the Constitution provides confidence that private property rights will be respected. In addition, the Constitution and the Somaliland Investment Act 2021 confirm that this respect for private property rights extends to foreign investors. The Somaliland administration has a track record of providing compensation for forced relocation, as occurred when the Mohamed Adan Shekh hospital was built in 2012.



Article 31: The Right to Own Private Property

1. *Every person shall have the right to own private property, provided that it is acquired lawfully.*
2. *Private property acquired lawfully shall not be expropriated except for reasons of public interest and provided that proper compensation is paid.*
3. *The law shall determine matters that are within the public interest, which may bring about the expropriation of private property.*

– Somaliland Constitution

LEGISLATION AFFECTING LAND

Current legislation recognizes three types of land: urban, pastoral, and agricultural. Private property ownership includes land in which Art. 2(1) of Law No. 8/1999 (Agricultural Land Ownership Law) and 19(a) of Law No. 17 (Urban Land Management Law) established private ownership of land with a title deed.⁴ These laws and the Constitution establish a national legislative framework covering land ownership, occupation, and associated rights. At this stage, these rights as well as the requirements for community consultation and resettlement policies (including requirements for a Resettlement Action Plan [RAP]), are not part of the regulatory framework for energy project development. There are five main laws related to ownership and use of land:

1. Regions and District Law No. 23/2002 grants municipalities powers for the administration of land within their jurisdictions, including the power to classify land for permanent or temporary use, registration of land, and issuing of title deeds
2. Urban Land Management Law No. 17/2002 is the main piece of legislation regulating urban land. It establishes land-dispute tribunals (LDTs) as the main resolution mechanism for disputes related to urban land. It further defines the state institutions responsible for urban land governance; allocation, planning and development of land; aspects of land tenure; and appropriation of land in the public interest and compensation
3. Agricultural Land Ownership Law No. 8/1999 governs agricultural and pastoral land. The law stipulates that disputes related to agricultural and pastoral land must be resolved by the courts
4. Civil Code No. 37/1973 sets out general provisions for the regulation of immovable property ownership, including sale and transfer, registration, and publication of related documents
5. Civil Procedure Code No. 19/1974 regulates procedures and processes for both courts and LDTs

Under Articles 1 and 6 of Urban Land Management Law No. 17/2002, the President of Somaliland has the authority to issue a decree for transferring land for the purposes of public interest or town replanning, after consulting with the Cabinet and the National Urban Land Planning Committee. "Public interest" includes the use of land for the construction of electrical and communication lines, offices and Somaliland administration buildings, and any other reason deemed necessary. The National Urban Land Planning Committee evaluates the costs and compensation for properties affected by replanning, and owners receive plots equal, in terms of size and location, to plots expropriated (under Section 23 of Law No. 17).

⁴ An Analysis of Legal Issues Related to Land in Somaliland, Nimco Hersi, Carolina Cenerini & Sisay Yeshanew, Final Draft Report, April 2016.



Article 18: The Environment and the Relief of Disaster

1. 1. *The state shall give a special priority to the protection and safeguarding of the environment, which is essential for the wellbeing of the society, and to the care of the natural resources. Therefore, the care of and (the combating of) the damage to the environment shall be determined by law.*

– Somaliland Constitution

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Environmental protections derive from Article 18 (1) of the Constitution and Somaliland's Environmental Management Act, which came into effect on September 1, 2018. This legislation established the Ministry of Environment and Rural Development (MOERD), which enforces the implementation of legislation through its regulatory framework and serves the following functions:

- Determine policies for the management, protection, and use of the environment⁵
- Prepare and publish policies, strategies, objectives, and standards for the management and protection of the environment
- Coordinate environmental management at the national level
- Monitor and ensure compliance with the Act

The Environmental Management Act also establishes the Somaliland Environmental Management Authority (SEMA) and outlines its functions. The functions of SEMA (included in Appendix 3) include implementing administration policy and administering environmental impact assessments (mandated by the Environmental Management Act, 2018).

