



# AfDB-RDGE COUNTRY PROFILES

## SOMALIA

### SECTION 1 – COUNTRY OVERVIEW Geography and Demography

#### LOCATION

Horn of Africa. Has a vast coastline and shares a border with Djibouti, Ethiopia and Kenya.

#### TOPOGRAPHY AND CLIMATE

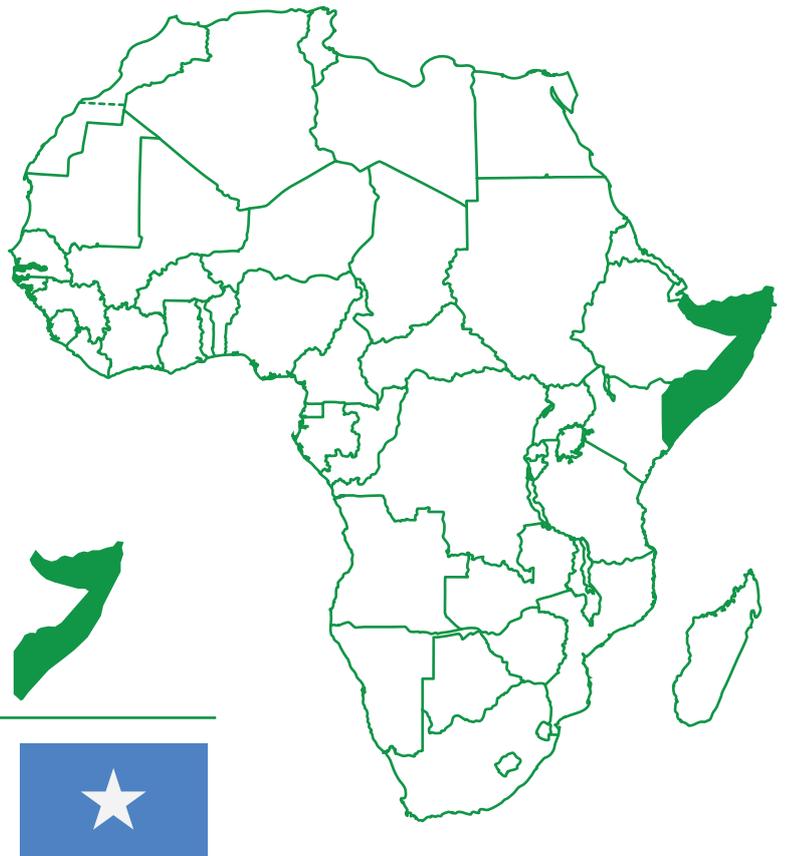
Made up of mostly low-lying plains and plateaus, apart from the northern part, which is generally mountainous. Generally a hot arid to semi-arid country.

#### LANDMASS

638,000km<sup>2</sup> (AfDB)

#### POPULATION

15.9 million (AfDB, 2020)



### POLITICAL GOVERNANCE

Somalia is a federal state, comprising five Federal State Members, the Banaadir Administrative Authority and Somaliland. Since the re-establishment of a central authority, the Transitional Federal Government of Somalia in 2004, Somalia has made major strides in improving security, stabilising the economy, and rebuilding a functioning state.

The country is emerging from decades of conflict and the absence of a central authority. The political settlement and constitutional review processes are still a work in progress. The country has not held general elections since 1969. Elections held in 2009, 2012 and 2017 were conducted via an indirect system in which lawmakers in the lower house of parliament were elected by clan delegates, following which lawmakers elected a president. Members of the upper house of parliament are nominated by the presidents of Federal Member States and endorsed by the state parliaments. The clan-based election system has been widely criticised for marginalising young people, women, and ethnic minorities.

## ECONOMIC AND SOCIAL DEVELOPMENT



### GDP growth

Somalia is a low-income country. Strong fiscal reforms undertaken since 2016 have generally stabilised the economy, but the country has experienced multiple shocks that have disrupted growth. Between 2016 and 2019, growth averaged 3.6% compared to 4.6% for the 2013-2015 period. After recovering from drought in 2016/17, the economy was hit in 2020 by the triple shock of flooding, locust invasions, and the Covid-19 pandemic. Prior to the onset of the Covid-19 pandemic, growth in 2020 was projected to reach 3.2%, up from 2.9% in 2019, buoyed by better agricultural performance and stronger consumer spending. However, the economy is estimated to have contracted by 0.3% in 2020 due to Covid-19 containment measures.



### Economic mainstay

Livestock accounted for 60% of GDP and 85% of exports during the 2013-2019 period.



### Development plan

Somalia's development priorities are outlined in the 9th National Development Plan (NDP-9), which covers the period 2020-2024. The NDP-9 is Somalia's interim poverty reduction strategy paper, which seeks to achieve peace, security, higher and equitable growth, and reduce poverty.

NDP-9 is anchored on four pillars:

- (i) Economic development
- (ii) Social development
- (iii) Inclusive politics and security
- (iv) Rule of law.



