



Jeddah 2017
42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP

Statement of the IDB Governor for the Federal Republic of Somalia

The 42nd Annual Meeting of the IDB Board of Governors
Jeddah – Kingdom of Saudi Arabia
20 – 22 Sha'baan 1438H (16 - 18 May 2017)

Original Text
(English)

**Excellences, Governors of the Islamic Development Bank,
Honourable representatives of organizations and agencies
Ladies and gentlemen,**

I greet you all with the most gracious of greetings:

Assalamualaikum warahmatullahi wabarakatuh.

It is indeed, an honour and great privilege to be attending my first Islamic Development Bank (ISDB) Governors meeting in this beautiful and historic city of Jeddah.

You all know the situation of my country, Somalia, very well and you can all appreciate the tragedy of its destruction by the devastating civil wars. Somalia went from a promising young independent nation, playing a key role in the socio-economic affairs of both the Arab and African world, to almost disappearing, overnight, as a result of the painful and disastrous civil war which saw brothers and communities fighting each other violently, while many more just left and settled abroad.

Somalia was destroyed physically and our people and public institutions live with the scars of this emotional wreckage. It is no exaggeration, when I tell you all, that we in Somalia are fighting back ferociously, and together, from the dark ages.

Just a few years ago was arguably the rebirth of Somalia as a nation where after many years of chaos and lawlessness, a Government was reassembled under the shades of trees without offices, staff and even basic amenities. Members of this Government congregated every morning in teashops in a small town called Jowhar as they could not easily return to Mogadishu due to chronic insecurity. It was that year that each Minister was allowed to recruit 7 staff to assist him or her in their duties. This simple action is, in my eyes, the rebirth of the second Somali Republic.

Comparatively, we are doing much better today with just over 5,000 staff employed by the Central Government. The role of the staff in my Ministry, Finance, is to execute the enormous mandate of fiscally and economically directing Somalia towards the rightful path of strong fiscal and economic fundamentals. This must and will be underpinned by even stronger, accountable and transparent processes, which will inspire public confidence and increase revenues for public service expenditure and investment. There is always a question regarding human resource requirements of a Government in a country in a situation like that of Somalia. In my own analysis and experience, when compared with the requirements of a nation of Somalia's size and the gigantic tasks of reconstruction ahead, I feel that the staff of just over 5000 is inadequate.

Excellences, ladies and gentlemen

Building, strengthening and enforcing fiscal systems and processes, all at once, from ground zero is an enormous challenge. We are truly fuelling, flying and attempting to land the plane all at once with meager resources and inadequate skills. We therefore, need and request the support of the international community, especially, those in this room who can sympathise and understand our challenges best.

Somalia has turned the corner in that we truly understand the recalcitrance of the challenges we face, and are steadily working towards rebuilding the solid foundations of good governance. The new government of Somalia has clear priorities and credible policies for achieving them. Our main focus is on tackling corruption, strengthening institutional and human capacity, economic development and good governance overall. This Government, led by H.E. President Mohamed Abdullahi Mohamed Farmaajo, is dead serious about working with our people and partners, including the ISDB and all its brotherly members, to InshAllah overcome the great burdens of poverty and underdevelopment in Somalia.

I feel emotional about this because, I was hired under this pledge by Prime Minister Hassan Ali Kheyre. My colleagues and I are determined to succeed in this mission. I am confident we can rely on all your support as brotherly states.

The people of Somalia are known to be among some of the most entrepreneurial, generous and talented people in the world. The Somali Diaspora, who once came to places like the UAE, Saudi Arabia, Kenya, Minneapolis and London as refugees and temporary workers, are now thriving business people, contributing positively to both their home, Somalia and their new communities. This group of people, alongside our women, have kept Somalia alive against all the odds during our dark period of civil war. Annual remittances from the Diaspora are estimated at around \$2 billion USD and this is the main lifeline for our people and economy. Given potential generational changes, we must, and are, committed to finding innovative ways to diversify our economy and increase the revenue generation activities and the accompanying tax base.