CONTRACTUAL BASIS FOR GENERATION

In Somaliland, ESPs are the power sector parties primarily responsible for developing power generation and providing power to consumers. The contractual development mechanisms that ESPs in Somaliland have used include:

- Build and connect generation, or contract a power generation development company to build generation
- Participate in the ESRES program and co-finance grant-funded solar PV and battery storage development
- Contract with IPPs to build, own, operate, and maintain power stations (such as the Equator Energy-provided power station facility for NEC in Hargeisa)

Additionally, in some cases, an entity may develop power generation and provide it to the Somaliland administration in exchange for other economic benefits, as was the case with the Abu Dhabi solar PV development in Berbera.

⁵ The Environmental Management Act (Xeer. Lr. 79/2018) defines environment as our surroundings including, land, water, air, climate, noise, creation conditions of animals and trees, and the natural and human made habitats/things.



GAP ANALYSIS OF SOMALILAND'S ENABLING ENVIRONMENT FOR IPP DEVELOPMENT

TABLE 4. GAP ANALYSIS OF SOMALILAND'S ENABLING ENVIRONMENT

IDEAL FUTURE STATE	CURRENT STATE	GAPS/DIFFERENCES
Geopolitical		
Predictable and clear political system	Somaliland is an autonomous region, but its sovereignty is not widely recognized	Somaliland's political system has been relatively stable and provides some predictability. However, the international community's lack of recognition of its statehood brings some uncertainty
Stable relationships between various levels of the administration	Uncertainty about how federal energy policy and law will affect Somaliland's power sector	
Power Sector Development, Structure, and Ownership		
Opportunities to expand power system	Low access to electricity	Current opportunities for significant expansion are limited to some degree by the lack of a transmission system
Established energy distribution systems operating efficiently, both technically and commercially	Distribution systems established in all major centers, with some replications of networks and effective overlaps of distribution concessions	There are well-established power distribution systems in urban areas operated by ESPs. However, in most cases, ESPs do not have monopoly rights to power distribution areas. There is a need to consolidate ESP businesses and rationalize distribution systems so that power distribution services are provided in a more economically efficient manner
Private sector with established roles	The private sector owns almost all substantive power system assets; the administration has some interest in owning generation	The private sector's dominant role provides an opportunity to develop straightforward commercial arrangements with ESPs
Transmission system connections between major load centers and generation	No transmission system has yet been developed	There is no transmission system
Interconnections between neighboring countries	There are no interconnections	There are no interconnections
Wholesale power trading	There is no wholesale power trading	There is no wholesale power trading
The administration's role is clear, and supportive of industry development	The administration's role is a work in progress. For example, the Parliament is still considering how to develop the Ministry of Energy's role through current draft legislation	The administration is still establishing its role in developing the power sector environment. Transmission and regional interconnection efforts require administrative involvement, support, and coordination
Legislative and Regulatory Framework		
Private and foreign investment are allowed, and PPPs are facilitated	The administration encourages private and foreign investments and PPPs, but has not yet enacted any specific PPP legislation	There are no obvious legal constraints. However, there is no specific PPP legislation, and regulatory instruments are underdeveloped

