

SOMALIA

Country Platform

Report

G20 – International Financial Architecture Working Group (IFA-WG)

September 2020



With sincere appreciation, we welcome the initiative led by The President of Islamic Development Bank (IsDB) on launching the Somalia Country Platform in line with G20 Framework of Principles on Effective Platforms. We are confident that the Platform will empower Somalia's ownership in relation to the coordination with relevant stakeholders as well as build coherent and complementary programmes between development partners with a view to scaling up the conventional and alternative funding (including guarantees and insurance schemes), grants and technical assistance from the G20 members, development finance institutions, UN system, institutional investors and private sector. The Platform will set up international benchmarks of core standards that could lower the funding costs and enhance the coordination among partners, mutual accountability and transparency.



Dr. Abdirahman Duale Beileh

Minister of Finance

The Federal Government of Somalia

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I. Abbreviations

AfDB	African Development Bank
ACU	Aid Coordination Unit
AMISOM	African Union Mission to Somalia
BRA	Benadir Regional Authority
CAS	Comprehensive Approach to Security
CPs	Country Platforms
DSOC	Development-Security Oversight Committee
EPG	The Eminent Persons Group
EU	European Union
FGS	Federal Government of Somalia
FMS	Federal Members States
IFIs	International Financial Institutions
ICT	Integrated Coordination Team
IsDB	Islamic Development Bank
IOs	International Organizations
OPM	Office of the Prime Minister
MAF	Mutual Accountability Framework
MoPIED	(Ministry of Planning, Investment and Economic Development (MoPIED
NDP-9	Ninth National Development Plan
SCP	Somalia Country Platform
SCOT	Strategic Coordination Oversight Team
SDGs	Sustainable Development Goals
SDRF	Somalia Development and Reconstruction Facility
SDRF SC	SDRF Steering Committee
SPF	Somalia Partnership Forum
SIF	Somalia Infrastructure Funds
SJC	Security and Justice Committee
UK	United Kingdom
UN	United Nations
UNSOM	United Nations Assistance Mission in Somalia
WGs	Working Groups
WBG	World Bank Group

II. Context

1. The world is undergoing fundamental changes. Development conditions are already exceptionally dynamic, complex and uncertain and will remain so in the medium and long-term; and COVID-19 is the latest of a series of threats to humanity.
2. In fact, large transformations are underway with collateral impacts in terms of food insecurity, growing income inequality, climate change, ecological downfall, global pandemic and increasing migration.
3. Amid this context, the international community is pursuing an ambitious development agenda to achieve Sustainable Development Goals (SDGs) by 2030. The range, scope and ambition of the SDGs are unprecedented, and the Goals embed powerful principles with wide-ranging implications: indivisibility, integration, universality and leaving no one behind.
4. The timely implementation of the 2030 Sustainable Development Goals requires not only accelerating the pace of development over this decade but also a renewed commitment among development partners, international financial institutions (IFIs), and programme countries to make better use of their complementarities and synergies and better capitalize on their comparative advantages.

III. Genesis: Eminent Persons Group (EPG)

5. The Report of the Eminent Persons Group (EPG)¹ called for "building effective country platforms (CPs) to mobilize all development partners to unlock investments, and maximize their contributions as a group, including by convergence around core standards²".
6. According to the G20 Reference Framework for Effective Country Platforms, published in February 2020, country platforms are key to fostering collaboration and synergies among development partners by facilitating the sharing of appropriate and necessary information, good practices and lessons learned. They also facilitate the implementation of key standards, as practiced in a diversified approach by multilateral development banks, with regards to environmental, social and governance standards, procurement, transparency and anti-corruption, pricing policies, local capacity building, and debt sustainability.
7. Driven by the country, the objectives of the CP in partnership with the development partners aim at:
 - enhancing the development impact;
 - improving cooperation and partnership to address common development issues;
 - enhancing the CP positive network upshots through the growing involvement of multiple partners, including international organizations, private sector, philanthropists, and NGOs; and
 - tackling the general framework of agreed safeguards, including the possibility to develop standardized policies and procedures of contract awarding process, monitoring and reporting during the implementation of the co-financing projects.
8. In the implementation of the CP, the country along with the stakeholders aim to establish a platform for global coordination of efforts and resource mobilization and showcasing the developmental impact of the engagement of the different partners. The country will also seek to adhere to the highest standards of transparency and accountability in terms of information sharing and best practices.