Excellences, ladies and Gentleman,

Security remains one of our greatest challenges. Of course, each day is better than the last and our security forces, in partnership with the African Union Forces, AMISOM, are bravely fighting to rid our land of the last remaining pockets of terror. We are, indeed, grateful to AMISOM for their sacrifice, we however, feel that only a well-trained, equipped and funded national army and other security agencies can protect the peace and progress of our nation, region and world. We are grateful to those nations in this very room who are already assisting us in this area in various ways and we request more to join in this noble endeavour against international terrorism as it affects us all in this globalised age.

Achieving our Government's priorities for rebuilding Somalia needs sustainable and long term financing. The best way to restart our economy and direct it towards the desired path of growth has been prioritised with our international partners led by the IMF and World Bank Group. These reforms rightly focus on institutional reform and the strengthening of our fiscal processes.

One of the greatest obstacles to securing traditional development financing for Somalia is our national debt which stands at around \$5 billion to the Paris Club, comprising the USA and European States, Non Paris Club, mostly Arab Countries and their regional institutions, and IFIs, including the ISDB, WB, IMF and the AfDB

Excellences, ladies and gentlemen

Our road to debt relief is a daunting tasks but a necessary one. It is one that requires fundamental economic and fiscal discipline, accompanied by strong functioning institutions to absorb, sustain

and build on these economic enablers. Despite the difficulties, however, it is this is the road we hope will take us to debt relief by all our creditors. One sad fact however, is that, before this point, Somalia cannot access the soft windows of the International Financial Institutions which may lead to more drought killing more peoples which will, in turn, further exacerbate the unrest and fuel civil unrest again.

To further illustrate this point, the devastating drought of 2011 affected 7 countries including Somalia. This year, only Somalia and South Sudan are still affected. To this day, we remain vulnerable as shown by the current drought because we are unable to benefit from the institutionalised soft grants that would have assisted in building resilience like our neighbours did. Yes, we are grateful for the humanitarian assistance from all our valuable partners in this room, but we urgently need to go beyond emergency and to build durable resilience.

Our Government has started dialogue with the IMF which is the lead institution for the debt relief process. We know what the process entails, what the benchmarks are, and what needs to be accomplished. We sincerely are committed to this process until completion point, not just for debt relief, but more importantly, for regaining public and international confidence and trust in our fiscal processes to enable lasting economic development.

Excellences, ladies and gentlemen

Some of the major challenges we are experiencing with, in implementing economic and fiscal reforms nationally include shortage of domestic revenues and inadequate skilled professionals. Both are a priority for achieving economic stability and progress. On the area of revenue generation, we are appraising our laws and processes, and we intend to close tax loopholes, improve tax collection and limit corruption through, among other things, abolishing manual cash handling. We are grateful for those nations which continue to provide us with technical support in our focus on building the institutions themselves. We are also conducting dialogue with our business leaders and the public on how best to fund Somalia's future. Collective responsibility for common development is our main purpose.

Although we are committed to the reforms stipulated in our Debt Relief Road Map, I want to bring to your Excellences' attention, that the situation in Somalia is not like any other country. Somalia needs innovative solutions to overcome its economic and fiscal challenges because the traditional debt relief roadmaps, the HIPC, is originally designed for countries with strong institutional foundations which, from time to time, only fell behind on payments. Somalia did not fall behind; it fell off the cliff and almost disappeared as a country (pause for effect).

This is by no means an excuse but a fact of history that created the present circumstances that we have learnt from. We appreciate your understanding and continued support.

Excellences, ladies and gentlemen

It is the hour of each other's need that the spirit of supporting one another is most valuable. We are determined to resuscitate a country in a near death situation

We are certain that we will eventually reach the completion point. All the signs are there that we will get there. But we, surly, cannot do it alone.

We need you to assist us stabilize the country;

We need you to help us rebuild our government offices;

We need you to assist us in putting in place the necessary logistics and equipment to better run our state institutions;

We need you to help us even pay salaries while we harness our vast resources; and

finally, we need you and the international community to innovate and be creative in addressing the unique challenges that Somalia faces,

Somalia can be brought back as a useful, contributing member of the international community of nations, if all put our effort together.

Traditional remedies are too slow and ineffective.

Somalia needs something similar to the Marshall Plan

Accordingly, we call upon the Bank, under your able leadership, Mr. President, to use its incredible convening power to establish Special Fund for the Reconstruction and rehabilitation of Somalia (SFRROS)

Wabilahi Tawfiq,

Wassalamualaikum warahmatullahi wabarakatuh.