IDEAL FUTURE STATE	CURRENT STATE	GAPS/DIFFERENCES
Procedures for foreign investment prescribed	Foreign investment rules and procedures are established	Procedures are established, but there are limited precedents or prescriptions
Regionally coordinated generation and transmission development plan adopted	The administration has already developed a Master Plan, but it does not include transmission development or any regional interconnections	There is no coordinated generation and transmission development plan; the Master Plan is limited to expansion of distribution, and needs updating
Open access for all generation developments to transmission legislated	No transmission has yet been developed, and there are no regulations or Grid Code in place to facilitate open access	There is no transmission system or regulations
A Grid Code is in place, spelling out roles of industry participants	No Grid Code has yet been developed	No Grid Code has yet been developed
Technical standards regulated	There are no technical standards or regulations yet in place	There are no or few technical regulations in place
Land and Community		
Land ownership rules are clear, with distinctions between public and private land and rules on managing transfers	Land ownership and public and private land distinctions are clear in legislation	There are no obvious gaps, but regulatory instruments are underdeveloped
Foreign land ownership and/or leasing is allowed, with clear rules of application	Foreign ownership, investment, and involvement in land is supported through legislation	There are no obvious constraints
Environmental and Social Responsibility		
Rules for social responsibility for power projects (including compensation for land, wayleaves, and resettlement) established	Principles for land compensation and land rights of owners and occupiers are recognized in legislation	Legislative frameworks are in place. However, the lack of enabling subsidiary regulations creates uncertainty as to whether requirements for social-impact analysis and resettlement action plans would be enforceable. There is a general lack of clarity on how to apply the environmental and social responsibility legislative framework
Environmental requirements prescribed	Environmental legislation specifies expected environmental requirements, including environmental impact assessments	
Regulatory framework supports communities affected by power projects by addressing: <ul style="list-style-type: none"> • RAP requirements • The rights of project-affected communities • Dispute- resolution mechanisms • Strategies to reduce environmental damage 	Somaliland's environmental and social responsibility legislative framework is largely consistent with international standards. However, there is uncertainty as to what social responsibility provisions are covered, how they are administered, and how they are applied in practice	
Contractual Framework for Power Sales		
Clear, transparent, and responsive contracting processes	Power contracting (from IPPs) by ESPs remains relatively untested. However, privately owned ESPs would be incentivized to provide clear transparent and responsive contracting processes.	Clarity and transparency are not fully tested, but private sector-owned ESPs are relatively responsive



ADDRESSING GAPS AND UNCERTAINTIES

Table 5, below, recommends measures to bridge apparent gaps in contracting frameworks and improve the enabling environment for power generation projects in Somaliland. These recommendations assume that power developers will initiate discussions with Somaliland power stakeholders. Also relevant are the following key considerations and context:

- Gaps in the legislative framework and aspects of country risk may be mitigated by bespoke agreements with the administration and supplemented, as necessary, by political risk insurance
- Uncertainty over the application of legislation or gaps in legislation could be addressed by incorporating clauses in implementation or concession agreements with the Somaliland administration
- Gaps in technical and commercial regulations of the enabling environment can be addressed contractually with off-takers and, as appropriate, with the administration
- Gaps in technical regulations or codes should be addressed in PPAs with ESPs, and could be supported by incorporating clauses in implementation or concession agreements with the Somaliland administration
- Contracting with a reliable local partner is particularly important in Somaliland, to ensure the appropriate management of all aspects of the dynamic operating environment
- Demand risk is offset to some degree by high economic growth potential and power price elasticity; and in some cities, stakeholders can mitigate demand risk through multiple off-takers
- A power generation developer could negotiate flexibility in a PPA to sell to other parties, if issues arise

TABLE 5. GAPS, UNCERTAINTIES, AND MITIGATION STRATEGIES

GAPS AND UNCERTAINTIES	MITIGATION AND SOLUTION STRATEGIES
Somaliland’s political system is relatively stable and provides some predictability. However, lack of official recognition as a country contributes to uncertainty for potential power developers and foreign investors	<p>Prioritize involving a reliable local partner in Somaliland. Local knowledge, contacts, and language support is useful in managing project risks</p> <p>Incorporate in all significant projects appropriate Somaliland-administration support measures, in an implementation or concession agreement with the Somaliland administration</p> <p>Political risk insurance is available in Somaliland, and could supplement any Somaliland-administration agreement</p>
Required rationalization of overlapping distribution systems presents some market risk	Mitigate market risk somewhat by structuring a PPA contract to allow the generation developer to sell to a competing distribution business, if the main distribution counterparty has challenges selling power due to drop in customer demand caused by competition
Lack of transmission systems, interconnection, and a wholesale power market presents demand and market risk	<p>Take advantage of high power demand growth and current competition between distribution businesses to offset demand risk</p> <p>Mitigate market risk by structuring a PPA contract to allow the generation developer to sell to a competing distribution business, if the main distribution counterparty has challenges selling power due to a drop in customer demand</p>
The private sector’s domination of Somaliland’s power sector is a factor in the current relatively small size and scale of the sector. Because the administration does not have significant ownership of the power sector, it would logically not support the financial commitments of private companies (i.e., ESPs)	<p>Scale power generation projects in size to address risk</p> <p>Sell to multiple distribution businesses, to diversify the risk of termination and liquidity</p> <p>Investigate innovative credit and liquidity insurance arrangements</p>