¹ Report of the G20 Eminent Persons Group (EPG) on Global Financial Governance (October 2018)

² This would be a set of five/six core development standards with appropriate sequencing for states with features of fragility. They could include debt sustainability, ESG standards, coherent pricing policies, local capacity building, procurement, and transparency and anti-corruption. As a pragmatic first step, the IFIs should agree to use each other's standards within a platform, which would enable early implementation and help provide a path towards consensus. Convergence towards core standards must be done in close collaboration with shareholders.

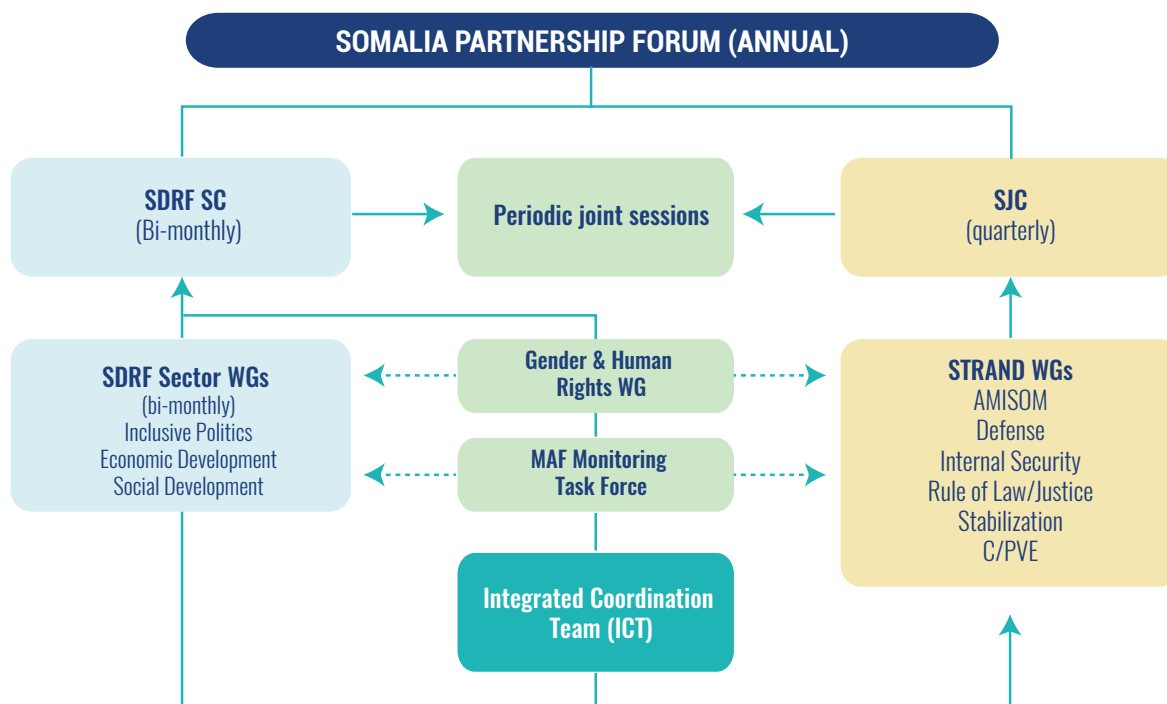
- The CPs will remain open platforms of development partners engaged in multi-transaction projects to co-create a unified coordination network for cross-sectoral projects and policy coordination issues.

