Re-engaging with Somalia
Empowering Somalis to Take the Lead

Dr. Donald Kaberuka
President
Let me begin by expressing our thanks to the Governments of Somalia and the United Kingdom for organising this Conference. This is very timely and I can endorse much of what was said this morning.

Somalia has a long way to go. But Somalia has also come a long way. After two decades of chaos, bloodletting and mayhem, Somalia is seeing the end of the tunnel.

Together, we have a unique opportunity to help Somalia get on the path of irreversible and durable peace and stability, not only for Somalia but indeed the entire region – the Greater Horn of Africa. We understand, of course, that risks and dangers are not fully eliminated yet. Al Shabab is defeated but still has the capacity, as it showed a few days ago, to do much harm.

Many have contributed to the return of relative peace in Somalia:

- The troops of Amisom, who laid down their lives and continue to face harm in order to help Somalia return to peace;

- The People of the East African Region who have borne the brunt of the crisis: the refugees, the terrorism and disrupted economies;

- The hundreds of devoted humanitarian workers and organisations who have provided the support to millions of Somalis in the IDP Camps at the grassroots, often in very difficult times;

- The international community and its robust response to the problem of piracy.

- Above all, the People of Somalia who have endured unprecedented dark period over two decades.

Now, with their newly elected President, the Executive, the Legislature, and their institutions, they have presented to us today a road map and the action plans on democracy, justice, the rule of law, security, national reconciliation and the economy.

Two years ago, Somalia and the Horn of Africa faced a humanitarian crisis of epic proportions. The international community was well aware of the drought, the worst in 50 years. Everyone knew that the security crisis in the Central and Southern part of Somalia was going to be a compounding element. The fact that this would spill over into a regional crisis in the form of refugees was pretty obvious. The international community turned out to be ill-prepared.
Last week’s UN report now confirms a quarter of a million people died: 250,000 souls, or 4.5% of the population – 20% of them children under five. Indeed, grassroots organizations claim this figure might be conservative. The report shows errors of omission and those of commission. It is an indictment that calls upon all of us, in and outside this room, to work with the Somali people and Government to ensure that the famine of 2011 will be the last.

As we re-engage with Somalia, we can draw upon our extensive experience in supporting fragile states and post-conflict countries. We have the principles and the best practices codified in the Busan New Deal on Fragile States.

Nonetheless, we must be modest: this is the first time the international community would be supporting the recovery, the rebuilding of a “failed state”.

There is no manual and there is no toolkit out there. Building a Somali state that is clean, accountable and that delivers for its citizens will be a mammoth task. There will be many things to be done simultaneously: security, the rule of law, human rights, national reconciliation, etc.

This afternoon we are focusing on the most critical areas of building such a state: public financial management – or the manner in which scarce resources, those from Somalis taxation and that of the international community, are managed. This runs from revenue generation to quality of spending and investment, managing international aid, dealing with debt, issues around the stability of the currency, accountability, transparency and value for money.

This is, as always, a challenge everywhere, but will be more so in Somalia.

However, we have a foundation to build upon. Despite the state’s collapse in the past two decades, Somalis have demonstrated an incredible degree of resilience thanks to strong local communities and networks, the diaspora and the private sector. It is critically important not to overlook those strengths.

Instead, we should build on those capacities at the local community level, building bottom up rather than top down as we have, unfortunately, too often done in the past. This is what will enable Somalis to lead and own the process of recovery and reconstruction.

Public Financial Management (PFM) is a domain in which the African Development Bank has a great deal of experience. Through the Bank’s Fragile States Facility, we provided a grant of USD 4 million in support of PFM in Somalia over the last three years.
That is the support that enabled the Government to draft the Public Finance Management Bill, the Central Bank Act and the Financial Institutions Act. That is how Somalia has been able to have a functioning Budget and Treasury Office, supported by our TA, and which has enabled the Government to prepare its first budget in two decades. It is through that facility that Somalia was able to begin the process of building a core of civil servants specialized in PFM. Sixty middle level and senior level personnel were trained in Uganda. Over 15 budget analysts have been trained in Ethiopia for the third year running.