GAPS AND UNCERTAINTIES	MITIGATION AND SOLUTION STRATEGIES
<p>The existing Somaliland legislative system provides some confidence for foreign investors. However, there is uncertainty in applying Somaliland’s foreign investment legislative regime, because it is untested and there is no precedent for substantial foreign power development</p>	<p>For any significant project, incorporate appropriate administration support measures into an implementation or concession agreement with the Somaliland administration</p> <p>Seek political risk insurance, which is available in Somaliland, to supplement any Somaliland-administration agreement</p>
<p>No coordinated generation and transmission development plan yet exists, which presents development and demand risk that can be partially offset by competition between distribution businesses in the main urban centers, and likely high power demand growth. In addition, there are plans (supported by Power Africa and the World Bank) to interconnect Somaliland regionally, which could eventually mitigate demand risk</p>	<p>Negotiate flexibility in a PPA to sell to other parties, if issues arise</p>
<p>There is no Grid Code or technical regulations</p>	<p>Incorporate standards into a PPA and concession agreement with the administration, with assurances that these standards will be grandfathered⁶ into future regulations</p>
<p>There is uncertainty about how environmental and social responsibility requirements will be enforced</p>	<p>Apply international project development standards with respect to environmental and social responsibility, by addressing:</p> <ul style="list-style-type: none"> • RAP requirements • Rights of project-affected communities • Dispute-resolution mechanisms • Strategies to reduce environmental damage <p>For any significant project, incorporate appropriate environmental and social responsibility arrangements into an implementation or concession agreement with the Somaliland administration, with a commitment to grandfathering the arrangements</p>
<p>Clear and transparent planning and procurement processes for new generation are limited</p>	<p>Prioritize involving a reliable local partner for any potential power developers in Somaliland. Local knowledge, contacts and language help manage project risks</p> <p>Contract with ESPs by adapting standard commercial PPAs with appropriate risk allocation. Because ESPs are privately owned commercial businesses, their power procurement processes may not be transparent, and developers should take steps to understand and agree to the procurement processes</p>