IV. Somalia Country Platform

- The prolonged armed conflict, state institutional weakness, low economic growth, population growth outstripping economic growth, acute poverty and vulnerability, and recurrent external trade and climate shock have negatively affected the country's economic performance.
- Although Somalia has recorded several achievements, as the economy is transitioning from purely traditional agriculture-driven economy to a more diversified and resilient economy, the support of the donors community and development partners remains essential to address these challenges in a timely, pragmatic, coherent and coordinated manner and respond to Somalia's medium- and long-term economic resilience needs.
- With the government's commitment to institutional reforms and reengagement with the region, Somalia's business diaspora will be called to support the launching of the Somalia Country Platform (SCP) by channelling untapped remittances toward bankable projects.

1) Recent developments in the New Somalia Aid Architecture ³

- Following extensive consultations with stakeholders during the second half of 2019, the Aid Coordination Unit of the Office of the Prime Minister of the Federal Government of Somalia (FGS) commissioned a report on options for revisions to Somalia Aid Architecture.
- In 24 June 2020, the Steering Committee of the Somalia Development and Reconstruction Facility (SDRF) endorsed the following structure:



³ Proposals for the further strengthening of Somalia's aid architecture - Prepared by the Federal Government of Somalia- Prepared in March 2020 and endorsed in June 2020

15. The FGS agrees that the Somalia Partnership Forum (SPF), the SDRF Steering Committee (SDRF SC), the CAS⁴ Executive Group, renamed as the Security and Justice Committee (SJC), and the three SDRF trust funds⁵ (including the Somalia Infrastructure Fund) should continue to define the high-level structure of the architecture.
16. The SPF will continue to serve as the apex of the aid coordination architecture and to provide a forum for top level coordination and policy dialogue. It will meet once in a year. Specific thematic discussions can continue to be hosted outside the country to promote high level development partner engagement.
17. The SDRF SC would continue to meet in its plenary format, bi-monthly and would maintain its existing composition and co-chairing arrangements. It would primarily include the review of key developments in Somalia and the region and the identification of suitable responses by government and its partners; the review of government and partner portfolios in relation to national development needs; and the monitoring of commitments entered under the Mutual Accountability Framework (MAF).
18. Oversight would be maintained by the SDRF SC through periodic reporting, and direct involvement in the decision-making process through Thematic Working Groups.
19. The establishment of a multi-partner Somalia Infrastructure Fund (SIF) is the third financing window (in addition to the UN and World Bank windows) under the Somalia Development and Reconstruction Facility (SDRF).

V. Proposal to elevate the Multi-Partner Somalia Infrastructure Fund (SIF) under SDRF to a Somalia Country Platform

20. Considering the G20 IFA Working Group, it is anticipated that the Somalia Country Platform will gain in terms of visibility and in term of partners resource mobilization (in kind, grant and concessional soft loans).
21. The bilateral and multilateral donors namely, African Development Bank, European Union, United Kingdom, Islamic Development Bank, and Italy, which have already pledged about \$ 110 million (paid \$ 60.5 million) will benefit from leveraging the mobilized funds through G20 donors and other bilateral and multilaterals donors.

Donor Contributions in Millions⁶

Donors	Currency	Pledged		Paid In	
		In Contributing Currency	US\$* Equivalent	In Contributing Currency	US\$ Equivalent
United Kingdom	GBP	1.5	1.9	1.5	1.9
Italy	EUR	4.5	5.0	4.5	5.0
IsDB	USD	3.0	3.0	3.0	3.0
European Union	EUR	42	48.1	-	-
AfDB	UA	34.5	50.6	34.5	50.6
Totals US\$ Equivalent			108.6		60.5