### Poverty levels and human development

With a poverty incidence of 68%, Somalia is the 7th most poverty-stricken country in Sub-Saharan Africa. Per capita gross national income was

estimated at \$270 in 2019. Covid-19 has sharpened poverty by disrupting economic activity, which has disproportionately affected the poor through loss of livelihoods. Further, income disparities are high; the UN estimates that in 2017, 17% of national income went to the top 1% of earners.



### Unemployment

Youth unemployment is high at 68%, compared to a national average of 40%.



### Education and literacy

In 2017, the primary school gross enrolment rate was less than 40%. Enrolment in secondary school averaged about 16%, while at tertiary level, it was estimated at 6% for youth aged 18-24. Only 46% of the youth are literate and development partners primarily finance the education sector.



### Health

In the Global Health Security Index of 2020, Somalia's health system was ranked last out of 195 countries. Challenges include inadequate funding, poor facilities, a shortage of skilled personnel, inadequate access to health services, and weak regulation of private providers.

Infant and maternal mortality, while improving, are still high at 132 and 732 per 1,000 and 100,000 livebirths respectively. To address these challenges, the government is implementing policies and programmes to strengthen health delivery. Among interventions are the essential health package and strengthening of community health extension services.



## Gender

Somalia is a patriarchal Islamic society, with a culture considered socially conservative. Somalia's Gender Inequality Index is 0.776, the fourth highest globally. Gender-based violence is prevalent. Female genital mutilation/cutting (FGM/C) is almost universal, and an estimated 98% of women aged 15-49 years are reported to have undergone FGM/C. Positive developments are emerging; the 2019 Women's Charter for Somalia is successfully advocating for 30% female participation in government.

## SECTION 2 – AFRICAN DEVELOPMENT BANK COUNTRY STRATEGY

### African Development Bank in Somalia

The Bank launched operations in Somalia in 1967 and, over the past decades, has made a cumulative commitment of \$402.44 million in the country as of September 2021, primarily in the agriculture, transport, governance, water and sanitation, and power sectors.

### Current country strategy

The Bank's Country Brief (2017-2021) for Somalia aims to build longer-term resilience through targeted support to the development of infrastructure and critical skills, and building institutional capacity. To achieve this objective, the CB has two pillars which are aligned to the national development aspirations:

### Pillar 1: Rebuilding key infrastructure to enhance resilience and diversify livelihoods

Under Pillar 1, the Bank supports the revitalisation of roads and water infrastructure and services, increased access to clean drinking water, and greater resilience and sustainable management of natural resources.

### Pillar 2: Institutional capacity building and skills development for improved governance and job creation.

Under Pillar 2, the Bank supports strengthening institutional capacities in project preparation, management, and financial governance, and supporting the government to develop a cadre of skilled personnel to design, build and maintain infrastructure investments.



Solar panels have been installed in Galmudug



The new building that is housing the Ministry of Water in Puntland.

## SECTION 3 – AFDB COUNTRY PORTFOLIO, FINANCING INSTRUMENTS AND IMPACT

### Portfolio and Financing Instruments

**Commitment and portfolio distribution:** The Bank's ongoing portfolio in Somalia comprises 9 operations valued at \$140 million (UA 98.92 million), covering the transport (43.41%), agriculture (22.61%), water and sanitation (24.38%), multi-sector (8.59%), and power sectors (1%).

**Financing Instruments:** Somalia is eligible for grant resources from the African Development Fund (ADF) window and internally managed trust funds. Ongoing operations are financed by resources from the ADF (\$75.2 million), Rural Water Supply and Sanitation Initiative (\$3.51 million), African Water Facility (\$3.57 million), Global Environment Facility (\$10.36 million), and the multi-partner Somalia Infrastructure Fund (US\$ 47.37 million).

**The distribution of projects across the Bank's High-5 operational areas are:** 35% under Improve the Quality of Life for the People of Africa; 33% under Feed Africa; 30% under Integrate Africa; and 2% under Light up and Power Africa.

**Completed projects:** Economic and Financial Reforms Support Programme (\$128 million); Crisis Response Budget Support Programme for National and Regional Mitigation of Covid-19 Impact (\$26.3 million); Short Term Regional Emergency Response to Drought Project (\$36 million); Improving Access to Water and Sanitation in Rural Somalia Project (\$11 million); Economic and Financial Governance Institution Support Project Phase I (\$3.6 million); and Socio-Economic Reintegration of Disengaged Ex-combatants and Youth at Risk Project (\$3.5 million).

**Policy dialogue and donor coordination:** The Bank continues to participate in policy dialogues related to infrastructure, reforms under the Highly Indebted Poor Country (HIPC) initiative, financial governance, and resilience building. These dialogues take part through such working groups as the Financial Governance Committee, Somalia Donor Group, Somalia Development and Reconstruction Facility Steering Committee, and the Somalia Partnership Forum.

The Bank co-chaired the transport and ICT sub-working group of the infrastructure group and championed the review and endorsement of strategic projects, while ensuring alignment with NDP priorities, sector-level coordination, and collective monitoring and reporting of progress.

## IMPACT

Bank projects have so far generated results that have improved the living standards of Somali citizens.



Beneficiaries fetch water from a borehole in Dolow.