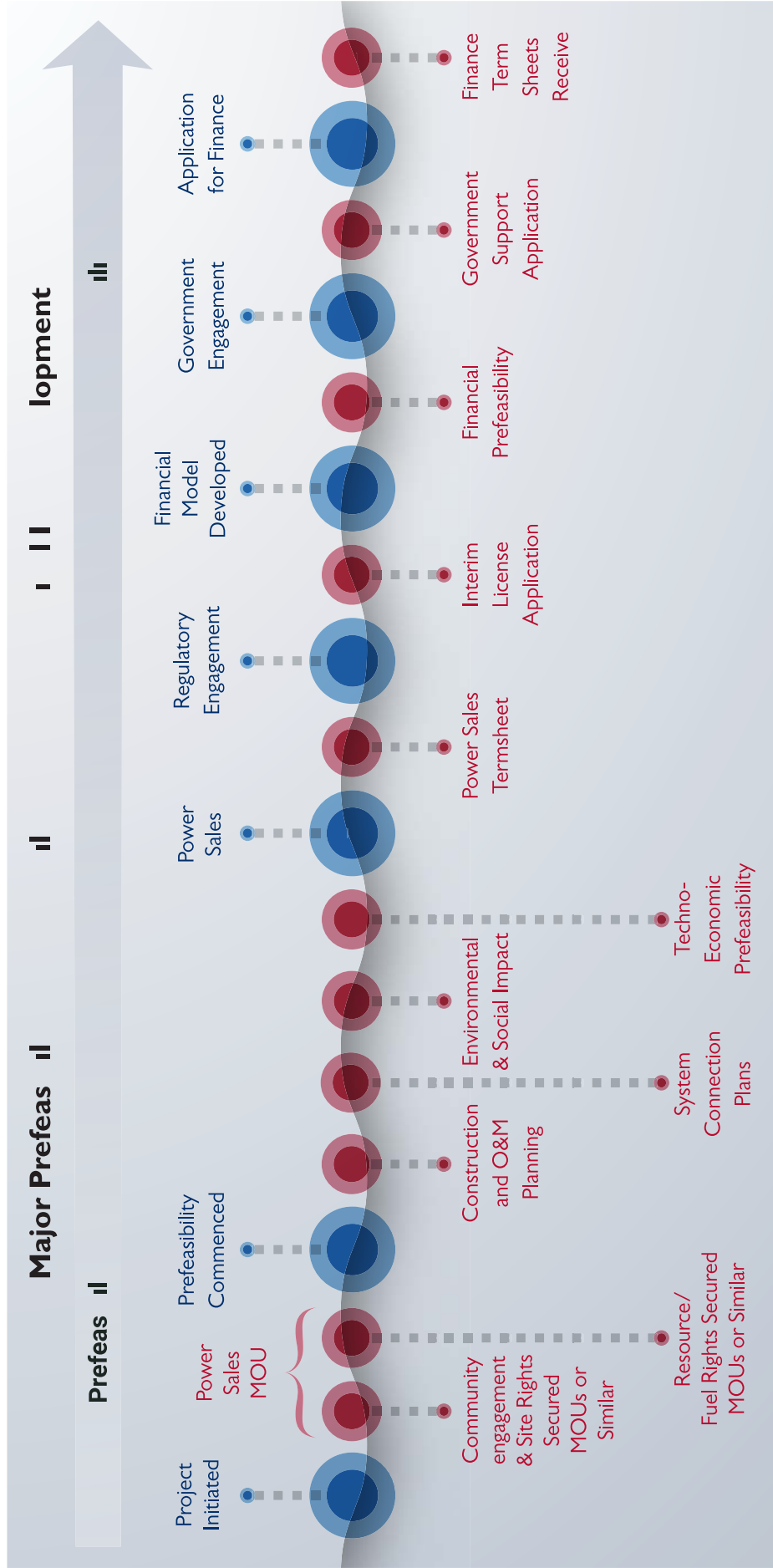
⁶ A grandfather clause in a statute, contract, or regulation provides an exception that certain preexisting rules, norms, or arrangements will continue to apply despite the implementation of prevailing newer ones.



TYPICAL IPP PREFEASIBILITY AND FEASIBILITY ACTIVITIES AND SOMALILAND IMPLICATIONS

Figure 3, below, illustrates major stages and illustrative phasing for a typical IPP development in the Somaliland context.

FIGURE 3. TYPICAL EARLY STAGE IPP DEVELOPMENT PHASES





APPENDIX I: EXTRACT OF DRAFT SOMALILAND NATIONAL DEVELOPMENT PLAN III

The Plan lists the following policy goals relevant to the energy sector in Somaliland:

- Promote economic growth and poverty reduction through increased access to modern, affordable, and reliable energy services throughout the region
- Develop and continuously improve transparent and effective legal, regulatory, and institutional frameworks that properly balance the interests of energy sector stakeholders
- Promote and encourage the development and usage of renewable energy in electricity generation and all other appropriate applications
- Increase energy security and independence through the responsible exploration and development of indigenous energy resources
- Efficiently minimize the negative environmental and social impacts of energy production, delivery, and usage
- Develop and implement prudent health, safety, and technical standards and practices for the energy sector
- Foster international cooperation in energy trade, investment, and development
- Ensure that a cohesive and well-informed energy sector plan is put into place for effective development
- Prioritize and encourage local technology and human resource development in the energy sector
- Establish healthy competition among energy stakeholders while protecting their respective interests

In addition, the Plan recognizes the absence of various regulations required for the smooth and orderly management of the sector; and identifies the following regulations for urgent development:

- Procedure for approving an application for a license to provide electricity services
- Establishment of license application fees and annual license fees
- Procedures for setting and approving tariffs and tariff schedules
- Procedures for addressing and resolving disputes
- Procedures for auditing certified technicians, suppliers, and service providers
- Procedures for monitoring code and standards enforcement
- Prudent health, safety, and technical standards and practices
- Electrical wiring and installation codes
- Notices of proposed rulemaking