Until the Somali Government has reached a deal on the International Arrears Clearance, full engagement with the International Financial Institutions will remain constrained. Until such a resolution, I would like to share with you our re-engagement strategy for Somalia, at the federal level and also to Puntland and Somaliland.

First, as I mentioned a moment ago, consolidation of our programme of support to Public Financial Management. Building on what we have done so far, we will support the action plan presented by the Government of Somalia for 2013-2016 to the tune of 6 million per year over three years. We will concentrate on whatever area the Somalia Government considers a priority. Beyond the domain of PFM, we consider the whole area of statistics and infrastructure planning to be key.

The second aspect is how to prevent the recurrence of famine in the Horn of Africa. The answer is a resilience programme for the region to improve livelihoods and manage natural resources in a manner which should make the famine of 2011 the last.

This is not the occasion to spell out the details of the programme. But suffice to say that if we succeed – and we must – the programme will help to avoid a situation where a drought turns into a famine. The assessment has led to the observation that often it is the death of livestock that leads to competition for resources, water and grazing land, leading to violent, cross-border or inter-clan clashes, exacerbating insecurity and livelihoods in Somalia and the greater Horn of Africa.

We are convinced that only that way can we break the cycle of droughts and famine in the Horn of Africa which has gone on for too long. The Somalia component of this Programme will cost USD 50 million, towards which the Bank will initially contribute USD 18 million.

The third area is infrastructure, both national and regional. At the end of the day Somalia’s turn-around must be around investment, jobs, and rebuilding the productive base of the economy. That means rebuilding infrastructure, power,
water and transport. It means reconnecting Somalia’s economy to the region in terms of power, IT and transport connection.

As I have just said, our ability to do so is constrained until the arrears issue is resolved. However, it is important to begin now.

For our part, we are prepared to lead infrastructure planning, which is a core area of the Bank’s work. Somalia, over the past two decades, has had an uncelebrated storm: the private sector, we have an opportunity here to rebuild the Somalia State, with a people with incredible entrepreneurship.

The Fragile States Facility of the African Development Fund, to which many of you contribute, will play its part kick-starting the economy, clearing debt arrears and building capacity according to its mandate.

I would like to take the opportunity to thank all the governments here who are ADF members for your strong support for the Fund. I hope that, despite the fiscal pressure countries face, we can ensure a generous replenishment of the ADF 13.

In regard to the Fragile State Facility, we have outlined a bold programme on how best to take it forward, drawing on our rich experience and expertise from Liberia, to Sierra Leone, Burundi, Cote d’Ivoire and DRC.

I am convinced that three factors will be critical for success as we re-engage with Somalia.

First: we all agree on the need to support Somalia to be truly in the driver’s seat. It is the Somalis who must lead and who must provide solutions. Our task is to support them rather than Somalia responding to our agenda.

Let us avoid the all-too-easy paths of accepting the principle and yet, in practice, setting a process of increasing the burden with our stand-alone innumerable, well-intended but counterproductive demands.

Secondly, let us bear in mind the regional context: the Greater Horn has to be part of the solution. Whether one views the issue from a security, economic or political level, Somalia’s fate is very closely tied to its neighbours. This is the region that has born the brunt of the crisis and must no doubt be part of the solution.

Finally, let us learn from the past. The idea that one has short term, humanitarian needs, then a so-called long-term development programme to others, following each other seamlessly is an interesting but meaningless construct. The two intersect, feed into and reinforce each other.
The best approach is to be realistic, pragmatic, and learn as we go, as we are doing at this conference.

I want you to count on the support of the African Development Bank, on this journey of, at last, getting the Somalia back into the fold.

Thank you for your kind attention.