4 Comprehensive Approach to Security.

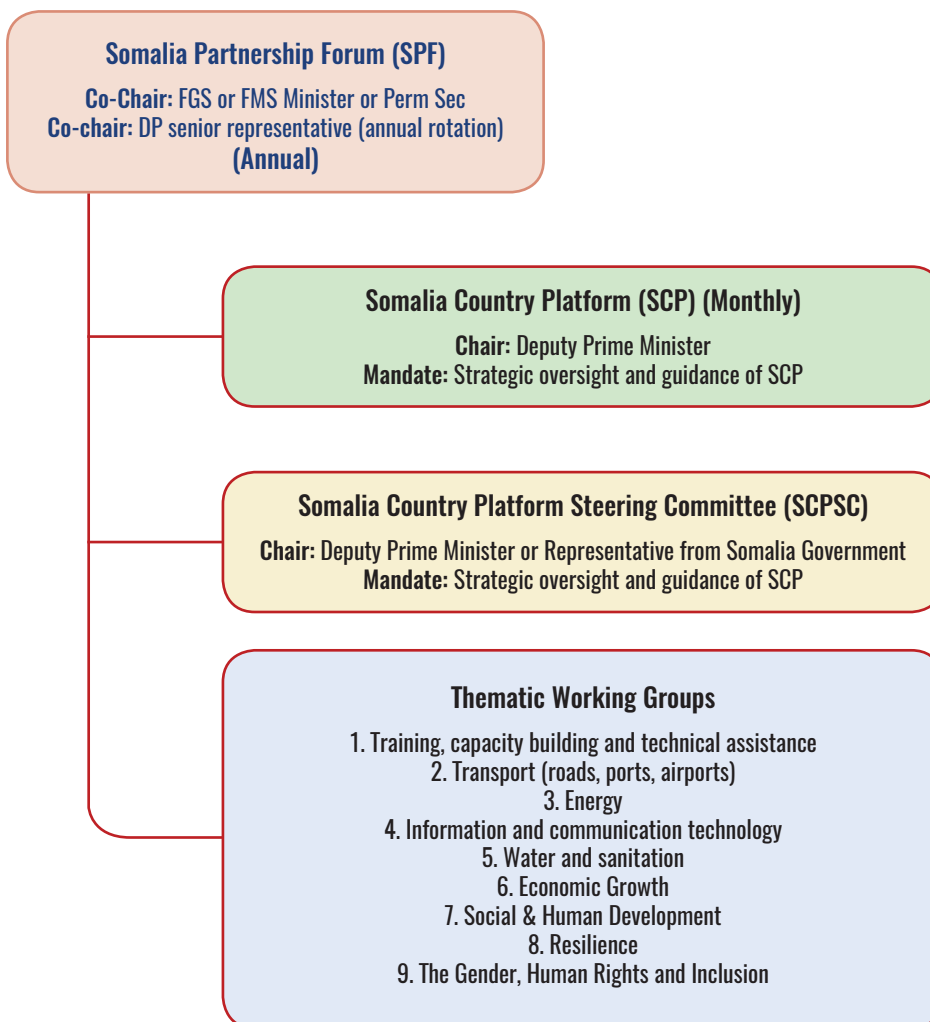
5 The Multi-Partner Trust Fund (MPTF), the Multi-Partner Fund (MPF) and the Somalia Infrastructure Fund (SIF), managed by the United Nations, World Bank and African Development Bank, respectively.

6 Note: Exchange rates applied in accordance to the Bank's exchange rate policy. AfDB funds include contributions from internally managed Nigeria Technical Cooperation Fund (US\$ 77,650) and Korea-Africa Economic Cooperation Fund (US\$ 262,900)