APPENDIX 2: SOMALILAND ENERGY POLICY, 2010 EXCERPTS

MAIN POLICY GOALS

The main policy goal is to meet the energy needs of Somaliland in a sustainable, cost-effective, and socially acceptable manner for social and economic development while minimizing the negative impacts of energy production and use. The specific objectives are to:

- Increase access to modern affordable and reliable energy services in ways that contribute to poverty reduction.
- Utilize energy as a tool to accelerate socioeconomic development for urban and rural populations.
- Establish, maintain, review, and improve a legal and institutional framework for effective management and planning of energy services in the country.
- Enhance security of supply of all types of energy forms and services.
- Provide a variety of sustainable, cost-effective energy sources for all stakeholders in the country.
- Establish and improve systems of energy governance and administration.
- Promote strategies that encourage diversification and switching to alternative energy fuels that enable the reduction of pressure from trees as sources of fuel.
- Promote the exploration and fast-tracked development of indigenous energy resources, especially coal, for power generation and natural gas, which may be possible through the country's geological formations.
- Promote strategic actions on environmental management, energy efficiency, and conservation as well as prudent health, safety standards, and practices.

ACTION PLAN FOR SOMALILAND ENERGY POLICY, 2010

1. Increase access to modern, affordable, and reliable energy services in ways that contribute to poverty eradication
2. Enhance the security of supply of all energy types and services

Increased generation and the development of effective and efficient markets in the energy sector through:

- i. building capacity and skills of the service providers to work toward the effective and efficient provision of energy
 - ii. promoting generation of energy from different renewable sources for the purposes of energy development
 - iii. developing a strategic plan and investment guidelines that support an environment for increased urban and rural energy supply and access
3. Utilize energy as tool to accelerate socioeconomic development for largely urban and rural populations
 4. Provide various sustainable, cost-effective energy sources for all stakeholders in the country

Financing mechanisms developed, tested, and replicated in order to enable energy service investors to increase the provision of environmentally friendly energy services that serve the different needs of populations, including:

- i. developing a financing mechanism that includes collaboration between the public and private sector in order to enable energy service investors
- ii. the provision of an enabling environment and strategies for the establishment and the formulation of energy product loans through financial institutions
- iii. the promotion and encouragement of the private capital investment as well as management
- iv. undertaking information, communication, and knowledge gathering, and dissemination in ways that raise consumer awareness on alternative energy sources that enable affordability measures for increased energy access to be undertaken

5. Establish, maintain, review, and improve a legal and institutional framework for the effective management and planning of energy services in the country
6. Establish and improve systems of energy governance and administration

Management and planning of energy services improved through effective operational, legal, and institutional frameworks, undertaken through:

- i. establishing and clarifying the roles and functions of the various institutions that are engaged in the energy sector and taking into consideration the role of the private sector; NGOs, urban and rural communities
 - ii. formulating and implementing a legal and regulatory framework for pricing and tariff structures to support energy investments in the country
 - iii. formulating a legislative and regulatory framework that links independent power producers to the official power networks and ensuring that there is compliance to the framework
 - iv. formulating and implementing regulations for power generation that enable affordable costs of power for energy users
 - v. providing an enabling environment for the provision of energy services through the removal of various institutional, legal, and capacity barriers
 - vi. promoting research and the establishment of database and information collection center
7. Promote strategies that encourage diversification and switching to alternative energy fuels that enable reduction of pressure from trees as source of fuel
 8. Promote strategic actions on environmental management, energy efficiency, and conservation as well as prudent health and safety standards and practices

Diversified energy sector achieved, and environmental management promoted through:

- i. Utilizing fiscal policies that deal with designing appropriate incentive schemes to encourage energy suppliers to disseminate energy technologies to rural areas where they would have not been able to reach
 - ii. In the short term, designing measure to increase import of kerosene stoves while promoting local production of stoves in the medium term and introducing alternative energy fuels like liquefied petroleum gas (LPG) in the long term
 - iii. Promoting education and publicity campaigns that target women and the youth to increase awareness on the advantages of modern energy, such as liquefied petroleum gas
 - iv. Formulating strategies that enable charcoal producers to have alternative or diversified sources of income in order to reduce pressure from trees
 - v. Providing tax holidays for at least the first two years to encourage private sector investment in modern energy technologies
 - vi. Building capacity and promoting environmental monitoring in the energy sector through various means, including the establishment of a unit within the ministry in charge of such a role
 - vii. A Somaliland-administration ministry or institution with a mandate for environmental impact assessments should formulate guidelines that developers apply in order to ensure that alternative energy sources are examined to prevent harm to users
9. Promote exploration and fast-tracked development of indigenous energy resources, especially coal, for power generation and natural gas, which may be possible through the country's geological formations.

Strategies and actions for the development of indigenous energy resources formulated, implemented, and sustained through:

- i. developing guidelines and facilitating the acquisition of geological, geophysical, social, and economic data for assessing the potential of indigenous energy resources, such as coal and natural gas
- ii. facilitating effective ways of packaging and utilizing data in ways that promote investment in the exploration and development of indigenous energy resources
- iii. establishing management systems, building capacity, and maintaining an efficient institution to provide technical and regulatory guidance as well as monitoring the exploration and development of indigenous energy resources, such as coal and natural gas

10. Continuously review and establish institutions to manage the energy sector in terms of energy planning, trade and investment, licensing, regulation, and energy management

Establish institutions to run the energy sector:

- i. Set up the Energy Commission, whose roles and functions an Act of Parliament can clearly define. The Energy Commission can function effectively through its units of operation within which economic and competition regulation can be undertaken
- ii. Create a leading institution to accelerate the process of energy planning and coordination. This institution will strengthen the evaluation of current and future energy demand and options for demand management, establish realistic priorities among subsectors (e.g., electricity, petroleum, biomass, and renewable energy), and reconcile energy development objectives with sectoral and macro-economic constraints.
- iii. Develop manpower and training in both the public and private sector
- iv. Develop energy curriculum in schools, colleges, and universities and establish a training institute within the ministry to train middle level technicians for the energy sector



APPENDIX 3: REGULATION NO 81/2018, PERMIT APPLICATION FORM

Jamhuuriyada Somaliland
Wasaaradda Tamarta iyo
Macdanta
(WT&M)
Hargeisa



Republic of Somaliland
Ministry of Energy & Minerals
(ME&M)
Hargeisa

REPUBLIC OF SOMALILAND **Ministry of Energy & Minerals**

Regulation No 81/2018, Governing Electrical Energy
The Licence and Permits
Engineering procurement and contracting permit (EPC)
Engineering and contracting permit (EC)
Electric material supplier permit (EMS)
Energy consultant service permit (ECS)
Service permit framework for rural electrification in Somaliland

Email: e.regulatory.moem@sldgov.org
www.moem-sl.com

November 2020

GENERAL INFORMATION TO THE PERMIT APPLICANT

PURPOSE

This form is to be filled by an applicant to the MoEM for the issuance of a permit for a license following Regulation No 81/SL/EL/MoEM/2018 of the energy permits and Licensing Framework for energy business activities in Somaliland.

IMPORTANT NOTE

Any incomplete application submitted to the Ministry of Energy and Minerals (MoEM), MoEM will not process the application until it has been found to be complete.

The MoEM may also request the applicant to provide more clarification on submitted information

The filled **application form** shall be submitted to the MoEM either by hard copies or electronically. In the latter case, the applicant shall underline a statement to the electronic form confirming that the electronic version is identical to the typewritten form to be submitted later to the MoEM.

GENERAL PARTICULARS

1. NAME OF THE APPLICANT

Small and medium companies Name:-.....