**In the water sector,** Bank support has enhanced food security through increased access to water that has raised crop and livestock productivity and through provision of voucher-based food transfers to 47,305 households. Additionally, fodder was distributed to 9000 households during the 2017/2018 drought. The Bank is also supporting the sustainability of pastoral and agro-pastoral livelihoods through the introduction of drought tolerant seeds, rehabilitation of water harvesting and irrigation infrastructure, and training in degradation and desertification control measures.



Beneficiaries fetch water from a borehole in Dolow.



**In the agriculture sector,** Bank support has enhanced food security through improved access to water for improved crop and livestock productivity and provision of voucher-based food transfers to 47,305 households and fodder distribution to 9000 households during the drought in 2017-2018. In addition, the sustainability of pastoral and agro-pastoral livelihoods is being enhanced through introduction of drought tolerant seeds, rehabilitation of water harvesting and irrigation infrastructure, and training in degradation and desertification control measures.



**In the transport sector,** ongoing construction and rehabilitation of 350km of roads is expected to restore and enhance connectivity, which is vital for economic, social and political integration.



**Support for the economic and financial governance sector** has enhanced public debt management capacity, domestic revenue mobilisation and budget formulation. The Bank played a key role in Somalia's preparation to clear its loans in arrears and to tap HIPC debt relief through its support for the reconciliation of the country's external debt data and the establishment of a Debt Management Unit (DMU) within the Ministry of Finance. Among the key outcomes from the Bank's support to the DMU are reconciliation of 100% of multilateral and Paris Club debt, and 98% of non-Paris club debt, exceeding the targeted 90%.

The Bank has also supported preparation of procurement regulations and guidelines and six budget workshops for infrastructure line ministries, and the training of 355 government staff on Public Financial Management (PFM). Institutional capacities of the ministries in charge of public works and departments responsible for statistics at the federal and state levels have also been enhanced.



**The key outcome of the statistics project** is that the federal government, Puntland and South West State statistics departments are providing relevant data to inform government policies. The three statistics departments are currently producing robust consumer price index data based on international standards and circulating these statistics to various stakeholders, including the Bank. Key outputs achieved as a result of the statistical capacity building project include the development of statistical development strategies for the Federal Government of Somalia (FGS), Puntland and South West States, and ratification of the FGS Statistics Act. Eighty staff in the statistics offices of the FGS's Ministry of Planning, Puntland and South West States have been trained in statistics concepts and methodologies. Local area networks with web-based Servers were installed at the Statistics Departments for the FGS, Puntland and South West States.

At the FGS's Ministry of Public Works, Reconstruction and Housing (MPWRH), 22 civil servants have been recruited, existing public works legislation has been reviewed, building permit legislation was revised and 100 staff, mainly youths, received training in infrastructure development and management.



**The Bank has also supported the reintegration of 453 male disengaged combatants and 390 (233 females; 157 males) youth at risk** through vocational training in hospitality, hairdressing, masonry, construction, and technology. The youth were also trained on how to develop business plans and provided with small business grants. Youth beneficiaries of vocational skills training programmes were able to secure livelihood opportunities, with monitoring and evaluation of project activities indicating that 84% of beneficiaries maintained their businesses with monthly profits of 10% to 20%. One hundred percent of beneficiaries have remained disengaged from militancy and violent extremism after completing the programme.



**The Bank's Crisis Response Budget Support Programme**, aiming to boost the FGS's Covid-19 response plan has contributed to: a 17% increase in the number of isolation facilities with standard ICU care; increased the number of households covered by shock responsive safety nets by 200,000; and led to a 48% increase in the recruitment of emergency response teams on Covid-19. Other achievements include the acquisition of additional supplies, equipment and training of health workers, establishment of additional laboratory facilities, and the creation of the Gargaara Financing Facility which supports struggling micro, small and medium enterprises.



**The Bank's non-lending work programme** has supported policy dialogue and operations in the country and bolstered its position as a key knowledge institution. Since 2017, 4 knowledge products have been produced: (i) Technical and Vocational Education and Training (TVET) Sector Needs Assessment (2018), which identified options for improving the TVET and vocational training centres' effectiveness; (ii) Gender Profile (2019), which recommended actions for addressing gender inequalities in Bank operations; (iii) a study on the establishment of a regulatory authority

for the energy sector (2018), which informed the Technical Assistance and Capacity Building Project for the Setting up of the Electricity Regulatory Authority; and (iv) Somalia Country Resilience and Fragility Assessment (2019), which identified the drivers of fragility and informed the design of the Bank's strategy and projects.



**Country policy dialogue** has supported the implementation of macroeconomic reforms and contributed to Somalia's achievement of HIPC decision point in March 2020. Other country policy dialogue achievements include: a review of the PFM Act; and legal support for the renegotiation of contracts for the Mogadishu port and airport which improved the prospects for public revenue mobilisation.

#### SECTION 4 – COUNTRY OFFICE STAFF LIST AS AT JULY 2021

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For background information on the Multi-Partner Somalia Infrastructure Fund, visit:

<https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/multi-partner-somalia-infrastructure-fund-sif/>