22. The Somalia Infrastructure Fund (SIF) was successfully launched as one of three financing windows under the Somalia Development and Reconstruction Facility (SDRF), established within the context of the Somali New Deal Compact endorsed in Brussels in September 2013.
23. The other SDRF funding windows are the United Nations Multi Partner Trust Fund and the World Bank Multi Partner Fund. The SIF became operational on 3 October 2016 following approval by the AfDB Senior Management, of the Framework Document establishing the SIF under the Bank's Transitional Support Facility.
24. The primary goal of the SIF is to support and accelerate Somalia's inclusive and sustainable economic recovery, peace and state building within the context of AfDB's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019). The focus of the SIF is the rehabilitation and development of infrastructure, and related skills development and institutional capacity building.
25. Building on one of the core guiding principles of the G20 Country Platforms that ensures effective operationalization of existing country platforms as well as to develop new platforms to avoid risks of overlap and duplication, the Somalia CP rationale would remain fully embedded within the SIF. In addition, the main positives result so far achieved through the SIF, the CP of Somalia is expected to gain more attractiveness and recognition by the International Community.
26. As a global network for blended finance, the objective of SCP would be:
 - To gain visibility with the G20 as it will become an item where the Government of Somalia through the existing new Platform will report on the progress of the implementation as well as will making special requests for additional funding.
 - Enhance the coordination between the Country and Development Partners through the upscaling of the funding from donors and private sector.
 - Increase the leveraging power of the mobilized fund through a multiplier effect especially through investment and credit blended innovative solutions and mechanism. The involvement of regional and multilateral investment insurance would unleash the potential of the investment insurances.
 - Enable the stakeholders to act as drivers of change, to coordinate cooperation and partnerships at lower transaction cost and greater effectiveness and ensure that solutions are country-owned and led.
 - Deliver higher development impact for every dollar of investment by streamlining the cooperation.
 - Unlock untapped investment and business opportunities through a coordinated action-oriented platform.
 - Provide a platform for the Diaspora remittances to be channeled toward bankable projects.
 - Create value faster, more effectively and at lower cost than other business models by reducing fragmentation.
 - Mainstream the projects through common screening processes and criteria of eligibility including using harmonized methodologies in the feasibility studies.
 - Build a reservoir of knowledge, expertise and skills – available to solve complex development problems.
 - Attract and expand financing for sustainable development and recovery from crises.
 - Ease the linking up with programmes and action in pursuit of the attainment of SDGs.
 - Make the exercise of donors co-funding more predictable

VI. SCP advantages for development partners

27. The SCP would be expected to provide a powerful instrument to shift from funding development cooperation to financing sustainable development. They should also progressively develop or strengthen country capacities to address complex development problems, whether in the use of data and analytics, the application of new partnership and financing modalities or use of incentives, institutions and methods to forge inclusive models of development that make effective use of a country's social capital.
28. The proposed Thematic Working Groups of the Somalia Country Platform will be aligned with the new aid architecture and the National Development Plan (NDP-9) and Government Roadmaps.
29. Under the Somalia Partnership Forum (SPF), the Somalia Country Platform will be managed through a dedicated Steering Committee and Thematic Working Groups (TWGs).
30. The mandate and responsibilities of each of the committee of the current structure will be strengthened around the Somalia Country Platform.



VII. Conclusions and recommendations

31. Considering the socio-economic, environmental and peace & security challenges, Somalia remains a country with huge untapped opportunities in several strategic areas: blue economy, agriculture including agro-industry, banking sector including financial inclusion, and tourism including handcraft products.
32. The political stability and economic growth of Somalia will require the international community to scale up their financial support to the SCP.
33. The G20 and the donor's community are called to provide further technical assistance in forms of grants that support the Somalia inclusive development agenda in the field of education, health, agriculture, banking sector and tourism.
34. In this regard, the SCP will lay down the ground for a centralized, transparent and effective management and allocation of funds, a more efficient coordination of donor expectations and a more impactful intervention.



📍 8111 King Khalid St.
Al Nuzlah Al Yamania Dist.
Unit No. 1 Jeddah 22332-2444
Kingdom of Saudi Arabia

📞 (+966-12) 636 1400

☎ (+966-12) 636 6871

🌐 www.isdb.org