2. ADDRESS AND CONTACT DETAILS ON THE APPLICANT

Province:

District:

Telephone:

Email:

2.2 LEGAL REPRESENTATIVE OF THE SMALL AND MEDIUM COMPANIES

Name:

Position:

Address:

Telephone:

Email:

2.2 CONTACT PERSON

Name:

Position:

Address:

Telephone:

Email:

2.3 DETAILS AND PARTICULARS OF MAJOR SHAREHOLDERS OF THE COMPANY

Names	Address	Telephone	Email

3. TYPE OF PERMIT APPLIED FOR

Engineering procurement and Contracting permit (EPC)	<input type="checkbox"/>
Engineering and contracting permit (EC)	<input type="checkbox"/>
Electrical Material Supplier permit (EMS)	<input type="checkbox"/>
Energy consultant service permit (ECS)	<input type="checkbox"/>

4. REQUIRED DOCUMENTS TO BE ATTACHED TO THE APPLICATION

No	Description	Check
1	Application/request letter addressed to the ministry of energy and minerals MoEM	
2	Profile with the qualifications of key technical employees	
	Business Plan outlining the applicant's financial and technical capacity to carry out proposed activities	
3	Constitution of the Company (Memorandums and Articles of Association) must be approved and stamped by a certified public legal notary in Somaliland	
4	Legal Entity of the Company must be attached (from certified public notary proof)	
5	Tax Clearance Certificate from the ministry of finance must be attached	
6	Chamber of Commerce registration certificate must be related to energy business activity.	
7	Memorandum of Understanding/Concession agreement between the Republic of Somaliland and the applicant on the activity to be licensed if viable	
	Any other information deemed necessary by the MoEM for decision making at any phase of the proceeding will be submitted latter.	

NOTE: Your permit application is not processing unless all requirements herein are received and all documents are as well attached.

5. ADDITIONAL INFORMATION

If the License Applicant wishes to provide additional information to support the application, please provide this information below:

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

6. CRIMINAL RECORDS

Is the applicant, its officers, or major stakeholders involved in any legal proceedings, civil or criminal, commenced or likely to be commenced to the business activities of the permit License Applicant?

Yes

No

If yes, provide details

.....
.....
.....
.....
.....
.....
.....

Commencement

This form shall come into force on the date of signature by the registrar of the Ministry of energy and minerals.

Hargeisa, on 22 /11/2020

----- {SE} -----

Eng. Mohamed A. Shiil

CHAIRPERSON OF THE ENERGY REGULATORY



APPENDIX 4: SOMALILAND ENVIRONMENTAL MANAGEMENT AUTHORITY

The functions of SEMA include:

- Coordinate implementation of Somaliland-administration policy and decisions of a Sustainable Development Advisory Committee (SDAC)
- Ensure the integration of environmental concerns in overall national planning, through coordination with the relevant ministries, departments, and agencies of the Somaliland administration
- Liaise with the private sector; intergovernmental organizations, nongovernmental agencies, and Somaliland-administration agencies of other states on issues relating to the environment
- Propose environmental policies and strategies to SDAC
- Initiate legislative proposals, standards, and guidelines on the environment, in accordance with the Act
- Review and approve environmental impact assessments and environmental impact statements submitted in accordance with this Act or any other law
- Promote public awareness through formal and informal educational channels about environmental issues
- Undertake studies and submit reports and recommendations with respect to the environment, as the Somaliland administration or SDAC may consider necessary
- Ensure proper safeguards in the planning and execution of all developmental projects, including those already in existence that have or are likely to have significant impact on the environment
- Prepare and disseminate a state-of-the-environment report once every two years
- Mobilize, expedite, and monitor resources for environmental management
- Perform other functions as the Somaliland administration may assign to the Authority

The Environmental Management Act outlines the requirements for Environmental Assessments. An environmental impact assessment must be carried out by competent persons or institutions before carrying out any of the following activities on a major scale:

- Land use and transformation
- Water use and disposal
- Resource removal, including natural living resources
- Resource renewal
- Agricultural processes
- Industrial processes
- Transportation
- Energy generation and distribution
- Waste and sewage disposal; chemical treatment
- Recreation
- Any other area the Minister considers necessary

Any and all of the above activities cannot be undertaken by persons or institutions without first obtaining an environmental clearance certificate.

U.S. Agency for International Development

1300 Pennsylvania Avenue NW Washington,
DC 20523

(202) 712-0000

(202) 216-3524

www.usaid.gov